

AGENDA

Paradise Irrigation District Finance Committee Meeting 6332 Clark Road, Paradise, CA 95969

FRIDAY, MAY 14, 2021 – 1:00 PM

Committee Members: Directors Alan Hinman and Marc Sulik
PID Staff: Ross Gilb, Tom Lando, Mickey Rich
Public Members: Gary Ledbetter, Steven Oehler

- ❖ *In accordance with California Governor Gavin Newsom's Executive Order (EO) N-29-20 relating to the convening of public meetings in response to the COVID-19 pandemic, the Paradise Irrigation District will be closing the Board of Directors Meeting to members of the public and non-essential District staff. The following options are available for members of the public to participate in the meeting:*

Via Zoom Meeting: <https://us02web.zoom.us/j/88192841237>

Telephone: +1 669 900 6833 US (San Jose)

Meeting ID: 881 9284 1237

To improve participation during the meeting, we will be accepting public comments from Zoom Meeting participants during the meeting. The Board cannot take action on any matter not on the agenda. Public comments specific to an agenda item will be read directly after the agenda item and before the Board votes on an item.

Via Email or Telephone: Public comment will be accepted by email with the subject line PUBLIC COMMENT ITEM NO. ____ to gborrayo@paradisairrigation.com or telephone (530) 876-2039 prior to 12:00 p.m. on the day of the meeting.

AGENDA:

1. Opening

2. Public Participation

This is the time for members of the audience to present items not on the Agenda. No action can be taken on these items, but they may be placed on future agendas for consideration. Comments should be limited to a maximum of five minutes duration. If more time is needed, communication may be submitted in writing to committee members, or placed on the agenda for a future committee meeting.

3. Informational discussion with Heidi Elick with Paradise Investments regarding investment advisor services. (Director Hinman)

(Pg. 2-12) 4. Budget Discussion for Fiscal Year 2021/2022 (Ross Gilb): Review outline of budget concepts for the revenue, operating, and capital budget amounts for fiscal year 2021/2022.

(Pg. 13-40) 5. Auditing Services (Ross Gilb): Review of proposals received from certified public accounting firms to audit the District's financial statements for the next three fiscal years ending June 30, 2021, 2022, and 2023 for recommendation to the Board of Directors.

(Pg. 41-60) 6. Investment Advisory Services (Mickey Rich / Ross Gilb): Review of Request for Proposals for distribution to receive proposals to consider external investment advisor services.

7. Adjournment



Paradise Irrigation District

6332 Clark Rd, Paradise, CA 95969 · 530-877-4971 · Fax: 530-876-0483 · www.pidwater.com

Budget Projection FY 2021-22

1. **Overview:** As of March 31, 2021, the District's total cash position was \$12,426,362. Through the end of FY 2021-22, the District's total cash position is projected to decrease by approximately \$999,000, to \$11,427,096.
2. **Operational Highlights**
 - a. **Operating Revenue:** Operating revenue in total is projected to decrease due to the District's discontinuation of the Interim Water program as the District begins the project of permanently installing water meters and backflow devices. However, water revenues are expected to increase slightly due to the projected continuation of rebuilding in the Town of Paradise and clearing of contaminated service laterals to return customers to active service.
 - b. **Operating Expenses:** Total operating expenses are projected to increase by approximately \$168,000 compared to the prior year. This projected increase is largely due to staffing changes made during FY2020-21 and additional staffing changes that are projected to be made during FY2021-22.
 - c. **Debt Service:** Debt service payments are expected to decrease slightly as compared to prior year.
 - d. **Net Decrease in Operational Cash:** The net decrease in operational cash is expected to increase by approximately \$530,800 as compared to prior year, due to the decrease in operating revenue and increase in operating expenses described above.
3. **Recovery Funding Highlights**
 - a. **FEMA / CalOES Reimbursements:** The majority of the District's recovery related projects are projected to be grant funded through the FEMA public assistance process at a 75% federal cost share rate, and an additional 18.75% state cost share rate, less insurance proceeds.
 - b. **Insurance:** Insurance proceeds are projected based on the remaining claims outstanding as of April 2021, primarily relating to the District's meter replacement claim. Outstanding insurance claims are expected to be finalized during FY2021-22.
 - c. **ASADRA Grant Application:** The District has submitted an application package through the Additional Supplemental Appropriations for Disaster Relief Act (ASADRA) program, which includes the Almond Street Pipeline Replacement project and the local share of currently obligated FEMA permanent work projects, including the service lateral replacement, main line repair / replacement, meter replacement, and B Reservoir projects.

- d. **PG&E Locating Reimbursements:** At the September 2019 special meeting, the Board of Directors approved the District Manager to execute an agreement with Utilquest for underground locator services and with PG&E to fund the Utilquest contract. Reimbursements from PG&E are projected to match expenses related to Utilquest underground locating services.

4. Recovery Related Expenditures Highlights

- a. **Materials and Services / Professional Services:** A substantial number of recovery related projects are expected to begin and ramp up during FY 2021-22. This will result in increased recovery related spending during the coming fiscal year.
- b. **Water Sampling:** The cost of water sampling is projected to decrease significantly compared to the prior year as the District has substantially completed the number of water samples expected to be needed to prove damage relating to the FEMA public assistance process and is planning to only continue the District's water monitoring sampling process to ensure ongoing potability of water.

Paradise Irrigation District
FY 2021/22 Budget Projection
Financial Summary

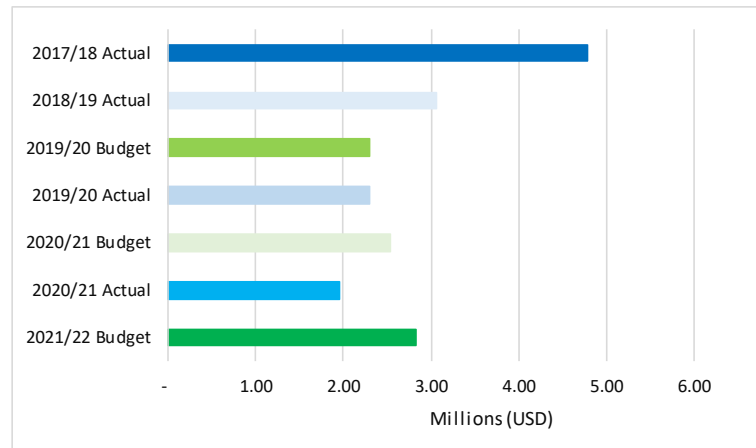
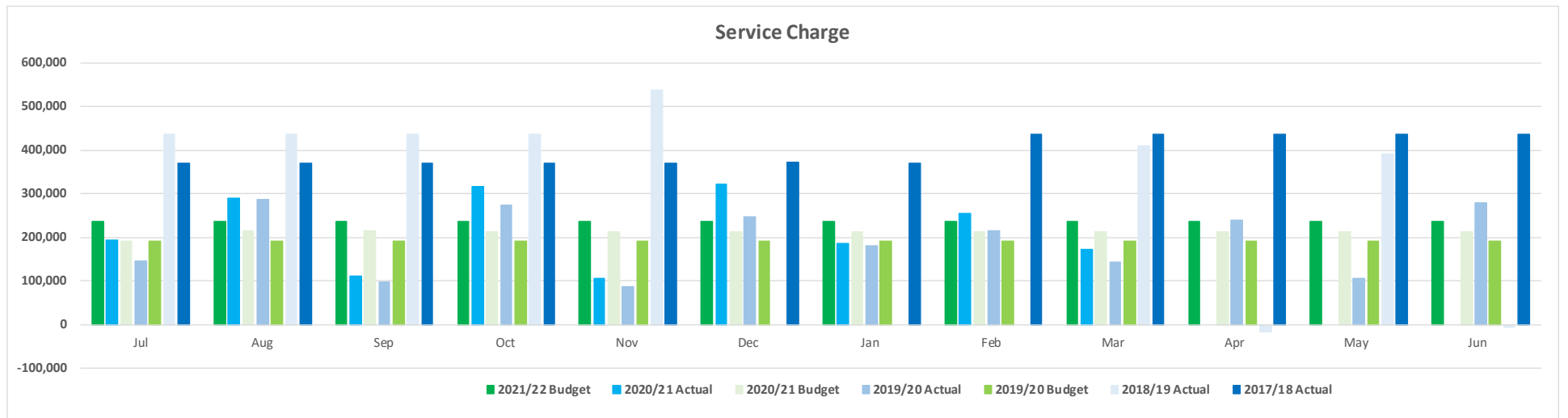
	2018/19 Actual	2019/20 Budget Update	2019/20 Actual	2020/21 Budget Update	2020/21 Actual YTD 03/31/21	2021/22 Estimate
REVENUES:						
Water Sales	5,365,105	2,301,554	2,311,794	2,534,844	1,951,169	2,831,866
Outside Water Sales	68,689	100,000	105,338	100,000	115,740	100,000
Other	652,634	1,019,240	1,060,600	616,160	488,774	84,180
Interest	12,760	60,000	93,111	60,000	73,655	35,000
Taxes - 1%	286,826	300,000	380,185	250,000	354,959	250,000
FMV Gain/Loss - Securities	1,031	-	(427)	-	(319)	-
Grant Rev	-	25,500	25,500	25,000	24,777	-
Inc-Save-A-Can/Buy-A-Fish	747	-	-	-	-	-
Inc-Capacity Fees	35,008	13,000	16,252	150,000	150,403	-
Revenue - PFD	73,308	50,000	54,372	50,000	51,550	50,000
Total Revenue	6,496,107	3,869,294	4,046,725	3,786,004	3,210,707	3,351,046
EXPENDITURES:						
Operating	4,990,364	6,051,705	5,260,887	6,140,640	3,917,165	6,308,913
Pipeline	290,729	-	-	-	-	-
Debt Service	609,108	841,723	841,723	936,174	813,805	813,805
PFD	8,414	-	34,043	-	57,704	50,000
Total Expenditures	5,898,615	6,893,427	6,136,653	7,076,814	4,788,674	7,172,719
Increase/(Decrease) in Cash before Recovery, Debt Proceeds, and Capital Improvements	597,493	(3,024,133)	(2,089,927)	(3,290,810)	(1,577,966)	(3,821,673)
Debt Proceeds	-	-	76,922	-	-	-
Increase/(Decrease) in Cash before Recovery and Capital Improvements	597,493	(3,024,133)	(2,013,005)	(3,290,810)	(1,577,966)	(3,821,673)
FEMA Reimbursements	1,217,402	2,625,000	159,961	3,386,630	2,390,485	14,814,163
Insurance Proceeds	1,350,000	4,080,000	4,084,707	5,000,000	2,031,669	3,000,000
State Funding	-	7,374,000	7,374,330	7,374,000	7,374,330	-
Other Recovery Grants	-	-	-	-	-	10,487,108
PGE Locating Reimbursements	-	150,000	-	300,000	59,627	300,000
Cash Available for Recovery/Capital Projects	2,567,402	14,229,000	11,618,998	16,060,630	11,856,111	28,601,271
	3,164,895	11,204,867	9,605,993	12,769,820	10,278,144	24,779,598
Major Capital/Recovery Projects	(2,378,529)	(6,450,000)	(6,414,054)	(10,620,272)	(4,808,845)	(25,372,162)
Minor Capital Projects	-	-	-	(649,541)	(278,673)	(406,702)
Increase/(Decrease) in Cash	786,365	4,754,867	3,191,938	1,500,007	5,190,626	(999,266)
Beginning Cash Balance	3,257,432	4,043,797	4,043,797	7,235,736	7,235,736	12,426,362
Ending Cash Balance	4,043,797	8,798,664	7,235,736	8,735,743	12,426,362	11,427,096

