



Santa Ana Watershed Project Authority

Sacramento Update

July 15, 2025

Michael Boccadoro &
Beth Olhasso

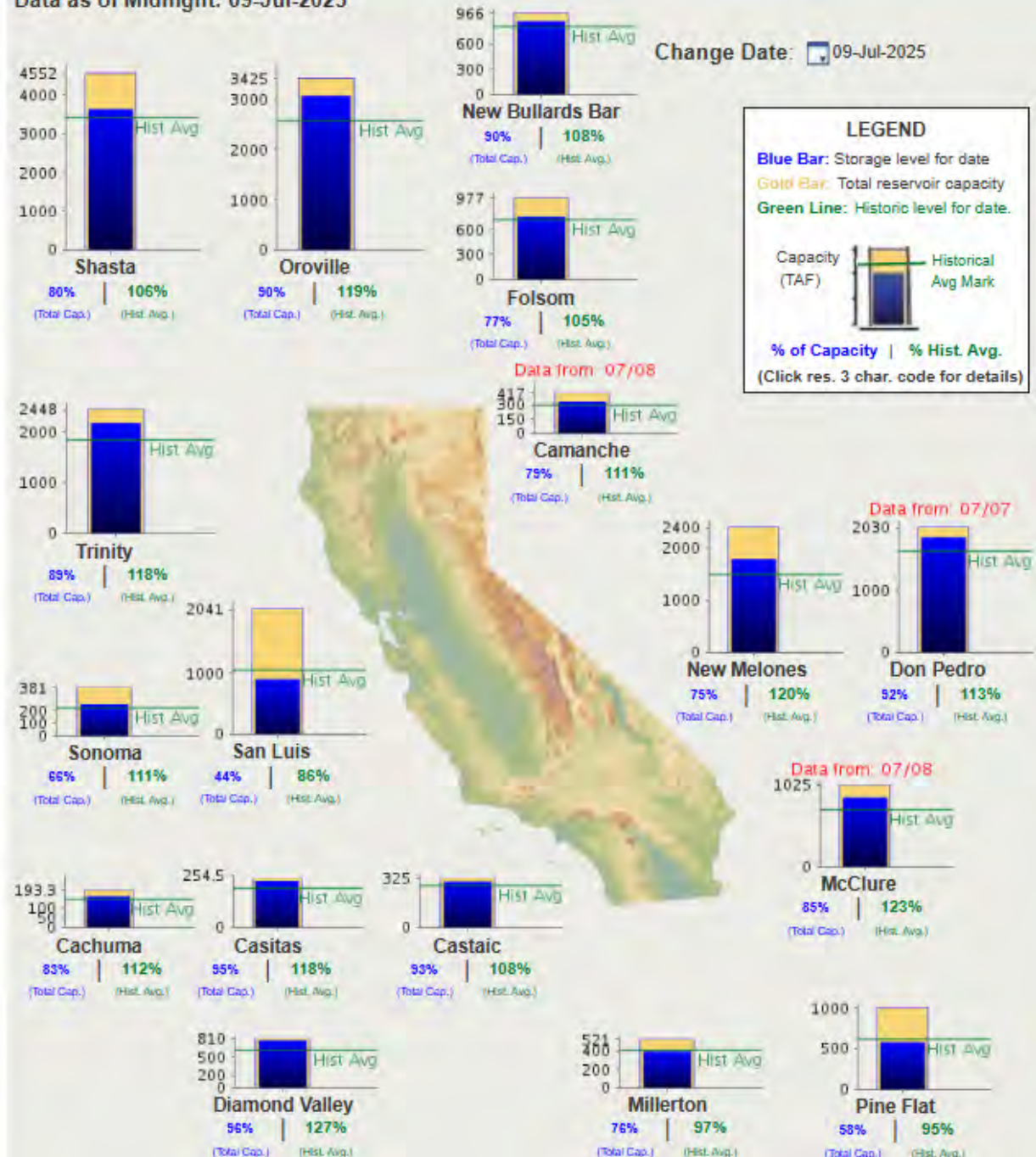


West Coast Advisors
Strategic Public Affairs

