



Paradise Irrigation District

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

AGENDA

FINANCE COMMITTEE MEETING THURSDAY, JULY 6, 2023 – 8:00 AM

PID BOARD MEETING ROOM 6332 CLARK ROAD, PARADISE, CA 95969

Committee Members: Board of Directors – Bob Matthews & Chris Rehmann
PID Staff – Brett Goodlin, Finance & Accounting Manager,
Tom Lando, District Manager and Mickey Rich, Assistant District Manager
Public Members – Gary Ledbetter and Steve Oehler

- ❖ *The Board of Directors is committed to making its meetings accessible to all citizens. Any persons requiring a special accommodation to participate, is requested to contact the District Secretary at 530-877-4971, extension 2039 at least 72 hours in advance of the meeting.*
- ❖ *Members of the public may submit comments prior to the meeting via email to gborrayo@paradiseirrigation.com before 7:30 a.m. on the day of the meeting or they may comment on Agenda items during the time the item is presented. Speakers may comment on items not listed on the Agenda under Public Comment. Comments should be limited to a maximum of three (3) minutes. State Law prohibits the PID Board of Directors from acting on items not listed on the agenda. The public may access this meeting remotely:
Web access Via Zoom Meeting platform: <https://us02web.zoom.us/j/88192841237>
Telephone: +1 669 900 6833 US
Meeting ID: 881 9284 1237*

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 three 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. Special District Investment Policy: Discussion with Rick Wood, Finance & Administration Director with the California Special Districts Association relating to possible suggestions for the District's Investment Policy.

4. Year-to-Date Finance Update and Discussion: Review of year-to-date Income Statement and Expenditures. (Brett Goodlin, Finance & Accounting Manager).

5. Review of PID Finance Policies:

Chapter 13 – Budgets, Audits, Accounting and Finance
Chapter 14A – Investment Policy
Chapter 14B – Reserve Fund Policy
Chapter 14C – Debt Management Policy

6. Review of Paradise Irrigation District Schedule of Fees and Charges

7. Staff Updates: Update from staff on finance-related projects.

8. Adjournment – Next scheduled meeting: August 3, 2023, 8:00 AM

CHAPTER 13
BUDGET, AUDITS, ACCOUNTING AND FINANCE

13.1 BUDGET

- A. By May 1st of each year, the Treasurer shall present to the Finance Committee an outline of concepts for the revenue, operating, and capital budget amounts. Final drafts of the budget shall be submitted for committee review prior to presenting to the Board.
- B. On or before the first regularly scheduled meeting of the Board in July, the Treasurer shall prepare for the ensuing year, and file with the Board, tentative revenue, operating, and capital budgets, together with specific District goals and work programs and any other supporting data required by the Board.
- C. The tentative budget shall be reviewed and considered by the Board at any regular meeting or special meeting called for that purpose. The Board may make any changes considered advisable in the tentative budget, pursuant to statute and generally acceptable accounting standards. The District will continue normal expenditures of funds during the period of time from the first day of each fiscal year through the date the Board adopts that fiscal year's budget, unless specifically instructed by the Board to do otherwise.
- D. After review, the Board shall adopt operating and capital budgets for the fiscal year period. Upon final adoption, the operating and capital budgets shall be in effect for the budget year, subject to any later amendment. During the budget year, and at a minimum during the mid-year review, the Board may, in any regular meeting or special meeting called for that purpose, review the operating and capital budget for the purpose of determining if the budget amounts need to be amended.
- E. During the budget process and at the mid-year budget review, the Treasurer shall discuss District reserving requirements for debt service obligations and short and long-term replacement, capital projects, connection fee requirements and other reserving obligations. This review shall also include any discussions regarding debt service bond covenant requirements impacting the District.
- F. Any department, with the approval of the Manager and Treasurer, may utilize funds designated for another department's use within a budget line item.

13.2 INDEPENDENT AUDITOR

- A. The independent auditor has the responsibility of reporting whether the District's financial statements are prepared in conformity with auditing standards 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. Copies of the annual audit report shall be filed with the California State Controller's Office and shall be filed as a public document in the office of the District.

- B. Every three years, the District shall select its auditor by a competitive request for proposal process. Contracts shall be issued for three-year terms and in accordance with Section 12.4.5 of this manual. The District shall not retain the same auditor for more than six consecutive years.

13.3 ACCOUNTING AND FINANCE

A. General Fund and Payroll Check Signers

Any two of the following individuals shall sign general fund and payroll checks: Treasurer, District Manager, Assistant District Manager, Office & Customer Service Manager, District Secretary, Board President, Board Vice-President, or any other individual authorized by resolution of the Board of Directors.

1. General Fund Checks

On a day-to-day basis, the preferred signers shall be a combination of at least two of the following: Treasurer, Office & Customer Service Manager, Assistant District Manager, or District Manager, with the internal control preference being the Treasurer and Office & Customer Service Manager in accordance with the Procurement Policy.