Paradise Irrigation District
FY 2021/22 Budget Projection
Revenue Summary

	FY 2018/19 Actual	FY 2019/20 Estimate Update	FY 2019/20 Actual	FY 2020/21 Estimate Update	FY 2021/22 Actual YTD 03/31/21	FY 2021/22 Estimate
<u>General Fund/Operating</u>						
Water - Service	3,755,354	2,295,054	2,303,549	2,534,844	1,951,073	2,831,866
Water - Consumption	1,587,485	-	(918)	-	(44)	-
Water - Fees & Adjustments	22,266	6,500	9,164	-	140	-
Outside Water Sales	68,689	100,000	105,338	100,000	115,740	100,000
Meter Revenue	265,156	861,300	868,678	510,300	326,158	-
Recreation & Boating Permits	22,778	10,000	17,508	-	165	-
Backflow Check	20,527	4,000	560	-	-	-
Rents	9,392	15,180	15,496	24,180	16,120	24,180
Revenue - Surplus Property	273,233	-	-	-	-	-
Escrow Fees	-	5,000	-	-	-	-
Custom Work/PFD Reimbursement	15,125	123,760	83,973	81,680	86,873	60,000
Misc	46,424	-	74,386	-	59,458	-
Total Operating Income	6,086,428	3,420,794	3,477,732	3,251,004	2,555,683	3,016,046
<u>Special Revenue Fund</u>						
Capital Improvement Program						
Taxes - 1%	286,826	300,000	380,185	250,000	354,959	250,000
Interest	12,760	60,000	93,111	60,000	73,655	35,000
FMV Gain/Loss - Securities	1,031	-	(427)	-	(319)	-
Inc-Capacity Fees	35,008	13,000	16,252	150,000	150,403	-
RDA Reimbursement	-	-	-	-	-	-
Grant	-	25,500	25,500	25,000	24,777	-
Inc-Save-A-Can/Buy-A-Fish	747	-	-	-	-	-
Total Capital Improvement	336,371	398,500	514,621	485,000	603,475	285,000
<u>Debt Service Fund</u>						
Inc-Assessment Res (PID Share)	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
<u>Recovery Proceeds</u>						
State Backfill Funding	-	7,374,000	7,374,330	7,374,000	7,374,330	-
FEMA Reimbursements	1,217,402	2,625,000	159,961	3,386,630	2,390,485	14,814,163
Insurance Proceeds	1,350,000	4,080,000	4,084,707	5,000,000	2,031,669	3,000,000
Other Recovery Grants	-	-	-	-	-	10,487,108
PGE Locating Reimbursements	-	150,000	-	300,000	59,627	300,000
Total Recovery Proceeds	2,567,402	14,229,000	11,618,998	16,060,630	11,856,111	28,601,271
<u>PFD</u>						
Revenue - PFD	73,308	50,000	54,372	50,000	51,550	50,000
Total PFD	73,308	50,000	54,372	50,000	51,550	50,000
Total Revenue	9,063,509	18,098,294	15,665,723	19,846,634	15,066,818	31,952,316

Paradise Irrigation District
FY 2021/22 Budget Projection
Water Service Revenue

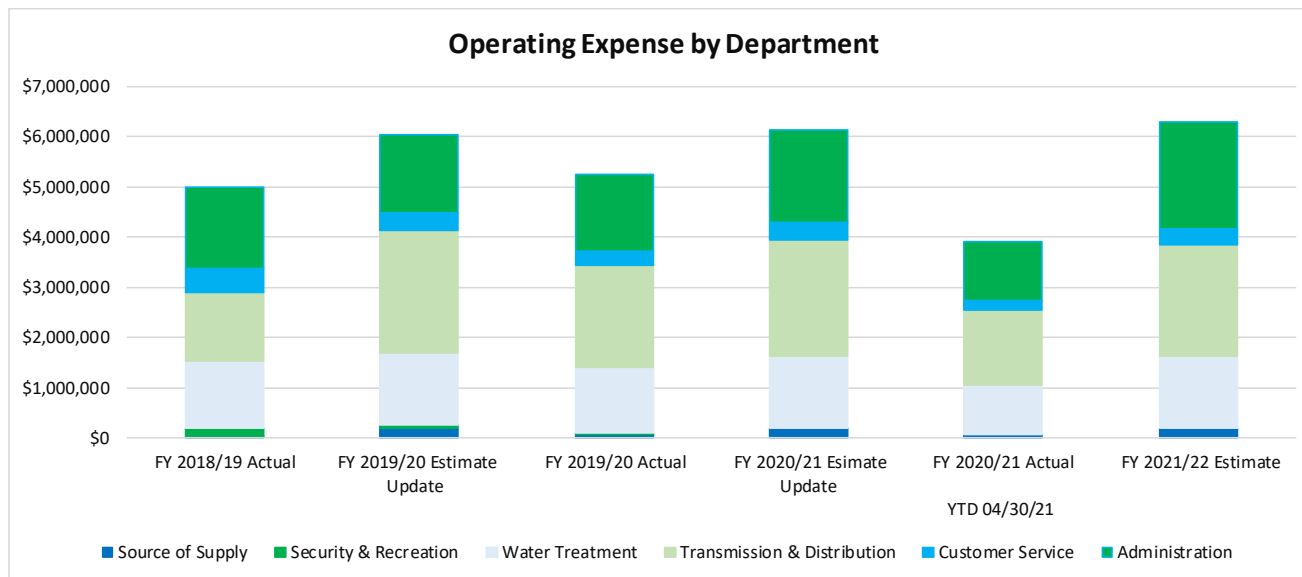
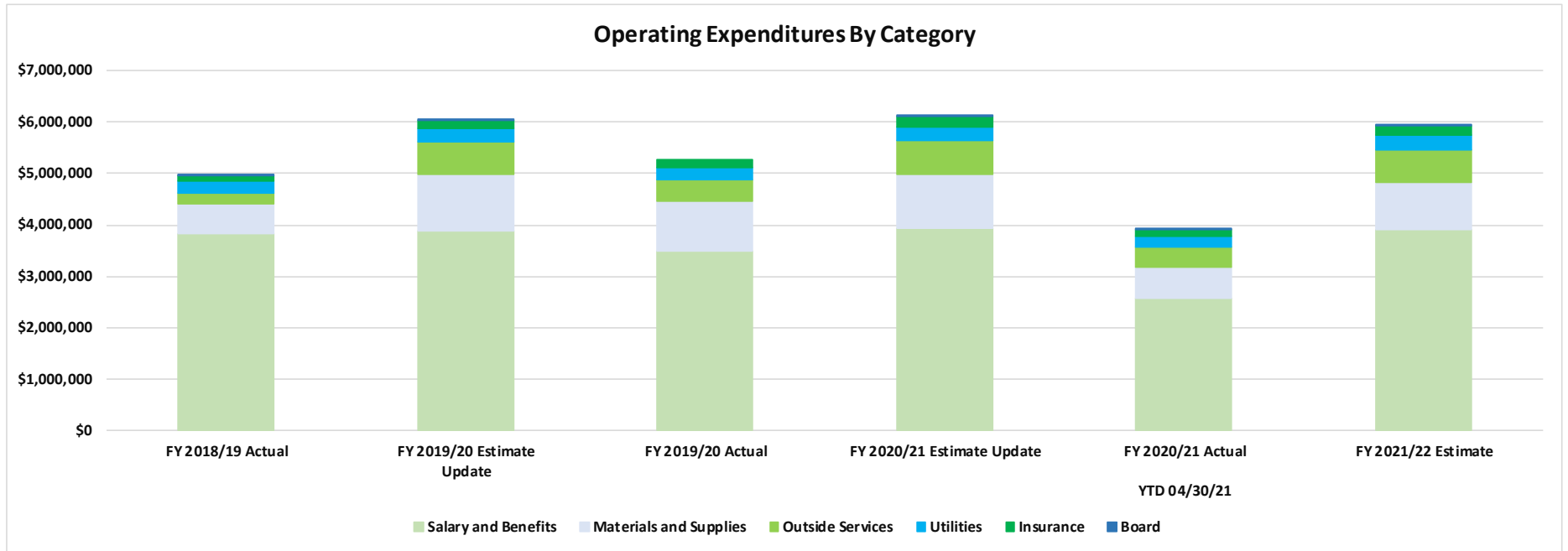
Service Charge													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year to Date Totals
2021/22 Budget	235,399	235,506	235,613	235,721	235,828	235,935	236,042	236,150	236,257	236,364	236,471	236,579	2,831,865.90
2020/21 Actual	193,720	290,783	109,841	315,359	106,350	321,169	185,908	254,983	172,961	-	-	-	1,951,072.92
2020/21 Budget	191,231	214,131	213,916	213,701	213,486	213,271	213,056	212,841	212,626	212,411	212,196	211,981	2,534,844.00
2019/20 Actual	146,493	286,942	98,612	272,781	87,686	248,389	179,279	216,405	141,754	240,075	106,832	278,303	2,303,548.94
2019/20 Budget	191,260	191,259	191,258	191,257	191,256	191,255	191,254	191,253	191,252	191,251	191,250	191,249	2,295,054.00
2018/19 Actual	436,393	436,643	436,274	436,719	537,251	-	-	-	410,684	(17,050)	391,672	(7,798)	3,060,788.73
2017/18 Actual	370,414	371,214	370,772	371,237	370,130	371,681	371,421	436,336	436,123	436,035	435,797	435,719	4,776,879.94



