156 S. Broadway, Ste. 230, Turlock, CA 95380 (209) 668-5478 (phone) (209) 538-5788 (fax)

Regular Board Meeting Agenda

July 16, 2026 at 12:00 p.m.

1235 Aldrich Road, Hughson, CA – Stanislaus Regional Water Authority

Chair, Amy Bublak
Vice Chair, Javier Lopez
Director, Erika Phillips
Director, James Casey
Director (alternate), Cerina Otero
Director (alternate), Rebecka Monez

General Manager, Christopher Fisher
Legal Counsel, Joshua M. Horowitz
Finance Director, Isaac Moreno
Board Secretary, Kelly Renteria

THIS MEETING WILL BE OPEN TO THE PUBLIC IN PERSON.

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, contact the Board Secretary at the phone number set forth above. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled Matters, before or during the Board's consideration of the item.

AGENDA PACKETS: Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet (excluding any closed session materials) is available for review on the SRWA's website at www.stanrwa.com and in the Board Secretary's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office at the address set forth above. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER

B. SALUTE TO THE FLAG

C. ROLL CALL & DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

2. RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS: None

3. A. SPECIAL BRIEFINGS: None

B. STAFF UPDATES:

1. General Manager Update (Fisher)
2. Finance Director Update (Moreno)
3. Plant Manager Update (Estrada)

C. **PUBLIC PARTICIPATION:** This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.

4. **CONSENT CALENDAR:** The information concerning the Consent items listed below was forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or a member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board to approve the Consent items is set forth in the explanation of the individual items.

   A. <u>Motion:</u> Approving the Minutes of the June 18, 2026 SRWA Board Meeting

   B. <u>Motion:</u> Approving an agreement with Trane U.S. Inc. for HVACR Preventative Maintenance, Filter Change-Out, and Repair Services at the Stanislaus Regional Water Authority Water Treatment Plant for a period of five (5) years not to exceed $100,000 (Fisher)

   C. <u>Motion:</u> Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2025 (Moreno)

5. **PUBLIC HEARINGS:** None

6. **SCHEDULED MATTERS:**

   A. <u>Motion:</u> Adopting Stanislaus Regional Water Authority Board Policy establishing the Ex-Officio Member Policy (Fisher)

7. **BOARD ITEMS FOR FUTURE CONSIDERATION**

8. **BOARD COMMENTS:** Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

9. **NEXT MEETING DATE:** August 20, 2026

10. **CLOSED SESSION:** None

11. **ADJOURNMENT**

SRWA
STANISLAUS REGIONAL WATER AUTHORITY

Regional Surface Water Supply Project

Agenda Item 3.B.
General Manager's Update
July 16, 2026

Project Update

Focus areas for the July 16, 2026 General Manager update

01 **Environmental Clearance / Permitting**

LOMR for the raw water pump station

02 **TID recycled water update**

Permit renewal timing, funding status, and hydraulic modeling agreement.

03 **Joint Urban Water Management Plan**

Included in the overall project status update for board awareness.

04 **Loss Control Survey**

SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

Update goals

- Keep permitting and planning milestones on track.
- Advance near-term agreements and modeling work.
- Highlight community-facing momentum.

Environmental Clearance / Permitting

Status of FEMA Letter of Map Revision (LOMR)

LOMR for Raw Water Pump Station

- Project scope has been finalized.
- Initial coordination meetings with West Yost have been completed.
- Staff is currently developing and analyzing the hydraulic model for the study area.
- Preparing for the required public notification process.
- Preliminary analysis indicates additional flood mitigation measures may be recommended as part of the LOMR process.
- Staff will evaluate the cost and feasibility of incorporating any recommended design modifications into the project.

A Letter of Map Revision (LOMR) is FEMA's official amendment to the Flood Insurance Rate Map (FIRM) that documents changes to floodplain boundaries, base flood elevations, or floodways resulting from completed engineering projects or updated hydraulic analyses.

Why the FEMA change matters

Previously issued LOMRs are no longer automatically carried forward when new Flood Insurance Rate Maps are adopted. Each prior revision must now be reviewed against updated data.

TID Recycled Water Update

Permit, funding, and modeling status for the alternate discharge / interconnection path

Key developments

- The consent item to amend the City of Turlock's National Pollutant Discharge Elimination System (NPDES) permit for discharge to TID Lateral 5.5 remains on schedule and is being coordinated with the regular permit renewal process.
- The permit renewal process has begun with a California Regional Water Quality Control Board site visit to the Turlock Water Quality Control Facility.
- TID has secured funding and may begin construction during FY 2026/27.
- Turlock staff has finalized the hydraulic modeling agreement with Carollo Engineers.
- TID has expressed interest in adding pumps at the Raw Water Pump Station (RWPS) to support a long-term diversion to the Ceres Main Canal.
- SRWA and Turlock staff met with TID on July 16 as part of ongoing coordination meetings.

Permit timing

Permit cycle for renewal is Q3 2026, keeping the amendment aligned with the regular renewal window at the direction of the Water Board.

Protecting Water Quality NPDES

State Water Resources Control Board

Insurance & Risk Management

Loss Control Survey Scheduled July 21, 2026

Purpose

- Comprehensive risk assessment conducted by the Authority's insurance carrier.
- Evaluates the facility, operations, and safety practices to identify opportunities to reduce risk and protect personnel and assets.
- Supports proactive risk management and helps maintain favorable insurance coverage.

Areas of Review

- Employee safety and training
- Plant operations and maintenance practices
- Fire protection and life safety systems
- Electrical and mechanical equipment
- Security and access control
- Emergency response and business continuity
- Housekeeping and general facility condition

Expected Outcome

- Written report identifying strengths and any recommendations for improvement.
- Staff will review all recommendations, develop an implementation plan as appropriate, and report significant findings back to the Board.

SRWA
STANISLAUS REGIONAL WATER AUTHORITY

Questions / Discussion

Regional Surface Water Supply Project

www.stanrwa.com

Item 3.B.2

July 16, 2026

To: **SRWA Board**

From: **Isaac Moreno, Finance Director**

Subject: **Financial Summary as of July 9, 2026**

Attached Financial Documents include:

Activity for YTD Fiscal June 30, 2026

1 – SRWA financial status as of 07/09/2026 for the 2025-26 fiscal year (Exhibit A):

Revenues:
Revenue received from the participating agencies $14,743,397.49
Interest $(151,020.72)

Expenses:
Operations $5,358,884.55
Capital $4,508.88
Reimbursements to Cities $1,770,455.92
Debt $6,547,041.35

Summary:

- The net gain/(loss) as of July 9, 2026 after removing reimbursements to the cities is $2,681,941.99

Future Activities:

- None to report

Exhibit A

Balance Sheet

Through 06/30/26
Detail Listing
Include Rollup Account/Rollup to Object

Account	Account Description	Current YTD Balance	Prior Year Total Actual	Net Change	Change %
Fund Category	**Trust and Agency Funds**				
Fund Type					
Fund	**950 - SRWA - JPA**				
ASSETS					
11000	Cash	20,444,457.09	21,499,543.33	(1,055,086.24)	(4.91)
11006	SRF SRWA Cash Reserve	6,522,384.00	3,245,366.66	3,277,017.34	100.98
11010	Market Valuation	243,787.00	243,787.00	.00	.00
13000	Accounts Receivable	20,890.00	1,399,108.00	(1,378,218.00)	(98.51)
14000	Interest Receivable	.00	151,020.72	(151,020.72)	(100.00)
16004	Land	2,292,251.76	2,292,251.76	.00	.00
16005	Buildings	204,176,632.46	204,176,632.46	.00	.00
16006	Infrastructure	15,675,506.60	15,675,506.60	.00	.00
16010	Accumulated Depreciation	(2,529,887.69)	(2,529,887.69)	.00	.00
18013	Prepaid Insurance	130,505.16	152,769.76	(22,264.60)	(14.57)
	ASSETS TOTALS	$246,976,526.38	$246,306,098.60	$670,427.78	0.27%
LIABILITIES AND FUND EQUITY					
LIABILITIES					
21000	Accounts Payable	57,101.38	322,817.47	(265,716.09)	(82.31)
27000	**Interest Payable**				
27000_015	Interest Payable SRF - Drinking Water Project	934,995.26	910,337.46	24,657.80	2.71
	27000 - Interest Payable Totals	$934,995.26	$910,337.46	$24,657.80	2.71%
28028	**State Revolving Fund Loans**				
28028_004	State Revolving Fund Loans SRWA	149,663,461.40	154,339,882.87	(4,676,421.47)	(3.03)
	28028 - State Revolving Fund Loans Totals	$149,663,461.40	$154,339,882.87	($4,676,421.47)	(3.03%)
	LIABILITIES TOTALS	$150,655,558.04	$155,573,037.80	($4,917,479.76)	(3.16%)
FUND EQUITY					
29010	Fund Balance - Trust/Agency	90,733,060.80	90,733,060.80	.00	.00
	FUND EQUITY TOTALS Prior to Current Year Changes	$90,733,060.80	$90,733,060.80	$0.00	0.00%
	Prior Year Fund Equity Adjustment	.00	.00		
	Fund Revenues	(14,592,376.77)	.00		
	Fund Expenses	9,004,469.23	.00		
	FUND EQUITY TOTALS	$96,320,968.34	$90,733,060.80	$5,587,907.54	6.16%
	LIABILITIES AND FUND EQUITY TOTALS	$246,976,526.38	$246,306,098.60	$670,427.78	0.27%
	Fund **950 - SRWA - JPA** Totals	$0.00	$0.00	$0.00	+++
	Fund Type Totals	$0.00	$0.00	$0.00	+++
	Fund Category **Trust and Agency Funds** Totals	$0.00	$0.00	$0.00	+++
	Grand Totals	$0.00	$0.00	$0.00	+++

