

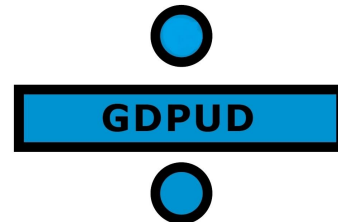
---

BOARD OF DIRECTORS MEETING  
BUDGET REVIEW  
FEBRUARY 14, 2023  
NICHOLAS SCHNEIDER

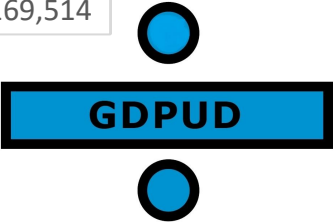
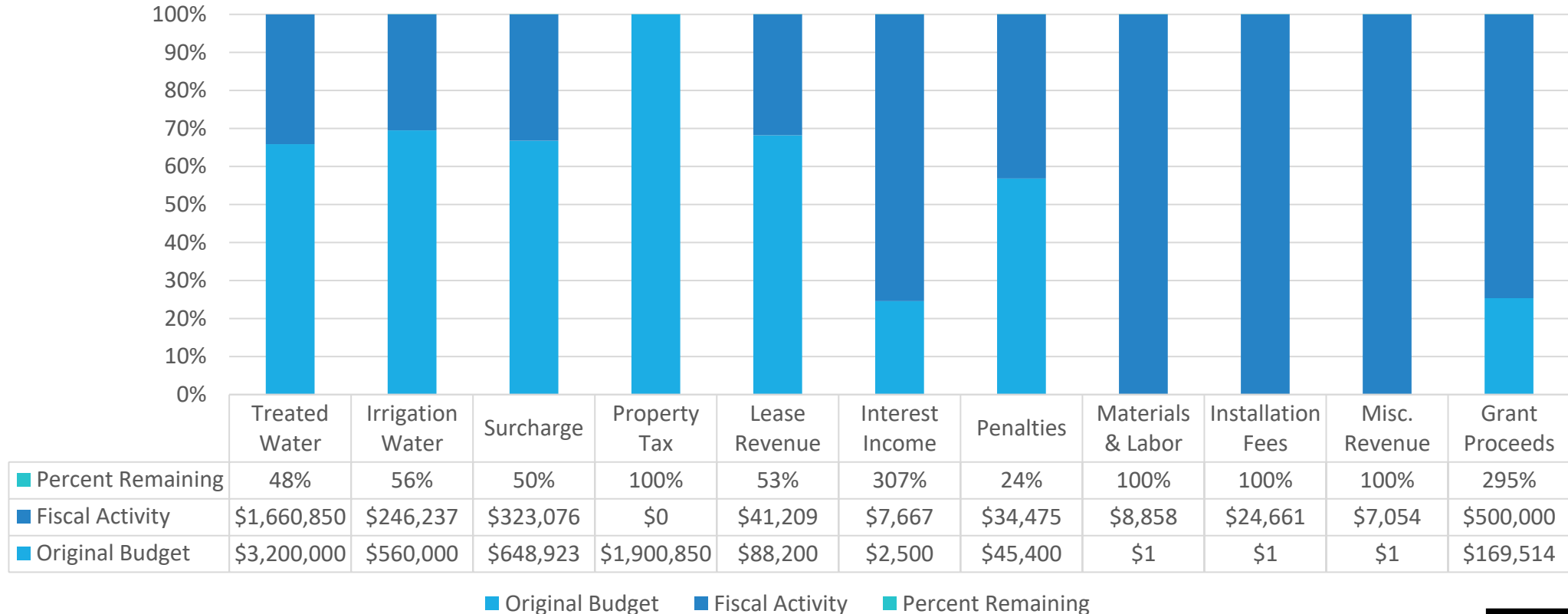
# Revenue Sources

---

- Water Sales – Treated
- Water Sales – Raw Water
- Surcharge Income
- Property Taxes
- Lease Revenue
- Interest Income
- Installation Fees
- Grant Revenue

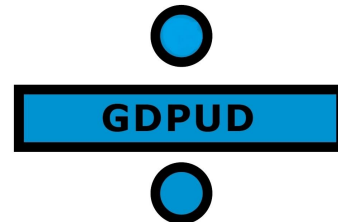


# Budget Stats

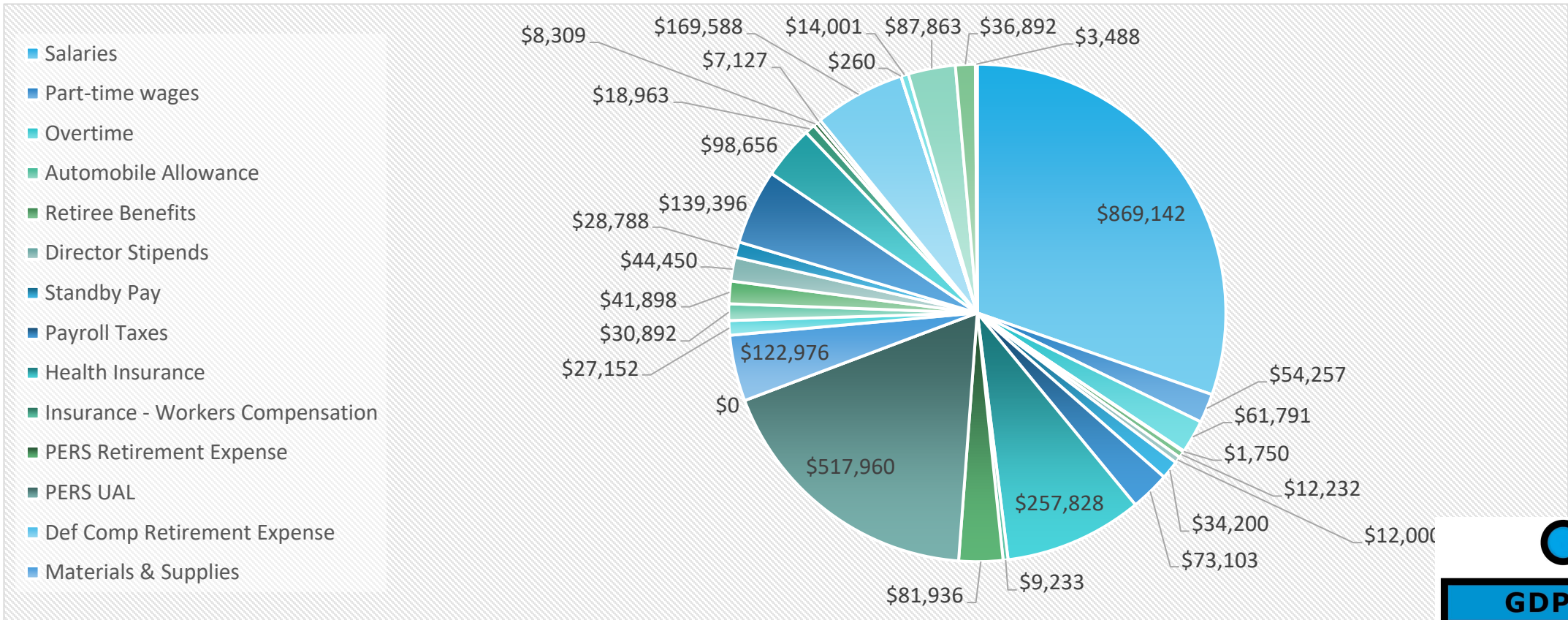


# Revenue Summary

<b>Fund: 100 - Water Fund</b>		<b>2022-2023 Total Budget</b>	<b>2022-2023 YTD Activity</b>	<b>Percent of Budget</b>	<b>2022-2023 Adopted</b>	<b>2021-2022 Adopted</b>
<a href="#">100-0000-40102</a>	Water Sales - Cst	\$ 3,200,000.00	\$ 1,659,365.06	52%	\$ 3,200,000.00	\$ 2,120,000.00
<a href="#">100-0000-40103</a>	Water Sales - Irr	\$ 560,000.00	\$ 90,508.59	16%	\$ 560,000.00	\$ 425,000.00
<a href="#">100-0000-40104</a>	Surcharge	\$ 648,923.00	\$ -	0%	\$ 648,923.00	\$ 648,923.00
<a href="#">100-0000-40105</a>	Property Tax Revenue	\$ 1,900,850.00	\$ -	0%	\$ 1,900,850.00	\$ 1,758,035.00
<a href="#">100-0000-40107</a>	Lease Revenue	\$ 88,200.00	\$ 45,021.76	51%	\$ 88,200.00	\$ 70,000.00
<a href="#">100-0000-41100</a>	Interest Income	\$ 2,500.00	\$ 7,667.48	307%	\$ 2,500.00	\$ (2,500.00)
<a href="#">100-0000-41200</a>	Penalties	\$ 45,400.00	\$ 34,390.80	76%	\$ 45,400.00	\$ 45,400.00
<a href="#">100-0000-41300</a>	Materials & Labor Charge	\$ 1.00	\$ 8,857.88	885788%		
<a href="#">100-0000-41302</a>	Installation Fee	\$ 1.00	\$ 23,493.02	2349302%		
<a href="#">100-0000-42100</a>	Miscellaneous Revenue	\$ 1.00	\$ 7,053.86	705386%		
<a href="#">100-0000-42102</a>	Grant Proceeds	\$ 169,514.00	\$ 500,000.00	295%	\$ 169,514.00	
<a href="#">100-0000-42200</a>	Sale of Assets	\$ 1.00	\$ 1,136.11	113611%		
<b>Revenue Total:</b>		<b>\$ 6,615,387.00</b>	<b>1,877,494.56</b>	<b>28%</b>	<b>\$ 6,615,387.00</b>	<b>\$ 5,064,858.00</b>