Paradise Irrigation District
FY 2021/22 Budget Projection
Operational Expense Summary

	FY 2018/19 Actual	FY 2019/20 Estimate Update	FY 2019/20 Actual	FY 2020/21 Estimate Update	FY 2020/21 Actual YTD 03/31/21	FY 2021/22 Estimate
Source of Supply						
Salary and Benefits	3,568	-	-	-	-	-
Materials and Supplies	29,461	26,500	-	30,000	2,589	30,000
Outside Services	3,926	177,070	77,476	173,000	82,385	175,000
Utilities	5,294	3,100	344	-	-	-
Insurance	-	-	-	-	-	-
Total Source and Supply	42,249	206,670	77,819	203,000	84,974	205,000
Security & Recreation						
Salary and Benefits	143,483	45,000	40,777	-	-	-
Materials and Supplies	554	4,200	-	-	-	-
Outside Services	1,925	4,350	36	-	-	-
Utilities	3,890	2,700	1,724	-	-	-
Insurance	-	1,565	1,500	-	-	-
Total Security & Recreation	149,851	57,815	44,036	-	-	-
Water Treatment						
Salary and Benefits	1,006,757	941,949	912,991	933,541	734,066	945,190
Materials and Supplies	196,599	231,900	180,761	251,100	69,911	250,000
Outside Services	29,931	71,250	45,341	69,000	36,672	69,000
Utilities	117,886	153,300	128,510	149,300	109,629	150,000
Insurance	-	17,740	17,000	25,500	17,500	25,000
Total Water Treatment	1,351,173	1,416,139	1,284,603	1,428,441	967,778	1,439,190
Transmission & Distribution						
Salary and Benefits	1,117,209	1,689,933	1,324,018	1,615,118	953,440	1,645,784
Materials and Supplies	168,200	614,500	595,674	541,500	405,968	400,000
Outside Services	18,567	34,900	35,038	51,750	40,761	35,000
Utilities	64,467	80,600	60,227	71,200	56,868	71,200
Insurance	-	26,778	26,000	45,000	31,000	45,000
Total Transmission and Distribution	1,368,444	2,446,712	2,040,957	2,324,568	1,488,038	2,196,984
Customer Service						
Salary and Benefits	467,799	341,606	272,357	331,826	185,652	300,295
Materials and Supplies	5,132	7,000	1,264	500	-	500
Outside Services	3,121	10,000	5,943	5,000	5,937	6,000
Utilities	-	-	-	-	-	-
Insurance	-	11,936	11,500	18,750	12,900	18,750
Total Customer Service	476,051	370,542	291,064	356,076	204,490	325,545
Administration						
Salary and Benefits - Admin Staff	1,095,804	859,948	951,621	1,037,866	700,102	1,313,595
Salary and Benefits - Board	-	-	-	16,638	14,644	4,800
Materials and Supplies	168,585	228,000	182,912	220,300	124,219	220,300
Outside Services	158,974	314,550	249,141	358,250	208,387	430,000
Utilities	49,935	47,039	57,580	56,000	53,078	56,000
Insurance	107,607	86,890	81,155	102,500	59,733	102,500
Board Expenses	21,691	17,400	-	37,000	11,722	15,000
Total Administration	1,602,596	1,553,826	1,522,408	1,828,554	1,171,885	2,142,195

Paradise Irrigation District
FY 2021/22 Budget Projection
Operational Expense Summary



Paradise Irrigation District
FY 2021/22 Budget Projection
Debt Service

Loan Name	FY 2017/18 Actual Total Payments	FY 2018/19 Actual Total Payments	FY 2019/20 Estimated Total Payments	FY 2019/20 Actual Total Payments	FY 2020/21 Estimated Total Payments Update	FY 2020/21 Actual Total Payments	FY 2021/22 Estimated Total Payments
2009 COP's	538,047	-	-	-	-	-	-
IBANK	130,240	130,202	-	-	-	-	-
2016 Private Placement (Refi)	244,874	148,325	246,002	246,002	340,587	218,218	244,059
2017 Private Placement (Refi)	75,192	330,580	595,721	595,721	595,587	595,587	852,186
New Debt	-	-	-	-	-	-	-
Total	988,353	609,108	841,723	841,723	936,174	813,805	813,805

Outstanding Debt (as of 03/31/21)

- **iBank:** \$1,035,645
- **2016 Private Placement Refi (Capital One):** \$1,766,000
- **2017 Private Placement Refi (BB&T):** \$1,979,500
- Total** \$4,781,145

Paradise Irrigation District
FY 2021/22 Budget Projection
Recovery Related Expense Summary

	FY 2018/19 Actual	FY 2019/20 Estimate Update	FY 2019/20 Actual	FY 2020/21 Estimate	FY 2020/21 Estimate Update	FY 2020/21 Actual YTD 03/31/21	FY 2021/22 Estimate
<u>Materials and Supplies</u>							
Supplies and Services	714,209	2,500,000	2,222,142	8,531,148	7,990,272	2,910,709	23,397,162
<u>Outside Services</u>							
Professional Services/Engineering	1,309,242	3,450,000	3,790,370	1,500,000	2,480,000	1,810,744	1,875,000
Water Sampling	147,345	500,000	401,542	500,000	150,000	87,392	100,000
Totals	2,170,796	6,450,000	6,414,054	10,531,148	10,620,272	4,808,845	25,372,162

Recovery Related Expense Summary

- A substantial number of recovery related projects are expected to begin and ramp up during FY 2021-22. This will result in increased recovery related spending during the coming fiscal year.
- The majority of these recovery related projects are expected to be funded through a combination of FEMA Public Assistance, insurance proceeds, and the District's Additional Supplemental Appropriations for Disaster Relief Act (ASADRA) grant application. These funding sources will be critical to the District's continuation of the scheduled projects included in the Major and Minor Capital Projects plan.

Paradise Irrigation District
FY 2021/22 Budget Projection
Major Capital Projects

Major Capital Project List	Project Cost Estimate Details	Cost Estimate Summary
Service Lateral Replacement (94496)		45,854,811
- 4,070 Service Laterals (428)	29,229,847	
- 4,070 Testing (428)	6,002,963	
- 4,070 Project Management (428)	7,630,000	
- 4,070 PID Force Account Replacement (428)	2,992,001	
Backflow Preventers		3,924,269
- 4,070 Backflow Preventers (428)	2,213,623	
- 4,070 Backflow Preventers Project Management (428)	990,374	
- 4,070 Backflow Preventers (PID Force Account) (428)	720,272	
Water Meters, Housing Boxes, and AMI System - Replacement Cost (94494)		5,792,542
- 4,562 Water Meters & AMI Infrastructure (428)	1,818,267	
- 4,562 Meter Housing Boxes (428)	334,117	
- 4,562 Meter Testing (428)	397,408	
- 4,562 Meter Project Mgmt / Construction Mgmt (428)	2,250,850	
- 4,562 Meter PID Project Support (428)	991,900	
Water Meters, Housing Boxes, and AMI System - Hazard Mitigation (94494)		658,257
- 4,562 Water Meters & AMI Infrastructure - 406 HM Meter - Plastic to Brass (428)	(609,576)	
- 4,562 Water Meters & AMI Infrastructure - 406 HM Meter - PID Support (428)	500,528	
- 4,562 Water Meters & AMI Infrastructure - 406 HM Meter - Project Mgmt (428)	688,226	
- 4,562 Meter Housing Boxes - 406 HM Concrete (428)	79,079	
Main Line Replacement (79,466 LF Based on VOC Sampling to Date) (130152)		29,543,360
- Water Main Repair (428)	23,439,360	
- Project Management / Construction Management (428)	3,815,000	
- PID Project Support (428)	2,289,000	
B Reservoir - Temporary Facilities (76334)		3,356,361
B Reservoir - Dual 1.5M GAL Steel Tank (76334)		9,330,000
Contaminant Testing - 2020/21		100,000
Water Works Recovery Project Support		1,400,000
APTIM Public Assistance Consulting Support		322,194
PGE Locating Services		300,000
Subtotal		100,581,794

Major Capital Project List	Cost Estimate Summary
A-Zone Feed - Pump Station and Pipeline at Treatment Plant	4,580,000
Wash Water Equalization Tank Replacement & Second Tank Addition	1,000,000
Treatment Plant Generator and Transfer Switch Replacement	1,000,000
Tanks C, D, E Coating Repair & A Tank/Raw Water Tank Cathodic	750,000
Plant SCADA System & Instrumentation Upgrade	650,000
Bleach Tanks Relocation	600,000
42" Creek Crossing Relocation Project	375,000
Out-of-service Cathodic Protection System (CPS) evaluation & CPS	300,000
Treatment Plant Pavement Rehabilitation	245,000
Total Major Capital Projects	110,081,794

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
6,014,380	6,194,811	6,375,243	6,555,674	6,736,106	6,856,538	7,122,059
522,620	538,299	553,978	569,656	585,335	601,013	553,368
2,539,475	542,178	542,178	542,178	542,178	542,178	542,178
288,583	61,612	61,612	61,612	61,612	61,612	61,612
4,517,333	3,988,160	4,104,320	4,220,480	4,336,640	4,452,800	3,923,627
2,517,271	839,090					
6,997,500	2,332,500					
100,000						
1,400,000						
175,000	147,194					
300,000						
25,372,162	14,643,845	11,637,331	11,949,601	12,261,871	12,514,142	12,202,844

Funding Sources
FEMA 428, PID Local Share
FEMA 428, PID Local Share
Insurance, FEMA 428, PID Local Share
FEMA 428, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
Insurance, FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
FEMA Management Costs
PG&E

Funding Sources
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD
Timeframe & Funding Sources: TBD