Budget Performance Report

Fiscal Year to Date 06/30/26

Include Rollup Account and Rollup to Object

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund **950 - SRWA - JPA**										
REVENUE										
Department **53 - Surface Water**										
Division **550 - Operations**										
33000	Interest Income	747,100.00	.00	747,100.00	.00	.00	.00	747,100.00	0	.00
34900	**Member Agency Contributions**									
34900_001	Member Agency Contributions City of Turlock	13,240,046.00	.00	13,240,046.00	.00	.00	9,815,871.72	3,424,174.28	74	.00
34900_002	Member Agency Contributions City of Ceres	6,681,730.00	.00	6,681,730.00	.00	.00	4,903,700.76	1,778,029.24	73	.00
34900_004	Member Agency Contributions Turlock Irrigation District	41,820.00	.00	41,820.00	.00	.00	23,825.01	17,994.99	57	.00
	34900 - Member Agency Contributions Totals	$19,963,596.00	$0.00	$19,963,596.00	$0.00	$0.00	$14,743,397.49	$5,220,198.51	74%	$0.00
	Division **550 - Operations** Totals	$20,710,696.00	$0.00	$20,710,696.00	$0.00	$0.00	$14,743,397.49	$5,967,298.51	71%	$0.00
Division **552 - Capital**										
33000	Interest Income	.00	.00	.00	.00	.00	(151,020.72)	151,020.72	+++	904,811.72
33099	Market Valuation	.00	.00	.00	.00	.00	.00	.00	+++	383,520.00
34900	**Member Agency Contributions**									
34900_001	Member Agency Contributions City of Turlock	.00	.00	.00	.00	.00	.00	.00	+++	12,853,256.00
34900_002	Member Agency Contributions City of Ceres	.00	.00	.00	.00	.00	.00	.00	+++	6,499,471.00
34900_004	Member Agency Contributions Turlock Irrigation District	.00	.00	.00	.00	.00	.00	.00	+++	32,058.00
	34900 - Member Agency Contributions Totals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	+++	$19,384,785.00
34910	Integrated Water Mgmt Plan Grant (from DWR)	.00	.00	.00	.00	.00	.00	.00	+++	580,091.60
	Division **552 - Capital** Totals	$0.00	$0.00	$0.00	$0.00	$0.00	($151,020.72)	$151,020.72	+++	$21,253,208.32
Division **553 - Regional Treatment Plant Const**										
34913	Prop 50 Grant for Surface Water Project	.00	.00	.00	.00	.00	.00	.00	+++	1,017,723.92
	Division **553 - Regional Treatment Plant Const** Totals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	+++	$1,017,723.92
	Department **53 - Surface Water** Totals	$20,710,696.00	$0.00	$20,710,696.00	$0.00	$0.00	$14,592,376.77	$6,118,319.23	70%	$22,270,932.24
	REVENUE TOTALS	$20,710,696.00	$0.00	$20,710,696.00	$0.00	$0.00	$14,592,376.77	$6,118,319.23	70%	$22,270,932.24
EXPENSE										
Department **53 - Surface Water**										
Division **550 - Operations**										
43055	**Consultant**									
43055_002	Consultant Audit	17,600.00	.00	17,600.00	.00	.00	17,600.00	.00	100	8,800.00
	43055 - Consultant Totals	$17,600.00	$0.00	$17,600.00	$0.00	$0.00	$17,600.00	$0.00	100%	$8,800.00
43100	**Insurance**									
43100_001	Insurance Property	275,904.00	.00	275,904.00	.00	.00	240,872.00	35,032.00	87	250,021.46
43100_008	Insurance Liability	.00	.00	.00	.00	.00	5,115.73	(5,115.73)	+++	.00
	43100 - Insurance Totals	$275,904.00	$0.00	$275,904.00	$0.00	$0.00	$245,987.73	$29,916.27	89%	$250,021.46
43195	Special Legal Counsel	95,000.00	.00	95,000.00	3,135.00	29,081.25	14,718.75	51,200.00	46	13,227.50
43309	Water Supply Evaluation	300,000.00	.00	300,000.00	.00	.00	.00	300,000.00	0	.00
43314	Contract Help - Service	2,238,190.00	479,158.00	2,717,348.00	28,609.95	591,163.60	1,068,469.95	1,057,714.45	61	844,347.13
43318	Professional Services-Debt	.00	.00	.00	.00	.00	500.00	(500.00)	+++	.00

Budget Performance Report

Fiscal Year to Date 06/30/26

Include Rollup Account and Rollup to Object

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund **950 - SRWA - JPA**										
EXPENSE										
Department **53 - Surface Water**										
Division **550 - Operations**										
43319	Regulatory Fees	15,000.00	11,830.00	26,830.00	.00	.00	19,975.70	6,854.30	74	10,387.54
43320	Special Services/Projects	305,000.00	.00	305,000.00	.00	.00	2,500.00	302,500.00	1	.00
43332	Permitting	30,000.00	9,012.00	39,012.00	.00	.00	39,011.56	.44	100	24,392.00
43351	Facility Site Improvements	15,000.00	.00	15,000.00	.00	.00	1,380.00	13,620.00	9	15,000.00
43353	RWQCF-OPS Building Repairs	.00	.00	.00	.00	.00	.00	.00	+++	4,953.30
44001	**Supplies**									
44001_000	Supplies General	200,000.00	.00	200,000.00	.00	.00	46,857.29	153,142.71	23	135,988.31
44001_267	Supplies Laboratory	60,000.00	.00	60,000.00	.00	.00	27,782.85	32,217.15	46	27,971.60
	44001 - Supplies Totals	$260,000.00	$0.00	$260,000.00	$0.00	$0.00	$74,640.14	$185,359.86	29%	$163,959.91
44005	Chemicals	1,412,000.00	.00	1,412,000.00	.00	.00	599,473.98	812,526.02	42	839,150.10
44010	**Computer**									
44010_001	Computer Software Maintenance	24,600.00	.00	24,600.00	5,746.74	.00	24,409.25	190.75	99	19,996.93
44010_015	Computer Software Subscriptions	53,480.00	.00	53,480.00	12,128.69	.00	52,884.18	595.82	99	26,222.99
	44010 - Computer Totals	$78,080.00	$0.00	$78,080.00	$17,875.43	$0.00	$77,293.43	$786.57	99%	$46,219.92
44030	**Minor Equipment**									
44030_000	Minor Equipment Miscellaneous	300,000.00	.00	300,000.00	.00	.00	9,226.28	290,773.72	3	.00
44030_001	Minor Equipment Safety	35,000.00	.00	35,000.00	.00	.00	5,414.70	29,585.30	15	18,759.62
44030_002	Minor Equipment Tools	60,000.00	.00	60,000.00	.00	.00	2,406.62	57,593.38	4	55,425.23
44030_028	Minor Equipment Lab	15,000.00	.00	15,000.00	.00	.00	.00	15,000.00	0	3,239.61
	44030 - Minor Equipment Totals	$410,000.00	$0.00	$410,000.00	$0.00	$0.00	$17,047.60	$392,952.40	4%	$77,424.46
44090	Office Equipment & Furniture	5,000.00	.00	5,000.00	.00	.00	432.90	4,567.10	9	.00
45001	**Telephone**									
45001_002	Telephone Wireless/Tablet Service Plan	6,000.00	.00	6,000.00	.00	.00	4,898.35	1,101.65	82	6,006.21
	45001 - Telephone Totals	$6,000.00	$0.00	$6,000.00	$0.00	$0.00	$4,898.35	$1,101.65	82%	$6,006.21
45002	**Turlock Irrigation District**									
45002_000	Turlock Irrigation District General	650,000.00	.00	650,000.00	56,299.54	.00	544,698.81	105,301.19	84	529,722.21
	45002 - Turlock Irrigation District Totals	$650,000.00	$0.00	$650,000.00	$56,299.54	$0.00	$544,698.81	$105,301.19	84%	$529,722.21
45007	Internet Access	7,000.00	.00	7,000.00	589.98	.00	7,054.62	(54.62)	101	7,011.04
45019	Raw Water	500,000.00	.00	500,000.00	57,135.65	75,100.57	424,899.43	.00	100	500,919.16
46010	Equipment Rental	20,000.00	.00	20,000.00	.00	.00	46,823.69	(26,823.69)	234	73,097.43
46020	Fleet Maintenance Labor	2,000.00	.00	2,000.00	.00	.00	1,472.30	527.70	74	4,735.29
46031	Fuel	20,000.00	.00	20,000.00	.00	.00	9,565.16	10,434.84	48	15,745.33
46032	Vehicle & Small Equipment Maintenance Parts	6,500.00	.00	6,500.00	.00	.00	3,009.26	3,490.74	46	9,045.98
46034	Vehicle Insurance	2,600.00	(200.00)	2,400.00	.00	.00	2,555.00	(155.00)	106	1,218.00
47005	Advertising	3,000.00	.00	3,000.00	.00	.00	1,128.00	1,872.00	38	450.00
47010	Bank Charges	14,700.00	.00	14,700.00	.00	.00	.00	14,700.00	0	.00
47020	Certification	7,500.00	.00	7,500.00	.00	.00	1,098.00	6,402.00	15	3,905.25