A complete descriptive register of general checks issued in a given month shall be prepared by accounting personnel and provided in the agenda packet for Board review and acceptance by no later than the Board meeting of the following month.

2. Payroll Checks

On a day-to-day basis, the preferred signers shall be a combination of at least two of the following: Treasurer, Office & Customer Service Manager, District Secretary, Assistant District Manager and/or District Manager.

13.4 CAPITALIZATION VERSUS EXPENSE

Single item purchases with at least an anticipated useful life of three years and exceeding \$10,000 each shall be capitalized as a fixed asset. The purchase of these fixed assets shall be included on the District's statement of net assets and depreciated over the asset's estimated useful life. The purchase of fixed assets for less than \$10,000 shall be expensed. Other expenditures, for \$10,000 or more, which provided a significant increase in future service potential of a fixed asset shall also be capitalized as part of the existing asset. To meet the criteria for a capital expenditure, the purchase should extend the useful life of an

asset, increase the quantity of service provided by an asset, or increase the quality of service by an asset. Capital expenditures may include the following: additions (enlargements, expansions or extensions of existing assets), replacements and improvements, and rearrangement and relocation of an asset.

Expenditures for normal repairs and maintenance shall not be considered as capital expenditures.

13.5 PETTY CASH

A petty cash fund in the amount of \$1,000 will be maintained for the purpose of providing cash for miscellaneous cash purchases, front counter drawer customer transactions, certain employee reimbursements in accordance with Sections 11.2 and 11.13 of this Policy Manual, and for Paradise Lake permit fee sales. Access to petty cash shall be limited to the Office & Customer Service Manager, the Accounting Technician, and Utility Billing Technician.

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.

CHAPTER 14.B

PARADISE IRRIGATION DISTRICT

RESERVE FUND POLICY

Introduction:

Paradise Irrigation District recognizes the importance of adopted policies relative to reserve funds. Written adopted financial policies relative to reserve funds have many benefits, and represents a critical element of sound fiscal management. Reserve funds are prudent fiscal management tools, which are a cornerstone of long-term financial planning. A written and adopted Reserve Fund Policy provides for and facilitates attainment of program and financial goals relative to the prudent accumulation and management of designated reserves and reserve funds. This Reserve Fund Policy was developed to clearly identify specific designated reserve funds. It is the intent of this Reserve Fund Policy to clearly identify both reserve fund categories and purposes, and set target levels for reserves that are consistent with the District's mission statement, the uniqueness of the District, and the philosophy of the District's Board of Directors. This policy shall be known and may be cited as the Paradise Irrigation District Reserve Fund Policy.

Objectives:

This Reserve Fund Policy has been developed to consider and appropriately provide for the following:

1. To assure continued operation and solvency of the District for the carrying out of its stated mission and purposes.
2. To maintain a financially viable District that can provide adequate levels of service.
3. To maintain and enhance the sound fiscal condition of the District
4. To maintain financial flexibility in order to be able to continually adapt to change, and permit an orderly adjustment to unanticipated events.
5. To maintain a diversified and stable long-term financial plan.
6. The accumulation and maintenance of an amount equal to the stated target fund level for each specific reserve fund created by the District.
7. The review of this policy on an annual basis in order to determine appropriate changes, additions and/or deletions.
8. To maintain a written Paradise Irrigation District Reserve Fund Policy.

Reserve Fund Policy:

In order to achieve the objectives of this Policy, the Board of Directors shall adhere to the following guidelines:

1. Reserve funds may be established from time to time by the Board of Directors as an important component of sound financial management to meet both short and long-term financial objectives, and to ensure prudent financial management practices.
2. Reserve funds may be designated by the Board of Directors as a "restricted reserve fund" or "non-restricted reserve fund".
3. Restricted reserve funds shall be segregated, and limited in use to specific and designated purpose(s) as defined and established by the Board of Directors.

4. Assets of a restricted reserve fund shall be held separately from the general fund, and shall only be used for the stated purpose(s) of the specific reserve fund.
5. All non-restricted revenue shall be held in the operating fund until the Board transfers reserves to other funds.
6. Non-restricted reserve funds shall have no reference to specific accounting assets.
7. Non-restricted reserve funds do not require the physical segregation of funds.
8. All investment earnings from non-restricted reserve funds shall be credited to the District's general Water Fund, unless otherwise stated herein.
9. Board of Director approval shall be required prior to the expenditure of restricted reserve funds, unless otherwise stated herein.
10. The Board of Directors shall maintain a written Paradise Irrigation District Reserve Fund Policy.
11. The Board of Directors shall annually review the Paradise Irrigation District Reserve Fund Policy at a public meeting in order to determine appropriate changes, additions, and/or deletions.