Paradise Irrigation District
FY 2021/22 Budget Projection
Minor Capital Projects

Minor Capital Project List	Cost Estimate Summary
Equipment Replacement	
- Mini Excavator	82,319
Upgrade Server Software (Priority 1)	10,000
Automated Offsite Data Backup (Priority 2)	5,000
Office Printer/Copier/Fax Machine Replacement	15,000
IT Equipment Replacement / Maintenance	50,000
Debris Removal (84011)	10,210
Road Damage Repair (104401)	773,771
Henson Road Culvert Replacement (94415)	134,173
Fencing (94422)	100,000
Total Minor Capital Projects List	1,180,473

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
82,319						
10,000						
5,000						
15,000						
50,000						
10,210						
	773,771					
134,173						
100,000						
406,702	773,771	-	-	-	-	-

Funding Sources
Insurance (\$413,500 Total Received)
PID
PID
PID
FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share
FEMA, CalOES, PG&E, PID Local Share

Agenda Item 5 (Pages 13-40)
Auditing Services for FYE June 30, 2021, 2022 and 2023

Paradise Irrigation District - Audit RFP - FYE June 30, 2021, 2022, 2023
Proposal Cost Summary

Brown Armstrong Certified Public Accountants
Fechter & Company
Fedak & Brown LLP
Harshwal & Company LLP
Mann Urrutia Nelson CPAs
Smith & Newell CPAs
Vasquez & Company LLP

Year 1			Year 2			Year 3			3 Year Total		
FS Audit	Single Audit	Total	FS Audit	Single Audit	Total	FS Audit	Single Audit	Total	FS Audit	Single Audit	Total
19,500	Included	19,500	19,500	Included	19,500	19,500	Included	19,500	58,500	-	58,500
16,000	2,700	18,700	16,400	2,700	19,100	16,809	2,700	19,509	49,209	8,100	57,309
18,775	4,550	23,325	18,775	4,550	23,325	18,775	4,550	23,325	56,325	13,650	69,975
12,870	3,000	15,870	12,870	3,000	15,870	12,870	3,000	15,870	38,610	9,000	47,610
21,600	4,100	25,700	21,600	4,100	25,700	21,600	4,100	25,700	64,800	12,300	77,100
16,380	4,500	20,880	16,870	4,500	21,370	17,375	4,650	22,025	50,625	13,650	64,275
16,000	Not Specified	16,000	16,400	Not Specified	16,400	16,810	Not Specified	16,810	49,210	Not Specified	49,210

**Paradise Irrigation District - Audit RFP - FYE June 30, 2021, 2022, 2023
Proposal Evaluation Summary**

	Brown Armstrong Certified Public Accountants	Fechter & Company	Fedak & Brown LLP	Harshwal & Company LLP	Mann Urrutia Nelson CPAs	Smith & Newell CPAs	Vasquez & Company LLP
	Bakersfield	Sacramento	Cypress	Oakland	Sacramento	Yuba City	Glendale
Category	Eric Xin	Craig Fechter	Christopher Brown	Sanwar Harshwal	Justin Williams	Normal Newell	Roger Martinez
	<u>661-324-4971</u>	<u>916-333-5360</u>	<u>657-214-2307</u>	<u>858-784-1622</u>	<u>916-929-0540</u>	<u>530-673-9790</u>	<u>213-873-1703</u>
Date of Proposal	May 7, 2021	May 7, 2021	May 6, 2021	May 5, 2021	May 5, 2021	May 4, 2021	May 7, 2021
Irrevocable Offer - May 7, 2021	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Includes Single Audit Cost	Yes	Yes	Yes	Yes	Yes	Yes	No
Guarantee - Appendix C	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Warranties - Appendix D	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Areas of gov't. specialization	47 yrs total, gov't., special dist, 5+ water dist. , Cities, Other Gov't, non-profit	16 yrs total, gov't., special dist, 12+ water dist. , Cities, Other Gov't, non-profit	40 yrs total, gov't., special dist, 48+ water dist. , Cities, Other Gov't, non-profit	12 yrs total, gov't., special dist, 0+ water dist. , Cities, Other Gov't, non-profit	18 yrs total, gov't., special dist, 10+ water dist. , Cities, Other Gov't, non-profit	33 yrs total, gov't., special dist, 9+ water dist. , Cities, Other Gov't, non-profit	50 yrs total, gov't., special dist, 9+ water dist. , Cities, Other Gov't, non-profit
Staff Qualifications	54 employees, 9 partners 36 Audit Staff	5 employees, 4 CPA's	Adequate Personnel Assigned 3 accountants, 2 clerical	20 employees, 1 partner, 20 Audit Staff	60 total	8 employees, 2 partners 6 Audit Staff	88 employees, 7 partners 84 Audit Staff
Evaluation Criteria - Mandatory Elements	OK	OK	OK	OK	OK	OK	OK
Recent Peer Audit - Int Controls	6/27/2019	9/27/2018	4/29/2019	2/25/2021	6/28/2019	11/28/2018	3/25/2020
Technical Quality							
Expertise & Experience							
Prior gov't. experience	very good	very good	very good	very good	very good	very good	very good
Prior water experience	very good	excellent	excellent	N/A	excellent	very good	very good
Quality of personnel	excellent	excellent	excellent	excellent	excellent	very good	very good
Audit Approach	169 hours	160 hours	160 hours	130 hours	152 hours	191 hours	202 hours
Staff planning	very good	very good	very good	very good	very good	very good	very good
Sampling techniques	very good	very good	very good	very good	very good	very good	very good
Analytical procedures	very good	very good	very good	very good	very good	very good	very good
GASB Knowledge	very good	very good	very good	very good	very good	very good	very good
TOTAL TECHNICAL POINTS	50 points	55 points	55 points	45 points	55 points	45 points	45 points
TOTAL PRICING POINTS (Pg 2)	36 points	38 points	32 points	40 points	30 points	34 points	40 points
TOTAL EVALUATION POINTS	86 points	93 points	87 points	85 points	80 points	79 points	85 points

Prep 05/10/21

PARADISE IRRIGATION DISTRICT
REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

Paradise Irrigation District ("District") is requesting proposals from qualified certified public accounting firms to audit its general-purpose financial statements for the next three fiscal years ending June 30, 2021, 2022, and 2023. These audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, the current Single Audit Act Amendments (the Single Audit Act), the State Controller's Minimum Audit Requirements for California Special Districts and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

To be considered, a proposal must be received by Ross Gilb, Treasurer by mail or delivered to Paradise Irrigation District, 6332 Clark Road, Paradise, CA 95969-4146, by 3:00 p.m. by Friday, May 7, 2021. The District reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by the District's Treasurer, Manager and Finance Committee who in turn will recommend the selection of an auditor to the District's Board of Directors.

During the evaluation process, the Finance Committee and the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Paradise Irrigation District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals ("RFP"), unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

It is anticipated the selection of a firm will be completed by May 19, 2021. Following the notification of the selected firm, it is expected a contract will be executed between both parties by May 31, 2021.

B. Term of Engagement

A three-year contract is contemplated, subject to the **annual review** and recommendation of the Finance Committee and satisfactory annual presentation to the

District's Board, the satisfactory negotiation of an annual engagement letter with any additional terms (including a price acceptable to both the District and the selected firm), the concurrence of the Paradise Irrigation District Board of Directors and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified certified public accounting firms to audit its financial statements for the three fiscal years ending June 30, 2021, 2022, and 2023. These audits are to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be Performed

The Paradise Irrigation District desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The Paradise Irrigation District also desires the auditor to prepare and perform a Single Audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) and render the appropriate reports and opinions as required by the Single Audit Act, OMB Uniform Grant Guidance/Super Circular, Government Auditing Standards and any other applicable standards or requirements.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with the standards set forth in Section I. A. of this RFP.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements
3. A Single Audit report along with appropriate reports and opinions as required by the Single Audit Act, OMB Uniform Grant Guidance/Super Circular, Government Auditing Standards and any other applicable standards or requirements.

In the required report(s) on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition

shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, the following conditions shall be considered reportable:

Reportable conditions that are also material weaknesses shall be identified as such in the report. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the District's Finance Committee.

Reporting to the District Finance Committee. Auditors shall assure themselves that the District's Finance Committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the District.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE PARADISE IRRIGATION DISTRICT

A. Name and Telephone Number of Contact Person/Location of Offices.

The auditor's principal contact with the Paradise Irrigation District will be Ross Gilb, Treasurer, at District Office, 6332 Clark Road, Paradise, California 95969-4146, or by telephone at (530) 877-4971 or a designated representative, who will coordinate the assistance to be provided by the District to the auditor.

B. Background Information

The District serves an area of approximately 18 square miles with a pre-population of approximately 26,000. Post-fire, the population is approximately 4,600 at this time. The District's fiscal year begins on July 1 and ends on June 30.

The District provides water service for residential, commercial/industrial, irrigation and fire protection.

The District has a total annual payroll of \$3,500,000 covering roughly 35 employees.

The District is organized into three basic operational areas: office/administration, water treatment plant facilities, and transmission/distribution fieldwork. The accounting and financial reporting functions of the District are centralized.

The District's primary source of federal funds is currently reimbursements from the Federal Emergency Management Agency relating to recovery efforts associated with the 2018 Camp Fire.

More detailed information on the District and its finances can be found in the District's annual budget, annual financial reports, and other documents available online at www.pidwater.com

C. Pension Plans

The Paradise Irrigation District participates in a deferred contribution retirement plan for its employees.

D. Magnitude of Finance Operations

The Office Manager and Finance and Accounting Manager supervises the finance personnel on a day-to-day basis.

E. Computer Systems

The District's computer system utilizes a P.C. Network with Windows 10 as its operating system. Tyler Technologies, Lubbock, TX (800-646-2633) provides the software modules for the utility billing, finance, human resources, and inventory/cost accounting functions.

F. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review available information should contact Georgeanna Borrayo, District Secretary at the District office. The District will use its best efforts to make prior audit reports and other information available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

B. CONTRACT DATES

Request for Proposal issued	April 6, 2021
Due Date for Proposals	May 7, 2021
Selection of Auditor by Board	May 19, 2021
Selection Firm Notified	May 20, 2021
Contract Date	May 31, 2021

C. AUDIT DATES

Date Audit Usually Commences	Last Week in June
Observation of Inventory	July 1 st
Fieldwork typically commences	3 rd week in October
Audit Presentation	3 rd Wednesday of December

D. After award of the contract, the District will meet with the selected firm to establish a schedule for the proposed work. The schedule will include deadlines for the following work:

1. Interim Work

2. Detailed Audit Plan - This plan will consist of both a detailed audit plan and a list of all schedules to be prepared by the District
3. Draft Reports - The auditor shall have drafts of the audit report and recommendations to management available for review by the District Treasurer and the Finance Committee in late September of each year.
4. Final Report - It is anticipated that the Final Report will be presented to the Board by the third Wednesday in October of each year.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Treasurer and Finance Department Staff

The Treasurer and Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the combined responsibility of both the auditor and the District. In addition, a reasonable amount of clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Work Area, Telephones, Photocopying, FAX Machines, and Wireless Internet

The District will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities, FAX machines, and wireless internet as necessary.

C. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor. Such printing shall consist of twenty-five bound copies and at least two unbound copies.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Upon request, representatives of the various departments within the District will be available to discuss their operations and conduct on-site inspections for interested proposers.
2. Inquiries

Inquiries concerning the RFP and the subject of the RFP must be made to:

Ross Gilb, Treasurer
Paradise Irrigation District

6332 Clark Road
Paradise, CA 95969-4146
(530) 876-2046 or rgilb@paradiseirrigation.com

3. Submission of Proposals

The following material is required to be received by 3:00 p.m. Friday, May 7, 2021 for a proposing firm to be considered:

a. An original Technical Proposal to include the following:

i. Title Page

Title page showing the RFP subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer through June 19, 2021.

iii. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this RFP.

iv. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix C and Appendix D)

b. The proposer shall submit an original dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL FOR
PARADISE IRRIGATION DISTRICT
FOR
PROFESSIONAL AUDITING SERVICES
June 30, 2021, 2022, & 2023

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Ross Gilb, Treasurer
Paradise Irrigation District
6332 Clark Road
Paradise, CA 95969-4146
(530) 876-2046 or rgilb@paradiseirrigation.com

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the RFP **(excluding any cost information which should only be included in the sealed dollar cost bid)**. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. **While additional data may be presented, the following subjects, items No. 2 through 9, must be included.** They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the District as defined by auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

3. License to Practice in the State of California.

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed or registered to practice in the State of

California.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's audit staff, listing of water entities audited and/or special district audited, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the Paradise Irrigation District

List separately all engagements within the last five years, for the District by type of engagement.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the District's internal control structure
- f. Approach to be taken to ascertain any fraudulent activities within the District's structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit

problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal for each of three fiscal years. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the District.
- c. A summary of the Total All-Inclusive Maximum Price for each of the fiscal years ending June 30, 2021, 2022, and 2023.

2. Rates by Partner, Manager, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix E) that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid in the format provided in the attachment (Appendix E). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for the District to request the auditor to render any

additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between District and the firm. Any such additional work agreed to between District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Two progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. The final payment (a minimum of thirty percent (30%)) of the total contract will be made within thirty (30) days after presentation of the firm's final reports to the Board of Directors.

VII. EVALUATION PROCEDURES

A. A Review of Proposals

The District will use a point formula during the review process to score proposals by each of the criteria described in Section VII.B. During this process, firms with an unacceptably low technical score will be eliminated from further consideration.

After the technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price is normally assigned to the firm offering the lowest, most reasonable, total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The District reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of California

- b. The firm has no conflict of interest with regard to any other work performed by the firm for the District
- c. The firm adheres to the instructions in this RFP for preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report (peer review) and the firm has a record of quality audit work
- e. The firm has recently audited a minimum of three existing water entities acceptable to the District

2. Technical Quality: (Maximum Points - 60)

- a. Expertise and Experience
 - (1) The firm's past experience and performance on comparable government engagements
 - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- b. Audit Approach
 - (1) Adequacy of proposed staffing plan for various segments of the engagement
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures

3. Price: (Maximum Points - 40)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

C. Oral Presentations

During the evaluation process, the District may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the District or its Finance Committee members may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The Paradise Irrigation District Board of Directors will select a firm based upon the recommendation of the District staff and Finance Committee.

It is anticipated the selection of a firm will be completed by May 19, 2021. Following the notification of the selected firm, it is expected a contract will be executed between both parties by May 31, 2021.

E. Right to Reject Proposals

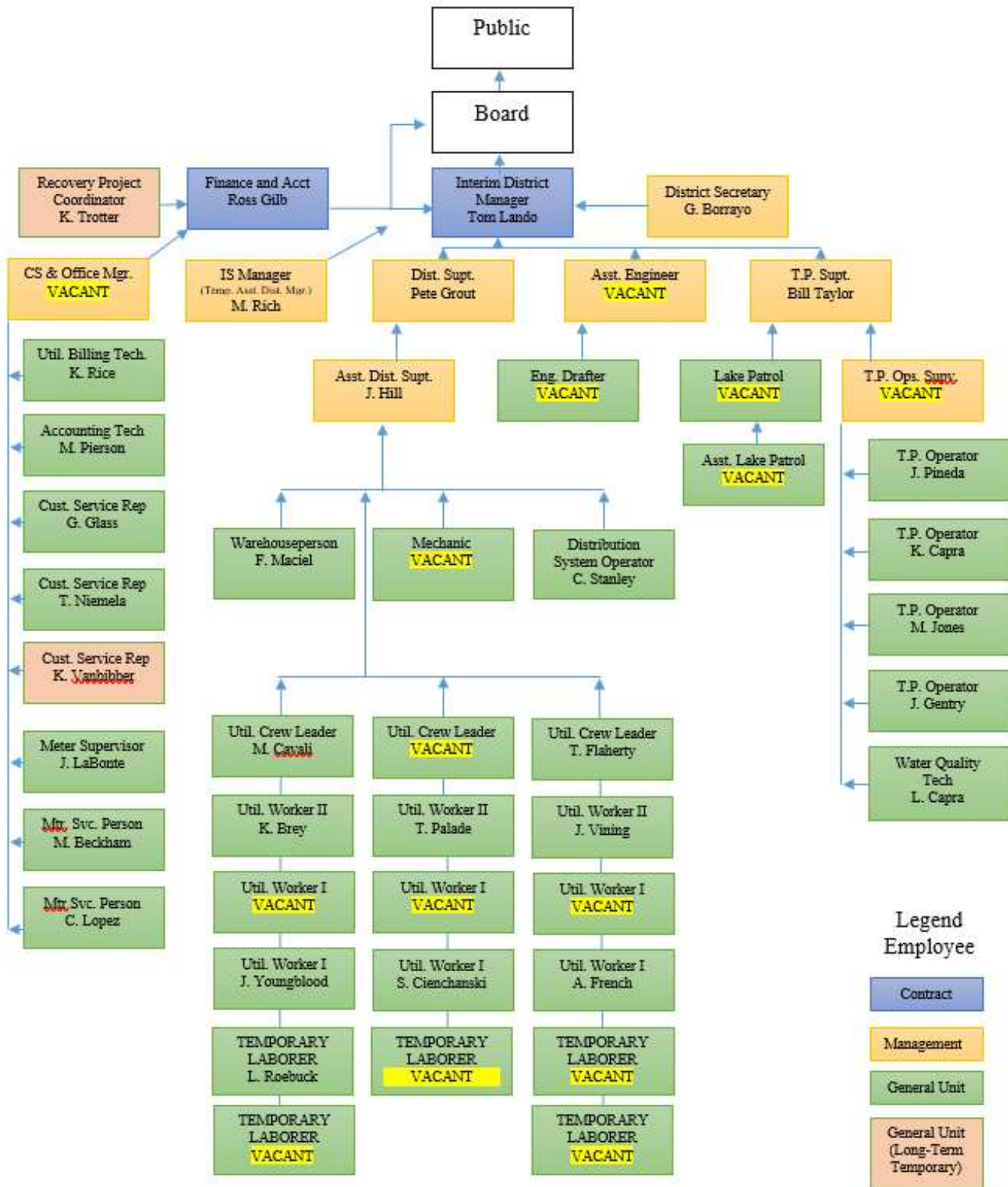
Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The Paradise Irrigation District reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. Organizational Chart
- B. List of Key Officials, Office Locations and Telephone Numbers
- C. Proposer Guarantees
- D. Proposer Warranties
- E. Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price
 - E-1 2020-2021
 - E-2 2021-2022
 - E-3 2022-2023
- F. Sample Agreement

APPENDIX A



APPENDIX B

LIST OF KEY PERSONNEL, OFFICE LOCATIONS AND TELEPHONE NUMBERS

<u>Name and Title</u>	<u>Location of Office</u>	<u>Telephone</u>
Tom Lando, Interim District Manager	District Office	(530) 877-4971
Mickey Rich Assistant District Manager	District Office	(530) 877-4971
Ross Gilb Finance and Accounting Manager	District Office	(530) 877-4971
Alan Hinman, Finance Committee Chair	District Office	(530) 877-4971
Georgeanna Borrayo, District Secretary	District Office	(530) 877-4971
Pete Grout, Field Superintendent	Corporation Yard	(530) 876-1910
Bill Taylor, Water Treatment Plant Superintendent	Water Treatment Plant	(530) 877-3554
Emily LaMoe, Attorney	Minasian Law Firm P.O. Box 1679 Oroville, CA 95965	(530) 533-2885

APPENDIX C

PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer has read Appendix F, Contractual Requirements, and agrees that the rights and prerogatives as detailed in that appendix are retained by the Paradise Irrigation District.
- III. The proposer agrees to be bound by the contractual requirements delineated in Appendix F.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of California laws.
- B. Proposer warrants that it is willing and able to obtain standard insurance coverage, acceptable to the District, for professional liability errors and omissions insurance, general liability insurance, and automobile liability insurance. This policy(s) shall provide a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Paradise Irrigation District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX E

Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2020-2021 FISCAL YEAR FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				_____
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (Specify): _____				_____
Total all-inclusive maximum price for 2020-2021 fiscal year audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX E

Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2021-2022 FISCAL YEAR FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				_____
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (Specify): _____				_____
Total all-inclusive maximum price for 2021-2022 fiscal year audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX E

Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2022-2023 FISCAL YEAR FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Subtotal				_____
Total for services Described in Section II E of the RFP (Detail on subsequent pages)				_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (Specify): _____				_____
Total all-inclusive maximum price for 2022-2023 fiscal year audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX F

SAMPLE AGREEMENT

(To be review by Legal Counsel)

THIS AGREEMENT is made and entered into this _____ day of May 2021 by and between Paradise Irrigation District (District), and _____ (Auditor).