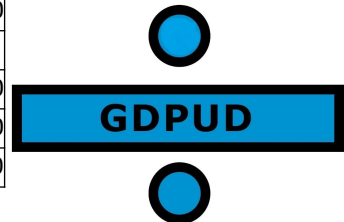


# Operating Expenses



# 5100 – Source of Supply

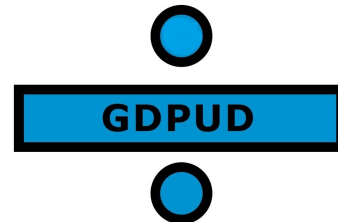
Source of Supply		2022-2023 Total Budget	2022-2023 YTD Activity	Percent of Budget	2022-2023 Adopted	2021-2022 Adopted
<a href="#">100-5100-50100</a>	Salaries	\$ 157,169.00	\$ 83,914.12	53%	\$ 157,169.00	\$ 163,354.00
<a href="#">100-5100-50102</a>	Overtime	\$ 13,642.00	\$ 12,863.41	94%	\$ 13,642.00	\$ 13,642.00
<a href="#">100-5100-50103</a>	Standby Pay	\$ 11,867.00	\$ 8,950.00	75%	\$ 11,867.00	\$ 11,867.00
<a href="#">100-5100-50200</a>	Payroll Taxes	\$ 14,302.00	\$ 8,038.69	56%	\$ 14,302.00	\$ 14,865.00
<a href="#">100-5100-50300</a>	Health Insurance	\$ 51,860.00	\$ 30,113.78	58%	\$ 51,860.00	\$ 51,860.00
<a href="#">100-5100-50302</a>	Insurance - Workers Compensation	\$ 6,857.00	\$ 4,319.95	63%	\$ 6,857.00	\$ 6,857.00
<a href="#">100-5100-50400</a>	PERS Retirement Expense	\$ 13,469.00	\$ 8,795.07	65%	\$ 13,469.00	\$ 14,223.00
<a href="#">100-5100-50401</a>	PERS UAL	\$ 10,683.00	\$ 10,350.96	97%	\$ 10,683.00	\$ 11,926.00
<a href="#">100-5100-50403</a>	Def Comp Retirement Expense	\$ 680.00	\$ -	0%	\$ 680.00	\$ 740.00
<a href="#">100-5100-51100</a>	Materials & Supplies	\$ 11,410.00	\$ 45,936.56	403%	\$ 11,410.00	\$ 10,765.00
<a href="#">100-5100-51101</a>	Materials - Other	\$ 3,200.00	\$ 26,523.28	829%	\$ 3,200.00	\$ 344.00
<a href="#">100-5100-51102</a>	Office Supplies	\$ 302.00	\$ 251.43	83%	\$ 302.00	\$ 297.00
<a href="#">100-5100-51200</a>	Vehicle Maintenance	\$ 5,589.00	\$ 1,458.63	26%	\$ 5,589.00	\$ 4,632.00
<a href="#">100-5100-51201</a>	Vehicle Operating - Fuel	\$ 8,380.00	\$ 5,738.50	68%	\$ 8,380.00	\$ 5,683.00
<a href="#">100-5100-51300</a>	Professional Services	\$ 84,236.00	\$ 41,748.13	50%	\$ 84,236.00	\$ 37,359.00
<a href="#">100-5100-52100</a>	Staff Development	\$ 750.00	\$ -	0%	\$ 750.00	
<a href="#">100-5100-52102</a>	Utilities	\$ 19,267.00	\$ 9,546.22	50%	\$ 19,267.00	\$ 10,715.00
<a href="#">100-5100-52105</a>	Government Regulation Fees	\$ 80,000.00	\$ 25,297.59	32%	\$ 80,000.00	\$ 60,000.00
<a href="#">100-5100-52108</a>	Membership	\$ 415.00	\$ -	0%	\$ 415.00	\$ 391.00
		\$ 494,078.00	\$ 323,846.32	66%		



# 5100 – Source of Supply

---

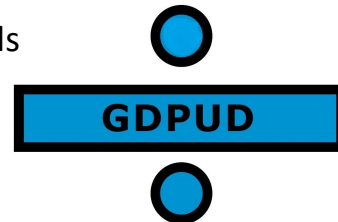
- Overtime
  - Much of this is from the Mosquito Fire and erosion control efforts as a result.
  - Some of this has already been reimbursed through the Flume repair grant.
  - Hoping to have more reimbursed by litigation and other grants.
  - Overtime needs to be reconsidered for next FY. No emergencies were considered.
- Standby Pay
  - Was mis-budgeted last year.
  - In the future more needs to be budgeted for stand-by.
  - Will be reconsidered in the Salary Survey.
- Insurance – Worker’s Compensation
  - This is paid quarterly.
- PERS Retirement Expense
  - This amount needs to be looked at and potentially moved.
- PERS Unfunded Accrued Liability
  - This is typically paid in July and is the District’s Unfunded Liability from CalPERS.



# 5100 – Source of Supply

---

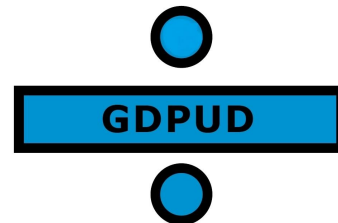
- **Materials & Supplies**
  - This account was used to purchase the metal and other materials that were used to perform the Flume repair at Tunnel Hill.
  - This account will be reimbursed through the NRCS EWP grant the District received.
- **Materials – Other**
  - This account was used to rent the equipment used to perform the Flume repair at Tunnel Hill.
  - This account will be reimbursed through the NRCS EWP grant the District received.
- **Office Supplies**
  - All office supply purchases will move under the 5600 budget category moving forward.
  - (\$227.88 was for the new whiteboard in the shop 1/3 cost, total cost \$684).
- **Vehicle Operating – Fuel**
  - Fuel prices have increased by 45% for FY 22-23.
  - Some of the additional fuel has been used due to the emergency response and we can be reimbursed for some of this.
- **Total**
  - This account was impacted the most by the Mosquito Fire emergency from the response to repairs. Historically, not enough funds have been allocated to the account and should be a higher priority moving forward.
  - Need to watch closely but may ultimately go a little over budget.





# 5200 – Transmission and Distribution of Raw Water

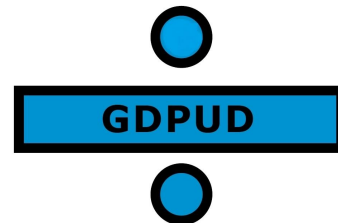
Raw Water		2022-2023 Total Budget	2022-2023 YTD Activity	Percent of Budget	2022-2023 Adopted	2021-2022 Adopted
<a href="#">100-5200-50100</a>	Salaries	\$ 308,538.00	\$ 118,629.82	38%	\$ 308,538.00	\$ 322,851.00
<a href="#">100-5200-50101</a>	Part-time Wages	\$ 976.00	\$ 9,708.80	995%	\$ 976.00	\$ 1,065.00
<a href="#">100-5200-50102</a>	Overtime	\$ 20,252.00	\$ 14,238.77	70%	\$ 20,252.00	\$ 20,648.00
<a href="#">100-5200-50103</a>	Standby Pay	\$ 13,260.00	\$ 11,140.00	84%	\$ 13,260.00	\$ 13,260.00
<a href="#">100-5200-50200</a>	Payroll Taxes	\$ 28,077.00	\$ 11,018.94	39%	\$ 28,077.00	\$ 29,379.00
<a href="#">100-5200-50300</a>	Health Insurance	\$ 115,737.00	\$ 41,197.15	36%	\$ 115,737.00	\$ 115,737.00
<a href="#">100-5200-50302</a>	Insurance - Workers Compensation	\$ 15,285.00	\$ 4,939.91	32%	\$ 15,285.00	\$ 15,689.00
<a href="#">100-5200-50400</a>	PERS Retirement Expense	\$ 29,450.00	\$ 12,093.12	41%	\$ 29,450.00	\$ 30,867.00
<a href="#">100-5200-50401</a>	PERS UAL	\$ 208,325.00	\$ 201,843.72	97%	\$ 208,325.00	\$ 214,481.00
<a href="#">100-5200-50403</a>	Def Comp Retirement Expense	\$ 1,330.00	\$ -	0%	\$ 1,330.00	\$ 1,460.00
<a href="#">100-5200-51100</a>	Materials & Supplies	\$ 25,000.00	\$ 6,577.94	26%	\$ 25,000.00	\$ 18,000.00
<a href="#">100-5200-51101</a>	Materials - Other	\$ 2,000.00	\$ 608.63	30%	\$ 2,000.00	\$ 2,000.00
<a href="#">100-5200-51102</a>	Office Supplies	\$ 1.00	\$ 241.77	24177%		
<a href="#">100-5200-51200</a>	Vehicle Maintenance	\$ 10,213.00	\$ 4,770.33	47%	\$ 10,213.00	\$ 6,152.00
<a href="#">100-5200-51201</a>	Vehicle Operating - Fuel	\$ 18,210.00	\$ 15,162.47	83%	\$ 18,210.00	\$ 12,070.00
<a href="#">100-5200-51300</a>	Professional Services	\$ 5,984.00	\$ -	0%	\$ 5,984.00	\$ 2,354.00
<a href="#">100-5200-52100</a>	Staff Development	\$ 750.00	\$ 615.00	82%	\$ 750.00	\$ 147.00
<a href="#">100-5200-52102</a>	Utilities	\$ 1,420.00	\$ 1,575.56	111%	\$ 1,420.00	\$ 1,337.00
<a href="#">100-5200-52105</a>	Government Regulation Fees	\$ 57.00	\$ -	0%	\$ 57.00	\$ 119.00
<a href="#">100-5200-52108</a>	Membership	\$ 358.00	\$ -	0%	\$ 358.00	\$ 391.00
		\$ 805,223.00	\$ 454,361.93	56%		



# 5200 – Transmission and Distribution of Raw Water

---

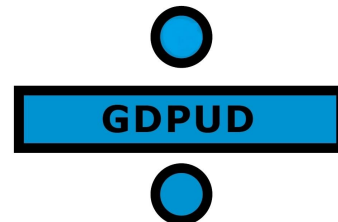
- **Part-time Wages**
  - Hired a temp employee to cover for a full-time employee that was out on disability.
- **Overtimes**
  - Mostly related to weather and increased call-outs.
  - Will be reassessed for the upcoming budget year.
- **Standby Pay**
  - Was mis budgeted last year
  - In the future more needs to be budgeted for stand-by.
  - Will be reconsidered in the Salary Survey.
- **PERS Unfunded Accrued Liability**
  - This is typically paid in July and is the District's Unfunded Liability from CalPERS.
- **Office Supplies**
  - All office supply purchases will move under the 5600 budget category moving forward.
  - (\$227.88 was for the new whiteboard in the shop 1/3 cost, total cost \$684).



# 5200 – Transmission and Distribution of Raw Water

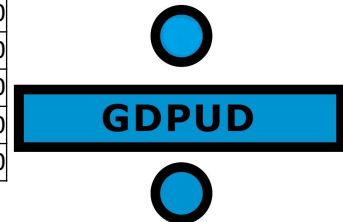
---

- Vehicle Operating – Fuel
  - Fuel prices have increased by 45% for FY 22-23.
  - Some of the additional fuel was used due to the canceled irrigation season and when the water flow was restarted.
- Staff Development
  - Watching closely, should not have much more to use here
  - Will be looking at all staff development categories to ensure we are efficiently training our employees.
- Total
  - Overtime and Fuel will increase so we need to reassess moving forward.
  - Need to watch closely but currently on track



# 5300 – Water Treatment

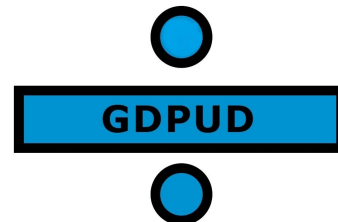
Water Treatment		2022-2023 Total Budget	2022-2023 YTD Activity	Percent of Budget	2022-2023 Adopted	2021-2022 Adopted
<a href="#">100-5300-50100</a>	Salaries	\$ 244,058.00	\$ 101,244.48	41%	\$ 244,058.00	\$ 250,264.00
<a href="#">100-5300-50102</a>	Overtime	\$ 25,097.00	\$ 16,084.43	64%	\$ 25,097.00	\$ 25,118.00
<a href="#">100-5300-50103</a>	Standby Pay	\$ 9,688.00	\$ 8,480.00	88%	\$ 9,688.00	\$ 9,688.00
<a href="#">100-5300-50200</a>	Payroll Taxes	\$ 22,209.00	\$ 9,514.60	43%	\$ 22,209.00	\$ 22,774.00
<a href="#">100-5300-50300</a>	Health Insurance	\$ 64,914.00	\$ 35,107.13	54%	\$ 64,914.00	\$ 64,914.00
<a href="#">100-5300-50302</a>	Insurance - Workers Compensation	\$ 9,426.00	\$ 2,760.57	29%	\$ 9,426.00	\$ 9,488.00
<a href="#">100-5300-50400</a>	PERS Retirement Expense	\$ 31,790.00	\$ 10,433.61	33%	\$ 31,790.00	\$ 32,592.00
<a href="#">100-5300-50401</a>	PERS UAL	\$ 20,466.00	\$ 51,754.80	253%	\$ 20,466.00	\$ 20,466.00
<a href="#">100-5300-50403</a>	Def Comp Retirement Expense	\$ 1,050.00	\$ -	0%	\$ 1,050.00	\$ 1,130.00
<a href="#">100-5300-51100</a>	Materials & Supplies	\$ 85,426.00	\$ 28,867.39	34%	\$ 85,426.00	\$ 72,000.00
<a href="#">100-5300-51101</a>	Materials - Other	\$ 13,300.00	\$ 512.67	4%	\$ 13,300.00	\$ 1,245.00
<a href="#">100-5300-51102</a>	Office Supplies	\$ 1.00	\$ 1,174.91	117491%		
<a href="#">100-5300-51200</a>	Vehicle Maintenance	\$ 17,134.00	\$ 2,361.43	14%	\$ 17,134.00	\$ 6,284.00
<a href="#">100-5300-51201</a>	Vehicle Operating - Fuel	\$ 8,993.00	\$ 3,762.92	42%	\$ 8,993.00	\$ 8,484.00
<a href="#">100-5300-51202</a>	Building Maintenance	\$ 289.00	\$ (10,507.58)	-3636%	\$ 289.00	
<a href="#">100-5300-51300</a>	Professional Services	\$ 24,135.00	\$ 8,664.45	36%	\$ 24,135.00	\$ 8,617.00
<a href="#">100-5300-52100</a>	Staff Development	\$ 2,587.00	\$ -	0%	\$ 2,587.00	\$ 2,441.00
<a href="#">100-5300-52102</a>	Utilities	\$ 227,186.00	\$ 146,443.63	64%	\$ 227,186.00	\$ 214,327.00
<a href="#">100-5300-52105</a>	Government Regulation Fees	\$ 26,311.00	\$ 569.00	2%	\$ 26,311.00	\$ 26,311.00
<a href="#">100-5300-52108</a>	Membership	\$ 391.00	\$ -	0%	\$ 391.00	\$ 391.00
		\$ 834,451.00	\$ 417,228.44	50%		