Drought/ Water Supply Update

CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS: 09-JUL-2025

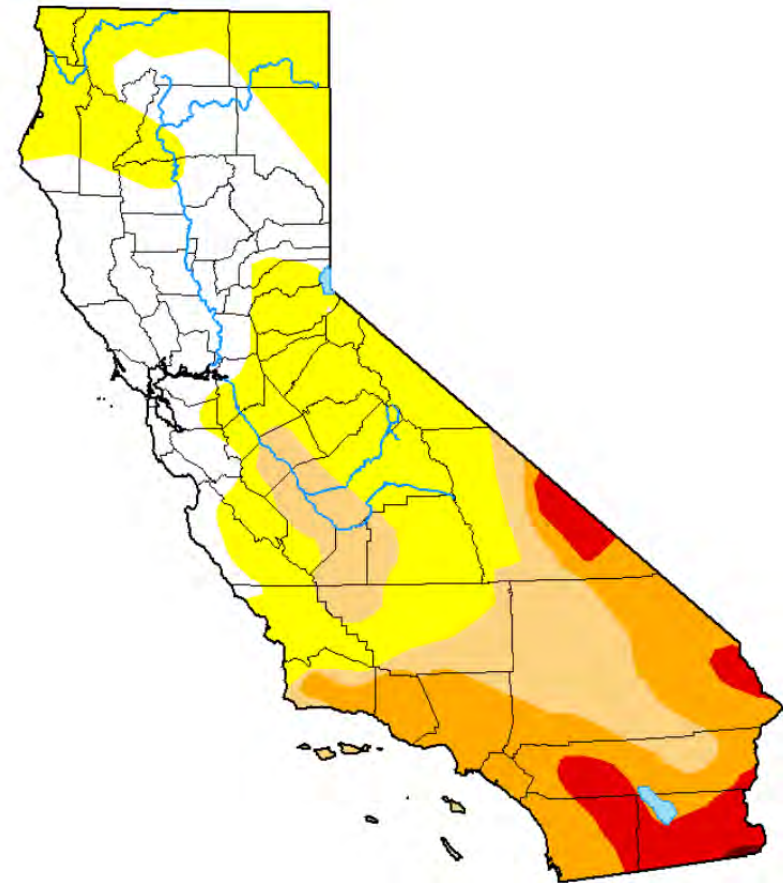
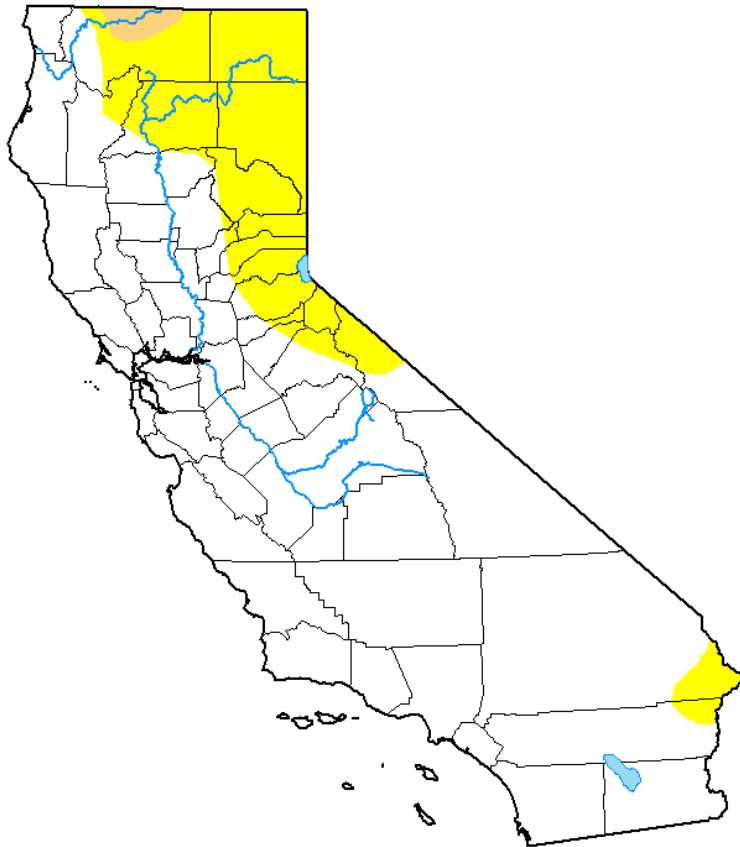
Data as of Midnight: 09-Jul-2025



