

ITEM 3A - MINUTES

Georgetown Divide Public Utility District Finance Committee

*“Providing financial review and advisory services for the GDPUD Board of Directors in support of sound, prudent and business-like management of the water district.”*

**30 Jan 2020 Draft FINANCE COMMITTEE MEETING MINUTES**

**Meeting Date & Time:** January 29, 2020, at 2:00 PM

**Location:** GDPUD Boardroom

**Committee Members Present:** Steve Miller (Chair), Mitch MacDonald, Sierra Nyokka, Ken Pauley, Don Waltz (Secretary)

**Committee Member(s) Absent:** Thomas Crawford (Vice Chair)

**Board Member Present:** Cynthia Garcia (Treasurer, Finance Committee Liaison)

**Staff Present:** Steven Palmer (General Manager)

**1. Call to Order, Pledge of Allegiance**

*Meeting called to order at 2:05 PM.*

**2. Public Forum**

*Public comment noted that the GDPUD Website was not up to date with respect to recordings and minutes of past Finance Committee meetings.*

**3. Consent Calendar - Approval of Minutes December 18, 2019**

*Motion was made and seconded to approve the minutes for the Committee meeting of December 18, 2019, with the provision that the date of the minutes for the meeting of October 16, 2019, be changed to correct an inadvertently referenced date of November 13, 2019. Motion was unanimously approved.*

**4. New Business**

**A. Discuss Potential Water Rate Freeze Including a Discussion of Decrease of in Water Sales Revenue that Occurred Between Calendar Years 2018 and 2019; Discussion to Include Water Sales Data Requested by Committee Chair and to be provided by GM:**

*The General Manager presented the Committee with the information requested by Committee Chair Miller. Extensive discussions among those present resulted in the following two-part motion made by Ken Pauley and seconded by Don Waltz:*

*“The Finance Committee recommends that the Board:*

- 1) Continue the temporary freeze of water rates until July 1, 2020, in order to allow time for the FC to examine alternative rate increase percentages.*
- 2) Direct the FC to (a) review a water rate increase to become effective July 1, 2020, (b) to consider various rate increase percentages to see if there are opportunities to make any adjustments, and (c) permit access to legal advice and staff time so as to determine the feasibility of alternative rate increases.”*

*The motion passed per the following vote:*

*Ayes: Miller, MacDonald, Pauley, Waltz*

*Abstain: Nyokka*

**Georgetown Divide Public Utility District Finance Committee**

*“Providing financial review and advisory services for the GDPUD Board of Directors in support of sound, prudent and business-like management of the water district.”*

*The foregoing motion was followed by another motion made by Ken Pauley and seconded by Sierra Nyokka:*

*“If the Board decides to reject the Finance Committee’s recommendation to continue a temporary freeze of water rates until July 1, 2020, then the Committee recommends that the Board of Directors implement a rate increase effective January 1, 2020”*

*This motion failed to pass in accordance with the following vote:*

*Ayes: Nyokka and Pauley*

*Noes: Miller and Waltz*

*Abstain: MacDonald*

**B. Review of Timeline for Fiscal Year 2020-21 Budget Development and Adoption that was Discussed During Committee Meeting of December 18, 2019:**

*The GM provided the Committee with an updated version of the FY2020-21 budget development timeline.*

**C. Discussion of Timeline for District’s Future Budget Development Process, Beginning with FY2021-2022:**

*Committee Chair described his desire for a budget development process beginning with November each year. The Chair stated that he felt the time necessary for a thorough review of the District’s budget requires more time than is currently allotted for such purpose.*

**D. Need for Project and Budget Expenditure Reports:**

*General Manager Palmer indicated that in the future he would supply the Committee with: Quarterly reports of current year budget information concerning the budgeted and actual revenues, a monthly cash balance report, monthly cash flows, month end cash disbursement report, monthly SRF cash balances, and a monthly check review. These items are the same as those provided to the Board of Directors.*

**E. Suggested Agenda Items for Next Committee Meeting:**

*The next Committee meeting will include a discussion of the need for future water rate increases.*

**5. Next Meeting & Adjournment**

- *The next Finance Committee meeting will be held February 5, 2020, at 2pm, at the Georgetown Divide Public Utility District office, 6425 Main St., Georgetown, CA 95634.*
- *The meeting was adjourned at 4:35 PM.*

*Minutes prepared by Don Waltz, Finance Committee Secretary.*

ITEM 4A

January Cash Balances and Cash Disbursement Report from January 14, 2020 Board Meeting

[https://www.gd-pud.org/files/2f0417141/2020.01.14\\_Board+Packet+Section+One.pdf](https://www.gd-pud.org/files/2f0417141/2020.01.14_Board+Packet+Section+One.pdf)

Pages 44-64

ITEM 4B

Third Quarter Budget to Actual Report from July 11, 2019 Board Meeting

[https://www.gd-pud.org/files/8c9503c6a/2019.07.11\\_PACKET+REV.pdf](https://www.gd-pud.org/files/8c9503c6a/2019.07.11_PACKET+REV.pdf)

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## ITEM 5A - DEBT POLICY

Newly adopted in 2017, Senate Bill 1029 requires that any agency seeking financial assistance from the State of California must have a debt policy that complies with Government Code Section 8855(i). Staff adapted the California Special District Association (CSDA) model debt policy for the District.

The CSDA model and a draft policy for the District are attached. The El Dorado Irrigation District policy is also attached.



**POLICY TITLE: Debt Management**  
**POLICY NUMBER: 2155**

This Debt Policy is intended to comply with Government Code Section 8855(i), and shall govern all debt issued by the District. The District hereby recognizes that a fiscally prudent debt policy is required to:

- a) Maintain the District's sound financial position.
- b) Ensure the District has the flexibility to respond to changes in future service priorities, revenues, and operating expenses.
- c) Protect the District's credit-worthiness.
- d) Ensure that all debt is structured to protect current and future taxpayers, ratepayers and constituents of the District.
- e) Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.

**2155.1. Purposes for Which Debt May Be Issued**

**2155.1.1 Long-Term Debt.** Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District. Long-term debt financings are appropriate:

- a) When a project to be financed is necessary to provide District services.
- b) When the project to be financed will benefit constituents over several years.
- c) When total debt does not constitute an unreasonable burden to the District and its taxpayers or ratepayers.
- d) When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.

**2155.1.1.2** Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

- a) The project to be financed must be approved by the District Board.
- b) The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- c) The District estimates that sufficient revenues will be available to service the debt through its maturity.
- d) The District determines that the issuance of the debt will comply with the applicable state and federal law.

**2155.1.2 Short-term debt.** Short-term debt may be issued to provide financing for the District's operational cash flows to maintain a steady and even cash flow balance as in anticipation of periodic receipts of



property taxes and other revenues. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment consistently with debt limit requirements of article XVI of the California Constitution, article XVI, § 18.

2155.1.3 Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with this policy.

2155.2. Types of Debt - The following types of debt are allowable under this Debt Policy:

- a) General obligation bonds (GO Bonds)
- b) Bond or grant anticipation notes (BANs)
- c) Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- d) Other revenue bonds and COPs
- e) Tax and other revenue anticipation notes (TRANS)
- f) Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- g) Tax increment financing to the extent permitted under State law
- h) Refunding Obligations
- i) State Revolving Loan Funds
- j) Lines of Credit

2155.2.1 The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

2155.3. Relationship of Debt to Capital Improvement Program and Budget

2155.3.1 The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and capital improvement plan.

2155.3.2 The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues ("pay as you go"). The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.



2155.3.3 The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

#### 2155.4. Policy Goals Related to Planning Goals and Objectives

2155.4.1 The District is committed to long-term financial planning, maintaining appropriate reserves and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budgets.

2155.4.2 It is a policy goal of the District to protect taxpayers, ratepayers and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.

2155.4.3 The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

2155.4.4 When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.

2155.4.5 The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to temporarily reduce annual budgetary expenditures. Capital investments intended to reduce District operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.

2155.4.6 The District shall seek to time debt issues to avoid need for unplanned general fund expenditures for capital improvements or equipment.

#### 2155.5. Internal Control Procedures

2155.5.1 When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:





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- a) Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12.
  - b) Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
  - c) The District's investment policies as they relate to the use and investment of bond proceeds.

2155.5.2 Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the Finance Director of the District (or his or her written designee), or (b) by the District, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the District in records compliance with current accounting standards and subject to the District's annual audit.