Budget Performance Report

Fiscal Year to Date 06/30/26

Include Rollup Account and Rollup to Object

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Fund **950 - SRWA - JPA**										
EXPENSE										
Department **53 - Surface Water**										
Division **550 - Operations**										
47065	Professional Development	670.00	.00	670.00	.00	.00	.00	670.00	0	600.00
47080	Shoe Allowance	5,050.00	.00	5,050.00	.00	.00	.00	5,050.00	0	.00
47090	Testing & Recruitment	5,000.00	.00	5,000.00	.00	.00	1,465.00	3,535.00	29	3,950.05
47095	**Training**									
47095_000	Training General/Travel	20,000.00	.00	20,000.00	.00	.00	2,159.00	17,841.00	11	12,587.91
	47095 - Training Totals	$20,000.00	$0.00	$20,000.00	$0.00	$0.00	$2,159.00	$17,841.00	11%	$12,587.91
47254	Education and Outreach	1,000.00	.00	1,000.00	.00	.00	81.89	918.11	8	.00
49007	Salary Charges From Other Departments	2,985,774.00	.00	2,985,774.00	.00	.00	2,128,944.30	856,829.70	71	2,651,749.45
51020	Equipment Replacement	140,000.00	.00	140,000.00	.00	.00	.00	140,000.00	0	130,523.67
	Division **550 - Operations** Totals	$9,853,568.00	$499,800.00	$10,353,368.00	$163,645.55	$695,345.42	$5,358,884.55	$4,299,138.03	58%	$6,249,150.30
Division **552 - Capital**										
47010	Bank Charges	.00	.00	.00	.00	.00	.00	.00	+++	2,240.41
49777	Transfer to Capital Assets	.00	.00	.00	.00	.00	.00	.00	+++	788,975.96
51001	Property Acquisition	.00	.00	.00	.00	.00	.00	.00	+++	5,000.00
51270	Construction Project	20,000.00	150,000.00	170,000.00	.00	81,785.40	4,508.88	83,705.72	51	.00
52000	Depreciation Expense	.00	.00	.00	.00	.00	.00	.00	+++	261,258.44
	Division **552 - Capital** Totals	$20,000.00	$150,000.00	$170,000.00	$0.00	$81,785.40	$4,508.88	$83,705.72	51%	$1,057,474.81
Division **553 - Regional Treatment Plant Const**										
43060	**Contract Services**									
43060_012	Contract Services Program Management Services	.00	.00	.00	.00	.00	.00	.00	+++	581,550.40
	43060 - Contract Services Totals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	+++	$581,550.40
43318	Professional Services-Debt	.00	.00	.00	.00	.00	.00	.00	+++	500.00
43329	Environmental Services	.00	.00	.00	.00	.00	.00	.00	+++	7,456.90
47091	Reimb to City of Ceres-SRWA	.00	.00	.00	.00	.00	602,951.66	(602,951.66)	+++	7,025,936.33
47092	Reimb to City of Turlock-SRWA	.00	.00	.00	.00	.00	1,167,504.26	(1,167,504.26)	+++	14,344,639.27
49777	Transfer to Capital Assets	.00	.00	.00	.00	.00	.00	.00	+++	(2,200,666.29)
51802	**Regional Treatment Plant**									
51802_001	Regional Treatment Plant Design Build Contract	.00	.00	.00	.00	.00	.00	.00	+++	794,844.74
51802_002	Regional Treatment Plant Construction Management	.00	.00	.00	.00	.00	.00	.00	+++	22,838.29
	51802 - Regional Treatment Plant Totals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	+++	$817,683.03
52000	Depreciation Expense	.00	.00	.00	.00	.00	.00	.00	+++	2,268,629.25
53027	**SRF SRWA Loan**									
53027_001	SRF SRWA Loan Interest	1,840,794.00	.00	1,840,794.00	24,657.80	.00	1,870,619.88	(29,825.88)	102	1,856,976.33
53027_002	SRF SRWA Loan Principal	4,649,940.00	.00	4,649,940.00	(4,676,421.47)	.00	.00	4,649,940.00	0	.00
53027_003	SRF SRWA Loan Reserve and Coverage	3,846,594.00	.00	3,846,594.00	.00	.00	.00	3,846,594.00	0	.00
	53027 - SRF SRWA Loan Totals	$10,337,328.00	$0.00	$10,337,328.00	($4,651,763.67)	$0.00	$1,870,619.88	$8,466,708.12	18%	$1,856,976.33
	Division **553 - Regional Treatment Plant Const** Totals	$10,337,328.00	$0.00	$10,337,328.00	($4,651,763.67)	$0.00	$3,641,075.80	$6,696,252.20	35%	$24,702,705.22

Budget Performance Report

Fiscal Year to Date 06/30/26

Include Rollup Account and Rollup to Object

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund **950 - SRWA - JPA**										
EXPENSE										
	Department **53 - Surface Water** Totals	$20,210,896.00	$649,800.00	$20,860,696.00	($4,488,118.12)	$777,130.82	$9,004,469.23	$11,079,095.95	47%	$32,009,330.33
	EXPENSE TOTALS	$20,210,896.00	$649,800.00	$20,860,696.00	($4,488,118.12)	$777,130.82	$9,004,469.23	$11,079,095.95	47%	$32,009,330.33
	Fund **950 - SRWA - JPA** Totals									
	REVENUE TOTALS	20,710,696.00	.00	20,710,696.00	.00	.00	14,592,376.77	6,118,319.23	70%	22,270,932.24
	EXPENSE TOTALS	20,210,896.00	649,800.00	20,860,696.00	(4,488,118.12)	777,130.82	9,004,469.23	11,079,095.95	47%	32,009,330.33
	Fund **950 - SRWA - JPA** Totals	$499,800.00	($649,800.00)	($150,000.00)	$4,488,118.12	($777,130.82)	$5,587,907.54	($4,960,776.72)		($9,738,398.09)
	Grand Totals									
	REVENUE TOTALS	20,710,696.00	.00	20,710,696.00	.00	.00	14,592,376.77	6,118,319.23	70%	22,270,932.24
	EXPENSE TOTALS	20,210,896.00	649,800.00	20,860,696.00	(4,488,118.12)	777,130.82	9,004,469.23	11,079,095.95	47%	32,009,330.33
	Grand Totals	$499,800.00	($649,800.00)	($150,000.00)	$4,488,118.12	($777,130.82)	$5,587,907.54	($4,960,776.72)		($9,738,398.09)

Debt Principal Payment: ($4,676,421.47)

Reimbursements to City's: +1,770,455.92

Adjusted Total: $2,681,941.99

SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

Agenda Item 3.B.3
Plant Manager’s Update

July 16, 2026

Plant Manager Report

- Staffing
- Water Quality
- Water Delivery

Staffing

Staffing

Position	Count	Vacant Position Status
Supervisor	0 of 1	Currently Recruiting
Sr. Operator (Internal)	5 of 5	N/A
Sr. Operator (Contract)	0	N/A
Operator II	2 of 2	N/A
Operator I	2 of 2	N/A
Total	9 of 10	

Water Quality

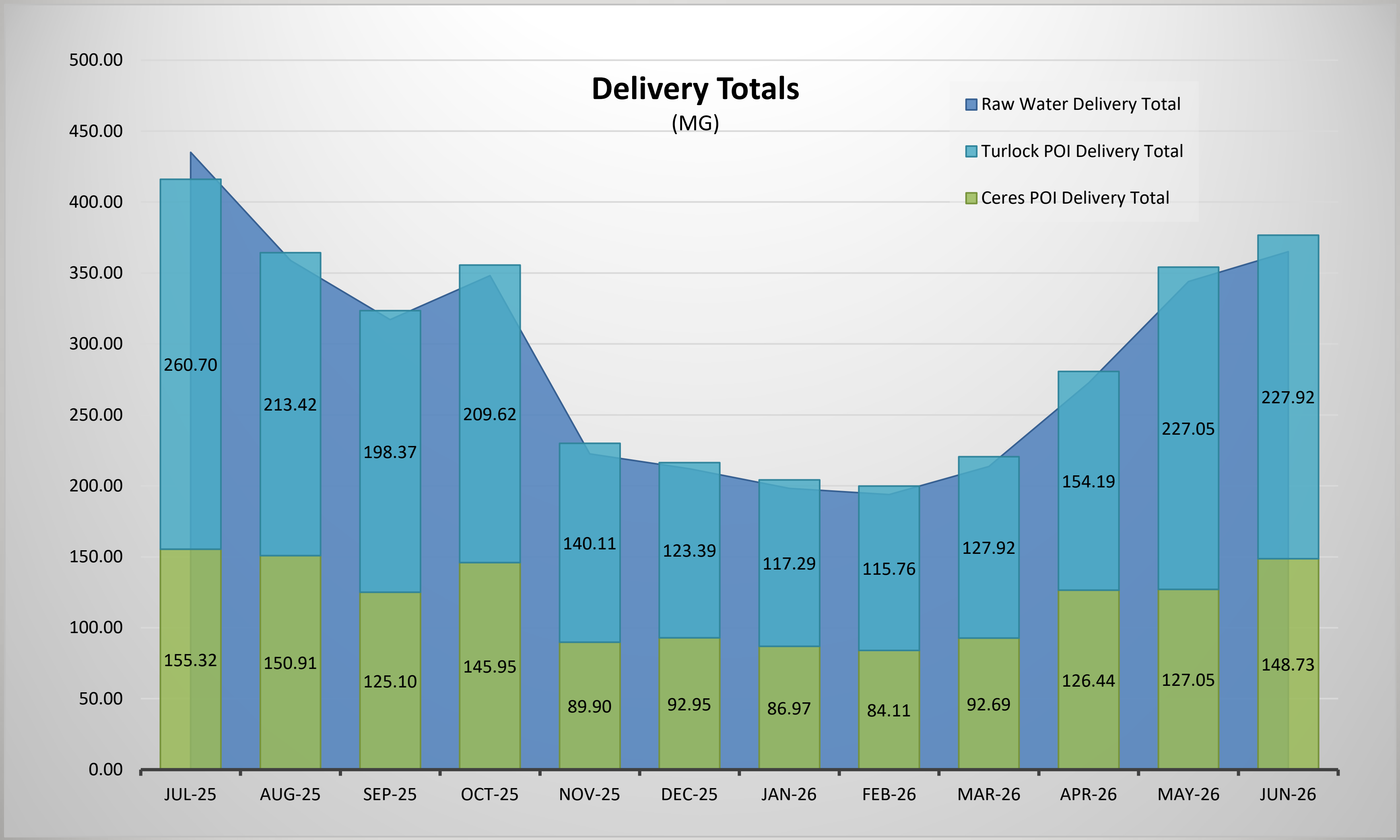
Water Quality

mg/L

Year	Month	Raw TOC	Finished TOC	Removal	RAA > 1
2025	July	2.10	1.20	42.86	
	August	1.80	1.20	33.33	
	September	1.40	0.90	35.71	
	October	1.80	1.00	44.44	
	November	0.90	0.50	44.44	
	December	1.30	0.80	38.46	
2026	January	1.80	1.40	35.00	
	February	1.50	0.90	40.00	
	March	1.80	1.10	38.89	
	April	1.40	1.00	35.00	
	May	1.74	1.19	31.61	
	June	1.44	0.93	35.42	1.09

Delivery

Water Treated and Delivered



SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

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Item 4A
Minutes
Regular Board Meeting
June 18, 2026

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1. **A. CALL TO ORDER:** Vice Chair Lopez called the meeting at 12:00 p.m.