Drought/Water Supply Update

July 9, 2024

July 9, 2025



2025-26 State Budget (June 27 Adopted)

\$325 Billion Budget


- Relies more on borrowing than spending cuts to close \$12B deficit.
- Pushed off significant decisions
 - ➔ Prop 4 spending
 - ➔ Cap and Trade/GGRF
 - ➔ Wildfire Fund
 - ➔ Delta Conveyance Project Trailer Bill
- More action August/Sept




Key Dates and Deadlines

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- July 18: Second House Policy Committee Deadline
 - Summer Recess: July 18- August 18
 - August 29- Appropriations Suspense Deadline
 - September 12- End of first year of 2025-26 session

Legislative Update- Priority Legislation

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- SB 71 (Caballero): CA Water Plan-Long-Term Water Supply Targets
 - AB- 532 (Ransom): Water Rate Assistance Program
 - SB 350 (Durazo): Water Rate Assistance Program
 - SB 31 (McNerney): Recycled Water
 - SB 454 (McNerney): PFAS Mitigation Program
 - SB 694 (Hurtado): Advanced Clean Fleets
 - SB 445 (Wiener): Transportation

Regulatory Updates

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- Advanced Clean Fleets- Local Governments
 - Clean/Drinking Water State Revolving Funds
 - PFAS:
 - ➔ Notification and Response Levels- August 6 workshop
 - ➔ Delay in challenge to Federal MCL
 - ➔ AB 794 (Gabriel) Emergency MCL-PFAS

Thank You



Questions?



SANTA ANA WATERSHED
PROJECT AUTHORITY

Investment Management Services Award of Contract

Karen Williams, Interim General Manager



Recommendation

It is recommended that the Commission direct the Interim General Manager to execute an agreement with Chandler Asset Management for professional investment management services on behalf of the Authority.

Evaluation Process

- 6 proposals received
- Review/Interview Panel
 - ✓ Cindy Saks – Valley District
 - ✓ Rick Aragon – Western
 - ✓ Karen Williams - SAWPA
- Interviews held June 20, 2025
- 3 Firms invited:
 - ✓ Chandler Asset Management
 - ✓ PFM Asset Management
 - ✓ Public Trust Advisors (no-show)

Interview Outcome

- Chandler scored highest post-interview
- Public Trust Advisors disqualified due to non-attendance
- Chandler demonstrated superior qualifications and client alignment

Why Chandler Asset Management?

- 20+ years average experience
- \$3.1B managed for California public agencies
- Independent and employee-owned
- Based in San Diego – local accountability

Investment Approach

- Proprietary Horizon Analysis Model
- Best execution: 3 quotes per trade
- Structured disciplined process
- Dedicated credit team
- Utilization of Clearwater Analytics for investment reporting and accounting