## **AR 3065 Debt Policy**

Adopted: July 14, 2017

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### **Scope and Application**

This Debt Policy established by and for the Finance Department, pertains to financings under the jurisdiction of the El Dorado Irrigation District Finance Department. This Administrative Regulation is intended to guide the Finance Department in its debt issuance in the course of its customary practices. From time to time, certain circumstances arise which could cause the Finance Department to deviate from the policies herein.

This Administrative Regulation and any subsequent amendments hereto shall be on file with the Finance Department and shall be contained on the District's website.

### **Mission of the Finance Department for Debt**

The Finance Department shall issue and manage long-term financings for capital improvements by balancing market and credit risk with satisfactory economic benefits and proper fiscal controls. To achieve the mission goals, the Finance Department shall adhere to the following:

#### **I. Debt Management Objectives**

- The Finance Department shall maintain cost-effective access to the capital markets through prudent policies.
- The Finance Department shall maintain moderate debt and debt service payments with effective planning.
- The Finance Department shall meet significant capital demands through debt financing and alternate financing.
- The Finance Department shall achieve the highest possible credit ratings within the context of the District's capital needs and financing capabilities.

#### **II. Types and Purposes of Debt**

The Finance Department may utilize several types of municipal debt obligations to finance long-term capital projects. Long-term debt is only issued to finance the acquisition and/or construction of capital improvements. Long-term debt financing shall never be used to fund operating or maintenance costs.

**General Obligation Bonds**-General Obligation Bonds may only be issued with two-thirds approval of a popular vote. The California State Constitution (Article XVI, Section 18) limits the use of the proceeds from GO Bonds to “the acquisition or improvement of real property.”

**Pension Obligation Bonds**-Pension Obligation Bonds can be issued to finance all or part of the unfunded pension liabilities of the District. Typically, these bonds are issued at a lower rate of return than what is being paid to CalPERS, and in this way, provide an economic benefit to the District.

**Enterprise Revenue Bonds**-Enterprise Revenue Bonds finance long-lived assets for one of the revenue producing utilities, and are payable from revenue sources within that utility.

**Financing Leases**-The District may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest.

**Refunding Obligations**-Pursuant to the Government Code and various other financing statutes applicable in particular situations, the Board of Directors is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the District. Absent any significant non-economic factors, a refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue’s True Interest Cost (TIC) as the discount rate, unless the Finance Director determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates.

**Other Obligations**-There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to state and federal loan programs and bond anticipation notes.

### **III. Debt Approval Procedures**

**A. Reviewed by the Board of Directors**-All long-term financing proposed transactions for capital improvements shall be reviewed and approved by the Board of Directors. For matters related to the Board’s approval process, “long-term financing” means financing, which constitutes an obligation beyond one fiscal year.

1. Proposed transactions submitted for Board of Director approval should be reviewed prior to submission by the Finance Director, General Manager and General Counsel.
2. Upon approval by the Finance Director, General Manager and General Counsel, the proposed transaction shall then be presented to the full Board of Directors.

**B. Approval by the Board of Directors**-All long-term financing transactions shall be approved and adopted by the Board. The Board shall comply with all public hearing requirements applicable to the specific type of bond being approved, if any.

#### **IV. Debt Limitations**

There is no statutory restriction on the amount of bonds that can be outstanding at any given time. However, it is the policy of the District that annual operating revenue, excluding Facility Capacity Charges (FCCs), must equal or exceed total annual operating expenses plus annual debt service payments. Each proposed financing will be individually assessed by the Finance Department and subject to the approval policies contained herein.

Any debt secured by revenues of a utility shall maintain a coverage ratio equal to 125% of net revenues of the utility by bond covenant but, as stated in AR 3012, the goal is to maintain 1.7 to 2.0 debt coverage with FCCs; and maintain a 1.25 debt coverage ratio without FCCs

#### **V. Methods of Sale**

The Finance Director shall review each transaction on a case-by-case basis to determine the most appropriate method of sale.

**A. Competitive Sale-**In a competitive sale, bids for the purchase of the bonds are opened at a specified place and time and are awarded to the underwriter (or syndicate) whose conforming bid represents the lowest true interest cost to the District (TIC). The District may take bids in person, by facsimile, or by electronic means.

1. Bond sales shall be advertised as broadly as possible, including advertising in an industry newspaper. The financial advisors for each transaction shall undertake to market the bonds to prospective bidders and investors as relevant.
2. Terms of the bonds shall be amendable as late as possible and ideally until at least 1:00 p.m. Pacific Standard Time (PST) the day prior to the day bids are to be received.
3. Bond sales shall be cancelable at any time prior to the time bids are to be received.
4. Upon award to the bidder whose conforming bid represents the lowest true interest cost, the District may restructure the bonds in accordance with the Official Notice of Sale.
  - i. The District shall reserve the unfettered right to reject all bids or waive bid irregularities.
  - ii. The Finance Director, or his designee, shall award any bonds sold via competitive sale.

**B. Negotiated Sale-**In a negotiated sale, the District chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm, or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the District to discuss different financing techniques with the underwriter in advance of the sale date.

**C. Private Placement-**Also referred to as a direct placement; private placement is a variation of a negotiated sale. Instead of retaining the services of an investment banking firm to underwrite the

securities, the District will sell the bonds directly to a limited number of investors. The District may use a placement agent to assist it in identifying likely investors.

## **VI. Debt Structuring Practices**

**A. Standard Terms**-The following terms shall be applied to the District's transactions as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

### **1. All Bonds**

- i. Term - 30 years is standard, but up to 35 years may be acceptable, depending on cash flow assumptions, construction timeline, and remaining useful life of the asset being financed.
- ii. Maximum Yield not to exceed 12% for tax-exempt financings.
- iii. Maximum Premium case-by-case, as recommended by the District's Financial Advisor.
- iv. Maximum Discount case-by-case, as recommended by the District's Financial Advisor.
- v. Payment Dates Fixed after considering cash flow needs, the Finance Director will determine the occurrence of all new debt service payments.
- vi. Coupons fixed rate or variable rate.
- vii. Call Provisions shortest possible optional call consistent with optimal pricing.
- viii. Structure of Debt prefer level debt service, but shall be determined on a case-by-case basis, at the discretion of the Finance Director working with the Financial Advisor.
- ix. Debt Service Reserve lesser of 10% principal amount, 125% average annual debt service, 100% maximum annual debt service or surety bond.
- x. Capitalized Interest sized through substantial completion plus a minimum of six months unless other assets are available to be pledged or otherwise limited under Federal Tax Law. Liquidated damages of construction contract must include amount of daily debt service.
- xi. Net Funding the project and capitalized interest funds may be net funded if investments are secured upon issuance of bonds.
- xii. Reimbursement Resolution must be adopted by the District Council if the project hard costs are paid prior to the bond sale.
- xiii. Good Faith Deposit determined on a case-by-case basis by the Finance Director.

**2. Variable Rate Bonds**-The District may elect to issue any bonds as variable rate bonds, which are broadly defined to mean daily, weekly, monthly, semi-annual or auction rate.

- i. Purpose reduction of net borrowing cost; match of assets and liabilities.
- ii. Max Portfolio Allocation no more than 20% of the District's outstanding debt portfolio shall be in un-hedged short-term paper consistent with policies for underlying debt types.
- iii. Term consistent with policies for underlying debt types.
- iv. Maximum Yield not to exceed 12%.
- v. Monitoring-the Finance Department shall monitor all variable rate bonds on a monthly basis and shall determine, from time to time, whether to change modes and/or replace a broker/dealer or remarketing agent.
- vi. Budgeting-the Finance Department will recommend that annual debt service on any variable rate bonds be budgeted at 1.5 times the rolling 3-year average of the Bond Market Association index, or another relevant index of time frame.
- viii. Liquidity a liquidity facility shall be obtained, either externally or internally, for all short-term indebtedness containing a put feature.
- ix. All bonds issued as variable rate bonds shall be issued as "multi-modal" bonds.
- x. Good Faith Deposit determined on a case-by-case basis by the Finance Director.
- xi. Budgeting Debt Service budget shall be 3-year BMA rolling average times 1.5 as well as ongoing fees associated with floating rate bonds.

## **VII. Derivatives Policy**

Derivative products and other financial instruments can be beneficial interest rate management tools that can assist the District as part of its overall debt and investment management program, but need to be monitored very closely. Derivative products may be used by the District to reduce risk exposures or reduce interest costs, but may not be used for speculative purposes.

## **VIII. Permitted Investments**

All investments of bond proceeds shall adhere to the District's Investment Policy, approved periodically by the Board of Directors, as outlined in Appendix A. With the exception of guaranteed investment contracts, investments shall not allow security types or credit standards less than those of the District's Investment Policy.