WITNESSETH:

District desires to retain the services of Auditor regarding the Annual Audit of its financial statements for the fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023.

Auditor desires to perform the services requested by District regarding the audits on the terms and conditions set forth below.

NOW, THEREFORE, the parties agree as follows:

1. DESCRIPTION OF WORK

The Auditor shall be responsible for the scope of work described below and in Exhibit "A" "Request for Proposals for Audit Services" and Auditor's proposal dated _____, 2021, attached hereto and incorporated by reference herein. In the event of a conflict between the terms of this Agreement and the terms of the proposal, the terms of this Agreement shall prevail.

2. COMPENSATION

- A. The compensation for service provided by Auditor for preparation of the District's Annual Audits shall be as described in Exhibit "A" "Request for Proposals for Audit Services" and Appendix E-1, E-2 and E-3 in the Auditor's proposal dated _____, 2021, attached hereto. A three-year contract is contemplated, subject to the annual review and recommendation of the Finance Committee, the satisfactory negotiation of additional terms (including a price acceptable to both the District and the selected Auditor), the concurrence of the District's Board of Directors and the annual availability of an appropriation.
- B. Auditor's fees and expenses shall be payable as set forth in Exhibit "A" and Exhibits E-1, E-2 and E-3. Further, two progress payments will be made each year on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. The final payment each year (a minimum of thirty percent [30 %]) of the total contract for the Audit engagement) will be made within thirty (30) days after presentation of the firm's annual final report to the Board of Directors.

3. TERM AND TIME FOR COMPLETION

This Agreement shall become effective on the date first herein above written and shall be for a period of three years unless either party terminates as provided in paragraph 8.

4. COMPLIANCE WITH LAWS

Auditor agrees that it shall conduct its work and perform its services in compliance with all applicable federal, state and local laws, regulations and ordinances, and generally accepted accounting practices including applicable GASB standards.

5. ENGAGEMENT LETTER

Auditor agrees that a standard Engagement Letter shall be executed each year confirming the understanding of the services to be provided for the respective fiscal year.

6. INSURANCE AND INDEMNIFICATION

Auditor agrees with the District that:

- A. When the law establishes a professional standard of care for the Auditor's services, to the fullest extent permitted by law, Auditor will defend, indemnify and hold harmless the District, its directors, officers, or employees from all claims and demands of all persons arising out of the performance (or actual non-performance) of the work under this Agreement, for damages to persons or property due to the extent caused by the negligent acts, errors, omissions or willful misconduct committed by Auditor. Auditor shall defend itself against any and all liabilities, claims, damages, and costs arising out of Auditor's performance or non-performance of the work hereunder, and shall not tender such claims to the District nor to its directors, officers or employees, for defense or indemnity.
- B. Other than in the performance of professional services, to the fullest extent permitted by law, Auditor will defend, indemnify and hold harmless the District, its directors, offices, or employees from all claims and demands of all persons arising out of the performance of the work or furnishing of materials by Auditor; including but not limited to, claims by the Auditor's employees for damages to persons or property except for sole negligence or willful misconduct or active negligence of the District, its directors, officers, or employees.
- C. By his/her signature hereunder, Auditor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employers to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Auditor will comply with such provisions before commencing the performance of the professional services under this Agreement. Auditor will keep workers' compensation insurance for their employees in effect during all work covered by this Agreement.
- D. Auditor will file with the District, before beginning professional services, a certificate of insurance satisfactory to the District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for the non- payment of premium) to the District. Any insurance, self-insurance or other coverage maintained by the District, its directors, officers, or employees shall not contribute to it. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-VII, or equivalent, or as otherwise approved by the District. The retroactive date (if any) is to be no later than the effective date of the Agreement. In the event that the Auditor employs other sub-personnel as part of the work covered by this Agreement, it shall be the Auditor's sole responsibility to require and confirm that each sub-personnel meets the minimum insurance requirements specified above.
- E. Auditor will file with the District, before beginning professional services, certificates of insurance satisfactory to the District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability \$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to the District. Any insurance, self-insurance or other coverage maintained by the District, its directors, officers, or employees shall not contribute to it. The general liability coverage shall give the District, its directors, officers, and employees additional insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-VII, or equivalent, or otherwise approved by the District. In the event that the Auditor employs other sub-personnel as part of the work covered by this Agreement, it shall be the Auditor's sole

responsibility to require and confirm that each sub-personnel meets the minimum insurance requirements specified above.

- F. If any of the required coverage expire during the term of this Agreement, the Auditor shall deliver the renewal certificate(s) including the general liability additional insured endorsement to the District at least ten (10) days prior to the expiration date.

7. TERMINATION

This Agreement may be terminated at any time and for any reason by either party upon thirty (30) days' advance written notice. In the event of such termination, Auditor is to be fairly compensated for all work performed to the date of termination as calculated by PID based on Paragraph 2 hereof, provided that such compensation shall not in any case exceed the maximum sum set forth in Paragraph 2 hereof. Compensation under this paragraph shall not include costs related to lost profit associated with the expected completion of the work or other such payments relating to the benefit of the bargain.

8. ENTIRE AGREEMENT

This writing constitutes the entire Agreement between the parties relative to the services specified herein, and no modifications hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

There are no understandings, agreements, conditions, representations, warranties or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing.

9. INDEPENDENT CONTRACTOR

It is expressly understood and agreed by the parties hereto that Auditor's relationship to PID is that of an independent contractor. All persons hired by Auditor and performing the work shall be Auditor's employees or agents. PID shall not be obligated in any way to pay any wages or other claims by any such employees or agents or any other person by reason of this Agreement. Auditor shall be solely liable to such employees and agents for losses, costs, damage or injuries by said employees or agents during the course of the work.

10. SUCCESSORS AND ASSIGNMENT

This Agreement shall be binding on the heirs, successors, executors, administrator and assigns of the parties; however, Auditor agrees that it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of PID.

11. SEVERABILITY

If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

12. WAIVER OF RIGHTS

Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

13. REMEDIES NOT EXCLUSIVE

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of any other remedy provided by law.

14. NOTICES

All notices, statements, reports, approvals or requests or other communications that are required either expressly or by implication to be given by either party to the other under this Agreement shall be in writing and signed for each party by such officers as each may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been received on the date of delivery if delivered personally or three (3) days after mailing if enclosed in a properly addressed and stamped envelope and deposited in the U.S. post office for delivery. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses shown below:

Paradise Irrigation District
Attn: District Manager
6332 Clark Road
Paradise, CA 95969-4146

Auditor

15. SUB-PERSONNEL

No subcontract shall be awarded or an outside Auditor engaged by Auditor unless prior written approval is obtained from PID.

16. ATTORNEY'S FEES

If any action arising out of this Agreement is brought by either party hereto against the other, then and in that event the unsuccessful party to such action shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees, incurred by such prevailing party, and if the prevailing party shall recover judgment in such action, such costs, expenses and attorneys' fees shall be included in and as part of such judgment.

IN WITNESS WHEREOF the parties execute this Agreement on the day and year first herein above written.

AUDITOR

PARADISE IRRIGATION DISTRICT

Principal

Tom Lando, Interim District Manager

ATTEST:

District Secretary

Attachment: Exhibit A - Request for Proposal and Auditor's Proposal and Fee Schedule

PARADISE IRRIGATION DISTRICT
REQUEST FOR PROPOSAL
Investment Advisory Services

Item 6 - (Pages 41-60)
RFP for Investment Advisory
Services

EVALUATION RATE SHEET

Vendor Name: _____

Evaluated By: _____

	Criteria <i>(See Evaluation Criteria in RFP (also next page))</i>	Rating* 0 – 5	Notes (Reason (s) for your rating)
A.	Compliance with the requirements of this RFP and quality of proposal.		
B.	Operational requirements such as: understanding the needs and requirements of the District		
C.	Ability to deliver the indicated service in accordance with the specifications set out in this RFP.		
D.	Firm experience, including the respondent's stability, resources, qualifications		
E.	Availability of sufficient high quality respondent's personnel with the required skills		
	TOTAL		

***Ratings:**

5 = Excellent

Exceeds expectations, very innovative, clearly superior to that which is average or expected as the norm. Excellent probability of success and in achieving all objectives and meeting RFP specification.

4 = Above Average

Very good probability of success, better than that which is average or expected as the norm. Achieves all objectives per RFP requirements and expectations.

3 = Average

Acceptable, achieves all objectives in a reasonable fashion per RFP specification. This will be the baseline score for each item with adjustments based on interpretation of proposal by Evaluation Committee Members.

2 = Fair

Has a reasonable probability of success, however, some objectives may not be met.

1 = Poor

Below average, falls short of expectations, is substandard to that which is the average or expected norm, has a low probability of success in achieving objectives per RFP.

0 = Unacceptable

Non-responsive, fails to meet RFP specification. The approach has no probability of success. If a mandatory requirement this score will result in disqualification of proposal.

Signature: _____ **Date:** _____

C. EVALUATION CRITERIA

Award will be made to the firm based on the “selection process” described below.

VI. Selection Process

In Accordance with the goals of the PID, the following criteria will be used as the weighting basis for evaluation of the proposals and the award recommendation:

- Understanding of the District’s overall investment program, investment objectives and unique constraints
- Experience, resources, and qualifications of the firm and individuals assigned to this account
- Experience of the firm in managing state/local government portfolios. In evaluating the firm’s experience, past performance data will be evaluated in the context of portfolio objectives and constraints, as well as risks
- Recommended approach to management of the portfolio
- Fees

The respondents understanding of the scope of services required includes demonstrated abilities to coordinate delivery of the services and understanding of the needs and operational requirements of the PID.

Award may not be made to the respondent submitting the lowest price proposal. The PID will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

REQUEST FOR PROPOSAL
Investment Advisory Services
May 17, 2021

The Paradise Irrigation District (PID, District) is soliciting proposals from investment advisory firms for portfolio management services. Investment practices and procedures must comply with state law and the PID's written investment policy. The investment advisory firm will be expected to perform to the Prudent Expert Standard.