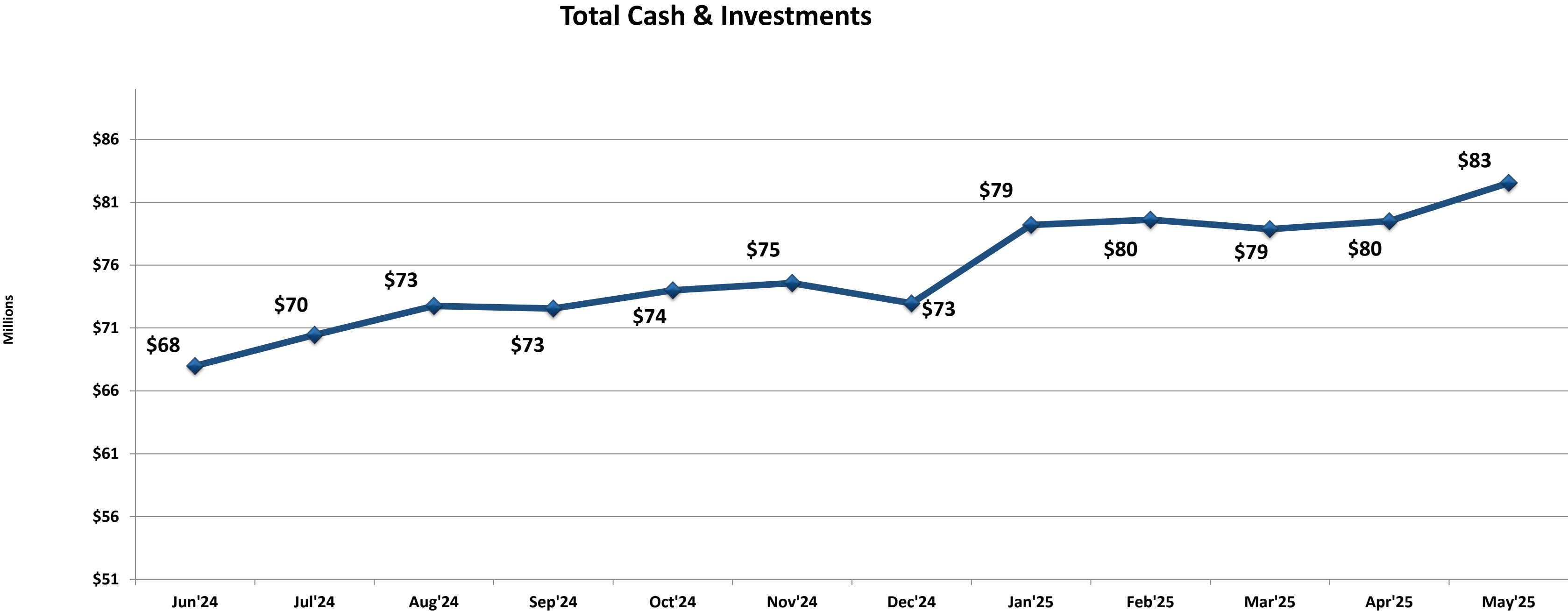
Fee Proposal

- Tiered fee structure
- No charges for non-managed funds
- Negotiated discount:
 - ✓ 10 bps → 8 bps for first \$25M
 - ✓ ~ \$5,000 annual savings
- Fees locked during contract term

Recommendation Basis

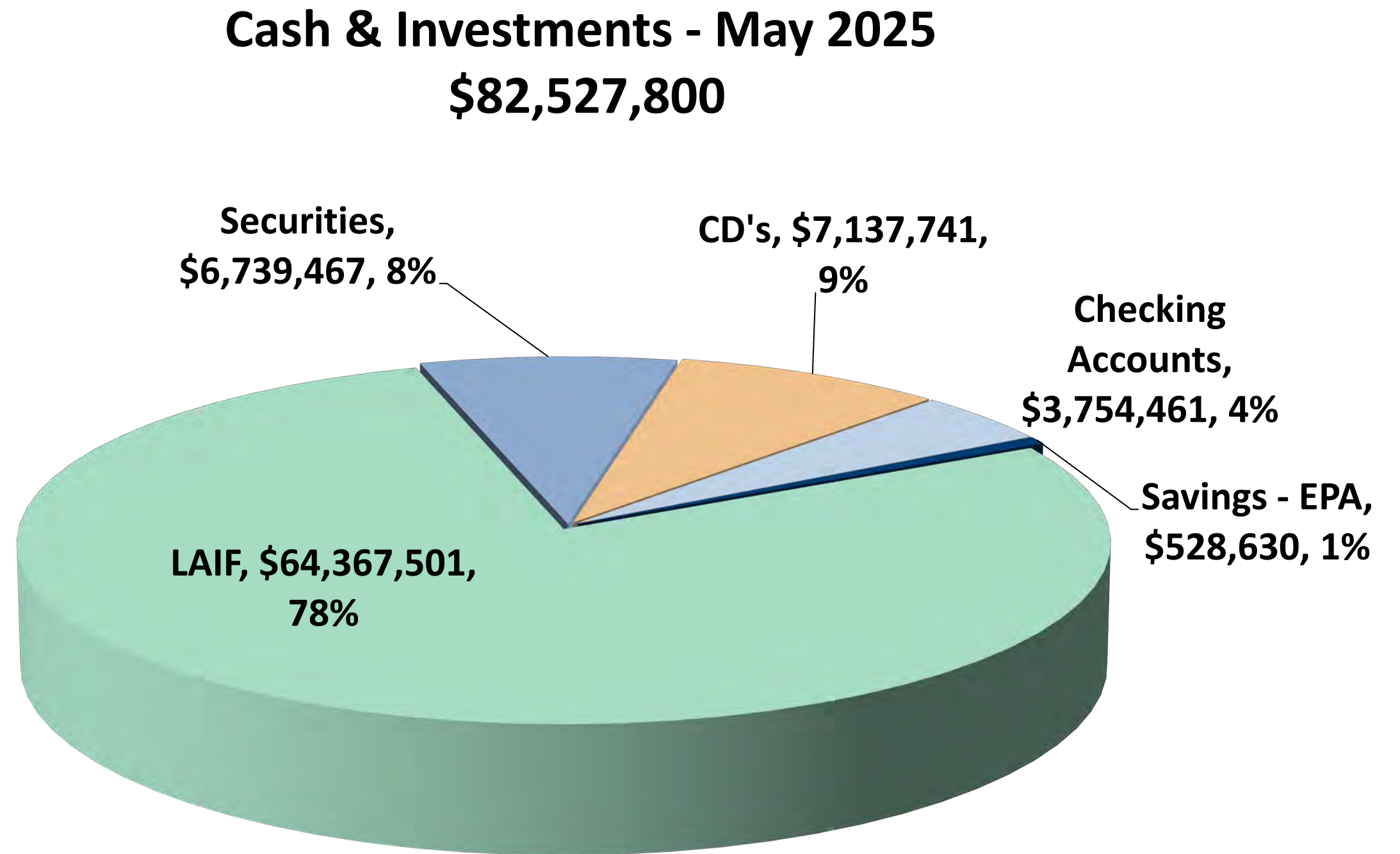
- Best overall score
- Strong industry expertise
- Transparent pricing
- Proven record with California public agencies