1. El Dorado Irrigation District Investment Policy: attached hereto as Appendix A.
2. Investment Agreements (IAs)

- i. Purpose (a) maximize interest earnings, thereby reducing net borrowing cost, (b) match of assets and liabilities and/or (c) hedging.
- ii. Counterparty minimum rating of AA- from S&P or Aa3 from Moody's.
- iii. Mandatory Termination limited to credit-related events and non- payment.
- iv. Cure Provisions - timelines on District's obligations to cure must provide for appropriate legislative action.
- v. District's Priority of Payment termination payments – subordinate to related debt payments.
- vi. Procurement/Award – award based on best bid as defined in bid form after limited negotiation of terms.
- vii. Term not in excess of the term of the bonds.

## **IX. Professional Assistance**

**A. Financial Advisors** The District shall utilize the services of independent financial advisor(s) on debt financing when deemed prudent by the Finance Director. The District may utilize an RFP-selected pool of such financial advisors to mitigate time constraints and reduce overhead costs of the District in procuring such services. Services shall be documented by contract and payment shall be capped.

**B. Underwriters** In the case of a competitive sale, the District will award the bonds to the underwriting firm whose bid results in the lowest True Interest Cost. In the case of a negotiated sale, the Finance Director will determine the best method of selection, taking into consideration all factors involved in each particular sale.

**C. Bond Counsel** The Finance Department, in consultation with General Counsel, shall select bond counsel for each transaction.

**D. Broker-Dealers and Remarketing Agents** For all variable rate bonds, the Finance Director shall select broker-dealers or remarketing agents for each transaction. The District shall monitor performance on a monthly basis. The District may replace a remarketing agent or broker-dealer with notice at any time.

**E. Trustees** Selected for each transaction by RFP, unless use of current trustee is deemed practical by the Finance Director. The Trustee (or applicable holding company) shall have total assets under management of a minimum of \$50 million and be subject to supervision or examination by federal or state authority.

**F. Rebate Consultant** Selected by RFP for all bonds unless use of current consultant is deemed practical by the Finance Director.

**G. Financial Printer** Selected by underwriter.

**H. Auction Agents** Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.

**I. Liquidity Providers** Selected for each relevant issue by RFP issued by the Finance Department or its agent and subject to negotiation of terms.

**J. Investment Agreement Counterparties** Selected by bid in compliance with Federal Tax Law Requirements in accordance with relevant bond documents and the District's Investment Policy.

1. In general, uncollateralized Investment Agreements shall be executed with counterparties rated at least AAA with collateral required upon downgrade below AAA.

2. Repurchase Agreements or Forward Delivery Agreements shall be executed with counterparties rated at least AA (by at least one of the major rating agencies) with downgrade provisions requiring assignment or collateral should the rating fall below A- or A3 by Standard and Poor's or Moody's Investor Services respectively.

## **X. Ongoing Debt Administration**

**A. Continuing Disclosure** It is the goal of the Finance Department to be as transparent as possible.

1. Annual Report. The District will covenant to provide its annual disclosure report no later than 270 days following the end of the fiscal year. However, the District will use its best efforts to issue the Annual Report as soon as practical following the issuance of the District's annual Comprehensive Annual Financial Report (CAFR). The District shall use its best efforts to issue the Annual Report electronically and to post the Annual Report on its website.

2. Material Event. The District will issue a material event notice in accordance with the provisions of SEC Rule 15c2-12. Prior to the issuance of any material event, the Finance Director will discuss with the General Manager and General Counsel and outside professionals as appropriate the materiality of any event and the process for equal, timely, and appropriate disclosure to the marketplace.

Upon recommendation of the Finance Director, the District may retain a firm to assist it in maintaining compliance with all continuing disclosure requirements.

## **B. Arbitrage Rebate Compliance**

The District shall calculate arbitrage annually in each year that the related construction fund (or equivalent) has had an outstanding balance. Thereafter, the District shall calculate arbitrage on the fifth anniversary of the bond issuance in accordance with IRS recommended practices. Upon recommendation of the Finance Director, the District may retain a firm to assist it in maintaining the Arbitrage Rate Compliance.

## **C. Insurance Certifications**

The District (through its Risk Manager) shall provide annual insurance certification to the Trustee and Bond Insurer, if required under the legal documents for each issue.



## **D. Ratings**

The policy of the Finance Department is to secure underlying ratings on all newly issued obligations from at least two national rating agencies.

- 1. Annual Update** The Finance Department shall update each rating agency that rates District debt issues at least annually unless such update is declined by the respective rating agency.
- 2. Reporting** The Finance Department shall ensure prompt delivery of the Annual CAFR to each of the rating agencies following adoption by the Board of Directors.
- 3. Other Reporting Certificates of Substantial Completion** on projects financed with long-term obligations shall be delivered to the rating agencies and Bond Insurer, as relevant.
- 4. Districtwide Ratings Notification** Any changes in ratings will be promptly noticed to the Board.

**POLICY TITLE:** Debt Management Policy

**POLICY NUMBER:** 2155

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- e) Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.

#### **2155.1 Purposes for Which Debt May Be Issued**

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- d) When the debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.

**2155.1.1.2** Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. The District may use long-term debt financings subject to the following conditions:

- a) The project to be financed must be approved by the District Board.
- b) The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- c) The District estimates that sufficient revenues will be available to service the debt through its maturity.
- d) The District determines that the issuance of the debt will comply with the applicable state and federal law.

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of periodic receipts of property taxes and other revenues. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment consistently with debt limit requirements of article XVI of the California Constitution, article XVI, § 18.

**2155.1.3** Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with this policy.

**2155.2 Types of Debt – The following types of debt are allowable under the Debt Policy**

- a) General obligation bonds (GO Bonds)
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- i) State Revolving Loan Funds
- j) Lines of Credit

**2155.2.1** The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

**2155.3. Relationship of Debt to Capital Improvement Program and Budget**

**2155.3.1** The District is committed to long-term capital planning. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District’s capital budget and capital improvement plan.

**2155.3.2** The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues (“pay as you go”). The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

**2155.3.3** The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

#### **2155.4. Policy Goals Related to Planning Goals and Objectives**

**2155.4.1** The District is committed to long-term financial planning, maintaining appropriate reserves and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budgets.

**2155.4.2** It is a policy goal of the District to protect taxpayers, ratepayers and constituents by using conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical total borrowing costs.

**2155.4.3** The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

**2155.4.4** When refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings approximately 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than any escrow fund negative arbitrage. The cost of refinancing will always be less than the savings.

**2155.4.5** The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to temporarily reduce annual budgetary expenditures. Capital investments intended to reduce District operating costs indefinitely, as by improving the efficiency of its operations, are appropriate for long-term debt.

**2155.4.6** The District shall seek to time debt issues to avoid need for unplanned general fund expenditures for capital improvements or equipment.

#### **2155.5. Internal Control Procedures**

**2155.5.1** When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the District will periodically review the requirements of and will remain in compliance with the following:

- a) Any continuing disclosure undertakings entered into by the District in accordance with SEC Rule 15c2-12.
- b) Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- c) The District's investment policies as they relate to the use and investment of bond proceeds.

**2155.5.2** Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the District upon the submission of one or more written requisitions by the Finance Director of the District (or his or her written designee), or (b) by the District, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the expenditure of which will be carefully documented by the District in records compliance with current accounting standards and subject to the District's annual audit.