Reserve Funds:

The Board of Directors hereby establishes and designates the following reserve funds:

Priority Reserve			Target Formula	
			Base Calculation	MinMax
Non-Restricted				
1	Operating Fund	Operating Budget, including debt service & pipeline	17%	100%
2	Water Rate Stabilization Fund	Budget Water Revenue	10%	20%
3	Emergency Fund	Operating Budget, including debt service & pipeline	25%	25%
4	Drought Management Fund	Budgeted Consumption Revenue	25%	50%
5	Equipment Replacement Fund	Accumulated Equipment Depreciation	Current	100%
6	Long Term Capital Fund	10 Year Capital Plan	10%	100%
Restricted				
Sick/Annual Leave Fund			As required by contract or law	
Facility Capacity Fund			As required by contract or law	
Bond Reserve Fund			As required by contract or law	
Debt Proceeds Construction Fund			As required by contract or law	
PFD Reserve Fund			As required by contract or law	

Target Fund Levels:

The Board of Directors shall establish a stated target fund level for each non-restricted reserve fund.

Annual Evaluation:

The CFO shall perform a review and analysis of each designated reserve fund for presentation to the Board of Directors at a public meeting upon the occurrence of the following:

1. Upon consideration by the Board of Directors during the Board meeting in July.
2. Upon any significant change to and/or expenditure(s) from a designated reserve fund.
3. Upon determination that a fund balance is less than the established target fund level for a designated reserve fund.

OPERATING FUND

Fund Purpose:

The purpose of the Operating Fund is to accumulate sufficient reserve funds necessary to satisfy the general cash flow demands and requirements of the District. This reserve fund will preserve credit worthiness, ensure adequate financial resources are available for timely payment of District obligations, and provide liquidity throughout the fiscal year.

Policy:

In order to achieve the objectives of this policy the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the “Operating Fund”.
2. The Operating Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District’s annual budget the Board may transfer funds to/from the Operating Fund.
4. The District Manager/CFO is authorized to approve the disbursement of Operating Funds for payment of expenses that have prior board approval.
5. The Operating Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings and LAIF.
6. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Operating Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of 17% of operational budget including debt service and pipeline, and a maximum of 100%, unless otherwise directed by the Board of Directors at a public meeting. This target fund level was established based upon the following general guidelines:

1. The District shall maintain a balance in the general fund equal to approximately two (2) to three (3) months budgeted expenditures for the fiscal year.
2. For the purpose of this policy, budgeted expenditures shall include all expenditures associated with the following:
 - a. Operating Expenses
 - b. District Installed Pipeline Projects
 - c. Debt Service

WATER RATE STABILIZATION FUND

Fund Purpose:

The purpose of the Water Rate Stabilization Fund is to establish a means to provide more stable water service charges to the District's customers. The Water Rate Stabilization Fund will be used to accumulate reserves for District use during periods of unanticipated fluctuations in general fund revenues. Unanticipated fluctuations in general fund revenues include, but are not limited to, periods of seasonal weather changes. The Water Rate Stabilization Fund will reduce and/or eliminate the need for unanticipated changes to water service charges, and will provide for more stable rates.

Policy:

In order to achieve the objectives of this policy the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Water Rate Stabilization Fund".
2. The Water Rate Stabilization Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Water Rate Stabilization Fund.
4. The District Manager/CFO is authorized to approve the disbursement of Water Rate Stabilization Funds for payment of expenses that have prior board approval.
5. The Water Rate Stabilization Fund may be invested in financial institutions and instruments.
6. All investment earnings from the Water Stabilization Fund shall be credited to the District's operating fund.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Water Rate Stabilization Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of 10% of water rate revenue (including service charge and consumption revenue), and a maximum of 20%, unless otherwise directed by the Board of Directors at a public meeting.

EMERGENCY RESERVE FUND

Fund Purpose:

The purpose of the Emergency Fund is to accumulate sufficient financial reserves necessary to ensure a timely response by the District to natural disasters and/or other emergencies. This reserve fund will provide for rapid response and continued operation of the District's essential services during periods of natural disasters and/or other emergencies.

Policy:

In order to achieve the objectives of this policy the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Emergency Fund".
2. The Emergency Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Emergency Fund.
4. The Emergency Fund shall be expended solely for the purpose of responding to and maintaining District operations during a natural disaster and/or emergency.
5. The District Manager/CFO is authorized to approve the disbursement of Emergency Reserve Funds for payment of expenses that have prior board approval.
6. Upon expenditure of any Emergency Funds, the CFO shall notify the Board of Directors at the earliest possible opportunity.
7. Expenditures from this designated reserve fund which are subsequently recovered, either partially or fully, from FEMA, OES, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Emergency Reserve Fund.
8. All investment earnings from the Emergency Fund shall be credited to the District's operating fund.
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Emergency Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of 25% of operational budget including debt service and pipeline, unless otherwise directed by the Board of Directors at a public meeting.