   B. SALUTE TO THE FLAG

   C. ROLL CALL AND DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:

   PRESENT: Director Erika Phillips, Director James Casey, and Vice Chair Javier Lopez
   ABSENT: Chair Amy Bublak

Director Casey	Director Phillips	Vice Chair Lopez	Chair Bublak
None	None	None	Absent

2. **RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:** None

3. **A. SPECIAL BRIEFINGS:** None

   B. STAFF UPDATES:

   1. Finance Director Update

   Finance Director Moreno provided the financial summary update.

   2. Plant Manager Update

   Plant Manager Estrada presented a power point on staffing, the water quality, and the water that has been treated and delivered.

   C. PUBLIC PARTICIPATION:

   Vice Chair Lopez opened public participation for public comment. There were no comments from the public, and Vice Chair Lopez closed public participation.

4. **CONSENT CALENDAR:**

   A. Motion: Approving the Minutes of May 21, 2026 Regular SRWA Board Meeting

   B. Motion: Approving an agreement with Microbac Laboratories, Inc. for Laboratory Analysis Services for the Stanislaus Regional Water Authority Water Treatment Plant for a period of five (5) years not to exceed $125,000, subject to review and revision by SRWA legal counsel.

C. Motion: Approving an agreement with Eaton Corporation, through Rexel USA Automation Solutions, for Control System Battery Backup preventative maintenance and support services at the Stanislaus Regional Water Authority Water Treatment Plant for a period of five (5) years not to exceed $135,179.00

Action: Motion by Vice Chair Lopez, seconded by Director Casey, to adopt the Consent Calendar, and carried 3/0 by the following vote:

Director Casey	Director Phillips	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Absent

5. PUBLIC HEARINGS: None

6. SCHEDULED MATTERS:

A. Motion: Approving an Amendment to the Joint Exercise of Powers Agreement between the Cities of Ceres and Turlock for the Stanislaus Regional Water Authority and directing the General Manager to present the amendment to the Cities of Turlock and Ceres for execution

General Manager Fisher introduced the item.

Vice Chair Lopez opened the item for public participation and the member of the public spoke:

Milt Trieweiler

With no further comments, Vice Chair Lopez closed public participation.

Action: Motion by Vice Chair Lopez, seconded by Director Casey, to adopt the Consent Calendar, and carried 3/0 by the following vote:

Director Casey	Director Phillips	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Absent

B. Discussion: Approving the updated Exhibit A, Staffing Plan, to the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement dated January 1, 2023 (“Operations Agreement”)

General Manager Fisher introduced the item.

Vice Chair Lopez opened public participation for public comment. There were no comments from the public, and Vice Chair Lopez closed public participation.

Action: Motion by Vice Chair Lopez, seconded by Director Casey, to adopt the Consent Calendar, and carried 3/0 by the following vote:

Director Casey	Director Phillips	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Absent

C. Adopting the Annual Budget for the Stanislaus Regional Water Authority for the 2026-27 Fiscal Year and Adopting a minimum cash reserve target for 2026-27

Finance Manager Moreno presented the budget.

Vice Chair Lopez opened the item for public participation and the member of the public spoke:

Milt Trieweiler

With no further comments, Vice Chair Lopez closed public participation.

Action: Motion by Vice Chair Lopez, seconded by Director Casey, to adopt the Consent Calendar, and carried 3/0 by the following vote:

Director Casey	Director Phillips	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Absent

7. BOARD ITEMS FOR FUTURE CONSIDERATION: None

8. BOARD COMMENTS: None

9. NEXT MEETING DATE: July 16, 2026

10. CLOSED SESSION: None

11. ADJOURNMENT: Chair Bublak adjourned the meeting at 12:29 PM.

Respectfully submitted,

____
Kelly Renteria, Board Secretary

STANISLAUS REGIONAL WATER AUTHORITY

Item 4B
Board Synopsis
July 16, 2026

From: Salena Estrada, SRWA Water Treatment Plant Manager

Prepared by: Janice Virgo, Staff Services Assistant

1. ACTION RECOMMENDED:

Motion: Approving an agreement with Trane U.S. Inc. for HVACR Preventative Maintenance, Filter Change-Out, and Repair Services at the Stanislaus Regional Water Authority Water Treatment Plant for a period of five (5) years not to exceed $100,000.

2. DISCUSSION OF ISSUE:

Competitive Solicitation

The City of Turlock issued RFP No. 2026-020 for Preventative Maintenance, Filter Change-Out, and Repair Services for HVACR and Boiler Units for City-owned and leased buildings, including the Stanislaus Regional Water Authority (SRWA) Water Treatment Plant. Upon review of all proposals, Trane U.S. Inc. was determined to be the most responsive proposer and offered the best value to SRWA based on the evaluation criteria set forth in RFP No. 2026-020.

Background

The SRWA Water Treatment Plant requires ongoing preventative maintenance, filter replacement, diagnostic services, repairs, and emergency response support to maintain reliable operation of HVAC equipment serving critical plant facilities. If the Agreement is approved, Trane U.S. Inc. will provide preventative maintenance inspections, quarterly filter change-outs, troubleshooting, repair services, and emergency response support for HVAC systems located throughout the SRWA Water Treatment Plant facilities.

The Agreement includes service coverage for the Administration Building, Maintenance & Repair Building #15, Ozone Building #40, Finished Water Pump Station #75, Chemical Building #55, and Raw Water Pump Station.

Recommendation

Staff recommends approval of the agreement with Trane U.S. Inc. to provide HVAC Preventative Maintenance, Filter Change-Out, and Repair Services at the Stanislaus Regional Water Authority Water Treatment Plant.

Basis for Recommendation:

A. Trane U.S. Inc. is a nationally recognized HVAC service provider with extensive experience providing preventative maintenance, repair, troubleshooting, and emergency response services for municipal, industrial, and water treatment facilities.

B. The agreement will provide scheduled preventative maintenance and filter replacement services while ensuring timely repair and emergency response support necessary to maintain operational reliability of HVAC systems serving critical SRWA facilities.

3. FISCAL IMPACT / BUDGET AMENDMENT:

Funding for this agreement is available in Fund "Contractual Services" Account No. 950-53-550.43314 – Contract Help Services.

The not-to-exceed amount of the agreement is $100,000 over a five-year term. The annual budget is anticipated to include $14,136 for routine preventative maintenance and filter replacement services and $5,864 for repair and emergency service contingency, for an annual not-to-exceed amount of $20,000.

4. GENERAL MANAGER'S COMMENTS:

Recommend approval

5. ENVIRONMENTAL DETERMINATION:

This action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378 (Project) of the CEQA guidelines. This action consists of "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment" and therefore is not considered a project.

6. ALTERNATIVES:

A. The Board may choose not to approve the agreement; however, this is not recommended as the services are necessary to support preventative maintenance, repair, and reliable operation of HVAC systems serving critical SRWA Water Treatment Plant facilities.

7. ATTACHMENTS:

A. Agreement with Trane U.S. Inc.

Stanislaus Regional Water Authority

Services Agreement

This Agreement is entered into as of the date last signed and dated below by and between Stanislaus Regional Water Authority, a local government agency ("SRWA"), and TRANE U.S. INC., a Corporation ("Contractor"), who agree as follows:

1 Scope of Work

Contractor shall perform the work and render the services described in the attached Exhibit A, B, C, and D (the "Work"). Contractor shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

2 Payment

2.1 SRWA shall pay to Contractor a fee based on:

_X__ The fee arrangement described on the attached Exhibit D.

The total fee for the Work shall not exceed $100,000.00. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by SRWA. Contractor's fee includes all of Contractor's costs and expenses related to the Work.

2.2 At the end of each month, Contractor shall submit to SRWA an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, SRWA shall pay the invoice within 30 days of its receipt.

3 Adjustments for Price Increases

3.1 If Contractor identifies an unanticipated market condition that directly and materially affects the unit pricing or availability of materials or equipment required for the Work, Contractor shall make commercially reasonable efforts to avoid the new costs and mitigate any increased costs to SRWA. If Contractor cannot mitigate such costs, Contractor shall notify SRWA in writing within 14 calendar days after Contractor becomes aware of such unanticipated market condition to request an adjustment to the total fee. Contractor's request for adjustment shall include: identification of the specific materials or equipment affected; documentation of the original cost of the affected materials or equipment as included in Contractor's original calculation; documentation of the increased cost directly attributable to the new market condition; documentation demonstrating that Contractor could not have anticipated and planned for the cost increase and is eligible for an adjustment under this section; documentation of compliance with the requirements of this section; and the proposed adjustment to the total fee.

3.2 SRWA reserves the right to reject or reduce any request for adjustment that does not meet the requirements of this section or is not substantiated by sufficient documentation. The parties agree that any adjustment to the total fee shall be limited to half of the actual increased cost directly attributable to the new market condition, without any additional markup for overhead and profit. In effect, the parties agree to split prorata such actual increased costs. After Contractor's share of the actual costs are determined, the parties shall amend this Agreement to reflect the new total fee.