# 5300 – Water Treatment

---

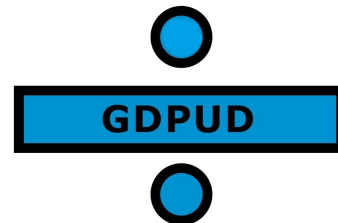
- Overtimes
  - Most of the overtime came during the Mosquito Fire response as well as recent storm events.
  - Some of this overtime will be able to be reimbursed from litigation and grant funds.
  - Will need to account for more overtime next year.
- Standby Pay
  - Was mis-budgeted last year.
  - In the future more needs to be budgeted for stand-by.
  - Will be reconsidered in the Salary Survey.
- PERS Unfunded Accrued Liability
  - This is typically paid in July and is the District's Unfunded Liability from CalPERS.
  - Was mis-budgeted last year.



# 5300 – Water Treatment

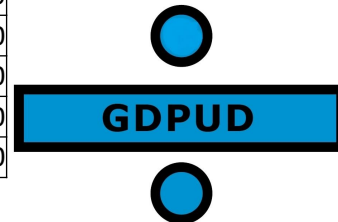
---

- Office Supplies
  - All office supply purchases will move under the 5600 budget category moving forward.
- Utilities
  - PG&E increases our kW cost from \$0.10 on 4-21 to \$0.19 on 7-22.
  - This amounts to a 47% increase in costs.
- Total
  - Need to watch closely but currently on track.



# 5400 – Transmission and Distribution of Treated Water

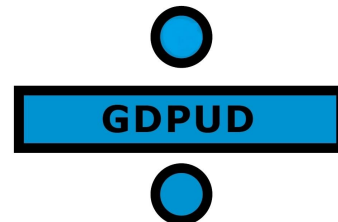
Treated Water		2022-2023 Total Budget	2022-2023 YTD Activity	Percent of Budget	2022-2023 Adopted	2021-2022 Adopted
<a href="#">100-5400-50100</a>	Salaries	\$ 417,609.00	\$ 226,356.59	54%	\$ 417,609.00	\$ 416,998.00
<a href="#">100-5400-50102</a>	Overtime	\$ 40,329.00	\$ 25,244.94	63%	\$ 40,329.00	\$ 39,846.00
<a href="#">100-5400-50103</a>	Standby Pay	\$ 20,030.00	\$ 8,480.00	42%	\$ 20,030.00	\$ 20,030.00
<a href="#">100-5400-50200</a>	Payroll Taxes	\$ 38,002.00	\$ 19,975.73	53%	\$ 38,002.00	\$ 37,947.00
<a href="#">100-5400-50300</a>	Health Insurance	\$ 101,964.00	\$ 78,584.25	77%	\$ 101,964.00	\$ 101,964.00
<a href="#">100-5400-50302</a>	Insurance - Workers Compensation	\$ 6,405.00	\$ 4,734.19	74%	\$ 6,405.00	\$ 17,157.00
<a href="#">100-5400-50400</a>	PERS Retirement Expense	\$ 48,008.00	\$ 21,904.14	46%	\$ 48,008.00	\$ 47,899.00
<a href="#">100-5400-50401</a>	PERS UAL	\$ 90,000.00	\$ 36,640.53	41%	\$ 90,000.00	\$ 90,000.00
<a href="#">100-5400-50403</a>	Def Comp Retirement Expense	\$ 1,790.00	\$ -	0%	\$ 1,790.00	\$ 1,880.00
<a href="#">100-5400-51100</a>	Materials & Supplies	\$ 135,000.00	\$ 68,859.17	51%	\$ 135,000.00	\$ 75,000.00
<a href="#">100-5400-51101</a>	Materials - Other	\$ 2,171.00	\$ 7,690.33	354%	\$ 2,171.00	\$ 2,000.00
<a href="#">100-5400-51102</a>	Office Supplies	\$ 33.00	\$ 411.30	1246%	\$ 33.00	\$ 36.00
<a href="#">100-5400-51200</a>	Vehicle Maintenance	\$ 23,500.00	\$ 34,340.87	146%	\$ 23,500.00	\$ 13,233.00
<a href="#">100-5400-51201</a>	Vehicle Operating - Fuel	\$ 28,517.00	\$ 17,267.41	61%	\$ 28,517.00	\$ 19,535.00
<a href="#">100-5400-51300</a>	Professional Services	\$ 7,529.00	\$ -	0%	\$ 7,529.00	\$ 5,000.00
<a href="#">100-5400-52100</a>	Staff Development	\$ 750.00	\$ 2,355.00	314%	\$ 750.00	\$ 191.00
<a href="#">100-5400-52102</a>	Utilities	\$ 19,495.00	\$ 9,714.52	50%	\$ 19,495.00	\$ 17,267.00
<a href="#">100-5400-52105</a>	Government Regulation Fees	\$ 17,120.00	\$ 34,513.60	202%	\$ 17,120.00	\$ 31,802.00
		\$ 998,252.00	\$ 597,072.57	60%		



# 5400 – Transmission and Distribution of Treated Water

---

- Overtime
  - This is close to being on budget but is definitely something we need to be careful with and will reassess for FY 23-24.
- Health Insurance
  - This needs to be addressed as it should be calculated the same every year. Some increases are common but should be anticipated.
- Insurance – Worker’s Compensation
  - This is paid quarterly
- Materials – Other
  - Had a rental of a Vactor trailer that was not anticipated
  - Will likely need to include a larger amount of funding next year to account for emergencies.
  - This was likely mis-budgeted.
- Office Supplies
  - (\$227.88 was for the new whiteboard in the shop 1/3 cost, total cost \$684).

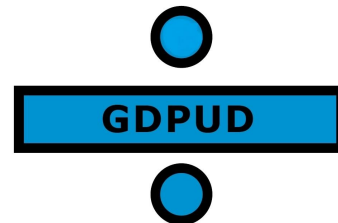




# 5400 – Transmission and Distribution of Treated Water

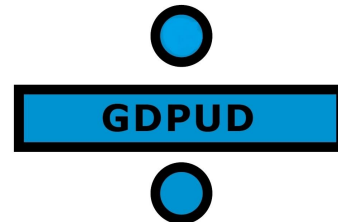
---

- **Vehicle Maintenance**
  - Vehicles are getting older.
  - Working to better understand these costs better through the use of our new Cartegraph software
  - This was underbudgeted for FY 22-23.
- **Vehicle Operating – Fuel**
  - Fuel prices have increased by 45% for FY 22-23.
  - Also working to develop more efficient callouts by using smaller trucks.
- **Staff Development**
  - Watching closely, should not have much more to use here.
  - Will be looking at all of the staff development categories to ensure we are training our employees efficiently.
  - We need to invest in our employees to ensure we can develop a strong District for both the staff and the customers.
- **Government Regulation Fees**
  - This category was mis-budgeted for FY 22-23.
- **Total**
  - Need to watch closely but may ultimately go a little over budget.



# 5500 – Customer Service

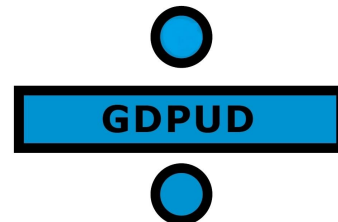
<b>Customer Service</b>		<b>2022-2023 Total Budget</b>	<b>2022-2023 YTD Activity</b>	<b>Percent of Budget</b>	<b>2022-2023 Adopted</b>	<b>2021-2022 Adopted</b>
<a href="#">100-5500-50100</a>	Salaries	\$ 153,231.00	\$ 52,599.53	34%	\$ 153,231.00	\$ 139,282.00
<a href="#">100-5500-50101</a>	Part-time Wages	\$ 19,948.00	\$ -	0%	\$ 19,948.00	\$ 21,553.00
<a href="#">100-5500-50102</a>	Overtime	\$ -	\$ -			
<a href="#">100-5500-50200</a>	Payroll Taxes	\$ 13,944.00	\$ 4,003.40	29%	\$ 13,944.00	\$ 12,675.00
<a href="#">100-5500-50300</a>	Health Insurance	\$ 42,356.00	\$ 19,732.52	47%	\$ 42,356.00	\$ 42,356.00
<a href="#">100-5500-50302</a>	Insurance - Workers Compensation	\$ 1,711.00	\$ 830.64	49%	\$ 1,711.00	\$ 1,598.00
<a href="#">100-5500-50400</a>	PERS Retirement Expense	\$ 12,154.00	\$ 4,448.31	37%	\$ 12,154.00	\$ 10,221.00
<a href="#">100-5500-50401</a>	PERS UAL	\$ 9,588.00	\$ 10,350.96	108%	\$ 9,588.00	\$ 21,553.00
<a href="#">100-5500-50403</a>	Def Comp Retirement Expense	\$ 660.00	\$ -	0%	\$ 660.00	\$ 630.00
<a href="#">100-5500-51100</a>	Materials & Supplies	\$ 31,927.00	\$ 1,880.38	6%	\$ 31,927.00	\$ 22,000.00
<a href="#">100-5500-51102</a>	Office Supplies	\$ 1.00	\$ 15,257.27	1525727%		
<a href="#">100-5500-51200</a>	Vehicle Maintenance	\$ 21.00	\$ -	0%	\$ 21.00	\$ 21.00
<a href="#">100-5500-51300</a>	Professional Services	\$ 5,000.00	\$ 16,371.70	327%	\$ 5,000.00	\$ 35,000.00
<a href="#">100-5500-52100</a>	Staff Development	\$ -	\$ -			
<a href="#">100-5500-52102</a>	Utilities	\$ 14,923.00	\$ 4,374.79	29%	\$ 14,923.00	\$ 5,860.00
<a href="#">100-5500-52104</a>	Payroll Processing Fee	\$ 1.00	\$ 97.15	9715%		
<a href="#">100-5500-52107</a>	Other Miscellaneous Expense	\$ 1.00	\$ 73.15	7315%		
		\$ 305,466.00	\$ 130,019.80	43%		