DROUGHT MANAGEMENT FUND

Fund Purpose:

The purpose of the Drought Management Fund is to establish a means to provide more stable water service charges to the District's customers. The Drought Management Fund will be used to accumulate reserves for District use during periods of unanticipated reductions in general fund revenues. Unanticipated reductions in general fund revenues include, but are not be limited to, periods of drought. The Drought Management Reserve Fund will reduce and/or eliminate the need for unanticipated changes to water service charges, and provide for more stable rates.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Drought Management Fund".
2. The Drought Management Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Drought Management Fund.
4. The District Manager/CFO is authorized to approve the disbursement of Drought Management Funds for payment of expenses that have prior board approval.
5. All investment earnings from the Drought Management Fund shall be credited to the District's operating fund.
6. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Drought Management Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of 25% and a maximum of 50% of budgeted consumption revenue, unless otherwise directed by the Board of Directors at a public meeting.

LONG TERM CAPITAL FUND

Fund Purpose:

The purpose of the Long Term Capital Fund is to accumulate sufficient reserve funds necessary to ensure timely acquisition, replacement and upgrade of the District's water system infrastructure and capital assets.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Long Term Capital Fund".
2. The Long Term Capital Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Long Term Capital Fund.
4. Monies transferred into the Long Term Capital Fund shall be expended solely for the construction of new and/or replacement water system infrastructure and capital assets.
5. The District Manager/CFO is authorized to approve the disbursement of Long Term Capital Funds for payment of expenses that have prior board approval.
6. All investment earnings from the Long Term Capital Fund shall be credited to the District's operating fund.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Long Term Capital Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of 10% of the 10 year capital budget total and a maximum of 100%, unless otherwise directed by the Board of Directors at a public meeting.

EQUIPMENT REPLACEMENT FUND

Fund Purpose:

The purpose of the Equipment Replacement Funds is to accumulate sufficient reserves necessary to ensure timely replacement and upgrade of the District's vehicles, mobile equipment, and appurtenances thereto. Safe, reliable and up-to-date vehicles and equipment, in good working order, are essential for the provision of public services in a timely and professional manner. Due to the need for depreciation and replacement of vehicles and other mobile equipment it is desirable for the District to set aside funds on an on-going basis for this purpose.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Equipment Replacement Fund".
2. The Equipment Replacement Reserve Fund shall be designated as a non-restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Equipment Replacement Fund.
4. Funds transferred from the Equipment Replacement Fund shall be expended solely for the purpose of replacement and upgrade of existing District vehicle, mobile equipment and appurtenances thereto.
5. The District Manager/CFO is authorized to approve the disbursement of Equipment Replacement Funds for payment of expenses that have prior board approval.
6. The allocation amount shall be reviewed every five (5) years for appropriate vehicle and equipment retention schedules, depreciation schedules and acquisition costs.
7. All investment earnings from the Equipment Replacement Reserve Fund shall be credited to the District's operating fund.
8. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Equipment Replacement Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of current year equipment depreciation and maximum of total equipment accumulated depreciation, unless otherwise directed by the Board of Directors at a public meeting.

SICK/ANNUAL LEAVE FUND

Fund Purpose:

The purpose of the Sick/Annual Leave Funds is to accumulate sufficient reserves necessary to ensure payment of outstanding accrued sick and/or annual leave upon a District employee's separation of service from the District. Pursuant to the current Memorandums of Understanding by and between the District and designated employee representative bargaining groups, District employees may accumulate annual leave in accordance with a maximum accumulation schedule. Any employee separated from the service of the District shall receive pay for all accumulated annual/sick leave in accordance with designated schedules. It is desirable for the District to set aside funds on an on-going basis for this purpose.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Sick/Annual Leave Fund".
2. The Sick/Annual Leave Fund shall be designated as a restricted reserve fund.
3. During the adoption of the District's annual budget the Board may transfer funds from the Operating Fund to the Sick/Annual Leave Fund.
4. Monies transferred into the Sick/Annual Leave Fund shall be expended solely for the purpose of compensation to District employees upon separation of service from the District for accumulated sick/annual leave.
5. The District Manager/CFO is authorized to approve the disbursement of Sick/Annual Leave Fund Funds for payment of expenses that have prior board approval.
6. All investment earnings from the Sick/Annual Leave Fund shall be credited to the District's operating fund.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Sick/Annual Leave Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of the current accrued vacation and sick liability, unless otherwise directed by the Board of Directors at a public meeting.

FACILITY CAPACITY FEE FUND

Fund Purpose:

The purpose of the Facility Capacity Fund is to collect fees from new service connections (specific connection fees) for capacity increasing related projects. This reserve fund will provide capital funds for projects that increase capacity to the District

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the “Facility Capacity Fee Fund”.
2. The Facility Capacity Fee Fund shall be designated as a restricted reserve fund.
3. The District shall transfer all Capacity Fee monies from the Operating Fund to the Facility Capacity Fee Fund upon collection.
4. Approval for expenditures from the Facility Capacity Fee Fund shall require the affirmative approval by the Board of Directors at a duly noticed public meeting.
5. All investment earnings from the Facility Capacity Fee Fund shall be credited to the District’s operating fund.
6. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