4 Term

4.1 This Agreement shall commence on the above date and remain in force for a period of five (5) years, unless earlier terminated in accordance with the provisions set forth below. Time is of the essence in this Agreement. If the Exhibits to this Agreement include a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by SRWA for good cause shown by Contractor. If the Exhibits to this Agreement do not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

4.2 This Agreement may be terminated at any time by SRWA upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by SRWA based on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

4.3 "Intentionally Omitted"

5 Professional Ability of Contractor

5.1 Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. SRWA has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

If SRWA determines that any subcontractor or employee of the Contractor is incompetent or is acting in a disorderly, unlawful, or improper manner, SRWA shall notify the Contractor of its determination in writing. Contractor shall immediately remove the identified subcontractor or employee from the Work, and that person shall not thereafter be employed on the Work. Such removal is an absolute right of SRWA and shall not give rise to any claim for compensation or damages against SRWA.

5.2 "Intentionally Omitted".

6 Conflict of Interest

6.1 Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and SRWA's conflict of interest code because Contractor will perform the Work independent of the control and direction of the SRWA or of any SRWA official, other than normal contract monitoring, and Contractor possesses no authority with respect to any SRWA decision beyond the rendition of information, advice, recommendation or counsel.

6.2 Contractor's duties and services under this Agreement shall not include preparing or assisting SRWA with any portion of SRWA's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with SRWA. SRWA shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of the work contemplated herein. Contractor's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. Contractor shall cooperate with SRWA to ensure that all bidders for a subsequent contract on any subsequent phase, if any, of work contemplated herein have access to the same information, including all conceptual, preliminary, or initial plans or specifications, if any, prepared by Contractor pursuant to this Agreement.

7 Contractor Records

7.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. SRWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

7.2 In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

8 Ownership of Documents

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to SRWA ("Work Product") shall be the property of SRWA, and SRWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any

Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without SRWA's prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, SRWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If SRWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then SRWA shall hold Contractor harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to SRWA in paper format, upon request by SRWA at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to SRWA in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

9 Confidentiality of Information

"Intentionally Omitted".

10 Use of Artificial Intelligence

10.1 Pursuant to the terms, conditions, and limitations set forth in this section, Contractor may use artificial intelligence systems or tools, including machine learning algorithms, natural language processing, and other artificial intelligence technologies (collectively "AI"), to complete the Work under this Agreement. The Contractor shall ensure all uses of AI performed within this Agreement shall be to the benefit of the SRWA and will not be used in any way that could harm the SRWA. Contractor shall be fully responsible for the performance of its obligations under this Agreement, and the use of any AI systems shall not in any manner relieve Contractor of such responsibility.

10.2 Prior to using any AI in its performance of the Agreement, Contractor shall advise SRWA in writing of its intent to use AI and shall keep SRWA informed of such usage throughout the term of the Agreement. During the term of this Agreement, SRWA may request, and Contractor shall provide, SRWA with all information regarding its use of AI in its performance of this Agreement. Contractor shall keep and maintain all records that pertain to its use of AI in its performance of this Agreement in compliance with section 7 of this Agreement.

10.3 "Intentionally Omitted".

10.4 Contractor shall review any AI-generated data, information, or AI-informed decisions relating in any manner to the performance of this Agreement to ensure that such work product is to the standard promised to SRWA in this Agreement. This quality-assurance review of AI-generated work and materials shall be conducted by a qualified Contractor employee or subcontractor. Contractor shall conduct ongoing testing and review of all AI systems used in the performance of this Agreement to ensure they function as intended and do not negatively impact the quality and accuracy of the Work. Contractor shall ensure that its officers, employees, and agents are properly trained to both use AI and to assess and mitigate any potential negative consequences from its use.

10.5 Contractor shall indemnify, defend, protect, and hold harmless SRWA and its Indemnitees from and against any Claims that arise out of, pertain to, or relate to the Contractor's use of AI. Contractor's obligations shall survive the termination of, or completion of Work under, this Agreement.

11 Compliance with Laws

11.1 General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

11.2 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance.

11.2.1 This section 11.2 applies if the Work includes either of the following:

11.2.1.1 Labor performed during the design, site assessment, feasibility study and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this section 11.2 applies only to workers performing the pre-construction and post-construction work.

11.2.1.2 "Maintenance" work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any SRWA facility, plant, building, structure, utility system or other property ("SRWA Facility") in a safe and continually usable condition, (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any SRWA Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on SRWA machinery and equipment, and (iii) landscape maintenance. "Maintenance" excludes (i) janitorial or custodial services of a routine, recurring or usual nature, and (ii) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some "maintenance" work and other work that is not "maintenance," then this section 11.2 applies only to workers performing the "maintenance" work.

11.2.2 Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at http://www.dir.ca.gov/oprl/DPreWageDetermination.htm. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to SRWA up to $200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to SRWA the sum of $25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

11.2.3 If the Work includes labor during pre- or post-construction phases as defined in section 11.2.1.1 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds $25,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: N/A

11.2.4 If the Work includes maintenance as defined in section 11.2.1.2 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds $15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: 1000615693

11.3 "Intentionally Omitted".

12 Indemnification

12.1 Contractor shall indemnify, defend, protect, and hold harmless SRWA, and its officers, employees and agents ("Indemnitees") from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) (collectively a "Claim") that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the sole negligence or willful misconduct of SRWA or its employees or agents. Contractor's obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

12.2 This section 12.2 applies if the Contractor is a "design professional" as that term is defined in Civil Code section 2782.8. If a court or arbitrator determines that the incident or occurrence that gave rise to the Claim was partially caused by the fault of an Indemnitee, then in no event shall Contractor's total costs incurred pursuant to its duty to defend Indemnitees exceed Contractor's proportionate percentage of fault as determined by a final judgment of a court or final decision of arbitrator.

13 Force Majeure Events

13.1 A party affected by a Force Majeure Event shall not be deemed in breach of this Agreement or be liable for any delay or failure in performance to the extent such delay or failure is caused by the Force Majeure Event. The party claiming relief shall, as soon as reasonably practicable: (i) notify the other party of the Force Majeure Event; (ii) use all reasonable efforts to mitigate the effects and minimize any delay resulting from the event; and (iii) resume performance of its obligations as soon as practicable.

13.2 A Force Majeure Event means any event that materially affects a party's performance and is one or more of the following: (1) acts of god or other natural disasters; (2) terrorism or other acts of a public enemy; (3) orders of governmental authorities (including, without limitation, unreasonable and unforeseeable delay in the issuance of permits or approvals by governmental authorities that are required for the Work); (4) pandemics, epidemics or quarantine restrictions; (5) strikes and other organized labor action that effect the Work and cannot be avoided or mitigated by use of replacement workers. A claim of a Force Majeure Event will only apply to the extent that the event occurs because of factors that could not be planned for or mitigated and are beyond the control of Contractor and its subcontractors.

14 Insurance

Types & Limits. Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

Type	*Limits*	*Scope*

Commercial general liability	$2,000,000 per occurrence & $4,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury
Automobile liability	$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers' compensation	Statutory limits	
Employers' liability	$1,000,000 per accident	
Professional liability*	$1,000,000 per claim	

*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor, attorney or accountant.

14.1 Entitlement to Broader Coverage. If Contractor maintains broader coverage and/or higher limits than the minimums shown above, the SRWA requires and shall be entitled to the broader coverage and/or higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum of insurance and coverage shall be available to the SRWA. Furthermore, the above minimum insurance coverage limits can be met through provision of umbrella or excess policy insurance coverage consistent with the provisions of this section 14.

14.2 Other Requirements. The general and automobile liability policy(ies) shall be endorsed to name SRWA, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. SRWA's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to SRWA. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to SRWA. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of SRWA for the Work performed by Contractor.

14.3 Proof of Insurance. Upon request, Contractor shall provide to SRWA the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

15 General Provisions

15.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

15.2 **Independent Contractor.** Contractor's relationship to SRWA is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not SRWA employees, and they are not entitled to SRWA employment salary, wages or benefits. Contractor shall pay, and SRWA shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify SRWA, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

15.3 **Subcontractors.** No subcontract shall be awarded nor any subcontractor engaged by Contractor without SRWA's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in section 14 of this Agreement. Any approved subcontractor shall obtain the required insurance coverages and provide proof of same to SRWA in the manner provided in section 14 of this Agreement.

15.4 **Assignment.** This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

15.5 **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by SRWA to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

15.6 **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

15.7 **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where SRWA's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

15.8 **Notice.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

SRWA:

Stanislaus Regional Water Authority
Attn:Chris Fisher
156 S. Broadway Suite 230
Turlock, CA 95380
E-mail:cfisher@turlock.ca.us

Contractor:
TRANE U.S. INC.
Attn: Rami Mislih
800-E Beaty Street
Davidson , NC 28036
E-mail:rami.mislih@tranetechnologies.com

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

15.9 **Signatures and Authority.** Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Stanislaus Regional Water Authority:

DATE SIGNED

SIGNATURE

Christopher Fisher

FULL NAME

General Manager

TITLE

Trane U.S. Inc.:

7/2/2026

DATE SIGNED

SIGNATURE

Chad Casteel

FULL NAME

Service Sales Leader

TITLE

Exhibits List

A - A-Trane Pricing Table Quarterly Filter Change-Outs - SRWA Locations

B - B-Trane Pricing Table Semi-Annual PM Inspections - SRWA Locations

C - C-Trane Pricing Table Hourly Rates

D - D-Trane Pricing from RFP 2026-020

Exhibit A

A - Trane Pricing Table Quarterly Filter Change-Outs - SRWA Locations

Quarterly Filter Change-Outs

The quarterly filter change-out pricing table reflects only two (2) quantities because those replacements are scheduled in coordination with the semi-annual PM inspections.