# 5500 – Customer Service

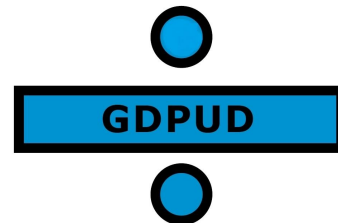
---

- **PERS Unfunded Accrued Liability**
  - This is typically paid in July and is the District Unfunded Liability from CalPERS.
  - Was mis-budgeted last year.
- **Office Supplies**
  - All office supply purchases will move under the 5600 budget category moving forward.
  - There are items in here that need to be recategorized out of office supplies
- **Professional Services**
  - Utility Billing Print Services, Job Posting Recruitment, Tyler Technologies
  - This will be moved to 5600 next year
- **Payroll Processing Fee**
  - This will be moved to 5600.
- **Other Miscellaneous Expense**
  - This will be moved to 5600.
- **Total**
  - This account is on track and will likely remain on budget or even below budget



# 5600 – Administration

<b>Administration</b>		<b>2022-2023 Total Budget</b>	<b>2022-2023 YTD Activity</b>	<b>Percent of Budget</b>	<b>2022-2023 Adopted</b>	<b>2021-2022 Adopted</b>
<a href="#">100-5600-50100</a>	Salaries	\$ 394,543.00	\$ 281,105.35	71%	\$ 394,543.00	\$ 347,744.00
<a href="#">100-5600-50101</a>	Part-time Wages	\$ 1.00	\$ 50,261.26	5026126%		\$ 1,129.00
<a href="#">100-5600-50102</a>	Overtime	\$ 2,734.00	\$ -	0%	\$ 2,734.00	\$ 2,624.00
<a href="#">100-5600-50103</a>	Automobile Allowance	\$ 1.00	\$ 2,000.00	200000%		
<a href="#">100-5600-50104</a>	Retiree Benefit	\$ 9,973.00	\$ 12,990.07	130%	\$ 9,973.00	\$ 22,827.00
<a href="#">100-5600-50105</a>	Director Stipend	\$ 24,360.00	\$ 12,000.00	49%	\$ 24,360.00	\$ 21,993.00
<a href="#">100-5600-50200</a>	Payroll Taxes	\$ 35,903.00	\$ 22,301.84	62%	\$ 35,903.00	\$ 31,645.00
<a href="#">100-5600-50300</a>	Health Insurance	\$ 69,772.00	\$ 68,729.48	99%	\$ 69,772.00	\$ 69,772.00
<a href="#">100-5600-50302</a>	Insurance - Workers Compensation	\$ 4,672.00	\$ 1,083.02	23%	\$ 4,672.00	\$ 4,670.00
<a href="#">100-5600-50400</a>	PERS Retirement Expense	\$ 35,102.00	\$ 24,446.01	70%	\$ 35,102.00	\$ 35,679.00
<a href="#">100-5600-50401</a>	PERS UAL	\$ 197,641.00	\$ 191,492.76	97%	\$ 197,641.00	\$ 153,598.00
<a href="#">100-5600-50403</a>	Def Comp Retirement Expense	\$ 1,690.00	\$ -	0%	\$ 1,690.00	\$ 1,570.00
<a href="#">100-5600-51100</a>	Materials & Supplies	\$ 9,540.00	\$ 6,392.53	67%	\$ 9,540.00	\$ 5,691.00
<a href="#">100-5600-51101</a>	Materials - Other	\$ 15,485.00	\$ 992.88	6%	\$ 15,485.00	\$ 8,569.00
<a href="#">100-5600-51102</a>	Office Supplies	\$ 32,000.00	\$ 13,931.76	44%	\$ 32,000.00	\$ 37,815.00
<a href="#">100-5600-51200</a>	Vehicle Maintenance	\$ 1.00	\$ 380.00	38000%		\$ 235.00



# 5600 – Administration

<a href="#">100-5600-51201</a>	Vehicle Operating - Fuel	\$ 1.00	\$ 387.71	38771%		
<a href="#">100-5600-51202</a>	Building Maintenance	\$ 1.00	\$ 3,350.00	335000%		
<a href="#">100-5600-51300</a>	Professional Services	\$ 222,000.00	\$ 105,945.63	48%	\$ 222,000.00	\$ 100,000.00
<a href="#">100-5600-51301</a>	Insurance - General Liability	\$ 84,546.00	\$ 93,830.17	111%	\$ 84,546.00	\$ 96,684.00
<a href="#">100-5600-51302</a>	Legal	\$ 96,476.00	\$ 18,963.34	20%	\$ 96,476.00	\$ 96,467.00
<a href="#">100-5600-51303</a>	Audit	\$ 21,968.00	\$ -	0%	\$ 21,968.00	\$ 14,444.00
<a href="#">100-5600-52100</a>	Staff Development	\$ 2,100.00	\$ 5,374.00	256%	\$ 2,100.00	\$ 596.00
<a href="#">100-5600-52101</a>	Travel	\$ 4,103.00	\$ 7,127.45	174%	\$ 4,103.00	\$ 2,137.00
<a href="#">100-5600-52102</a>	Utilities	\$ 30,731.00	\$ 23,260.65	76%	\$ 30,731.00	\$ 35,236.00
<a href="#">100-5600-52103</a>	Bank Charges	\$ 425.00	\$ 259.94	61%	\$ 425.00	\$ 344.00
<a href="#">100-5600-52104</a>	Payroll Processing	\$ 25,869.00	\$ 14,001.31	54%	\$ 25,869.00	\$ 22,827.00
<a href="#">100-5600-52105</a>	Government Regulation Fees	\$ 1.00	\$ 5,501.68	550168%		\$ 5,919.00
<a href="#">100-5600-52106</a>	Elections	\$ 9,399.00	\$ -	0%	\$ 9,399.00	\$ 10,253.00
<a href="#">100-5600-52107</a>	Other Miscellaneous Expense	\$ 1.00	\$ 4,573.98	457398%		
<a href="#">100-5600-52108</a>	Membership	\$ 57,941.00	\$ 36,938.37	64%	\$ 57,941.00	\$ 33,972.00
		\$ 1,388,980.00	\$ 1,007,621.19	73%		

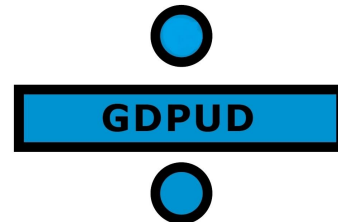


**GDPUD**

# 5600 – Administration

---

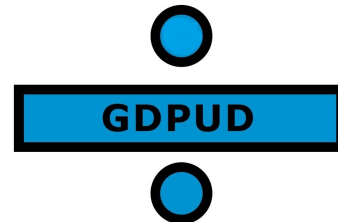
- Salaries
  - New position was hired and a new General Manager contract was put into place.
  - This is still on track and will be analyzed for the rest of the year.
- Part-time Wages
  - This was mis-budgeted.
  - We already had a temp person, there should have been a budget for this of at least \$35,000.
- Automobile Allowance
  - This was added after the fact due to the GM contract.



# 5600 – Administration

---

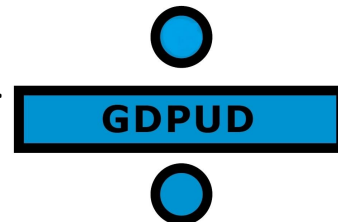
- Retiree Benefit
  - There was \$3679.15 that was moved to a separate account.
  - This account is still high and needs to be analyzed for next year's budget.
- Payroll Taxes
  - Not greatly different could be due to new employee hire.
- Health Insurance
  - New employees being hired.
  - More should have been budgeted here to account for known positions.
  - A portion of this could be accounted by the hiring of a new General Manager as well.



# 5600 – Administration

---

- PERS Retirement Expense
  - This amount needs to be looked at to determine why there is a discrepancy.
- PERS Unfunded Accrued Liability
  - This is typically paid in July and is the District's Unfunded Liability from CalPERS.
- Materials & Supplies
  - This include a variety of things that will need to be budgeted better next year.
  - This fund will likely stay on budget with a close eye on it.
- Vehicle Maintenance
  - There is one Vehicle dedicated to Administration and funds need to be budgeted here for future budgets.
- Staff Development
  - This was mis-budgeted.
  - Will be looking at all of the staff development categories to ensure we are training our employees efficiently.
  - We need to invest in our employees to ensure we can develop a strong District for both the staff and the customers.

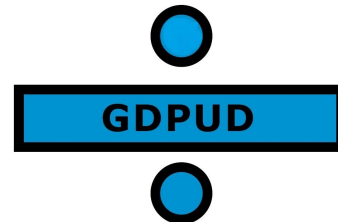




# 5600 – Administration

---

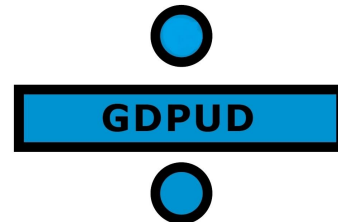
- Vehicle Operating – Fuel
  - \$387.71 moved to vehicle maintenance 100-5600-51200
- Building Maintenance
  - Work done on the HVAC system and other miscellaneous charges related to the building.
  - Funds will have to be budgeted here in the future.
- Insurance - General Liability
  - ACWA/JPIA notified us Oct 1 2022 that the liability premiums were going up 10% due to the market.
  - This was mis-budgeted.
- Travel
  - This needs to be fixed for FY 23-24.
  - GM expenses (ACWA & District visit).



# 5600 – Administration

---

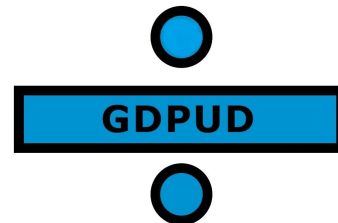
- Utilities
  - Staff is assessing all costs associated with Utilities to ensure they are budgeted correctly.
  - Staff has begun to look at ways to reduce these costs and have identified a few areas to be more fiscally conservative.
- Bank Charges
  - NSF fees, account maintenance fees.
  - Likely will stay on track but need to be watched closely.
- Government Regulation Fees
  - This was mis-budgeted.
  - This includes LAFCO annually at around \$5050 and misc. fees of around \$1000.



# 5600 – Administration

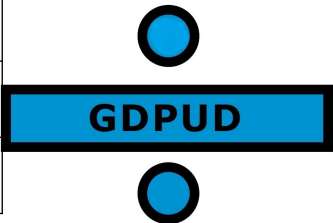
---

- Other Miscellaneous Expense
  - This includes our newspaper posting requirements such as our ordinances. This account will need to have funds add in the next Fiscal Year account for these.
- Membership
  - These are one-time payments that we typically renew in July
- Total
  - Need to watch closely but may ultimately go a little over budget
  - This account was generally mis-budgeted and needs to be reassessed.