Current Cash and Investments (Financial Report)



Summary of Current Investments

- Current approach involves:
 - LAIF (78%)
 - Securities (8%)
 - CDs (9%)



Fees

Tiers	Basis Points	Assets	Fee
First \$50 million	0.08 of 1%	\$50,000,000	\$40,000
Over \$50 million	0.07 of 1%	\$25,000,000	\$17,500
		\$75,000,000	\$57,500

Chandler Asset Management will conduct a cash flow analysis incorporating our **Capital Improvement Plan** to determine the appropriate amount of funds to invest in longer-term securities. Funds anticipated to be needed within the fiscal year will be allocated to the **Local Agency Investment Fund (LAIF)** or held in our **checking account**, where they will remain **fee-free** and readily accessible.

Benefits of Utilizing Investment Management Firm

1. Expert Guidance on Investment Policy: The investment firm will work with the Authority to update and implement the existing investment policy to align with the Authority's mission and values. The firm will provide guidance on best practices for investment policy management, including procedures for policy updates and implementation.
2. Strategic Asset Allocation Modeling and Implementation: The investment management firm will develop an asset allocation strategy that meets the Authority's investment objectives, risk tolerance, and liquidity needs. The firm will implement the asset allocation strategy in the Authority's investment portfolio.

Benefits of Utilizing Investment Management Firm

3. Investment Selection and Ongoing Monitoring: The investment management firm will conduct due diligence on investment broker/dealers, custodian bank, and financial institutions utilized by the Authority, select appropriate investments, and monitor the investments performance. The firm will also evaluate and recommend both active and passive investment strategies in accordance with the investment policy.
4. Portfolio Management and Periodic Rebalancing: The investment management firm will actively manage the Authority's investment portfolio, rebalance the portfolio periodically, and adjust the asset allocation strategy as necessary.

Benefits of Utilizing Investment Management Firm

5. Comprehensive Performance Measurement and Reporting: The investment management firm will provide regular performance reports to the Authority, including investment returns, portfolio composition, and benchmark comparisons, etc.
6. Risk Management and Analysis: The investment management firm will conduct stress testing and scenario analysis to evaluate the potential impact of market events on the Authority's investments portfolio. The firm will also provide ongoing risk management advice.
7. Organizational Support: The investment management firm will provide support and education to the Authority's CFO/Director of Finance and Board of Commissioners. The firm will also attend Committee and/or Commission meetings as requested.

Benefits of Utilizing Investment Management Firm

8. Cost Savings: Engaging a professional investment management firm is expected to result in more competitive investment purchases and access to a broader range of investment opportunities than would be feasible through internal staff alone.

Recommendation

It is recommended that the Commission direct the Interim General Manager to execute an agreement with Chandler Asset Management for professional investment management services on behalf of the Authority.

Questions?

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