Respondents to this Request for Proposal must submit completed proposals in a sealed envelope, clearly marked with "Bid for Investment Advisory Services" and the name of the bidder. One (1) original and three (3) copies of the proposal must be received by **5:00 pm on June 20, 2021**, at the following address:

Paradise Irrigation District
Attn: Mickey Rich
6332 Clark Road
Paradise, CA 95969

Proposals become part of the official District files of the PID and will not be returned to the bidders.

Inquiries concerning this Request for Proposal should be addressed via email to:

Mickey Rich
Assistant District Manager
6332 Clark Road
Paradise, CA 95969
mrich@paradiseirrigation.com

Table of Contents

I. Schedule of Events	3
II. Background	3
III. Purpose	3
IV. Scope	4
V. Proposal Submission Requirements and Response Format	4
VI. Selection Process	9
VII. General Information	10
VIII. Attachments	

I. Schedule Of Events

The District will make efforts to adhere to the following schedule:

Event	Date
RFP Release Date	May 17, 2021
Proposal Due Date	June 25, 2021
Interviews	TBD
Anticipated Contract Award	July 21, 2021

II. Background

The Paradise Irrigation District is soliciting proposals from investment advisory firms for portfolio management services.

The District Treasurer is currently handling the day-to-day administration of investments. The District's current portfolio is approximately \$12 million in operating and capital funds but additional monies are expected from a PG&E settlement causing funds to increase significantly.

The District serves an area of approximately 18 square miles with a pre-population of approximately 26,000. Post-fire, the population is approximately 4,600. The District's fiscal year begins on July 1 and ends on June 30. The District provides water service for residential, commercial/industrial, irrigation and fire protection.

The District has a total annual payroll of \$3,900,000 covering roughly 38 employees. The District is organized into three basic operational areas: office/administration, water treatment plant facilities, and transmission/distribution fieldwork. The accounting and financial reporting functions of the District are centralized.

III. Purpose

PID is seeking proposals from qualified firms to:

- Provide investment services in a comprehensive manner to handle the day-to-day administration of the District's investment portfolio; and
- Provide investment advisory services to help govern the District's current investment portfolio and plan for investment of expected funds.

The request for proposal does not obligate the PID to award a contract or complete the project, and the District reserves the right to cancel the solicitation if it is considered to be in its best interest.

IV. Scope

Specific services, although not all-inclusive, are to be performed as follows:

- Assist the District with maturity analysis
- Provide credit analysis of investment instruments in portfolio
- Provide monthly/quarterly annual reporting on all government entity funds
- Attend quarterly meetings with District staff and/or Finance Committee
- Evaluate market risk and develop strategies that minimize the impact on the portfolio
- Provide assurance of portfolio compliance with applicable policies and laws and the District's Investment Policy
- Establish an appropriate performance benchmark
- Indicate full understanding of Investment Policy
- Ensure portfolio structure matches District objectives

Under this contract the PID objectives are

- Adhere to District Investment Policy objectives
- Provide for operational efficiency and information flow on the portfolio
- Improve its investment capabilities.

V. Proposal Submission Requirements and Response Format

The Consultant is responsible for preparing an effective, clear, and concise proposal. In order to be considered for selection, vendors must submit a complete response to this Request for Proposal that includes the following mandatory information and/or requirements in the following format. Responses must be in the same order as the questions presented, stating acceptance of, modifications or additions to, or a statement of the inability to provide, said service. Failure to provide any of the information requested below may be cause for the proposal to be rejected.

1. A Request For Proposal cover letter introducing the Firm and the individual who will be the primary contact person.

2. Firm Background and Organization

- a. Describe the organization, date founded, and ownership of your firm. Has your firm experienced a material change in organizational structure, ownership or management during the past three years and, if so, please describe.
- b. Describe any other business affiliations. Describe your firm's policy on soft dollars.
- c. Describe the firms' sources of revenue, categorized by retail and institutional accounts.
- d. Is your firm a registered investment advisor under the Investment Advisor's Act of 1940 as amended?
- e. Describe any SEC, FINRA, or regulatory censure or litigation involving your firm or its employees within the past three years.
- f. Did you, or will you, pay a finder's fee to any third party for business related to this account? Specify the recipients of any fee.
- g. Outline the errors and omissions (professional liability) and fidelity bond coverage your firm carries. Provide a valid, current Certificate of Insurance.
- h. Identify the types of accounts primarily sought by your firm.

3. Experience

- a. Describe your firm's experience in managing fixed income portfolios for public funds and governmental entities.
- b. What is your firm's experience in developing policies and portfolio management guidelines for government portfolios?
- c. Does your firm receive any other form of additional compensation (including soft dollars) for the client transactions aside from the direct fee paid by clients?
- d. Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by your firm.

4. Personnel

- a. Identify and provide background information on the key person or personnel who take the most active role(s) in the administration and management of the firm.
- b. Identify the investment professionals (portfolio managers, analysts, and researchers) employed by your firm, by classification, and specify the average number of accounts handled by portfolio managers. Are there any established limits on accounts or assets under management?
- c. Provide resumes and biographical information on key investment professionals that will be directly involved in the decision-making process for the portfolio. Include the number of years at your firm, total years of experience, and professional licenses and designations. Include the number of accounts managed and any limits on this.
- d. Describe your firm's training and education efforts to keep portfolio managers informed of developments relevant to government investment managers.
- e. Has there been any turnover of professional staff in the firm in the last three years who were assigned to public sector clients?

5. Assets Under Management

- a. Summarize your institutional investment assets under management by category as shown below for your latest reporting period:

	Governmental	Non-Governmental
Operating/Bond Funds	\$	\$
Pension Funds	\$	\$
Foundations	\$	\$
Equity Funds	\$	\$
Total	\$	\$

- b. Summarize your assets under management (institutional only) over the past five years and average assets per client.
- c. Provide relevant performance statistics on a comparable portfolio and compare with industry averages or benchmarks for the last one, three, five, ten-year periods and/or since inception. Note whether these performance statistics are reported based on GIPS (Global Investment Performance Standards) formerly known as AIMR (Association for Investment Management and Research).
- d. List comparable or most representative governmental clients. Identify the nature of the funds and provide a contact name and number for each.
- e. How many accounts have you gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

6. *Investment Management Approach and Discipline*

- a. Briefly describe your firm's investment management philosophy, including your approach to managing governmental portfolios.
- b. How frequently do you formulate and review fixed income strategy? How is that carried out and who is involved?
- c. What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?
- d. How are portfolios managed (e.g. by team, individual manager)? What is the back-up when the manager is away?
- e. What oversight is provided to portfolio managers?
- f. Describe your firm's in-house technical and research capabilities. Are outside sources used by the firm on a regular basis? Describe your credit review process.
- g. What percentage of your research is conducted in-house? Describe your research capability.
- h. What technical analysis (if any) do you use?
- i. What role does interest-rate forecasting play in your portfolio management strategy?

- j. How will you handle fluctuating cash?
- k. Describe the ongoing daily investment procedures proposed for the PID, including procedures for trades, security choice, controls, etc., and how you will provide liquidity.
- l. How frequently would you suggest your staff meet with the Investment Committee or staff? Who will attend these meetings?

7. Reporting

- a. Describe the investment accounting and reporting system used by your firm.
- b. Describe the frequency and format of reports that you would provide to the PID. Attach a sample.
- c. What performance benchmarks would you suggest for this portfolio? Provide recommendations regarding performance benchmarks for a portfolio like that of the PID. What experience has the firm had in developing benchmarks for public operating portfolios?

8. Fees

- a. Provide the complete fee schedule that would apply to this account. Are fees charged in arrears?
- b. What additional expenses not covered through the fee structure will be expected to implement your investment advisory services?

9. Additional Information

- a. Briefly describe any additional features, attributes, or conditions which PID should consider in selecting your firm. Describe any other services your firm can provide.
- b. Provide a copy of your firm's most recent ADV Part II as on file with the SEC.
- c. Provide any contract language your firm requests or requires to be included in a contract for this service.
- d. Describe your firm's business continuity plan, how often it is updated, and what assistance would be available to the

government.

10. The signature of an authorized individual to bind the firm. The proposal must be a firm offer good for a ninety (90) calendar-day period beginning on June 25, 2021
11. Submit one (1) original and three (3) copies of the proposal.
12. By submitting a proposal, the Contractor is verifying they have the following insurance coverage:
 - Workers' Compensation
 - Commercial General Liability
 - Personal injury & property damage liability
 - Contractual liability,
 - Independent contractor's liability
 - Automobile liability insurance
 - Minimum combined liability limits of One Million Dollars (\$1,000,000) per occurrence, and a maximum deductible of Five Thousand Dollars (\$5,000) per occurrence,
 - District will be named as Additional Insured with all the appropriate endorsements
 - Professional Liability

VI. Selection Process

In Accordance with the goals of the PID, the following criteria will be used as the weighting basis for evaluation of the proposals and the award recommendation:

- Understanding of the District's overall investment program, investment objectives and unique constraints
- Experience, resources, and qualifications of the firm and individuals assigned to this account
- Experience of the firm in managing state/local government portfolios. In evaluating the firm's experience, past performance data will be evaluated in the context of portfolio objectives and constraints, as well as risks
- Recommended approach to management of the portfolio
- Fees

The respondents understanding of the scope of services required includes demonstrated abilities to coordinate delivery of the services and understanding of the needs and operational requirements of the PID.

Award may not be made to the respondent submitting the lowest price proposal. The

PID will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

Questions concerning this request should be made via email, or phone, and directed to:

Mickey Rich
Assistant District Manager
Paradise Irrigation District
6332 Clark Road
Paradise, CA 95969
mrich@paradiseirrigation.com

Proposals must be received at by **June 25, 2021**.

VII. General Information

The Paradise Irrigation District reserves the right to reject any or all proposals and will not be liable for any costs incurred by responding firms relating to the preparation and submittal of proposals, making of initial presentation to the District, negotiating a contract for services, or any other expense incurred by the bidder prior to the date of an executed contract. In addition, no bidder shall include any such expenses as part of the price proposed to conduct the scope of work for this project.