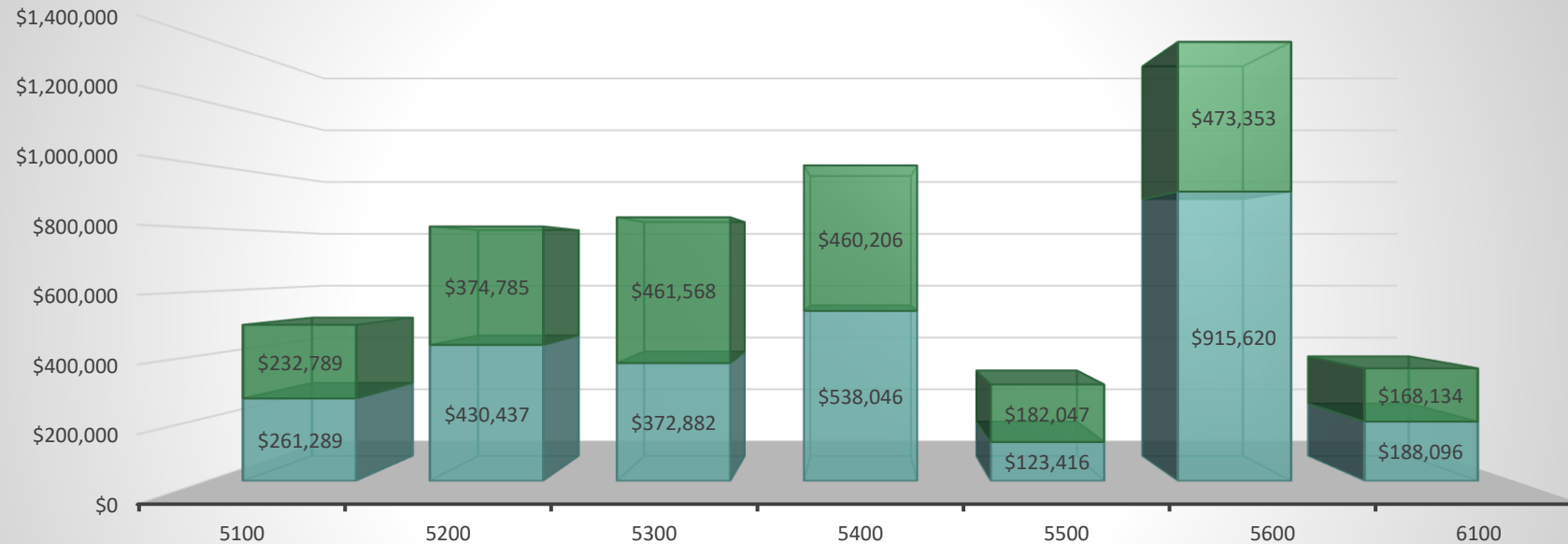
# Other Accounts

		2022-2023 Total Budget	2022-2023 YTD Activity	Percent of Budget	2022-2023 Adopted	2021-2022 Adopted
<a href="#">100-5601-50100</a>	Salaries	\$ 80,789.00	\$ -	0%	\$ 80,789.00	
-						
<a href="#">100-6100-50300</a>	Insurance - H&L	\$ 20,981.00	\$ -	0%	\$ 20,981.00	
<a href="#">100-6100-51100</a>	Materials & Supplies	\$ -	\$ -			
<a href="#">100-6100-52102</a>	Utilities	\$ -	\$ -			
-						
<a href="#">100-7100-71100</a>	Capital Expenses	\$ 1.00	\$ 9.64	964%		
<a href="#">100-7100-71200</a>	Principal Expense	\$ -	\$ -			
<a href="#">100-7100-71300</a>	Depreciation Expense	\$ -	\$ -			



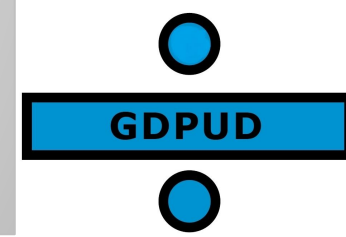
# Overall Budget to Actuals

Budget to Actuals



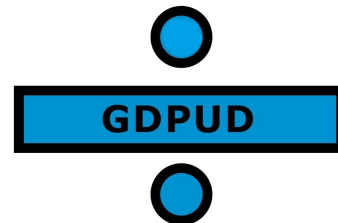
	5100	5200	5300	5400	5500	5600	6100
Remaining	\$232,789	\$374,785	\$461,568	\$460,206	\$182,047	\$473,353	\$168,134
Expense	\$261,289	\$430,437	\$372,882	\$538,046	\$123,416	\$915,620	\$188,096

Expense Remaining



# Overall Budget to Actuals

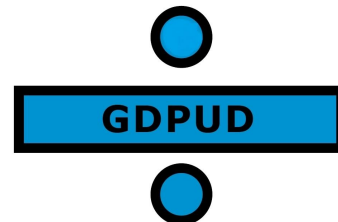
100-5100	\$ 494,078.00	\$ 323,846.32	66%
100-5200	\$ 805,223.00	\$ 454,361.93	56%
100-5300	\$ 834,451.00	\$ 417,228.44	50%
100-5400	\$ 998,252.00	\$ 597,072.57	60%
100-5500	\$ 305,466.00	\$ 130,019.80	43%
100-5600	\$1,388,980.00	\$1,007,621.19	73%
100-5601	\$ 80,789.00	\$ -	0
100-6100	\$ 20,981.00	\$ -	0
	\$4,928,220.00	\$2,930,150.25	59%



# Savings For District

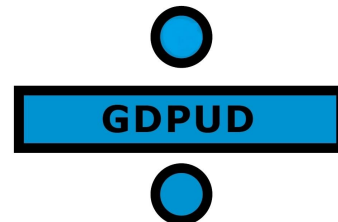
---

- Phones
  - FY 22-23 (thru 12/31) = \$24,017
  - New system will cost the District approximately \$350 per month
  - For the rest of this Fiscal Year it will cost us an additional \$2100
  - For the next Fiscal Year this will be a savings of approximately \$44,000
- Billing
  - Old billing company from July to November = \$10,533 or approximately \$30,000 per year.
  - New Billing Company is \$1398 per month or \$16,776 per year.
  - This is a savings of approximately \$13,000 per year.
- Newsletters (National Print & Promo)
  - Newsletter and Drought Brochure printing from July to December = approximately \$13,041
  - Converting to InfoSend will save us approximately \$1500 per month or \$18,000 per year.



# 6100 – ALT Wastewater ZONE

<a href="#">200-6100-50100</a>	Salaries	\$ 80,789.00	\$ 67,185.51	83%
<a href="#">200-6100-50102</a>	Overtime	\$ 1,047.00	\$ 824.88	79%
<a href="#">200-6100-50200</a>	Payroll Taxes	\$ 6,326.00	\$ 5,087.27	80%
<a href="#">200-6100-50300</a>	Health Insurance	\$ 20,981.00	\$ 17,604.01	84%
<a href="#">200-6100-50302</a>	Insurance - Workers Compensation	\$ 1,088.00	\$ 368.51	34%
<a href="#">200-6100-50400</a>	PERS Retirement Expense	\$ 7,944.00	\$ 5,719.07	72%
<a href="#">200-6100-50401</a>	PERS UAL	\$ 14,634.00	\$ 15,526.44	106%
<a href="#">200-6100-51100</a>	Materials & Supplies	\$ 5,497.00	\$ 1,924.09	35%
<a href="#">200-6100-51101</a>	Materials - Other	\$ 3,107.00	\$ 108.76	4%
<a href="#">200-6100-51102</a>	Office Supplies	\$ 2,213.00	\$ 547.18	25%
<a href="#">200-6100-51200</a>	Vehicle Maintenance	\$ 4,788.00	\$ 230.67	5%
<a href="#">200-6100-51201</a>	Vehicle Operating - Fuel	\$ 6,770.00	\$ 2,130.75	31%
<a href="#">200-6100-51300</a>	Professional Services	\$ 150,000.00	\$ 21,810.08	15%
<a href="#">200-6100-51301</a>	Insurance - General Liability	\$ 1.00	\$ 4,825.92	482592%
<a href="#">200-6100-52100</a>	Staff Development	\$ 333.00	\$ 325.00	98%
<a href="#">200-6100-52102</a>	Utilities	\$ 16,492.00	\$ 7,686.03	47%
<a href="#">200-6100-52105</a>	Government Regulation Fees	\$ 34,221.00	\$ 36,192.00	106%
<b>Department: 6100 - ALT Zone Wastewater Total:</b>		<b>\$ 356,230.00</b>	<b>\$ 188,096.17</b>	<b>53%</b>

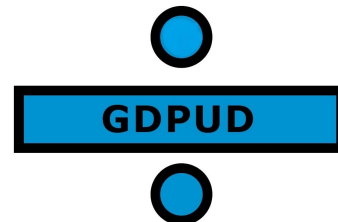




# 6100 – ALT Wastewater ZONE

---

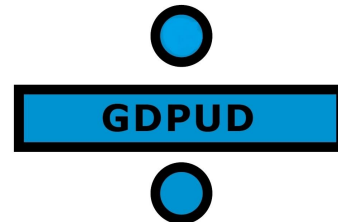
- Salaries
  - This account was not budgeted to include the correct amount of staff.
  - It appears the Water Resource Manager salary portion was not figured into this calculation.
- Overtime
  - It appears this was under budgeted.
- Payroll Taxes
  - This needs to be fixed in next year's budget.
- Health Insurance
  - This needs to be addressed as it should be calculated the same every year. Some increases are common but should be anticipated.
- PERS Retirement Expense
  - This amount needs to be looked at to determine why there is a discrepancy.



# 6100 – ALT Wastewater ZONE

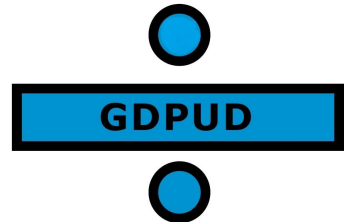
---

- PERS UAL
  - This is typically paid in July and is the District Unfunded Liability from CalPERS.
- Insurance – General Liability
  - ACWA/JPIA notified us Oct 1, 2022, that the liability premiums were going up 10% due to the market.
  - This was mis-budgeted.
- Staff Development
  - National Association of Wastewater Technician Training
  - Sanitary Sewer Management Plan Certification
  - We need to invest in our employees to ensure we can develop a strong District for both the staff and the customers.
- Government Regulation Fees
  - This was mis-budgeted
  - Testing for the system has gone up.
  - Large rainstorms have caused spills requiring additional testing



# Capital Improvement Plan Budget

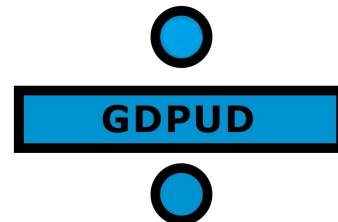
CIP							
Project	FY 22/23	Spent or Anticipated	FY 23/24	FY 24/25	FY 25/26	FY 26/27	Total 22-27
Pump Station Retrofit	\$ 50,000.00	\$ 25,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 98,000.00
ALT 2,000,000 Water Tank					\$ 3,000,000.00		\$ 3,000,000.00
Tunnel Inspection and Lining	\$ 65,000.00						\$ 65,000.00
Infrastructure Replacement	\$ 225,000.00	\$ 75,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 265,000.00
Angel Camp Tank Recoating			\$ 366,800.00				\$ 366,800.00
Repair Safety Walkways	\$ 75,000.00	\$ 12,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 83,000.00
Treated Water line Replacement	\$ 300,000.00	\$ 150,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 500,000.00
Pressure Regulating Valves	\$ 100,000.00	\$ 65,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 500,000.00
North Fork American River Pumping Plant							\$ -
Meter Replacement	\$ 97,458.00		\$ 97,458.00	\$ 97,458.00	\$ 97,458.00	\$ 97,458.00	\$ 487,290.00
Annual Canal Lining/ Canal Improvements	\$ 150,000.00	\$ 50,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 550,000.00
Develop Alternative Water Source							\$ -
Paving	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 100,000.00
Water System Condition Assessment							\$ -
Replace Air Release Valves	\$ 20,000.00		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 60,000.00
Asset Management Program	\$ 48,350.00	\$ 26,800.00	\$ 16,350.00	\$ 16,350.00	\$ 16,350.00	\$ 16,350.00	\$ 113,750.00
Lift Station Upgrade (CDS Reserve)	\$ 150,000.00	\$ 25,000.00					\$ 150,000.00
Master Meters	\$ 100,000.00	\$ 50,000.00					\$ 100,000.00
AMI Meter Infrastructure	\$ 100,000.00	\$ 30,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 500,000.00
Solar on Walton and Sweetwater	\$ 50,000.00		\$ 1,000,000.00				\$ 1,050,000.00
Water Wheel for Ditch	\$ 150,000.00	\$ 30,000.00					\$ 150,000.00
Parshall Flume	\$ 20,000.00	\$ 20,000.00					\$ 20,000.00
Plant Pressure Relief Valves	\$ 80,000.00	\$ 130,000.00					\$ 80,000.00
<b>Total</b>	<b>\$ 1,800,808.00</b>	<b>\$ 708,800.00</b>	<b>\$ 1,884,608.00</b>	<b>\$ 517,808.00</b>	<b>\$ 3,517,808.00</b>	<b>\$ 517,808.00</b>	<b>\$ 8,238,840.00</b>



# Capital Improvement Plan Budget Updates

---

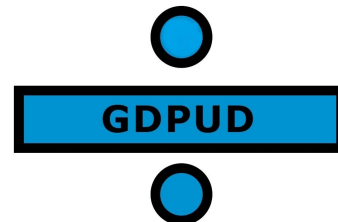
- Pump Station Retrofit
  - Backup generation for Reservoir and Irish Lane.
- ALT 2,000,000 Water Tank
  - Going to pursue grant funding to pay for this.
- Tunnel Inspection and Lining
  - May try to get this done before the end of the year but the fire held up this inspection.
- Infrastructure Replacement
  - We are going to start on this in the spring and work on quotes but won't likely be spent this Fiscal Year.
- Angel Camp Tank Recoating
  - Scheduled for FY 23-24.
- Repair Safety Walkways
  - Going to try to get a few of these done before the start of the irrigation season.