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
91	SRWA Administration Building	$370.00	2	Each	$740.00
92	SRWA Maintenance & Repair #15	$370.00	2	Each	$740.00
93	SRWA Ozone Building #40	$370.00	2	Each	$740.00
94	SRWA Finished Water Pump Station #75	$370.00	2	Each	$740.00
95	SRWA Chemical Building #55	$370.00	2	Each	$740.00
96	SRWA Raw Water Pump Station	$640.00	2	Each	$1,280.00
	Total				$4,980.00

Exhibit B

B - Trane Pricing Table Semi-Annual PM Inspections - SRWA Locations

Semi-Annual PM Inspections - SRWA

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
43	SRWA Administration Building	$740.00	2	Each	$1,480.00
44	SRWA Maintenance & Repair #15	$740.00	2	Each	$1,480.00
45	SRWA Ozone Building #40	$740.00	2	Each	$1,480.00
46	SRWA Finished Water Pump Station #75	$740.00	2	Each	$1,480.00
47	SRWA Chemical Building #55	$740.00	2	Each	$1,480.00
48	SRWA Raw Water Pump Station	$878.00	2	Each	$1,756.00
	Total				$9,156.00

Exhibit C

C-Trane Pricing Table Hourly Rates

Hourly Rates

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
109	Standard Hourly Rate	$205.00	1	Hour	$205.00
110	Overtime Hourly Rate	$307.50	1	Hour	$307.50
	Total				$512.50

Exhibit D

D - Trane Pricing from RFP 2026-020

Semi-Annual PM Inspections - SRWA

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
43	SRWA Administration Building	$740.00	2	Each	$1,480.00
44	SRWA Maintenance & Repair #15	$740.00	2	Each	$1,480.00
45	SRWA Ozone Building #40	$740.00	2	Each	$1,480.00
46	SRWA Finished Water Pump Station #75	$740.00	2	Each	$1,480.00
47	SRWA Chemical Building #55	$740.00	2	Each	$1,480.00
48	SRWA Raw Water Pump Station	$878.00	2	Each	$1,756.00
	Total			Annually	$9,156.00

Quarterly Filter Change-Outs

The quarterly filter change-out pricing table reflects only two (2) quantities because those replacements are scheduled in coordination with the semi-annual PM inspections.

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
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95	SRWA Chemical Building #55	$370.00	2	Each	$740.00
96	SRWA Raw Water Pump Station	$640.00	2	Each	$1,280.00
	Total			Annually	$4,980.00

Hourly Rates (For Repair & EmergencyService Allowance)

Line Item	Description	Unit Cost	Quantity	Unit of Measure	Total
109	Standard Hourly Rate	$205.00	1	Hour	$205.00

110 Overtime Hourly Rate	$307.50	1 Hour	$307.50
Total			$512.50

Description	**Annual Amount**
PM Services	$ 14,136.00
Repair & Emergency Service Allowance	$ 5,864.00
Annual Not-to-Exceed Amount	$ 20,000.00
Annual Not-to-Exceed Amount X 5 Years	**$ 100,000.00**

The proposed compensation includes annual preventative maintenance services in the amount of $14,136 and an annual allowance for repairs, emergency service calls, and additional HVAC maintenance services.

Actual expenditures will be based on services performed and may be less than the annual not-to-exceed amount.

Item 4C
Board Synopsis
July 16, 2026

From: Isaac Moreno, Finance Director

Prepared by: Isaac Moreno, Finance Director

1. ACTION RECOMMENDED:

Motion: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2025

2. DISCUSSION OF ISSUE:

The Authority's independent external auditors, Brown Armstrong CPA, have completed the Authority's annual audit for the fiscal year ended June 30, 2025 and a copy of their audit report is attached to this staff report.

The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) and General Accounting Standards Board (GASB) by Finance Staff from the City of Turlock who provide accounting assistance to the Authority. The external auditors have the responsibility to audit these statements in accordance with GAAP with the goal of determining whether the financial statements are free of material misstatement. If this goal can be supported with the results of their audit, the external auditor will issue an unqualified or "clean" opinion. The above listed financial statements contain an unqualified opinion.

Within the financial statements is a narrative section titled "Management's Discussion and Analysis (MD&A)" (starting on page 4 in the statements). The MD&A provides the reader with an introduction, overview, and analysis of the Authority's basic financial statements. It explains the significance of the numbers in the financial statements.

As of June 30, 2025, total assets of $246,306,099 were offset by liabilities of $155,573,037. Assets primarily consist of $219,614,503 million in capital assets, net of depreciation. This represents contractual expenditures incurred in the development of the project including construction of a water treatment facility and finished water pipelines to Turlock and Ceres.

3. FISCAL IMPACT / BUDGET AMENDMENT:

No fiscal impact

4. GENERAL MANAGER'S COMMENTS:

The General Manager recommends approval of this action.

5. ENVIRONMENTAL DETERMINATION:

This action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) of the CEQA guidelines. This action consists of "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment" and therefore is not considered a project.

6. ALTERNATIVES:

None as Staff is only asking for acceptance of these reports.

7. ATTACHMENT:

A. SRWA Financial Statements Fiscal Year 2024-2025
B. SRWA Required Communications Letter (AU-C 260) Fiscal Year 2024-2025

STANISLAUS REGIONAL
WATER AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2025

STANISLAUS REGIONAL WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

BROWN
ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

www.ba.cpa
661-324-4971

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Authority 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

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 opinion. 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 Authority'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 Authority'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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2026, on our consideration of the Authority'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 the Authority's 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 Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
May 15, 2026

STANISLAUS REGIONAL WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

The following narrative provides an overview and analysis of the financial activities of the Stanislaus Regional Water Authority (the Authority) for the year ended June 30, 2025, with comparative information for June 30, 2024. It is provided in order to enhance the information in the financial statements and should be reviewed together with the Independent Auditor's Report.

THE PURPOSE OF THE AUTHORITY

The Authority was established by the Cities of Ceres, Modesto, and Turlock on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority and in December 2015 the Authority's Bylaws as well as the Joint Powers Authority Agreement were amended to reflect this change. Currently, only the Cities of Ceres and Turlock (Participants) are participating members of the Authority.

The Participants are interested in finding and evaluating surface water supply options and facilities to supplement the ground-water potable water sources currently serving the municipal and industrial water customers within their service areas. Each of the cities is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating City. The Participants have formed this Joint Powers Authority (JPA) for the purpose of making responsible decisions related to the development and operation of the future RSWSP.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, the Authority's assets exceed liabilities by $90,733,062 (net position).
- Total net position decreased by $9,738,397, below the balance at June 30, 2024, of $100,471,459.
- Total Authority operating revenues for 2024-2025 were $3,466,877 compared to operating expenses of $8,781,779. The Authority also expended $1,411,691 on project costs which were capitalized and are presented on the Statement of Net Position as "Capital assets."

THE BASIC FINANCIAL STATEMENTS

The basic financial statements comprise the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position provides information about the financial position of the Authority as a whole, including all its capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position explains in detail the change in net position for the year.

The Statement of Net Position presents information on the Authority's assets and liabilities, the difference between them representing the Authority's net position. Net position of the Authority includes the net amount invested in capital assets and an unrestricted amount.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing total revenues versus total expenses and shows how the Authority's net position changed during the fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of the Authority's operations and significant accounting policies and clarify unique financial information.

The following are condensed Statements of Net Position for the Authority as of June 30:

Table A
Condensed Statements of Net Position
June 30, 2025 and 2024

	2025	2024	Variance 2025 vs. 2024
Assets			
Cash	$ 24,988,697	$ 37,070,982	$ (12,082,285)
Accounts Receivable	1,399,108	-	1,399,108
Interest Receivable	151,021	298,308	(147,287)
Prepaid Expenses	152,770	149,670	3,100
Capital Assets Not Being Depreciated/Amortized	2,292,252	-	2,292,252
Capital Assets Being Depreciated/Amortized	217,322,251	220,732,700	(3,410,449)
Total Assets	$ 246,306,099	$ 258,251,660	$ (11,945,561)
Liabilities			
Loan Payable	$ 154,339,883	$ 156,170,967	$ (1,831,084)
Accounts Payable	322,817	716,812	(393,995)
Interest Payable	910,337	892,422	17,915
Total Liabilities	$ 155,573,037	$ 157,780,201	$ (2,207,164)
Net Position			
Net Investment in Capital Assets	$ 65,274,620	$ 64,561,733	$ 712,887
Unrestricted	25,458,442	35,909,726	(10,451,284)
Total Net Position	$ 90,733,062	$ 100,471,459	$ (9,738,397)

The following are condensed Statements of Revenues, Expenses, and Change in Net Position for the years ended June 30:

Table B
Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024

	2025	2024	Variance 2025 vs. 2024
Operating Revenues	$ 3,466,877	$ 1,972,125	$ 1,494,752
Operating Expenses	8,781,779	4,217,680	4,564,099
Net Operating Loss	(5,314,902)	(2,245,555)	(3,069,347)
Non-Operating Revenues (Expenses)			
Interest Revenue	1,288,332	1,118,481	169,851
Interest Expense	(1,856,976)	(1,726,038)	(130,938)
Net Loss Before Capital Grants, Contributions, and Reimbursements	(5,883,546)	(2,853,112)	(3,030,434)
Capital Grants	1,597,816	-	1,597,816
Capital Contributions from Participating Agencies	15,917,908	31,020,397	(15,102,489)
Capital Reimbursements to Participating Agencies	(21,370,575)	(30,805,853)	9,435,278
Change in Net Position	(9,738,397)	(2,638,568)	(7,099,829)
Net Position, July 1	100,471,459	103,110,027	(2,638,568)
Net Position, June 30	$ 90,733,062	$ 100,471,459	$ (9,738,397)

FINANCIAL ACTIVITIES OF THE AUTHORITY AS A WHOLE

This analysis focuses on the net position and change in net position of the Authority's activities in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position.