BOND RESERVE FUND

Fund Purpose:

The purpose of the Bond Reserve Fund is governed by legal bond covenants for the District's revenue bonds. Bond covenants require that this fund be maintained at a level sufficient to fund the maximum annual debt service payments. These funds are held by the bond trustee during the term of the bonds and are to be used in the event that the District is unable to meet its required semi-annual debt service obligation.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Debt Reserve Fund".
2. The Debt Reserve Fund shall be designated as a restricted reserve fund.
3. The District shall transfer all Bond Reserve monies from the Operating Fund to the Bond Reserve Fund upon collection.
4. Bond Reserve Funds for each revenue bond issue will be used to make the last two semi-annual debt service payments for that issue.
5. The District Manager/CFO is authorized to approve the expenditure of Bond Reserve Funds, with prior approval of the Board of Directors, for the purpose expressly stated herein.
6. Reserve funds related to state loans shall be treated identically to revenue bond reserve funds.
7. All investment earnings from the Debt Reserve Fund shall be credited to the Debt Reserve Fund.
8. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Debt Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of the legal requirement by law.

DEBT PROCEEDS CONSTRUCTION PROJECT FUND

Fund Purpose:

The purpose of the Debt Proceeds Construction Project Fund is governed by loan contracts for a specific Project. Bond documents require that these funds be used for the specific project.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the “Debt Proceeds Construction Project Fund”.
2. The Debt Proceeds Construction Project Fund shall be designated as a restricted reserve fund.
3. The District shall transfer all Bond Proceed monies from the Operating Fund to the Bond Proceeds Construction Project Fund upon collection.
4. Debt Proceeds Construction Project Fund will be used to construct the specific project as previously approved by the Board.
5. The District Manager/CFO is authorized to approve the expenditure of Debt Proceeds Construction Project Funds, with prior approval of the Board of Directors, for the purpose expressly stated herein.
6. All investment earnings from the Debt Proceeds Construction Project Fund shall be credited to the Debt Proceeds Construction Project Fund.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Debt Proceeds Construction Project Fund is to maintain a balance, as of July 1st of each fiscal year, equal to the remaining bond proceeds borrowed for a specific project.

PFD RESERVE FUND

Fund Purpose:

The purpose of the PFD Reserve Fund is governed by legal contract between the District and the PFD. The contract requires that funds spent must be used to install or repair fire hydrants. The funds can also be used to increase fire flows by replacing water pipes with a specific agreement between the PFD and the District.

Policy:

In order to achieve the objectives of this policy, the Board of Directors shall adhere to the following guidelines:

1. This reserve fund shall be known as the “PFD Reserve Fund”.
2. The PFD Reserve Fund shall be designated as a restricted reserve fund.
3. The District shall transfer all PFD Reserve monies from the Operating Fund to the PFD Reserve Fund upon collection.
4. PFD Reserve Funds will be used for the maintenance and installation of the PFD hydrant system, and to increase fire flows by replacing water pipes with specific agreement between PFD and the District.
5. The District Manager/CFO is authorized to approve the expenditure PFD Reserve Funds, with prior approval of the Board of Directors, for the purpose expressly stated herein.
6. All investment earnings from the PFD Reserve Fund shall be credited to the PFD Reserve Fund.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the PFD Reserve Fund is to maintain a balance, as of July 1st of each fiscal year, equal to a minimum of the contract requirement.

CHAPTER 14.C

PARADISE IRRIGATION DISTRICT DEBT MANAGEMENT POLICY

POLICY STATEMENT

This policy documents the goals of the Paradise Irrigation District (“District”) for the use of debt instruments and provides guidelines for the use of debt for financing District water, sewer and recycled water infrastructure and project needs. The District’s overriding goal in issuing debt is to respond to and provide for its infrastructure, capital project and other financing needs while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District held debt proceeds and makes debt service payments, acting with prudence, diligence and attention to prevailing economic conditions.

The District will pay for all infrastructure, projects, and other financing needs from a combination of current revenues, available reserves, if any, and prudently issued debt. The District believes that debt can provide an equitable means of financing projects for its customers and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs (i) if it meets the goals of equitable treatment of all customers, both current and future; (ii) if it is the most cost-effective means available; (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iv) if there are other important policy reasons therefor. The District will not issue debt without the approval of the Board of Directors (“Board”).

Purpose and Use of Debt

The District will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term improvements and thus ensure that existing and future users pay their fair share. Long-term improvements include the acquisition of land, facilities, infrastructure, and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. These improvements are typically included in the District’s, Capital Improvement Budget and Water Master Plan. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and moveable pieces of equipment, or other costs as permitted by law.