ITEM 5B - RATES

# WATER RATE FREEZE

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Steven Palmer, General Manager  
**Georgetown Divide Public Utility District**  
January 14, 2020

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## OVERVIEW OF ADOPTED BUDGET

- Adopted June 4, 2019
  - <https://www.gd-pud.org/district-budget>
- Revisions Presented to Finance Committee December 18, 2019 and Board January 14, 2020
  - <https://www.gd-pud.org/files/b010914bc/Package.pdf>
  - [https://www.gd-pud.org/files/2f0417141/2020.01.14\\_Board+Package+Section+One.pdf](https://www.gd-pud.org/files/2f0417141/2020.01.14_Board+Package+Section+One.pdf)

2

## OVERVIEW OF ADOPTED CAPITAL IMPROVEMENT PLAN

- Adopted June 4, 2019
  - <https://www.gd-pud.org/files/15aae0e57/2019.06.04+ADOPTED+CIP+FY19-20+TO+23-24.pdf>
- Revisions Presented to Finance Committee December 18, 2019 and Board January 14, 2020
  - <https://www.gd-pud.org/files/b010914bc/Packet.pdf>
  - [https://www.gd-pud.org/files/2f0417141/2020.01.14\\_Board+Packet+Section+One.pdf](https://www.gd-pud.org/files/2f0417141/2020.01.14_Board+Packet+Section+One.pdf)

3

## OVERVIEW OF RATE STUDY

- Adopted December 12, 2017
  - <https://www.gd-pud.org/2017-water-rate-update>
  - [https://www.gd-pud.org/files/372b406f1/2017.12.12\\_6A\\_ATT%25201\\_Rate%2520Study%2520Final%2520Analysis.pdf](https://www.gd-pud.org/files/372b406f1/2017.12.12_6A_ATT%25201_Rate%2520Study%2520Final%2520Analysis.pdf)

4



## ADOPTED 2020 TREATED WATER RATE INCREASE

- **\$2.83 per month average bill increase**
  - \$1.47 per month increase in base charge
    - $(\$29.41 \times 0.05)$
  - \$1.36 per month increase in usage charge
    - $[2,100 \text{ cf} \times (\$0.0255 \times 0.05)] \times 1/2$

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## ADOPTED 2020 IRRIGATION RATE INCREASE

- Irrigation Water Rates Increase by 10%
  - **\$15.40 per month per miner's inch increase**
  - \$154.20/mo. per MI to \$169.60/mo. per MI
    - \$0.00233 per cf to \$0.00257 per cf

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## RECOMMENDED VS ADOPTED RATE REVENUE

	Year One (2018)		Year Two (2019)		Year Five (2022)	
	Recommended	Adopted	Recommended	Adopted	Recommended	Adopted
<b>Treated</b>	\$3,169,350	\$2,676,333	\$3,352,764	\$2,838,472	\$3,924,733	\$3,335,081
<b>Irrigation</b>	\$1,107,650	\$ 479,543	\$1,218,415	\$ 527,497	\$1,621,711	\$ 702,099
<b>Total</b>	\$4,277,000	\$3,155,876	\$4,571,179	\$3,365,969	\$5,546,444	\$4,037,180
<b>Annual Shortfall</b>	\$1,121,124		\$1,205,210		\$1,509,264	

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## RATE REVENUE

Calendar Year	Revenue		
	Actual	1 Year Rate Freeze	Adopted Rates
<b>2018</b>	\$3,221,358	\$3,155,876	\$3,155,876
<b>2019</b>	\$3,078,250	\$3,155,876	\$3,365,969
<b>Total</b>	\$6,299,608	\$6,311,752	\$6,521,845

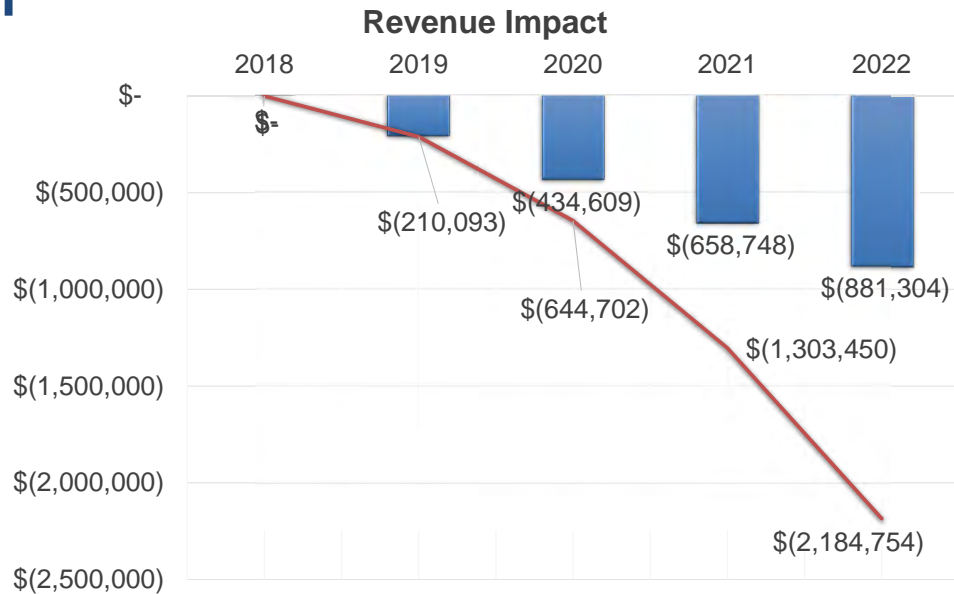
8

## RATE REVENUE WITH MULTI YEAR FREEZE

Calendar Year	Water Rate Revenue (\$)				
	Adopted Rates	1 Year Rate Freeze	2 Year Rate Freeze	3 Year Rate Freeze	4 Year Rate Freeze
2018	3,155,876	3,155,876	3,155,876	3,155,876	3,155,876
2019	3,365,969	3,155,876	3,155,876	3,155,876	3,155,876
2020	3,590,485	3,365,969	3,155,876	3,155,876	3,155,876
2021	3,814,624	3,590,485	3,365,969	3,155,876	3,155,876
2022	4,037,180	3,814,624	3,590,485	3,365,969	3,155,876
<b>Total</b>	<b>17,964,134</b>	<b>17,082,830</b>	<b>16,424,082</b>	<b>15,989,473</b>	<b>15,779,380</b>
<b>Lost Revenue</b>	<b>--</b>	<b>(881,304)</b>	<b>(1,540,052)</b>	<b>(1,974,661)</b>	<b>(2,184,754)</b>

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## IMPACT



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## **IMPACT**

### Near Term

- Reduce FY19/20 Budget Revenue by \$112,000
- Reduce FY19/20 budgeted transfer of \$1,492,825 to Capital Reserves by \$112,000.
- Reduce revenue by \$224,516 for calendar 2020
  - Total lost revenue of \$434,609 during calendar year 2020.

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## **IMPACT**

### Long Term

- Additional total revenue reduction of \$658,748 calendar year 2020-2022
  - Total lost revenue of \$1,540,052 including 2019 water rate freeze
- Delay planned capital improvement projects
  - Treated water line replacements
  - Upcountry ditch rehabilitation

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## WATER OPERATING REVENUES (1) (2)

	FY18/19 BUDGET	FY18/19 ACTUAL <sup>(3)</sup>	FY19/20 BUDGET	FY19/20 YTD <sup>(6)</sup>
Treated Water Sales – Res	\$2,381,907	\$2,411,551	\$2,900,000 <sup>(4)</sup>	\$1,513,807 <sup>(4)</sup>
Treated Water Sales - Comm	304,393	315,496	10,000 <sup>(5)</sup>	6,541 <sup>(5)</sup>
Irrigation Water Sales	480,000	416,369	436,179	245,901
Penalties	46,000	53,323	46,000	26,072
<b>Total</b>	<b>\$3,212,300</b>	<b>\$3,196,739</b>	<b>\$3,392,179</b>	<b>\$1,792,321</b>

1. Net of adjustments, including irrigation water service disruption credits, low income rate assistance credits, leakage adjustments.
2. Excluding supplemental charge for ALT loan and connection fees
3. Annual Financial Report by LSL
4. Includes commercial water sales, except construction water meters
5. Construction water meters only
6. December 31, 2019

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## WATER NON-OPERATING REVENUES (1)

	FY18/19 BUDGET	FY18/19 ACTUAL <sup>(2)</sup>	FY19/20 BUDGET	FY19/20 YTD <sup>(4)</sup>
Property Taxes	\$1,660,000	\$1,657,978	\$1,720,000	\$0
Interest Income	10,500	201,685 <sup>(5)</sup>	52,100	26,220
Leases <sup>(3)</sup>	105,500	132,847	89,551	43,925
Hydroelectric <sup>(6)</sup>	45,000	173,896	60,000	30,432
SMUD <sup>(6)</sup>	110,900	111,613	110,900	1,039
<b>Total</b>	<b>\$1,891,613</b>	<b>\$2,278,019</b>	<b>\$2,032,551</b>	<b>\$101,616</b>

1. Unrestricted
2. Annual Financial Report by LSL
3. Verizon, AT&T, Cal.Net, etc.
4. December 31, 2019
5. Excluding portion allocated to wastewater
6. Board has designated that these funds are for future obligations

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## WATER OPERATING EXPENSES

FY18/19 BUDGET	FY18/19 ACTUAL <sup>(1)</sup>	FY19/20 BUDGET	FY19/20 YTD <sup>(3)</sup>
\$4,310,804 <sup>(2)</sup>	\$4,157,754 <sup>(2)</sup>	\$4,631,956	\$2,408,506