As of June 30, 2025, total assets of $246,306,099 were offset by liabilities of $155,573,037. Assets primarily consist of $219,614,503 in capital assets. These represent contractual expenditures over the years incurred in the development of the project, including work required to prepare and issue the Environmental Impact Report; the development of the design, size, and scope of the potential treatment facility; and the development of design and specifications as well as construction costs associated with the wet well and treatment facility. In addition to participant contributions, the project is being funded by a construction installment sale agreement with the State Water Resources Control Board comprised of a grant of $27,750,000 and loan of up to $184,924,000. During fiscal year 2025, the Authority drew down $2,766,799 of additional loan proceeds and made principal payments of $4,597,883.

The completion of these tasks provided the Authority Board of Directors with the information and documents necessary to make final decisions related to the size and scope of the project and the type of water treatment facilities that the Authority decided to construct as well as the environmental documents necessary to proceed with the project. On June 29, 2020, the Authority awarded a design-build contract for the project to CH2M Hill Engineers, Inc., for an amount not to exceed $195,400,357, which includes all project components except the individual Project Participants' terminal facilities. Construction was completed in December 2024, with the Board of Directors' acceptance of the completed project and authorization to record the Notice of Completion.

Operating revenues are used to fund operating expenses and capital contributions are used to fund the capitalized project costs. The Participants have entered into various cost sharing agreements which provide the methodology for allocating costs based on each Participant's beneficial use of the project. As the project progresses, these agreements are revisited to ensure that each Participant's beneficial use and corresponding proportional share of costs is appropriately assigned.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

These Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this report should be directed to the City of Turlock, Finance Department, at 156 South Broadway, Suite 110, Turlock, CA 95380.

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS	
Current Assets	
Cash and Investments	$ 24,988,697
Accounts Receivable	1,399,108
Interest Receivable	151,021
Prepaid Expenses	152,770
Total Current Assets	26,691,596
Non-Current Assets	
Capital Assets, Not Being Depreciated/Amortized (Note 3)	2,292,252
Capital Assets, Being Depreciated/Amortized (Note 3)	217,322,251
TOTAL ASSETS	246,306,099
LIABILITIES	
Current Liabilities	
Accounts Payable	322,817
Interest Payable	910,337
Total Current Liabilities	1,233,154
Long-Term Liabilities	
State Revolving Loan Payable (Note 4)	154,339,883
TOTAL LIABILITIES	155,573,037
NET POSITION (Note 5)	
Net Investment in Capital Assets	65,274,620
Unrestricted	25,458,442
TOTAL NET POSITION	$ 90,733,062

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Participating Operating Contributions	$ 3,466,877
OPERATING EXPENSES	
Administrative Services	143,184
Contractual Services	6,108,707
Depreciation/Amortization Expense	2,529,888
TOTAL OPERATING EXPENSES	8,781,779
Operating Loss	(5,314,902)
NON-OPERATING REVENUES (EXPENSES)	
Interest Revenue	1,288,332
Interest Expense	(1,856,976)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(568,644)
Capital Grants	1,597,816
Capital Contributions from Participating Agencies	15,917,908
Capital Reimbursements to Participating Agencies	(21,370,575)
Change in Net Position	(9,738,397)
Net Position, Beginning of Year	100,471,459
Net Position, End of Year	$ 90,733,062

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Participants	$ 3,466,877
Payments for Administrative Services	(143,184)
Payments to Suppliers	(6,107,892)
Net Cash Used by Operating Activities	(2,784,199)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants	1,597,816
Capital Contributions	14,518,800
Reimbursements of Prior Capital Contributions	(21,768,485)
Acquisition of Capital Assets	(1,411,691)
Principal Paid on Loan	(1,831,084)
Interest on Loan	(1,839,061)
Net Cash Used by Capital and Related Financing Activities	(10,733,705)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	1,435,619
Net Decrease in Cash and Investments	(12,082,285)
CASH AND INVESTMENTS AT BEGINNING OF YEAR	37,070,982
CASH AND INVESTMENTS AT END OF YEAR	$ 24,988,697

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	$ (5,314,902)
Depreciation/Amortization	2,529,888
Change in Assets and Liabilities:	
Prepaids	(3,100)
Accounts Payable	3,915
Net Cash Used by Operating Activities	$ (2,784,199)

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Reporting Entity

The Stanislaus Regional Water Authority (the Authority) was originally established by the Cities of Ceres, Modesto, and Turlock (Participants) on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority. Subsequently, the Authority's governing documents were amended to reflect the City of Modesto's withdrawal, as well as to revise the functional administrative duties of the remaining participants and the composition of the Board of Directors, which now consists of two members of the City Council for each City participant.

The Participants are interested in finding and evaluating surface water supply options and facilities to supply water to the municipal and industrial customers within their service areas. Each of the Participants is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating city. The Participants formed the Authority as a Joint Powers Authority (JPA) for the purpose of making responsible decisions related to the development and operation of the future RSWSP. Each Participant is responsible for its share of expenditures incurred by the Authority during a fiscal year pursuant to various funding/cost sharing agreements approved by the Authority's Board of Directors and each Participant's respective governing body.

Since December 2015, the City of Turlock assumed responsibility for the processing of all financial transactions and accounting for the Authority. The following is a summary of the significant accounting policies.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. Fund Accounting

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

D. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred, regardless of when cash changes hands. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

D. <u>Basis of Accounting and Measurement Focus</u> (Continued)

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

E. <u>Fair Value Measurements</u>

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. <u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – <u>CASH AND INVESTMENTS</u>

The Authority participates in the City of Turlock's cash and investment pool.

Cash and investments of the Authority are pooled with other City of Turlock funds. The Authority's portion of this pooled amount was $24,988,697 at June 30, 2025. At June 30, 2025, the City's investment pool was unrated. The Authority can spend cash at any time without prior notice or penalty. Interest earned on pooled cash and investments is credited to each participant in the pool based on each participant's average quarterly cash and investment balance. Detailed information concerning the City of Turlock's pooled cash and investments, including information regarding the fair value of investments, may be found in the City of Turlock's Basic Financial Statements. As of June 30, 2025, the fair value of the Authority's position in the pool is the same as the value of its pool shares.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority's investment in the City's investment pool is not subject to the fair value hierarchy.

NOTE 3 – CAPITAL ASSETS

Capital assets acquired by the Authority are recorded at cost and are depreciated using the straight-line method over estimated useful lives. The Authority has set the capitalization threshold for reporting capital assets at $5,000. Operating expenses include depreciation/amortization on all depreciable/amortizable capital assets. Repairs and maintenance are charged to expense when the services are rendered.

During fiscal year 2017, the Authority began constructing the RSWSP. During fiscal year 2025, costs totaling $1,411,691 were incurred. As of June 30, 2025, capital assets consisted of land of $2,292,252, buildings of $204,176,632, and infrastructure of $15,675,507, less accumulated depreciation/amortization of $2,529,888, for total capital assets, net of accumulated depreciation/amortization, of $219,614,503. The Authority participant Cities of Ceres and Turlock contribute a proportionate share of the overall project costs. During fiscal year 2025, the Cities of Ceres and Turlock contributed $12,853,256 and $6,499,471, respectively, and TID contributed $32,058 to the RSWSP.

Depreciation/amortization has been calculated on a straight-line basis over the following useful lives:

	Years
Infrastructure	25-60
Buildings	30-50

The following is a summary of capital assets for the Authority at June 30, 2025:

	June 30, 2024	Additions	Retirements	Adjustments/ Transfers	June 30, 2025
Capital assets not being depreciated/amortized:					
Land	$ -	$ -	$ -	$ 2,292,252	$ 2,292,252
Construction in progress	220,732,700	1,411,691	-	(222,144,391)	-
Total capital assets not being depreciated/amortized:	220,732,700	1,411,691	-	(219,852,139)	2,292,252
Capital assets being depreciated/amortized:					
Buildings	-	-	-	204,176,632	204,176,632
Infrastructure	-	-	-	15,675,507	15,675,507
Total capital assets being depreciated/amortized:	-	-	-	219,852,139	219,852,139
Less accumulated depreciation/amortization	-	(2,529,888)	-	-	(2,529,888)
Net capital assets being depreciated/amortized	-	(2,529,888)	-	219,852,139	217,322,251
Capital assets, net	$ 220,732,700	$ (1,118,197)	$ -	$ -	$ 219,614,503

NOTE 4 – STATE REVOLVING LOAN PAYABLE

Regional Surface Water Supply Project State Revolving Fund Loan

On September 23, 2021, the Authority entered into a construction installment sale agreement with the California State Water Resources Control Board in the amount of $212,674,000 to fund the construction of a new surface water treatment plant and construct finished water transmissions to the Cities of Ceres and Turlock. The agreement includes a loan component of $184,924,000 and a grant component of $27,750,000. The loan bears annual interest of 1.2%, which will be paid annually by January of each year, until one year after the completion of construction. Construction was completed in December 2024, with the Board of Directors' acceptance of the completed project and authorization to record the Notice of Completion. Thereafter, the Authority is required to make annual principal and interest payments.

During the year ended June 30, 2025, the Authority drew down $2,766,799 of additional loan proceeds and made principal payments of $4,597,883. In addition, the Authority reimbursed the Cities of Ceres and Turlock from loan proceeds for prior capital contributions in the amounts of $7,025,936 and $14,344,639, respectively. The loan balance was $154,339,883 at June 30, 2025.

NOTE 5 – NET POSITION

Net position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net position is divided into three categories, which are described below:

Net Investment in Capital Assets describes the portion of net position that is represented by the current net book value of the capital assets, less depreciation/amortization and the outstanding balance of any debt used to finance these assets.

Restricted describes the portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. The Authority has no restricted net position at June 30, 2025.