Purpose of Policy

The purpose of this debt management policy is to:

- Establish parameters for issuing debt
- Provide guidance to decision makers:
 - With respect to all options available to finance infrastructure, capital projects, and other financing needs
 - So that the most prudent, equitable and cost effective method of financing can be chosen
- Document the objectives to be achieved both prior to issuance and subsequent to issuance
- Promote objectivity in the decision-making process
- Facilitate the financing process by establishing important policy decisions in advance

The District will adhere to the following legal requirements for the issuance of public debt:

Adopted 05/17/2017

- The state law which authorizes the issuance of the debt
- The federal and state laws which govern the eligibility of the debt for tax-exempt status
- The federal and state laws which govern the issuance of taxable debt
- The federal and state laws which govern disclosure, sale, and trading of the debt both before and subsequent to issuance

Types of Debt

Revenue Bonds, Notes, Certificates of Participation, special tax or special assessment bonds, capital leases, commercial paper, bank loans, direct placements and lease-purchase financings will be treated as debt and subject to these same policies. The Board of Directors may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Management Policy.

I. GENERAL PROVISIONS

The District will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting processes. Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget. The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The District's Debt Management Policy, the Reserve Policy, and the Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the District's approach to debt management:

- The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
- The District will not issue debt to cover operating needs, unless specifically approved by the Board.
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the District's adopted Capital Improvement Budget or as otherwise approved by the Board.
- Each proposal to issue debt will be accompanied by an analysis that demonstrates conformity to this Policy. This analysis will address the purpose for which the debt is issued and the proposed debt structure.

II. CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the District's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of practices to promote prudent financial management.

Adopted 05/17/2017

In issuing debt, the District's objectives will be to:

- Achieve the lowest cost of capital
- Ensure ratepayer equity
- Maintain the adopted credit rating strategy, or a more effective credit rating strategy, and access to credit enhancement
- Preserve financial flexibility

Standards for Use of Debt Financing

When appropriate, the District will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term and to minimize rate volatility. The District shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life. Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Debt Capacity

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the District. The District's future borrowing capability is limited by the debt coverage ratio and additional debt limitations required by the existing bond covenants.

Financing Criteria

Each debt issuance should be evaluated on an individual basis within the context of the District's overall financing objectives and current market conditions. The District will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety – If the issuance of debt requires a cash-funded debt service reserve fund, the District may purchase a surety policy or replace an existing cash-funded debt service reserve fund when deemed prudent and advantageous. The District may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of its debt when it is approved by the Board.

Call Provisions – In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants – The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.

Short-Term Debt – The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity. The District may also utilize short-term

Adopted 05/17/2017

financing for the acquisition and construction of equipment and other facilities having short-term useful lives.

Variable Rate Debt – Variable rate debt products are rolling series of short-term investments that are resold periodically and are therefore priced at the short-end of the yield curve at low interest rates. If an issuer accepts the risks inherent in variable interest rates, the issuer can take advantage of some of the lowest rates available on the market. Variable rate debt may be appropriate for the District's portfolio, especially in an environment where increased interest earnings on invested funds offset the increased cost of variable rate debt. Variable rate debt products include variable rate demand obligations, commercial paper, and auction rate securities. The District may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the District will analyze the risks associated with the variable rate debt products, including derivative products.

Use of Variable Rate Debt – The District may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the District will analyze, among other things, the risk associated with the variable rate debt and the impact on the District's overall portfolio. Before issuing variable rate debt, the District will analyze its cash position; the District will not issue variable rate debt in an amount that exceeds 115% of its unrestricted cash position at the time of issuance of any variable rate debt.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

Refinancing Outstanding Debt

The Chief Financial Officer ("CFO") shall have the responsibility to evaluate potential refunding opportunities. The District will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The District shall establish a target savings level greater or equal to 3% of the par of debt refunded on a net present value (NPV) basis (after payment of all costs associated with the issuance). This figure will serve only as a guideline and the District may determine that a different savings target is appropriate; the District shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- The value of the call option
- Revision of restrictive or onerous covenants
- Other factors approved by the applicable member District

Restructuring – The District may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, to achieve a proper matching of debt service with revenues, release reserve funds, or comply with and/or eliminate rate/bond covenants.

Term/Final Maturity – The District may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the debt should not extend beyond the reasonably expected useful life of the asset being financed. The District may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.

Defeasance – Defeasance is when a debt financing is refinanced or paid off through an escrow where certain authorized investments and cash are deposited to pay the redemption price, principal and interest until such time the debt is fully redeemed. On the date when proceeds are deposited into the escrow, the debt will no longer be deemed outstanding and is defeased.

There are two types of defeasances: legal and economic. A legal defeasance ends all of the rights and interest of the debt holders provided under the governing documents, including the pledge of revenues or other security interest. An economic defeasance does not end the rights and interest of the debt holders until such debt is fully redeemed.

When evaluating an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

Outstanding Debt Limitations

Prior to issuance of new debt, the District shall consider and review the latest credit rating reports and guidelines to ensure the District's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

Method of Issuance

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the District's debt shall be awarded to the bidder providing the lowest true interest cost ("TIC"), as long as the bid adheres to the requirements set forth in the official notice of sale.