- Proposals must be valid for 90 calendar days beginning June 25, 2021.
- The District reserves the right to expand or diminish the scope of the work subject to negotiation with the successful bidder.
- The District is not required to select the proposal that may indicate the lowest price or costs. The District expressly reserves the right to reject all proposals at its sole discretion and opinion, without indicating any reason(s) for such rejection. If all proposals are rejected, the District may or may not request additional proposals. The District may withdraw this RFP at any time without advance notice.
- The successful firm shall defend, indemnify, save and hold harmless the PID, its officers, agents, and employees, from any demands, claims, suits, damages, or actions that may be brought by third persons on account of bodily injury or death; personal injury; damage to property or personal interest; or violation of any law, regulation or ordinance; where the third person's loss, demand, claim, suit, damages, or action arises in whole or part out of any negligent or other act or omission of the contracting agency or its officers, employees, and agents, while performing the services agreed to save and except those actions arising out of the sole negligence of the District.

- The successful firm shall submit appropriate evidence of required insurance coverage, licenses, or permits prior to the effectuation of any contract for services described herein, as required by the District. A copy of the District's Professional Services Agreement is included as Attachment B, and by submitting a bid a bidder is consenting to abiding by the provisions therein.
- The successful firm shall not transfer the responsibility for any part of their contractual obligation without prior written approval of the District Manager of the Paradise Irrigation District.
- The District reserves the right to terminate the agreement upon giving the successful firm a 45-day written notice of termination.
- In the event it becomes necessary to revise any part of this Request for Proposal, addenda will be provided in writing to all consultants receiving the Request for Proposal from the District.

Thank you very much for taking your valuable time to respond to this Request for Proposal.

IX. Attachments

Attachment A PID Investment Policy
Attachment B Professional Services Agreement

**APENDIX A
CHAPTER 14.A
INVESTMENT POLICY**

14.1 INTRODUCTION

It shall be the policy of the District to invest its cash assets in such a manner as to comply with the requirements of the California Government Code, to maintain the integrity of the principal of all investments, and to provide for necessary liquidity. Within those restrictions, the District shall attempt to obtain the highest return possible.

14.2 SCOPE

This Investment Policy (Policy) covers all District funds.

14.3 OBJECTIVES

The objectives of this investment policy include the following in order of importance:

A. Safety –

It shall be the primary duty and responsibility of those authorized to invest the District's funds to protect, preserve, and maintain cash and investments placed in trust on behalf of the citizens of the District. Diversification is allowed within the guidelines of California Government Code (CGC) § 53601 et seq.

B. Liquidity –

An adequate amount shall be maintained in liquid short-term securities, which can be converted to cash as necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets will be used. Emphasis will be on marketable securities with low sensitivity to market risk.

C. Yield –

Yield shall be a consideration only after the basic requirements of safety and liquidity have been met.

14.4 POLICY

A. Legal Investment Authority –

All available funds shall be invested in accordance with the provisions of the California Government Code (CGC) § 53601 et seq., and as authorized in accordance with GUIDELINES Section 14.5.A.

1. The Board, as the legislative body of the District and in accordance with § 53607 of the CGC, delegates and authorizes the Treasurer to invest or reinvest funds of the District, to sell or exchange securities so purchased and to assume full responsibility for those transactions as described in this Statement of Investment Policy. Under the provision of CGC § 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. Said authority shall be held at the pleasure of the Board, and shall be subject to renewal annually.
2. The Treasurer may delegate a portion of his/her investment authority to a Deputy Treasurer. Prior to the delegation of the investment authority to a Deputy Treasurer, the Treasurer shall notify the Board and request confirmation of the delegation. Delegation of investment authority will not remove or abridge the Treasurer's investment responsibility.
3. The Treasurer may engage the services of one or more external investment advisors to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives and in accordance with this Policy. Such external managers may provide advice and effectuate trades in a discretionary capacity within the guidelines established in this Policy. Such managers must be registered under the Investment Advisors Act of 1940 and must have not less than five years' experience investing in the securities and obligations authorized by the CGC § 53601, and with assets under management in excess of five hundred million dollars (\$500,000,000).

B. Those Authorized to Invest District Funds –

In accordance with Section 21187 of the California Water Code, the Treasurer has appointed the following as "Deputy Treasurers" to assist in handling the **investment practices of the District**. By approval of this document these appointments are hereby ratified by the Board. The Board shall review the appointment of Deputy Treasurers annually at the first Board meeting each January.

Manager
Office Manager
Finance Committee Board Members
Investment Advisor

The Treasurer and Deputy Treasurers are authorized to direct and invest District funds in accordance with this Policy.

C. Reports –

Monthly: Report of Transactions. All transactions into, out of or between various investments will be monitored and summaries reported monthly.

Quarterly:

1. Procedure.

The Treasurer shall furnish a Quarterly Investment/Cash report to the Board within forty-five (45) days following the close of the preceding quarter.

2. Content of Report.

Shall include a statement of compliance with this policy, and, as necessary, liquidity versus forecasted cash flow for the next six (6) months.

Detail Reports

Description of each investment

Cost

Market value (identify source)

Rate of Return - face and current

Date purchased (except LAIF)

Earned interest accrued and received

Maturity Date

Identify holder of security

Identify any funds managed or controlled by outside parties (except LAIF)

Summary by Investment Type (i.e., Treasury Notes, GNMA, LAIF)

Summary by Maturity Date

0 – 90 days

90 – 365 days

1 – 2 years

2 – 3 years

Etc.

Summary of Beginning Balance, Transactions, and Ending Balance

Annually:

Prior to January 31st at a meeting of the Board, the Board shall review the Statement of Investment Policy (including the authorization of the Treasurer to assume full responsibility for investment transactions) and amend it as appropriate or otherwise ratify its continuance. The Board will also confirm the delegation of the Investment functions as provided in Section 14.4.A. of this Policy.

D. Selling Securities Prior to Maturity –

Except for investments with maturities of one year or less, sale transactions prior to maturity shall be made only to provide for cash requirements, to sell an investment which does not meet current Investment Policy or to restructure maturities to meet current goals. However, such sales prior to maturity may be made to secure higher yields provided the objectives of safety and liquidity are met first.

Sufficient written documentation to facilitate audit of the transaction must be maintained.

E. Interest –

Interest shall be accounted for on the accrual basis quarterly. Gains or losses on the sale of securities will be recorded on the transaction date.

14.5 GUIDELINES

The following Guidelines are established to direct and control investment activities and are a part of the above policies:

A. Investments –

The investment portfolio shall be reviewed periodically by one of the following: Treasurer, Manager, Office Manager or Finance Committee Board member to insure compliance with this Policy.

B. Pooled Cash –

Whenever practical District cash shall be consolidated and invested on a pooled concept basis. Interest earnings will be allocated according to specific Board designated reserve accounts and other non-designated funds at monthly intervals.

C. Competitive Bids –

Purchase and sale of securities should be made on the basis of competitive offers and bids when applicable.

D. Cash Forecast –

Treasurer shall prepare six-month cash forecast for basis of setting goals for investment maturities quarterly or annually, and when any significant changes take place that would materially revise the forecast.

E. Investment Limitations –

Security purchases and holdings will be maintained within statutory limits imposed by the CGC § 53601 et seq. and contractual agreements. Additionally, only investments listed below as Permitted Investments may be purchased or held:

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
LOCAL AGENCY BONDS	5 YEARS	— NONE —	— NONE —
U.S. TREASURY OBLIGATIONS	5 YEARS	— NONE —	— NONE —
STATE OBLIGATIONS —CA AND OTHERS (CA preference)	5 YEARS	— NONE —	— NONE —
CA LOCAL AGENCY OBLIGATIONS	5 YEARS	— NONE —	— NONE —
U.S. AGENCY OBLIGATIONS	5 YEARS	— NONE —	— NONE —
BANKERS' ACCEPTANCES	180 DAYS	40%	— NONE —
COMMERCIAL PAPER —SELECT AGENCIES	270 DAYS	25% OF THE AGENCIES MONEY	<i>"A-1/P-F-1"; if the issuer has issued long-term debt it must be rated "A" without regard to modifiers"</i>
COMMERCIAL PAPER —OTHER AGENCIES	270 DAYS	40% OF THE AGENCY'S MONEY	<i>"A-1/P-F-1"; if the issuer has issued long-term debt it must be rated "A" without regard to modifiers"</i>
NEGOTIABLE CERTIFICATES OF DEPOSIT	5 YEARS	30%	— NONE —
CD PLACEMENT SERVICE	5 YEARS	30%	— NONE —
REPURCHASE AGREEMENTS	1 YEAR	— NONE —	— NONE —
REVERSE REPURCHASE AGREEMENTS AND SECURITIES LENDING AGREEMENTS	92 DAYS	20% OF THE BASE VALUE OF THE PORTFOLIO	— NONE —
MEDIUM-TERM NOTES	5 YEARS	30%	"A" RATING
MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS	N/A	20%	MULTIPLE
COLLATERALIZED BANK DEPOSITS	5 YEARS	— NONE —	— NONE —
MORTGAGE PASS-THROUGH SECURITIES	5 YEARS	20%	"AA" RATING
BANK/TIME DEPOSITS	5 YEARS	— NONE —	— NONE —
COUNTY POOLED INVESTMENT FUNDS	N/A	— NONE —	— NONE —
JOINT POWERS AUTHORITY POOL	N/A	— NONE —	MULTIPLE
LOCAL AGENCY INVESTMENT FUND (LAIF)	N/A	— NONE —	— NONE —

F. Liquidity –

The marketability (salability) of a security should be considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands. The portion of the portfolio which may have to be liquidated in order to meet cash requirements should, therefore, consist largely of securities with active secondary or resale markets. This would include short-term maturities to limit the effect of market risk on the market price of securities.

G. Long-Term Maturities –

Maturities over three years should be limited to those funds, which clearly will not be required before maturity (or one year before maturity). A line of credit collateralized by the investment portfolio shall be established for short term borrowing. Any use of this line of credit is subject to Board Approval prior to execution.

H. Broker / Dealers –

Broker / Dealers and investment advisors shall be provided with a copy of this Policy to assure that they are aware of what are designated as Permitted Investments as well as those investments which are specifically prohibited.

I. Diversification –

The purpose of diversifying is to reduce the overall portfolio risks while attaining a market rate of return. Therefore, it needs to be conceptualized in terms of maturity, instrument types and issuer. The portfolio should consist of a mix of various types of securities, issuers and maturities.