1. Preliminary
2. Excluding low income rate assistance program
3. Draft - December 31, 2019

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**Proposed Budget**  
*Fund Summary*  
Fiscal Year 2019-2020  
June 4, 2019

Description	Beginning Balance	Revenues	Expenses	Ending Balance
<b><u>10 - GENERAL FUND</u></b>				
<i>Revenue</i>				
Water operating revenue	\$ -	\$ 3,401,832	\$ -	\$ -
Non-operating revenue		1,861,651		
Supplemental charge		648,923		
<i>Total revenue</i>	<u>\$ -</u>	<u>\$ 5,912,406</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Expenses</i>				
5100 - Source of Supply	\$ -	\$ -	\$ 395,376	\$ -
5200 - Raw Water			803,628	
5300 - Water Treatment			721,543	
5400 - Treated Water			702,582	
5500 - Customer Service			346,184	
5600 - Admin			1,641,863	
Low Income Rate Assistance Program (Property Tax)			35,000	
<i>Total expenses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,646,176</u>	<u>\$ -</u>
<i>Transfers</i>				
Transfer supplemental charge to SRF Loan Fund			\$ 648,923	
Transfer from Operating to Capital Reserve (Fund 43)			1,492,825	
<i>Total Transfers</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,141,748</u>	<u>\$ -</u>
<b>TOTAL GENERAL FUND</b>	<u><b>\$ 2,450,742</b></u>	<u><b>\$ 5,912,406</b></u>	<u><b>\$ 6,787,923</b></u>	<u><b>\$ 1,575,225</b></u>
<b><u>40 - ALT ZONE FUND</u></b>				
<i>Revenue</i>				
Wastewater operating revenue	\$ -	\$ 190,500	\$ -	\$ -
<i>Total revenue</i>	<u>\$ -</u>	<u>\$ 190,500</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Expenses</i>				
6700 - Zone	\$ -	\$ -	\$ 294,505	\$ -
<i>Total expenses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,505</u>	<u>\$ -</u>
<b>TOTAL ALT ZONE FUND</b>	<u><b>\$ 1,032,472</b></u>	<u><b>\$ 190,500</b></u>	<u><b>\$ 294,505</b></u>	<u><b>\$ 928,468</b></u>
<b>GRAND TOTAL REVENUES AND EXPENSES</b>	<u><b>\$ 3,483,215</b></u>	<u><b>\$ 6,102,906</b></u>	<u><b>\$ 7,082,429</b></u>	<u><b>\$ 2,503,693</b></u>
<b><u>UNRESTRICTED RESERVE FUNDS</u></b>				
08 - SMUD	\$ 307,710	\$ 110,900	\$ -	\$ 418,610
19 - Stumpy Meadows	1,064,692	13,454	-	1,078,146
24 - ALT Capital Reserve	190,814	-	190,814	(0)
30 - Small Hydro	691,887	60,000	-	751,887
43 - Capital Reserve	1,094,935	1,492,825	905,185 (A)	1,682,575
<b>TOTAL UNRESTRICTED RESERVE FUNDS</b>	<u><b>\$ 3,350,037</b></u>	<u><b>\$ 1,677,179</b></u>	<u><b>\$ 1,095,999</b></u>	<u><b>\$ 3,931,217</b></u>

**Note:**

**(A) - Capital Reserve Fund 43 Expenditures decreased by \$481,250 to reflect Board direction to postpone funding for meter replacement project until FY20/21**

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**RATE FREEZE ANALYSIS 01/29/2020**  
*Fund Summary*  
Fiscal Year 2019-2020

Description	Beginning Balance	Revenues	Expenses	Ending Balance
<b>10 - GENERAL FUND</b>				
<i>Revenue</i>				
Water operating revenue	\$ -	\$ 3,178,165 (D)	\$ -	\$ -
Non-operating revenue		1,861,651		
Supplemental charge		648,923		
<i>Total revenue</i>	<u>\$ -</u>	<u>\$ 5,688,739</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Expenses</i>				
5100 - Source of Supply	\$ -	\$ -	\$ 395,376	\$ -
5200 - Raw Water			803,628	
5300 - Water Treatment			742,323 (B)	
5400 - Treated Water			702,582	
5500 - Customer Service			346,184	
5600 - Admin			1,641,863	
Low Income Rate Assistance Program (Property Tax)			35,000	
<i>Total expenses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,666,956 (B)</u>	<u>\$ -</u>
<i>Transfers</i>				
Transfer supplemental charge to SRF Loan Fund			\$ 648,923	
Transfer from Operating to Capital Reserve (Fund 43)			1,380,825	
<i>Total Transfers</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,029,748</u>	<u>\$ -</u>
<b>TOTAL GENERAL FUND</b>	<u><b>\$ 2,450,742</b></u>	<u><b>\$ 5,688,739</b></u>	<u><b>\$ 6,696,703 (B)</b></u>	<u><b>\$ 1,442,778</b></u>
<b>40 - ALT ZONE FUND</b>				
<i>Revenue</i>				
Wastewater operating revenue	\$ -	\$ 190,500	\$ -	\$ -
<i>Total revenue</i>	<u>\$ -</u>	<u>\$ 190,500</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Expenses</i>				
6700 - Zone	\$ -	\$ -	\$ 294,505	\$ -
<i>Total expenses</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,505</u>	<u>\$ -</u>
<b>TOTAL ALT ZONE FUND</b>	<u><b>\$ 1,032,472</b></u>	<u><b>\$ 190,500</b></u>	<u><b>\$ 294,505</b></u>	<u><b>\$ 928,468</b></u>
<b>GRAND TOTAL REVENUES AND EXPENSES</b>	<u><b>\$ 3,483,215</b></u>	<u><b>\$ 5,879,239</b></u>	<u><b>\$ 6,991,209 (B)</b></u>	<u><b>\$ 2,371,246</b></u>
<b>UNRESTRICTED RESERVE FUNDS</b>				
08 - SMUD	\$ 307,710	\$ 110,900	\$ -	\$ 418,610
19 - Stumpy Meadows	1,064,692	13,454	-	1,078,146
24 - ALT Capital Reserve	190,814	-	190,814	(0)
30 - Small Hydro	691,887	60,000	-	751,887
43 - Capital Reserve	1,094,935	1,380,825	1,147,202 (C)	1,328,558
<b>TOTAL UNRESTRICTED RESERVE FUNDS</b>	<u><b>\$ 3,350,037</b></u>	<u><b>\$ 1,565,179</b></u>	<u><b>\$ 1,338,016</b></u>	<u><b>\$ 3,577,200</b></u>

**Note (B):** Increase of \$20,780 approved by Board on August 13, 2019 for new state water sampling requirement

**(C):** Increase from \$905,185 as approved by Board for ALT WTP & 2018 Main Canal Reliability Projects

**(D):** Reduce revenue due to potential rate freeze



**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**Proposed Budget**

*Summary of Restricted Funds*

Fiscal Year 2019-2020

Fund	Beginning Fund Balance	Revenues	Expenses	Ending Fund Balance
<b>RESTRICTED FUNDS (3) (4) (5)</b>				
09 CABY Grant	\$ (518,601)	518,601	-	\$ (0)
14 Stewart Mine	\$ (8,232)	-	-	\$ (8,232)
17 Water Development	\$ 412,296	4,960	-	\$ 417,256
20 ALT Fund (6)	\$ 1,585,624	1,716,047	1,067,124	\$ 2,234,547
29 State Revolving Fund	\$ 21,702	-	-	\$ 21,702
37 Garden Valley Water Improvement District	\$ 108,814	-	-	\$ 108,814
39 Capital Facility Charges	\$ 1,694,217	-	862,500	\$ 831,717
41 ALT Tank Replacement and Loan	\$ 44,902	-	-	\$ 44,902
42 ALT Community Disposal Service Reserve	\$ 153,088	-	58,500	\$ 94,588
51 Kelsey North Assessment District	\$ 21,385	-	-	\$ 21,385

**Notes:**

- (3) Restricted funds are those whose usage are legally restricted for specific purposes
- (4) Retiree fund (12) is not shown to avoid duplicate budget
- (5) State Revolving Fund Fund 29 expenses include \$2,296 per month for existing SRF Loan for Walton WTP
- (6) ALT Fund includes supplemental charge revenue, a portion of ALT WTP construction expenses, and SRF loan draws for ALT WTP

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**RATE FREEZE ANALYSIS 01/29/2020**  
*Summary of Restricted Funds*  
Fiscal Year 2019-2020