Negotiated Sale – The District recognizes that some bond issues are best sold through negotiation with a selected underwriter or team of underwriters. The District has identified the following circumstances below in which this would likely be the case:

- Issuance of variable rate or taxable bonds
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process

- Market volatility, such that the District would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the District
- As a result of an underwriter's familiarity with the project/financing, that enables the District to take advantage of efficiency and timing considerations

Private Placement – From time to time the District may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

Market Communication, Debt Administration and Reporting Requirements

Responsibilities – For purposes of this policy the District Manager delegates responsibility to the CFO or his/her successor in position and in title.

Rating Agencies – The CFO shall be responsible for maintaining the District's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investors Service, as appropriate. The District shall, from time to time, deal with one, two or all of these agencies as circumstances dictate. In addition to general communication, the CFO shall (1) meet, (either in person or via phone) with credit analysts at least annually, and (2) prior to each competitive or negotiated sale, offer conference calls or meeting(s) with rating analysts in connection with the planned sale.

Observance of Debt Covenants – The CFO will periodically ensure that the District is in compliance with all legal covenants for each debt issue.

Continuing Disclosure – The CFO will comply for all debt issued with Rule 15c2-12(b)(5) by required filing as covenanted in each debt issue's Continuing Disclosure Agreement. The CFO will maintain a calendar with the reporting deadlines and procedures for dissemination of annual reports and notices.

Record Keeping – A copy of all debt-related records shall be retained at the District's offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the District shall retain an electronic copy of each document, preferably in PDF or CD-ROM format.

Arbitrage Rebate – The District will comply with the administratively adopted policies and procedures regarding tax-exempt financings and tax-exempt financed property, as well as the tax and arbitrage certifications associated with each issue.

Internal Controls for Use of Proceeds – To ensure that the proceeds of debt issuances are used in accordance with the intended uses, staff will perform annual audits.



PARADISE IRRIGATION DISTRICT

SCHEDULE OF FEES AND CHARGES

Effective October 15, 2021

Fees and Charges:

Construction Water:	<u>Current Fee (02/06)</u>
Permit Fee	Current Business 2" Meter Charge / mo.
Hydrant Deposit	\$2,000.00
Cost of Water	3 x Highest Tiered Consumption Charge (3 x \$1.61)
Meter Set/Move Charge	\$ 30.00
Damages	Actual LEMO Costs
Unauthorized Taking of Water Penalty	
First Offense	\$100 written warning
Second & Subsequent	<u>\$2,000</u> plus applicable civil code violations

Miscellaneous Utility Billing/Customer Fees:	<u>Current Fee (02/06)</u>
Special Meter Reading	\$ 20.00
Service Trip Charge	\$ 20.00
Returned Check	\$ 25.00
Duplicate Bill	\$ 1.00 each billing
Fifteen Day Notice	\$ 10.00
Delivery of 48-hour Notice	\$ 20.00
Meter Inspection/Testing (refundable if accuracy differs +/- 5%)	\$ 30.00
Transfer of Ownership (processing, meter reading, etc.)	\$ 30.00

Credit Card Transaction Fees:	
Online	No Charge
Over the Counter or by Phone	\$ 3.00

Meter Seal/Unseal Fees	
Customer Request Seal	\$ 20.00
Non-payment Seal	\$ 50.00
After Hours Unseal	\$100.00
(Weekdays after 3:30 p.m., Weekends & Holidays all day)	

	<u>Current Fee (02/06)</u>
Meter Tampering Fee	
First Incident (Meter removal or reinstall)	\$ 50.00 + Repair Costs
Second and Subsequent	\$250.00 + Repair Costs
(Plus applicable civil code violations)	
Wasteful Use Fee (non-compliance related)	2 x Highest Tiered Consumption Charge
Work Orders	Estimated LEMO Deposit
Backflow Fees:	
Annual Testing	\$ 40.00
Re-Testing	\$ 40.00
Private Installation Inspection and Administration	\$ 70.00

Administrative Fees:

Legal Document Preparation (plus recording fees)	\$ 50.00 + Engineering & Legal
Duplication Services:	
Audiotapes (each)	\$ 5.00 + \$1 / event
Digital Copies (Cost of Disk and per Document)	\$ 5.00 + \$1 / file
Electronic Copies *	\$ 1.00 / file
Photocopy General Business Documents (B&W up to 11x17)	\$.20
Photocopy General Business Documents (Color up to 11x17)	\$1.20
Engineering Drawings & Maps (Large Format Printing)	
Line work, < 10% Coverage *	\$ 5.00 / file + \$1 / sq. ft. paper
Areas > 10% Coverage *	\$ 5.00 / file + \$2 / sq. ft. paper
Engineering Drawings & Maps* (Digital Copies)	\$ 5.00 + \$1 / file
* Existing Files – Ready to Print	
Bid Documents	Regular Copy Fee Rates
District Specifications	Download-NC/Regular Copy Fee Rate
Faxes	\$ 1.00
District Equipment Charges	Separate Schedule Attached
District Overhead Charges	
Labor	Actual
General	100% of Labor Charges
Engineering Fees:	<u>Current Fee (02/06)</u>
Planning Review Fee, Parcel Maps & Other	\$100.00
Planning Review Fee, Subdivision Maps	\$250.00
Meter Installation:	
Meter Installation Fee Schedule:	
LEMO (<u>L</u> abor, <u>E</u> quipment, <u>M</u> aterials & <u>O</u> verhead) plus a \$30 processing/setup fee, based on an estimate and deposit.	
Meter Removal/Reinstallation (1/07):	
Meter Removal Fee: \$0.00 as of 2/15/12 Board action. Reinstallation may be possible, pending District review before meter removal. Reinstallation Fees: Same as Meter Installation Fee.	