# Capital Improvement Plan Budget Updates

---

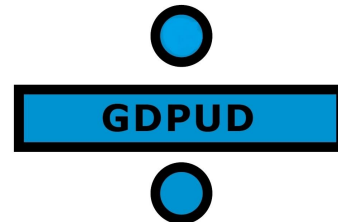
- Treated Water line Replacement
  - Chimney Flat line replacement.
  - This is likely more funding than we will need.
- Pressure Regulating Valves
  - Spent approximately \$50,000.
  - Anticipated to replace more at approximately \$15,000.
- North Fork American River Pumping Plant
  - Going to pursue grant funds for this project.
- Meter Replacement
  - This project is done and will begin to pay back the loan. This should not appear on the CIP moving forward.
- Annual Canal Lining/ Canal Improvements
  - Received a grant for some of this work for this FY and next FY.
- Develop Alternative Water Source
  - Going to pursue grant funds for this project.



# Capital Improvement Plan Budget Updates

---

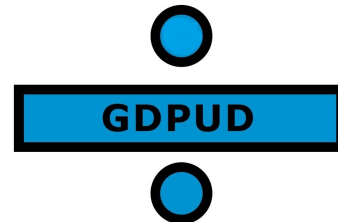
- Paving
  - Paving contractor will likely be ready for the end of this Fiscal Year.
- Water System Condition Assessment
  - KASL study will be complete by May or June.
- Replace Air Release Valves
  - Likely not able to be completed this year.
- Asset Management Program
  - This is being implemented now and will rotate into the general budget fund and not appear on the CIP anymore.
- Lift Station Upgrade (CDS Reserve)
  - Start the engineering this Fiscal Year and complete construction next Fiscal Year.
- Master Meters
  - May or may not get this completed due to supply chain issues.
  - These are back-ordered for approximately 5 months.



# Capital Improvement Plan Budget Updates

---

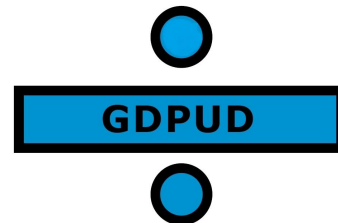
- AMI Meter Infrastructure
  - Going to do some tests in ALT.
  - Will pursue grant funds for a portion of this project.
- Solar on Walton and Sweetwater
  - Will pursue grant funds for this project.
- Water Wheel for Ditch
  - Looking to install one this spring and will assess where more can be placed.
  - Will pursue grant funds for this project.
- Parshall Flume
  - Looking to do some tests but may not get them in before the Irrigation season starts.
  - Will attempt to get them in after the Irrigation Season next Fiscal Year.
- Plant Pressure Relief Valves
  - This project is in progress.
  - Was addressed at the last Board meeting and is approx. \$50,000 over budget.



# Salary Survey Updates

---

- Approximately same survey universe, survey classes, and data points as 2011 study
  - To gather more data for wastewater classes, three additional agencies providing wastewater services will be added to the survey universe for those positions
- Datapoints are as follows:
  - Maximum Base Salary
  - Deferred Compensation employer contributions and/or matches
  - Max employer contributions to primary insurance benefits (Health, Dental, & Vision)
  - Pension – net employer normal cost for PEPRAs employees (reflecting majority of District workforce)
  - Social Security
- Additionally, the survey will include a separate “practices” review examining agencies’ Call Back/Standby pay practices – this will not be included in the total compensation analysis





# Salary Survey Updates

---

## Survey Classes

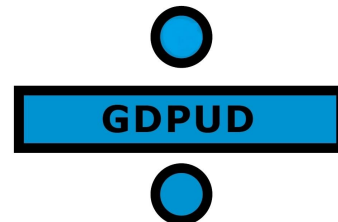
- Administrative Aide II
- Office/Finance Manager
- Canal Operator II
- Distribution Operator II
- Executive Assistant
- Field Superintendent
- General Manager
- HR/IT Specialist
- Maintenance Worker II
- Operations Manager
- Wastewater Technician II
- Water Resource Manager
- Water Treatment Plant Operator III

## Primary Survey Universe

- Amador Water Agency
- Calaveras County Water District
- El Dorado Irrigation District
- Groveland CSD
- Kirkwood Meadows PUD
- Nevada Irrigation District
- North Tahoe PUD
- Paradise ID
- Placer County Water
- San Juan Water District
- Stockton East WD
- Tahoe City PUD

## Wastewater Agencies

- Mariposa Public Utility District
- South Tahoe Public Utility District
- Tuolumne Utilities District



# Questions

---





## CalTRANS Overview

January 2023

# What is CalTRUST?!

- CalTRUST is a public agency; having been formed as a Joint Powers Authority (JPA).
- CalTRUST is a local government investment pool.
- CalTRUST is only open to California public agencies so our investment policy mirrors California investment code.
- CalTRUST assets are exclusively managed by BlackRock.



# History & Founding

- In the early 2000s, LAIF was the main option for liquidity with a cap at \$40 million and limited transactions allowed.
  - LAIF was the only alternative for small jurisdictions who often had 100% of their investments in LAIF with no diversification.
- In 2002 Solano County, Sonoma County, and Westlands Water District began forming a Joint Powers Agreement to exercise common powers under government code to invest funds and proposed legislation to amend 53601 to allow municipalities to invest. CalTRUST initially launched in 2003.
- In 2004, Assembly Bill 969 revised the provisions of California Government Code Section 53601 to provide an explicit grant of authority for local agencies to invest in shares of beneficial interest issued by a Joint Powers Authority, provided the JPA. With this legislation in place, CalTRUST was officially opened to any California public agency in 2005.

# Leadership & Staffing

- CalTRUST is governed by a Board of Trustees comprised of California public agency treasurers and investment officers that understand California public agency investments and California law.
- In 2019, CalTRUST hired Laura Labanieh to serve as their first full-time Chief Executive Officer as the program continues to grow.
- In 2021, CalTRUST expanded their staff with two additional full-time staff; Outreach & Relationship Manager Todd Winslow and Executive & Shareholder Services Assistant Nicole Zajic.
- CalTRUST administration and leadership is fully independent to the JPA and not tied to any for-profit, non-profit, or private entity.

# Key Features

- Five fund options;
- No minimum or maximum investment amount;
- No minimum or maximum transaction allowances;
- No transaction, wire, or account maintenance fees;
- Fully transparent;
- Ability to have unlimited subaccounts;
- Access to investment expertise;
- 24/7 online shareholder portal with online trading and customized access levels for individuals; and
- Agencies do not have to join the JPA to participate in CalTRUST.

# Fund Options

## Liquidity Fund

Liquidity: Same-Day

Cut-Off Time: 12:00pm PST

S&P Rating: AAAm

Stable NAV

## Short-Term Fund

Liquidity: Next-Day

Cut-Off Time: 9:30am PST

S&P Rating: AAf

Floating NAV

## Medium-Term Fund

Liquidity: Two-Days

Cut-Off Time: 9:30am PST

S&P Rating: AA-f

Floating NAV

## BlackRock FedFund

Government Money Market Fund

Liquidity: Same-Day

Cut-Off Time: 1:00pm PST

S&P Rating: AAAm

Stable NAV

## BlackRock Liquid Environmentally Aware Fund

Environmentally Sensitive Prime Money Market Fund

Liquidity: Same-Day

Cut-Off Time: 11:00am PST

S&P Rating: AAAm

Floating NAV



# Fund Utilization – A Basic Approach

- A Basic Approach manages all expected cash outflows through existing cash balances, represented in green. The black and gray areas represent cash balances that are not anticipated to be used in the near-term and can be invested further out on the maturity range to augment yield.



# Getting Started

- Simple Participation Agreement Form
  - Agency Information (Address, TIN)
  - Authorized Representatives & Roles
  - Bank Information
  - Authorizing Signature for Account Establishment
- Account Set-Up in 48 Hours or Less
- All Account Updates Completed in 48 Hours or Less
- Transactions Initiated via Online Trading System or "Paper" Form

## Contact Information

**Laura Labanieh**, Chief Executive Officer  
(916) 745-6701 \* [laura@caltrust.org](mailto:laura@caltrust.org)

**Todd Winslow**, Outreach & Relationship Manager  
(916) 745-6705 \* [todd@caltrust.org](mailto:todd@caltrust.org)

**Nicole Zajic**, Executive & Shareholder Services  
(916) 745-6703 \* [nicole@caltrust.org](mailto:nicole@caltrust.org)

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JANUARY 14, 2023  
AGENDA ITEM NO. 8C**



**AGENDA SECTION: ACTION ITEM**

**SUBJECT: CONSIDER THE DISTRICT'S INVESTMENT POLICY AND  
CONSIDER AUTHORIZING THE PROPOSAL OF FINANCIAL  
ADVISORY SERVICES WITH OPTUM INVESTMENT  
PARTNERS**

**PREPARED BY:** Jessica Buckle, Office Finance Manager

**APPROVED BY:** Nicholas Schneider, General Manager

---

**BACKGROUND**

The Board of Directors of the Georgetown Divide Public Utility District (Board) took the following initial actions to address investment opportunities for the District:

- On March 9, 1993, the Board approved an agreement with Rauscher Pierce Refsnes, Inc., for investment services, financial advisory, and underwriting services.
- On May 10, 1994, the Board authorized the investment of district reserve funds in the GDPUD Local Agency Fund.

On December 12, 1995, the Board adopted an Investment Policy pursuant to California Government Code Section 53600 et seq. This policy was adopted to serve as a guideline for the prudent investment of the District's unrestricted funds. It requires a review of the policy at least once a year and allows for modifications, as necessary. Official records do not clearly show the Board has reviewed the investment policy annually. However, the Board has received monthly cash/investment financial reports for several years.

On January 12, 2016, the Board modified the Investment Policy which had been ratified on February 4, 2013, according to the 2016 staff report. The modifications approved by the Board included the deletion of the CalTrust Investment Trust of California and the California Asset Management Program and an update to the Certificates of Deposits to reflect FDIC aggregate coverage of \$250,000. A search of the adopted modified policy in the electronic document files has not produced the document nor a resolution confirming this board action.

This issue was also discussed in 2019, however, the item was never brought before the Board for consideration.