Fund	Beginning Fund Balance	Revenues	Expenses	Ending Fund Balance
<b>RESTRICTED FUNDS (3) (4) (5)</b>				
09 CABY Grant	\$ (518,601)	518,601	-	\$ (0)
14 Stewart Mine	\$ (8,232)	-	-	\$ (8,232)
17 Water Development	\$ 412,296	4,960	-	\$ 417,256
20 ALT Fund (6)	\$ 1,585,624	1,716,047	1,067,124	\$ 2,234,547
29 State Revolving Fund	\$ 21,702	-	-	\$ 21,702
37 Garden Valley Water Improvement District	\$ 108,814	-	-	\$ 108,814
39 Capital Facility Charges	\$ 1,694,217	-	1,404,553 (E)	\$ 289,664
41 ALT Tank Replacement and Loan	\$ 44,902	-	-	\$ 44,902
42 ALT Community Disposal Service Reserve	\$ 153,088	-	58,500	\$ 94,588
51 Kelsey North Assessment District	\$ 21,385	-	-	\$ 21,385

**Notes:**

- (3) Restricted funds are those whose usage are legally restricted for specific purposes
- (4) Retiree fund (12) is not shown to avoid duplicate budget
- (5) State Revolving Fund Fund 29 expenses include \$2,296 per month for existing SRF Loan for Walton WTP
- (6) ALT Fund includes supplemental charge revenue, a portion of ALT WTP construction expenses, and SRF loan draws for ALT WTP
- (E) Increase to \$1,404,553 as approved by Board for ALT WTP & 2018 Main Canal Reliability Projects

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**Proposed Budget**

*Revenue Summary*

Fiscal Year 2019-20

Description	FY 2017-18 Actual	FY 2018-19 Adopted	FY 2018-19 Projected	FY 2019-20 Proposed
<b>WATER OPERATING REVENUE</b>				
Water Sales				
Residential	\$ 1,862,227	\$ 2,381,907	\$ 2,558,900	\$ 2,900,000
Commercial/Construction	260,936	304,393	354,855	10,000
Irrigation	317,330	480,000	419,072	436,179
Penalties	46,739	46,000	45,625	46,000
Other (2)	10,951	10,436	9,368	9,653
	\$ 2,498,183	\$ 3,222,736	\$ 3,387,819	\$ 3,401,832
<b>WATER NON-OPERATING REVENUE</b>				
Property taxes	1,577,792	1,660,000	1,655,400	1,720,000
Interest Income	18,884	10,500	52,225	52,100
Leases	73,023	105,500	90,388	89,551
Sale of Assets				
Other	291,035	-	66,915	-
	\$ 1,960,734	\$ 1,776,000	\$ 1,864,928	\$ 1,861,651
Supplemental Charge (1)	657,545	648,923	648,923	648,923
	\$ 5,116,462	\$ 5,647,659	\$ 5,901,671	\$ 5,912,406
<b>WASTEWATER OPERATING REVENUE</b>				
Zone charges	313,315	391,600	313,327	150,500
Escrow fees	28,725	25,100	19,733	28,000
Septic design fees	2,400	2,700	800	3,000
Interest income	10,581	7,200	10,624	9,000
Other	-	-	-	-
	\$ 355,021	\$ 426,600	\$ 344,484	\$ 190,500
	<b>\$ 5,471,483</b>	<b>\$ 6,074,259</b>	<b>\$ 6,246,155</b>	<b>\$ 6,102,906</b>

**Notes:**

- (1) Supplemental charge revenue can only be used to fund the State Revolving Fund loan
- (2) Other revenue are connection fees

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**RATE FREEZE ANALYSIS 01/29/2020**  
*Revenue Summary*  
Fiscal Year 2019-20

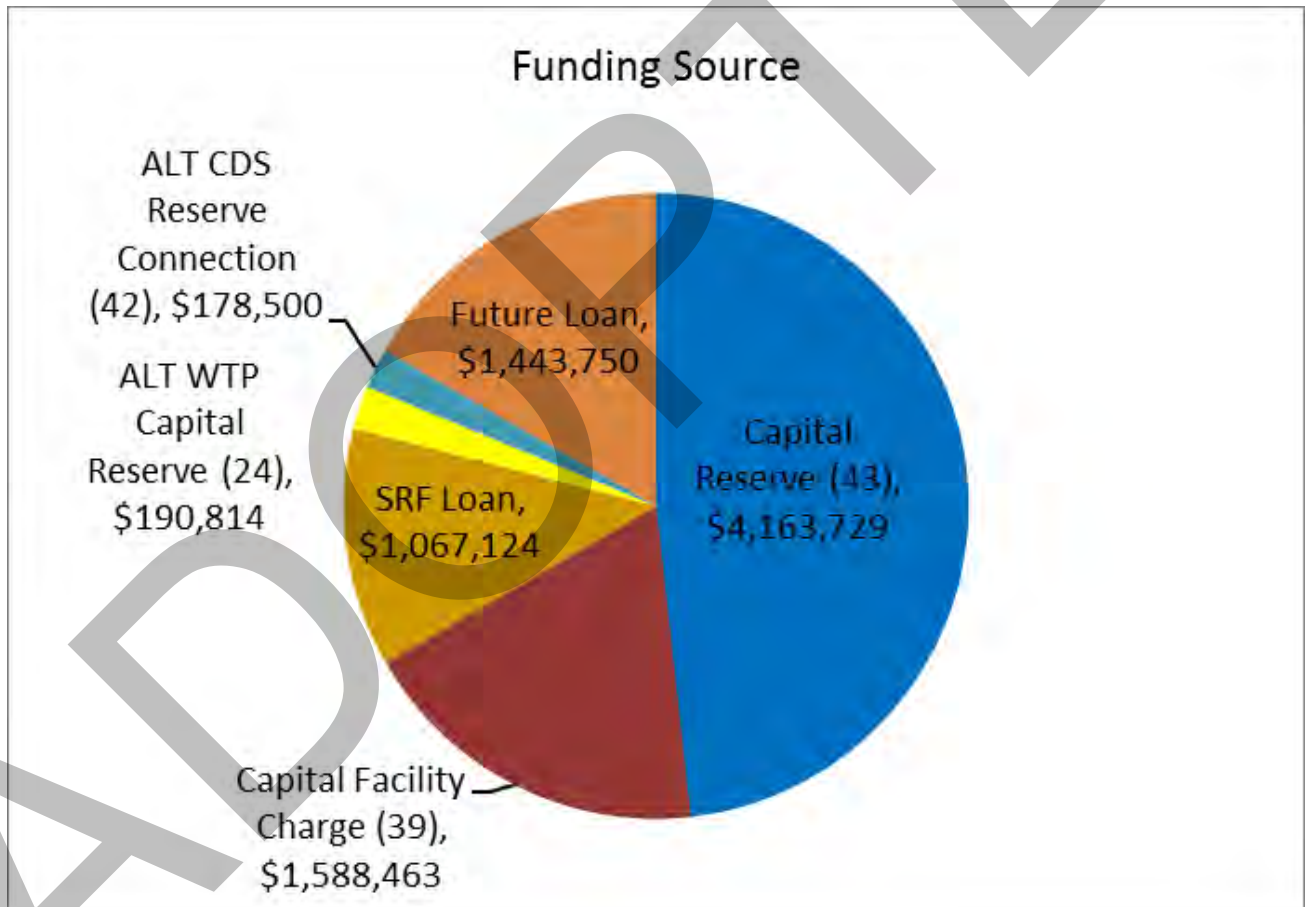
Description	FY 2017-18 Actual	FY 2018-19 Adopted	FY 2018-19 Projected	FY 2019-20 RATE FREEZE
<b>WATER OPERATING REVENUE</b>				
Water Sales				
Residential	\$ 1,862,227	\$ 2,381,907	\$ 2,558,900	\$ 2,676,333
Commercial/Construction	260,936	304,393	354,855	10,000
Irrigation	317,330	480,000	419,072	436,179
Penalties	46,739	46,000	45,625	46,000
Other (2)	10,951	10,436	9,368	9,653
	<u>\$ 2,498,183</u>	<u>\$ 3,222,736</u>	<u>\$ 3,387,819</u>	<u>\$ 3,178,165</u>
<b>WATER NON-OPERATING REVENUE</b>				
Property taxes	1,577,792	1,660,000	1,655,400	1,720,000
Interest Income	18,884	10,500	52,225	52,100
Leases	73,023	105,500	90,388	89,551
Sale of Assets				
Other	291,035	-	66,915	-
	<u>\$ 1,960,734</u>	<u>\$ 1,776,000</u>	<u>\$ 1,864,928</u>	<u>\$ 1,861,651</u>
Supplemental Charge (1)	657,545	648,923	648,923	648,923
	<u>\$ 5,116,462</u>	<u>\$ 5,647,659</u>	<u>\$ 5,901,671</u>	<u>\$ 5,688,739</u>
<b>WASTEWATER OPERATING REVENUE</b>				
Zone charges	313,315	391,600	313,327	150,500
Escrow fees	28,725	25,100	19,733	28,000
Septic design fees	2,400	2,700	800	3,000
Interest income	10,581	7,200	10,624	9,000
Other	-	-	-	-
	<u>\$ 355,021</u>	<u>\$ 426,600</u>	<u>\$ 344,484</u>	<u>\$ 190,500</u>
	<u>\$ 5,471,483</u>	<u>\$ 6,074,259</u>	<u>\$ 6,246,155</u>	<u>\$ 5,879,239</u>