Meter Capacity:

(Meter Size Changes: Size Increase – Difference between fees for the two sizes involved based on fees at the time of the change in size. Size Decrease and Permanent Removal – No refund).

Current (Until June 30, 2023)

The capacity fee will increase annually until 2027. See page 4 for more information.

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 4,376.00	\$ -
1"	50	25-40	\$ 7,293.00	\$ -
1-1/2"	100	50-70	\$ 14,587.00	\$ -
2"	160	80-120	\$ 23,339.00	\$ -
3"	300		\$ 43,760.00	\$ -
4"	500		\$ 72,933.00	\$ -

7/1/2023

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 5,826.00	\$ 1,450.00
1"	50	25-40	\$ 9,710.00	\$ 2,417.00
1-1/2"	100	50-70	\$ 19,420.00	\$ 4,833.00
2"	160	80-120	\$ 31,072.00	\$ 7,733.00
3"	300		\$ 58,260.00	\$ 14,500.00
4"	500		\$ 97,100.00	\$ 24,167.00

7/1/2024

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 7,276.00	\$ 2,900.00
1"	50	25-40	\$ 12,127.00	\$ 4,833.00
1-1/2"	100	50-70	\$ 24,253.00	\$ 9,667.00
2"	160	80-120	\$ 38,805.00	\$ 15,467.00
3"	300		\$ 72,760.00	\$ 29,000.00
4"	500		121,267.00	\$ 48,333.00

7/1/2025

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 8,726.00	\$ 4,350.00
1"	50	25-40	\$ 14,543.00	\$ 7,250.00
1-1/2"	100	50-70	\$ 29,087.00	\$ 14,500.00
2"	160	80-120	\$ 46,539.00	\$ 23,200.00
3"	300		\$ 87,260.00	\$ 43,500.00
4"	500		145,433.00	\$ 72,500.00

7/1/2026

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 10,176.00	\$ 5,800.00
1"	50	25-40	\$ 16,960.00	\$ 9,667.00
1-1/2"	100	50-70	\$ 33,920.00	\$ 19,333.00
2"	160	80-120	\$ 54,272.00	\$ 30,933.00
3"	300		\$101,760.00	\$ 58,000.00
4"	500		\$169,600.00	\$ 96,667.00

7/1/2027

Size	Safe Max Operating Capacity	Recommended Max Rate	New Development Capacity Fee	Reconnect Capacity Fee
3/4"	30	15-25	\$ 11,627.00	\$ 7,251.00
1"	50	25-40	\$ 19,378.00	\$ 12,085.00
1-1/2"	100	50-70	\$ 38,757.00	\$ 24,170.00
2"	160	80-120	\$ 62,011.00	\$ 38,672.00
3"	300		116,270.00	\$ 72,510.00
4"	500		\$193,783.00	\$120,850.00

Installation of Meter, remote metering device, service lateral, backflow assembly, and town encroachment permit fees charged separately.

LEMO: Labor, Equipment, Materials & Overhead

Actual Cost: Requires Field Service Request and Estimate to be paid in full by Customer. Final amount may vary from original Estimate

Meter Size Changes: Size increases - Difference between fees for the two sizes involved based on fees at the time of the change in size. Size decrease and permanent removal - No Refund.

Note: District retains ownership of all materials. District is responsible for repairs from the main up to and including the meter or PID-maintained backflow prevention assembly only. It is the property owner's responsibility to connect to District meter at the shut-off valve.

Summary of Amendments to Schedule of Fees & Charges:

11/20/2013: Addition of Credit Card Transaction Fees

01/15/2014 (Effective 04/01/2014): Creation of a 15 Day Notice Charge & removal of the regular hours unseal fee & increasing the Non-payment seal fee to \$50.

03/19/2014 (Effective 04/01/2014): Update to Meter Installation Fee Schedule (Changes to provide only for meter installation based upon labor, equipment, materials, and overhead.

09/15/2021 (Effective 10/15/2021): Increase hydrant deposit to \$2,000. Increase cost of water to 3 x. Addition of \$70 backflow fee for 'Private Installation and Inspection Administration'.

01/18/2023 Update to Capacity fee charges following Board action.