During the FY 2020-2021 Budget Review, the Board requested a description of fund accounts, identifying restricted and unrestricted funds to determine investment opportunities.

### **DISCUSSION**

The current Board has previously requested a review of the Investment Policy. Additionally, the Finance Committee recommended a review of the District's investment efforts on September 13, 2022. The Board directed Staff to provide a review of the investment policy and prepare a Request for Proposals (RFP) for financial advisory services.

Attached is the proposed new investment policy to be approved by the District. Additionally, after a review of the submitted proposals the District staff has identified Optum Investment Partners as the suggested future financial advisor to the District pending interview and acceptance by the Board of Directors.

### **FISCAL IMPACT**

The attached proposal lays out a fee of 12 basis points for the investment portfolio for the District. This translate into approximately \$12,000 per year or \$1,000 per month. This relationship can be terminated at any time. It is anticipated that by engaging with this financial advisor the District will see a greater return on their investments.

### **CEQA ASSESSMENT**

This is not a CEQA Project.

### **RECOMMENDED ACTION**

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) approve the updates to the Investment Policy and adopt the attached Resolution 2023-XX authorizing the General Manager to enter into a contract with Optum Investment Partners.

### **ALTERNATIVES**

(a) Request substantive changes to the Resolution for staff to implement; (b) Reject the Resolution.

### **ATTACHMENTS**

1. Proposed New Investment Policy
2. Optum Investment Partners Proposal

# Georgetown Divide Public Utility District

## INVESTMENT POLICY

### (Last Revised 1/20/23)



### Table of Contents

- 1. Policy ..... 2
- 2. Scope ..... 2
- 3. Prudence ..... 2
- 4. Objectives ..... 2
- 5. Delegation of Authority ..... 3
- 6. Ethics and Conflicts of Interest ..... 3
- 7. Authorized Dealers and Institutions ..... 4
- 8. Authorized and Suitable Investments ..... 4
- 9. Review of Investment Portfolio ..... 6
- 10. Investment Pools / Money Market Funds ..... 6
- 11. Collateralization ..... 7
- 12. Safekeeping and Custody ..... 7
- 13. Diversification ..... 7
- 14. Maximum Maturities ..... 7
- 15. Internal Controls ..... 8
- 16. Performance Standards ..... 8
- 17. Reporting ..... 8
- 18. Investment Policy Adoption ..... 9
- 19. Glossary of Terms in this Policy ..... 9
- 20. Glossary of General Investment Terms ..... 11



## **1. Policy**

The Georgetown Divide Public Utility District shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of the Policy, in priority order of Safety, Liquidity and Return on investment. In accordance with the Municipal Code of the Georgetown Divide Public Utility District and under authority granted by the District Board, the General Manager is responsible for investing the unexpended cash in the District Treasury.

## **2. Scope**

The investment policy applies to all investment activities and financial assets of the Georgetown Divide Public Utility District as accounted for in the Annual Comprehensive Financial Report (ACFR). This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Capital Funds
- Other Special Revenue Funds, Debt Service Funds, Internal Service Funds
- Any new fund created by the District Board unless specifically exempted.

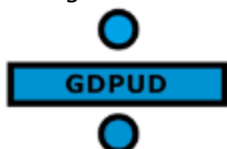
## **3. Prudence**

The standard of prudence to be used by the designated representative shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency”.

The General Manager and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

## **4. Objectives**

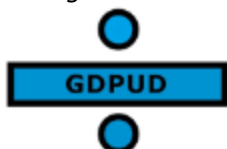
The District’s primary investment objectives, in order of priority, shall be:



1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
  - a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government (including, but not limited to, the U.S. Treasury, U.S. Government Agencies, and federally insured banks). The portfolio will be diversified so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.
  - b. Market risk, (aka "interest rate risk") defined as market value fluctuations due to overall changes in the general level of interest rates shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation. Moreover, it is the District's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. Limited exceptions will be granted for security swaps that would improve the portfolio's yield and/or credit quality.
2. **Liquidity:** The District's investment portfolio will remain sufficiently liquid to enable the Georgetown Divide Public Utility District to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments:** The District's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the District's investment risk constraints identified in this Investment Policy and the cash flow characteristics of the portfolio.

## **5. Delegation of Authority**

The Municipal Code of the Georgetown Divide Public Utility District and the authority granted by the District Board assign the responsibility of investing unexpended cash to the District's General Manager. Daily management responsibility of the investment program may be delegated to the Office/Finance Manager, upon request of the General Manager, who shall establish procedures for the operation consistent with this investment policy.





## **6. Ethics and Conflicts of Interest**

Officers, employees, and contractors involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally, the General Manager and the Office/Finance Manager are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC). Furthermore, Investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the District.

## **7. Authorized Dealers and Institutions**

The General Manager will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). Best practices include the following:

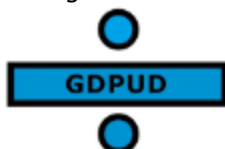
- 1) A determination that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy;
- 2) the broker/dealer firms should have the ability to meet all their financial obligations in dealing with the Public Agency;
- 3) the firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved;
- 4) no public deposit shall be made except in a qualified public depository as established by the established state laws;
- 4) all financial institutions and broker/dealers who desire to conduct investment transactions with the public agency may supply the General Manager with audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, a completed broker/dealer questionnaire, certification of having read the Public Agency’s investment policy and depository contracts.

The General Manager shall conduct an annual review of the financial condition and registrations of qualified dealers & institutions.

## **8. Authorized and Suitable Investments**

Investment of District funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed



as to principal and interest by federal agencies or United States government-sponsored enterprises.

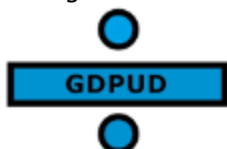
3. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, and Los Angeles County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when part of the list of authorized investments, with the knowledge that the pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy.

Additionally, shares of beneficial interest issued by a joint powers authority organized pursuant to CA Code (Section 6509.7) that invests in the securities and obligations in compliance with CA Code 53601 (subsection 'a' to 'r', inclusive) are also authorized. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- The adviser has not less than five years of experience investing in the securities and obligations authorized in CA Code (subsection 'a' to 'r', inclusive).
- The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

4. Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the \$250,000 FDIC insurance limit. A maturity limitation of five years is applicable.

5. Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 50% of the investment portfolio may be invested in this investment type. A maturity limitation of five years is applicable. Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30



percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.

6. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the Georgetown Divide Public Utility District may be purchased as allowed under the State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.

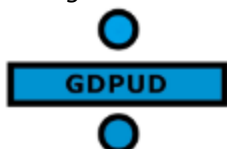
The following summary of maximum percentage limits, by instrument, are established for the District’s investment portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As permitted by LAIF (currently \$65 million per account)	N/A
El Dorado County Investment Pool	53684	Upon Demand	N/A	As permitted by County Treasurer (currently no limit)	N/A
Joint Powers Authority Pool	53601(p)	N/A	See § 8.3 (above)	None	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	N/A	30%	N/A
Placement Service Deposits – Deposits or	53601.8 and 53635.8	5 Years	N/A	50%	N/A

### 9. Review of Investment Portfolio

The securities held by the Georgetown Divide Public Utility District must be in compliance with Section 8.0 “Authorized and Suitable Investments” at the time of purchase. The General Manager should review the portfolio (at least annually) to identify those securities that do not comply.

The General Manager should establish procedures to report any major and critical incidences of noncompliance identified through the review of the portfolio.



## **10. Investment Pools / Money Market Funds**

A thorough investigation of the investment pool/money market fund is required prior to investing, and on a continual basis. Best efforts will be made to acquire the following information:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

## **11. Collateralization**

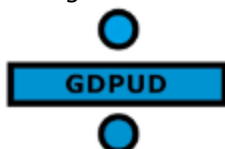
Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The District may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

## **12. Safekeeping and Custody**

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.



### **13. Diversification**

The District shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

### **14. Maximum Maturities**

To the extent possible, the Georgetown Divide Public Utility District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the date of purchase. Any investment longer than 5 years must be authorized in advance by the District Board of Directors.

### **15. Internal Controls**

The General Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Georgetown Divide Public Utility District are protected from loss, theft, fraud or misuse.

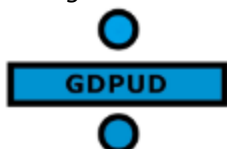
Separation of functions between the District's General Manager or Office/Finance Manager is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the General Manager, executed by the General Manager, and confirmed by the Office/Finance Manager. All wire transfers initiated by the Office/Finance Manager must be reconfirmed by the appropriate financial institution to the General Manager. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Office/Finance Manager on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the District's cash and investments that have a material impact on the financial statements. The General Manager shall review and assure compliance with investment process and procedures.

### **16. Performance Standards**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.



The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. The District is limiting its authorized investments to the safest end of the investment spectrum—debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured (see section 8.0 Authorized and Suitable Investments, above, for a complete list of authorized investments).

Therefore, an appropriate performance benchmark will be a Constant Treasury Maturity Rate consistent with the weighted average maturity of the portfolio. The District recognizes that benchmarks may change over time based on changes in market conditions or cash flow requirements.

## **17. Reporting**

The General Manager shall review and render quarterly reports to the District Board that include the following information:

- Investment type (e.g. U.S. Treasury Note, U.S. Government Agency Bond)
- Name of the issuer (e.g. Federal Farm Credit Bank, Federal Home Loan Bank)
- Maturity date
- Yield to maturity
- Current market value and source of market value
- Par and dollar amount for each security the District has invested in
- Par and dollar amount on any money held by the District (e.g. LAIF balance, Cash Balance).

The report shall also include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs.

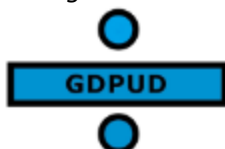
The quarterly report shall state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance.

The quarterly report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money shall (or may not) be available.

The quarterly reports shall be placed on the District Board meeting agenda for its review and approval no later than 30 days after the quarter ends. If there are no Board meetings within the 30-day period, the quarterly report shall be presented to the Board at the soonest possible meeting thereafter.

## **18. Investment Policy Adoption**

The Georgetown Divide Public Utility District investment policy shall be adopted by resolution of the District Board. The policy shall be reviewed annually by the District Board and any modifications made thereto must be approved by the District Board.



The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Georgetown Divide Public Utility District.

## 19. Glossary of Terms in this Policy

**Accrued Interest:** Interest earned but not yet received.

**Annual Comprehensive Financial Report (ACFR):** The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**Bond:** A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Bond Swap:** Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

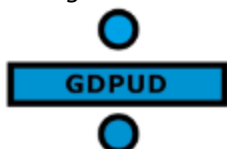
**Broker:** In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

**Certificate of Deposit:** A deposit insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at a set rate for a specified period of time.

**Collateral:** Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

**Constant Maturity Treasury (CMT):** An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

**Custody:** A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement that also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.



**Delivery vs. Payment (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**Federal Deposit Insurance Corporation (FDIC):** Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

**Interest Rate:** The annual yield earned on an investment, expressed as a percentage.

**Liquidity:** Refers to the ability to rapidly convert an investment into cash.

**Market Value:** The price at which a security is trading and could presumably be purchased or sold.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

**Purchase Date:** The date in which a security is purchased for settlement on that or a later date.

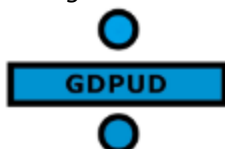
**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Risk:** Degree of uncertainty of return on an asset. Safekeeping: See Custody.