Unrestricted describes the portion of net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

NOTE 6 – RELATED PARTY TRANSACTIONS

The Authority reimburses the City of Turlock for administrative and other costs incurred by the City of Turlock on the Authority's behalf. During the year ended June 30, 2025, contractual service expenditures of $6,108,707 were allocated to the Authority from the City of Turlock.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. Program Management and Other Contracts

The Authority had the following outstanding commitments at June 30, 2025, related to the RSWSP:

Design Build Contract	$	80,155
Program Management		455,450
Legal Services		43,800
Security		1,724
Maintenance		23,043
Contract Help - Service		219,758

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Lease Concerning Turlock Irrigation District Delivery Facilities for Regional Surface Water Supply Project

In April 2020, the Authority Board of Directors approved a lease with TID to convey leasehold rights in TID's delivery facilities and underlying real property to the Authority in order to facilitate the Authority's construction, operation, and maintenance of the facilities that will be located on TID property. The lease will expire in 2065. There will be no separate rent paid under the lease, rather, the water payments to be made by the Authority under the Water Sales Agreement will constitute consideration for the lease. The proposed lease contains standard and commercially reasonable lease terms, including the Authority's payment of fees, charges, etc., relating to its use of the property; Authority compliance with applicable law and regulations; indemnity; and insurance.

C. Acquisition of the Water Treatment Plant Site from Turlock Irrigation District

The planned water treatment plant site is owned by TID and the Authority's agreement with TID provides that TID agrees to sell the treatment plant site, subject to a reservation of such easements for TID's pipelines to the treatment plant from the pump station and from the treatment plant to the Ceres Main Canal, to the Authority at a sales price of $1,436,674. In April 2020, the Authority Board of Directors approved the acquisition of the site from TID. The site is a 47.9-acre parcel located near the new wet well facility.

NOTE 8 – SUBSEQUENT EVENTS

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial statements. Events were considered through May 15, 2026, which is the date of issuance of the Authority's independent auditor's report. There were no events that are required to be disclosed.

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Stanislaus Regional Water Authority (the Authority), as of and for the year ended June 30, 2025, and have issued our report thereon dated May 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
May 15, 2026

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

We have audited the financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. During the year ended June 30, 2025, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures.* We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was as follows:

> As of June 30, 2025, the Authority held approximately $24.99 million of cash and investments in the City of Turlock's investment pool as measured by fair value and disclosed in Note 2 to the Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2025. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2025.

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We identified no such misstatements during our audit.

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Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated May 15, 2026.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Stanislaus Regional Water Authority, as well as the City Council and management of the City of Turlock, and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Bakersfield, California
May 15, 2026

From: Christopher Fisher, General Manager

Prepared by: Christopher Fisher, General Manager

1. ACTION RECOMMENDED:

Motion: Adopt Stanislaus Regional Water Authority Board Policy No. ___ establishing the Ex-Officio Member Policy.

2. DISCUSSION OF ISSUE:

At previous meetings, the Board discussed the possibility of a deadlock occurring on matters requiring Board action and considered several alternatives for resolving tie votes, including appointment of a permanent Ex-Officio Member, mediation, and expansion of the Board. Following those discussions, the Board directed staff and legal counsel to prepare an amendment to the Joint Exercise of Powers Agreement (JPA) establishing an Ex-Officio Member as the Authority's deadlock resolution mechanism.

On June 18, 2026, the Board approved an amendment to the JPA authorizing the appointment of an Ex-Officio Member to cast a deciding vote only when the Board reaches a tie vote on a properly noticed item.

While the amended JPA authorizes the position, it intentionally leaves the administrative procedures governing the position to Board policy. The proposed Ex-Officio Member Policy establishes those procedures and provides a consistent governance framework for implementation of the JPA.

Specifically, the policy establishes:

- Appointment procedures and eligibility requirements.
- Term of office.
- Duties and responsibilities.
- Rights and limitations of the position.
- Procedures for resolving Board deadlocks.
- Ethics, conflict of interest, and training requirements.
- Removal and vacancy procedures.
- Periodic review of the policy.

The policy is intended to preserve the Authority's collaborative governance model while providing a transparent and orderly process for implementing the Ex-Officio Member provisions authorized by the JPA. Consistent with the JPA, the Ex-Officio Member serves in an advisory capacity and is authorized to cast a vote only when necessary to resolve an evenly divided vote of the Board

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3. FISCAL IMPACT / BUDGET AMENDMENT:

Adoption of this policy has no immediate fiscal impact.

Should the Board elect to establish compensation or reimbursement for an Ex-Officio Member in the future, such compensation would require separate Board action and appropriation consistent with applicable law.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

This action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) of the CEQA guidelines. This action consists of "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment" and therefore is not considered a project.

6. ALTERNATIVES:

A. The Board may choose not to adopt the proposed policy. However, this is not recommended because the Authority would continue without established procedures governing the appointment and administration of an Ex-Officio Member authorized under the Joint Exercise of Powers Agreement.

B. The Board may direct staff to revise the proposed policy and return it for future consideration.

7. ATTATCHMENTS:

A. Draft Ex-Officio Member Policy

STANISLAUS REGIONAL WATER AUTHORITY

BOARD POLICY NO. _____

EX-OFFICIO MEMBER POLICY

Adopted: ____________

ARTICLE I

PURPOSE

The Stanislaus Regional Water Authority ("Authority") was established as a collaborative partnership between its Member Agencies, the City of Ceres and the City of Turlock, to provide reliable regional water supplies through cooperative governance.

The Authority recognizes that, on rare occasions, the four-member Board of Directors may be unable to reach a majority decision due to an evenly divided vote. The purpose of this policy is to establish the procedures governing the appointment, authority, responsibilities, and removal of an Ex-Officio Member authorized by the Joint Exercise of Powers Agreement ("JPA") to resolve such deadlocks.

It is the intent of the Authority Board of Directors that the Ex-Officio Member serve solely in an advisory capacity and to act only when necessary to resolve deadlocked votes, and not as a fifth Director or representative of any Member Agency.

ARTICLE II

AUTHORITY

This policy is adopted pursuant to the Authority's Joint Exercise of Powers Agreement, as amended.

Nothing in this policy shall supersede or conflict with the provisions of the JPA. In the event of any inconsistency, the JPA shall control.

ARTICLE III

APPOINTMENT AND ELIGIBILITY

The Board shall appoint one Ex-Officio Member by unanimous vote of the Board of Directors. The General Manager, in consultation with the Board Chair, shall solicit qualified candidates to serve as the ex-officio member. The credentials for the proposed candidate or candidates will be presented to the Board for review and selection. If the Board determines necessary or desirable, it may schedule interview with the proposed candidate(s).

Candidates for appointment for the ex-officio member shall have the following qualifications:

- Current or former elected officials.
- Current or former appointed public officials.
- Current or former executive managers of public agencies.

In all cases, candidates shall have an interest in Authority's mission and operations and have substantial experience in one or more of the following fields: water resources, public utilities, engineering, finance, law, or public administration.

The Ex-Officio Member shall not:

- Be a Director or Alternate Director of the Authority.
- Be a current elected official or employee of either Member Agency during the term of appointment.
- Have any financial or personal interest that would impair the independent exercise of judgment.

ARTICLE IV

TERM OF OFFICE

The Ex-Officio Member shall serve a four-year term, may be reappointed, and shall continue serving until a successor is appointed or is removed pursuant to Article XI of this policy.

ARTICLE V

DUTIES

The Ex-Officio Member shall attend meetings whenever practicable, receive agenda packets, remain familiar with Authority operations, and comply with Article X of this policy.

ARTICLE VI

RIGHTS AND LIMITATIONS

The Ex-Officio Member may attend meetings, participate in discussions in an advisory capacity when recognized by the Chair, ask questions of staff and legal counsel, and attend closed sessions when legally authorized.

The Ex-Officio Member shall not be considered a Director, count toward a quorum, make or second motions, introduce agenda items, chair meetings, direct staff, or vote except as authorized by the JPA and this policy.

ARTICLE VII

DEADLOCK RESOLUTION PROCEDURE

A deadlock exists when a properly made and seconded motion receives an equal number of affirmative and negative votes after Board deliberation, public comment, and a final opportunity for discussion.

Upon declaration of a deadlock by the Chair, the Ex-Officio Member may request clarification regarding matters already in the record and shall then cast the deciding vote. The deciding vote shall constitute final Board action.

ARTICLE VIII

ETHICS AND CONFLICTS OF INTEREST

The Ex-Officio Member shall comply with the Political Reform Act, Government Code Section 1090, the Authority's Conflict of Interest Code, AB 1234 ethics, financial, and harassment prevention training requirements, and the Brown Act, where applicable.

ARTICLE IX

INDEPENDENCE

The Ex-Officio Member shall exercise independent judgment solely in the best interests of the Authority and shall not represent the interests of either Member Agency, their home agency (if any), or be directed by any Director or third party regarding how to vote.

ARTICLE X

REMOVAL

The Ex-Officio Member serves at the pleasure of the Board and may be removed, with or without cause, by unanimous vote of all Directors.

ARTICLE XI

VACANCIES

Vacancies shall occur upon expiration of term, resignation, removal, death, incapacity, or loss of eligibility. A successor shall be appointed by the Board as provided in Article III.

ARTICLE XII

COMPENSATION

The Board may establish compensation and reimbursement by resolution consistent with applicable law.

ARTICLE XIV

POLICY REVIEW

The Board recognizes that the Ex-Officio Member position is a unique governance mechanism intended to preserve the collaborative nature of the Authority while providing an orderly means of resolving rare deadlocked votes.

The Board shall conduct a comprehensive review of this policy and the necessity and effectiveness of the Ex-Officio Member position no later than five years after the effective date of this policy, and periodically thereafter if the policy is continued.

The review shall consider:

- Frequency with which the Ex-Officio Member casts a deciding vote.
- Attendance and participation requirements.
- Whether the position promoted timely and effective Board decision-making.
- Continued suitability of appointment and eligibility requirements.
- Need for amendments to the JPA or this policy.
- Whether continuation, modification, or repeal would better serve the Authority.

Following the review, the Board may affirm the policy, direct staff and legal counsel to prepare amendments, or terminate the ex-officio office.