Notes:

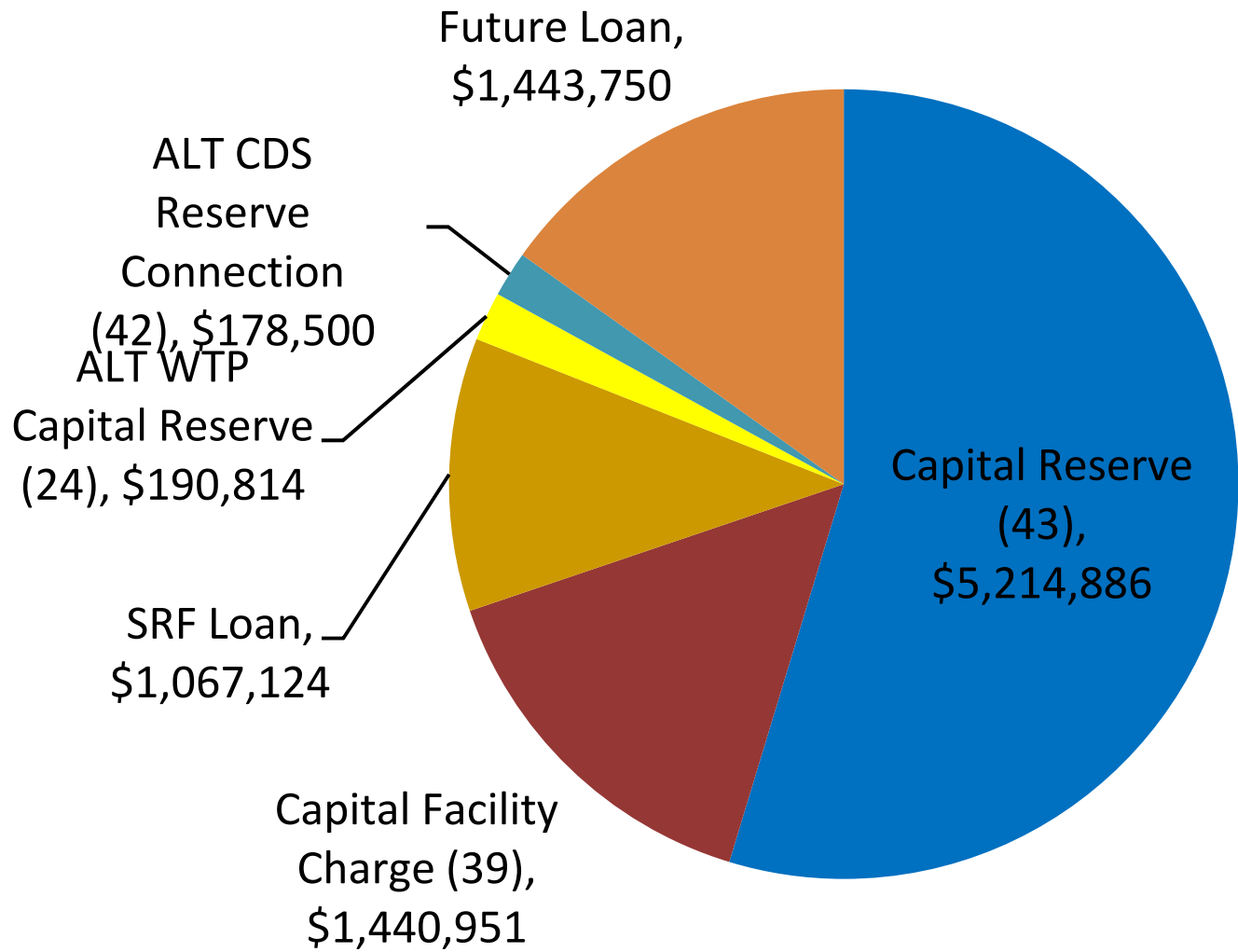
- (1) Supplemental charge revenue can only be used to fund the State Revolving Fund loan  
(2) Other revenue are connection fees

Fund	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	TOTAL 2019-2024
Capital Reserve	\$ 905,185	\$1,039,587	\$1,021,685	\$372,550	\$824,722	\$4,163,729
Capital Facility Charge	\$ 862,500	\$329,213	\$396,750	\$0	\$0	\$1,588,463
ALT WTP Capital Reserve	\$ 190,814	\$0	\$0	\$0	\$0	\$ 190,814
SRF Loan	\$1,067,124	\$0	\$0	\$0	\$0	\$1,067,124
Future Loan	\$0	\$1,443,750	\$0	\$0	\$0	\$1,443,750
ALT CDS Reserve	\$ 58,500	\$ 120,000	\$0	\$0	\$0	\$ 175,000
<b>Total</b>	<b>\$3,084,123</b>	<b>\$2,932,550</b>	<b>\$1,418,435</b>	<b>\$372,550</b>	<b>\$824,722</b>	<b>\$8,632,380</b>

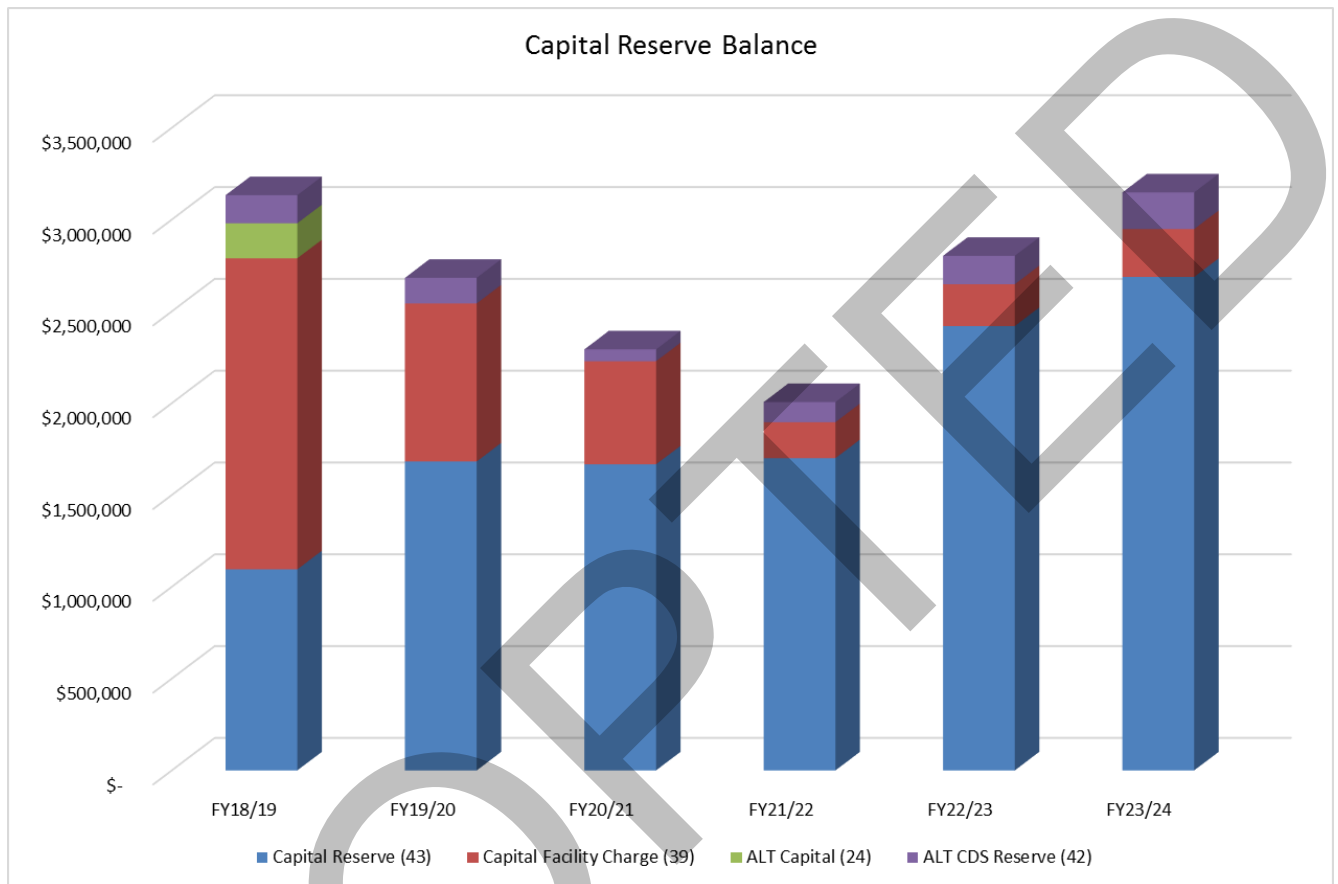
The following chart illustrates funding sources for all five fiscal years in the CIP.