**Settlement Date:** The date on which a trade is cleared by delivery of securities against funds.

**Time Deposit:** A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

**Treasury Obligations:** Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.





**U.S. Government Agencies:** Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

**Yield to Maturity:** The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

## 20. Glossary of General Investment Terms

**Active Deposits:** Funds that are immediately required for disbursement.

**Amortization:** An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

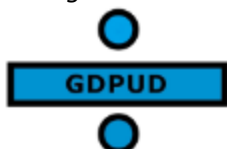
**Asked Price:** The price a broker dealer offers to sell securities. **Basis Point:** One basis point is one hundredth of one percent (.01). **Bid Price:** The price a broker / dealer offers to purchase securities.

**Book Entry Securities:** Securities, such stocks held in “street name,” that are recorded in a customer’s account, but are not accompanied by a certificate. The trend is toward a certificate-free society to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. All the large New York District banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the “book-entry” custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity for the District. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

**Book Value:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**Bullet Bond:** See “*Non-callable Bond.*”

**Callable Bond:** A debt obligation where the bond issuer (i.e. borrower) has the option to *call the bond* or pay it off early (before the scheduled maturity date). For instance, a 5-year bond might be “callable quarterly”—meaning that, although the bond has a



scheduled end date 5 years from now, it could end in 3 months (and every 3 months after that, until the scheduled maturity date).

**Coupon:** The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**Credit Analysis:** A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

**Current Yield:** The interest paid on an investment expressed as a percentage of the current price of the security.

**Discount:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**Duration:** The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

**Fannie Mae:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

**Federal Reserve System:** The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

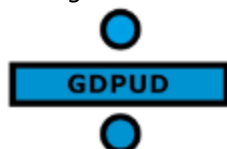
**Fed Wire:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**Freddie Mac:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

**Investment Agreements:** An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

**Nationally Recognized Statistical Rating Organizations (NRSRO):** A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

**New Issue:** Term used when a security is originally "brought" to market.



**Non-callable Bond:** Also known as, “*Bullet Bond.*” A non-callable bond is a debt obligation where the bond issuer does not have the option to “call the bond” i.e.-end the bond before the scheduled maturity date.

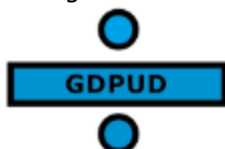
**Perfected Delivery:** Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

**Repurchase Agreement (REPO):** A transaction where the seller (bank) agrees to buy back from the buyer (District) the securities at an agreed upon price after a stated period of time.

**Reverse Repurchase Agreement (REVERSE REPO):** A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Yield Curve:** The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.





## ***Attachment A (Proposal)***

January 19, 2023

Nicholas Schneider  
General Manager  
6425 Main Street  
Georgetown, CA 995634

### **Re: Proposal (Attachment A) for Investment Advisory Services to the Georgetown Divide Public Utility District**

Dear Mr. Schneider:

Optum Investment Partners, LLC ("Optum"), is pleased to present this proposal (**Attachment A**) to Georgetown Divide Public Utility District ("Client" or "District") to provide investment advisory services related to the District's surplus funds portfolio to achieve preservation of capital and maintain appropriate levels of liquidity at market yields.

Optum Investment Partners was formed for one reason. To serve you. Our president and CEO has been working in local government investments for over 17 years. He identified a huge disparity in the investment advisory industry. The larger agencies were offered more opportunities for services than smaller ones. Smaller agencies have been virtually ignored even though it's the smaller agencies that don't have the staffing resources to manage the diverse set of responsibilities required.

#### **I. BACKGROUND AND OBJECTIVE**

OPTUM will provide specified professional investment advisory services consistent with California government code section 53600 as detailed in the scope of services section below. As a fiduciary to your District, Optum will place preservation of capital as our top priority, while ensuring appropriate levels of liquidity for day-to-day operations. We will seek to earn market yields once the first two priorities have been achieved.

#### **II. SCOPE OF SERVICES**

OPTUM proposes the following scope of work to assist Client with investment advisory services. Please note that the prospective assignment that OPTUM proposes to provide are advisory in nature. OPTUM will be making specific investment recommendations. None of OPTUM's staff will act in a capacity as an elected official, an appointed official, as staff, or serve in a "designated" position.

1. Provide investment advisory services for all surplus funds identified by Optum and Client in compliance with Government Code Section 53600 and other applicable government codes, local municipal codes, charters, and policies
2. Build a comprehensive cash-flow model to enhance liquidity management and increase the amount of funds invested in the investment portfolio
3. Investment Policy review and consulting
4. Provide general investment education to District Staff and Officials
5. Prepare reports of monthly/quarterly transactions
6. Monitor the credit of investment securities in the portfolio for compliance with District Investment Policy

7. Perform interest revenue projections as needed for analysis
8. If requested, deliver one virtual public presentation to a commission, special committee, or governing body (e.g. City Council, Board of Directors) of the District
9. As requested, assist with other compliance and audit review requirements as related to OPTUM services, and/or attend publicly noticed District meetings.

**III. SCHEDULE AND REQUIRED DATA**

Optum is prepared to commence work upon receipt of an executed Agreement. Client will promptly provide Optum with project data requested, including three (3) years of cash transaction detail.

**Days 1-7**

- Kickoff meeting to discuss and confirm schedule and deliverables
- Client provides data request for three years of cash accounting for applicable funds
- Review and analysis of data
- Customized approach/strategy
- Initial Cash Flow Report

**Days 7-14**

- Portfolio recommendations
- Trade execution with Client broker/dealer

**IV. COMPENSATION/TERM**

Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates set forth below. **Contract will be in force for an initial three (3) year, (5) month term, with the option to extend twice via one (1) year extension(s).**

Investment Advisory Annual Fee Schedule		
Contract Year	Annual Fee	Basis – Assets Under Management
Year 1 Fiscal Year Ending June 30, 2023	12 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*
Year 2 Fiscal Year Ending June 30, 2024	12 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*
Year 3 Fiscal Year Ending June 30, 2025	12 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*
Year 4 Fiscal Year Ending June 30, 2026	12 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*

\*Based on the ending monthly custodial bank balance, assets invested in certificates of deposit, and pooled account assets including cash and investments, as reported by the custodial bank, broker/dealers, other banks, and pooled account administrators. Optum will submit an invoice calculated monthly with a statement provided (Example: \$10 million ending balance would be invoiced at \$10 million \* 0.0012% = \$12,000/12 = \$1,000 monthly).

To the extent alternative assignments are requested, compensation for requested Additional Tasks (defined below) will be based on hours spent at OPTUM’s billing rates as shown on “**Exhibit 1.**”

**V. NON-DISCRETIONARY**

This contract does not grant discretionary power to Optum, or its representatives, and the contract will not be assigned by Optum without the consent of the Client. Optum must secure client permission prior to effecting securities transactions for the Client in the client’s broker-dealer account(s).

**Exhibit 1**

**Optum Investment Partners, LLC.  
2023 Public District Fee Schedule**

**Professional Services**

President & CEO	\$350.00/hour
Senior Project Manager	\$250.00/hour
Project Analyst / Project Research	\$150.00/hour
Clerical Support	\$ 75.00/hour

---

• **Additional Expenses**

In addition to professional services (labor fees):

- 1) Out-of-pocket expenditures, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
- 2) If Optum retains Third Party Vendor(s) for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
- 3) Consultant's attendance or participation at any public meeting, in addition to 1 included virtual meeting in scope of services, whether such participation is in person, digital, video and/or telephonic (e.g., *City Council, Planning Commission, Public District Board, other*) requested by Client and are beyond those specifically identified in the Scope of Work will be billed at the professional services (hourly) fees as shown on this "Exhibit 1."

• **Charges for Court/Deposition/Expert Witness-Related Appearances**

Court-related (non-preparation) activities, such as court appearances, depositions, mediation, arbitration, dispute resolution and other expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

---

*Rates shall remain in effect until December 31, 2023.*

**OPTUM**  
Investment Partners

**Your Municipal  
Investment  
Advisor For Success**



The image is a collage. The top portion shows a wide-angle view of a city street, likely in New York City, with a yellow taxi in the foreground and tall buildings in the background. The bottom portion shows a close-up of several business professionals in a meeting, looking at a tablet and a laptop.

# Investment Policy

- ▶ Updated to current, CMTA recommended practices.
- ▶ Included only extremely low-risk investment types (Federally backed or collateralized).
- ▶ Added flexibility by using categories and amounts rather than individual financial institutions.
- ▶ Easy to administer and update annually.



# What are Public Agency Investment Requirements?

- ❖ **Investment of Surplus: Government agencies must comply with California Government Code (GC) Section 53600**
- ❖ Monthly (or quarterly) report to the governing body outlining cash assets invested, investment types, purchases, sales, market conditions, and affirming agency projection of sufficient cash availability to meet operating needs. (GC Section 53607)
- ❖ Annual Investment Policy update (GC Section 53646)
- ❖ Compliance with GC Section 53600.3
  - ❖ Prudent Investor Standard – Safeguarding of principal and liquidity
- ❖ Compliance with GC Section 53600.5
  - ❖ Safety of Principal
  - ❖ Liquidity
  - ❖ Yield

\*Requirements include but are not limited to other governmental compliance and regulatory provisions.

# Permitted Investments (GC 53601)

Government Code Permitted Investments	GDPUD Policy Permitted Investment (Y/N)
US Treasury Notes, Bonds, Bills	Yes
Federal or US Government Sponsored Enterprises (GSE's)	Yes
Negotiable Certificates of Deposit (CD's)	Yes
JPA Pool	Yes
County Pool	Yes
LAIF	Yes
Placement Service Deposits	Yes
Trustee Held Funds	Yes
Other Investments as approved by Board/Council	Yes
Local Agency Bonds	No
State Treasury Notes & Bonds	No
Bonds of other 49 states	No

# Permitted Investments (GC 53601)

Government Code Permitted Investments	GDPUD Policy Permitted Investment (Y/N)
Other local agency bonds	No
Banker's Acceptance	No
Commercial Paper	No
Repurchase Agreements	No
Medium Term Notes	No
Collateralized Securities	No
Mortgage-Backed Securities	No
Supranationals	No
Public Bank Securities	No

# Three Steps To Our Success

1. Our unique experience in managing a variety of government projects allows us to create a customized cash-flow model that includes items such as grants, capital projects, and one-time revenues and expenses. This enables us to actively invest more of your cash.
2. In a normal interest rate environment, yields are higher the longer out you invest. By combining our cash flow model with our laddering strategy, we can invest in longer term securities (up to five years) without the risk of running out of cash for operations.
3. Our strategic investment selection approach can be especially effective for smaller agencies. By investing smaller increments, we can utilize CD's and other federally insured/collateralized products to achieve above market rate returns.



# Portfolio Management Types

## PASSIVE MANAGEMENT

- ❖ Significant portion of cash kept in checking account
- ❖ Some funds invested in county or state investment pools
- ❖ No investment consultant/advisor or dedicated staff
- ❖ Safe, but very low yields

## ACTIVE MANAGEMENT

- ❖ Cash flow modeling increases funds available to invest while leaving sufficient funds in checking account for day-to-day operations
- ❖ Invest over five-year horizon to guarantee investment returns over time
- ❖ Requires some dedicated staff time or consultant/advisor
- ❖ Safe, with increased yields
- ❖ Utilize investment types that support the District's investment policy

## Initial Portfolio Analysis - Georgetown Divide PUD

- ▶ Cash in Bank/On Hand - \$2,176,937 (Yielding near 0%)
- ▶ LAIF - \$7,408,342 (Yielding 2.29%)

### Current Market Interest Rates

- ▶ CAMP 4.25% (Liquid Pool)
- ▶ 1 month 4.32%
- ▶ 3 month 4.70%
- ▶ 6 month 4.83%
- ▶ 1 year 4.69%
- ▶ 3 year 3.93%
- ▶ 5 year 3.66%