# Funding Source



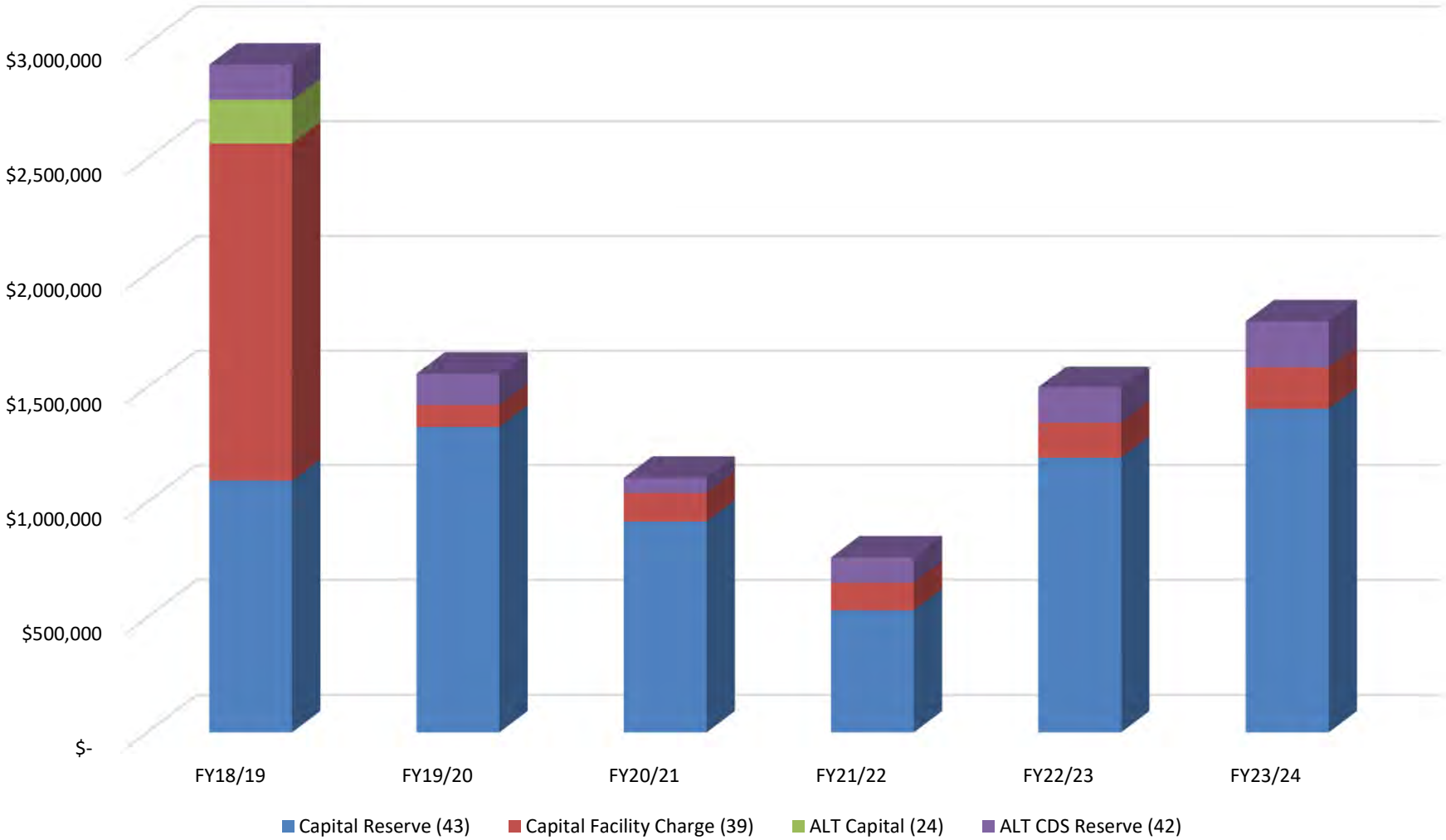
The last chart depicts end of year fund balance projections for capital reserve funds. These are based on Fiscal Year 2018/2019 end of year projected fund balances, and the spending plan as outlined in this CIP.



#### IV. Project Summary

Capital improvement projects programmed in the 2019/2020 to 2023/2024 Capital Improvement Plan are listed below. A project is only listed if there is funding programmed during Fiscal Year 2019/20 through Fiscal Year 2023/24. Detailed project costs estimates with expenditure plans for each project listed below are included in Appendix A.

### Capital Reserve Balance with 2020 Rate Freeze





## ANALYSIS OF REVENUES

2017 Irrigation Water per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2017	
Number of customers								388
Total volume of water sold (miners inch)								614.5
Annual revenue derived from water sold		\$ 87,571.98	\$ (458.16)	\$ 138,312.98	\$ 8,118.68			\$ 233,545.48
Average annual volume of water per customer								
Average annual revenue per customers								
2018 Irrigation Water per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2018	
Number of customers			394	392	395			
Total volume of water sold (miners inch)								562.5
Annual revenue derived from water sold		\$ 160,976.68	\$ 11,667.72	\$ 251,593.94	\$ (290.96)			\$ 423,947.38
Average annual volume of water per customer								
Average annual revenue per customers								
2019 Irrigation Water per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2019	
Number of customers			378	373	369			
Total volume of water sold (miners inch)								540
Annual revenue derived from water sold	\$ (0.66)	\$ 166,675.20	\$ (1,608.06)	\$ 239,810.42	\$ 6,090.80			\$ 410,967.70
Average annual volume of water per customer								
Average annual revenue per customers								
Change Irrigation Water per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec		
Number of customers								
Total volume of water sold (miners inch)								
Annual revenue derived from water sold								
Average annual volume of water per customer								
Average annual revenue per customers								
2017 Treated Water Per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2017	
Number of customers	3626	3627	3633	3643	3638	3638		3634
Total volume of water sold	4772329	4122443	10170337	14907229	11638896	4975991		50587225
Annual revenue derived from water sold	\$ 201,085.26	\$ 185,474.69	\$ 295,576.39	\$ 374,624.39	\$ 330,438.28	\$ 194,374.37		\$ 1,581,573.38
Average annual volume of water per customer								
Average annual revenue per customers								
2018 Treated Water Per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2018	
Number of customers	3821	3767	3766	3756	3751	3749		3768
Total volume of water sold	5540937	5090705	10302170	15873005	12145590	7634997		56587404
Annual revenue derived from water sold	\$ 375,182.24	\$ 353,043.92	\$ 487,607.39	\$ 628,855.80	\$ 532,271.57	\$ 413,926.37		\$ 2,790,887.29
Average annual volume of water per customer								
Average annual revenue per customers								
2019 Treated Water Per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec	EOY 2019	
Number of customers	3746	3744	3741	3745	3745	3747		3745
Total volume of water sold	5340966	5075121	8870013	14962440	12100498	7090158		53439196
Annual revenue derived from water sold	\$ 359,703.27	\$ 350,049.86	\$ 434,394.32	\$ 592,202.20	\$ 517,845.96	\$ 403,758.14		\$ 2,657,953.75
Average annual volume of water per customer								
Average annual revenue per customers								
Change Treated Water Per Calendar Year								
	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec		
Number of customers								
Total volume of water sold								
Annual revenue derived from water sold								
Average annual volume of water per customer								
Average annual revenue per customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes: 1. Revenue is net of adjustments to revenue. For example irrigation water service disruption credits, low income rate assistance credits, leakage adjustments.