

AGENDA  
 IRVINE RANCH WATER DISTRICT  
 FINANCE AND PERSONNEL COMMITTEE MEETING  
 TUESDAY, JULY 2, 2024

This meeting will be held in-person at the District’s headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID=m1abe7ba06bd752dda6aa83a45505dfdb>  
 Meeting number (access code): 2488 004 8903  
 Meeting password: Usi2PKRbU23

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the “lobby” will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 11:30 a.m.

ATTENDANCE Chair: Peer Swan \_\_\_\_\_ Member: Steve LaMar \_\_\_\_\_

ALSO PRESENT

Paul Cook _____	Neveen Adly _____
Wendy Chambers _____	Kevin Burton _____
Paul Weghorst _____	Christopher Smithson _____
Lance Kaneshiro _____	Tiffany Mitcham _____
Eileen Lin _____	Jennifer Davis _____
Stephen Aryan _____	_____
_____	_____
_____	_____

PUBLIC COMMENT NOTICE

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Committee on any item, you may attend the meeting in person and submit a “speaker slip.” You may also submit a public comment in advance of the meeting by emailing [comments@irwd.com](mailto:comments@irwd.com) before 7:30 a.m. on Tuesday, July 2, 2024.

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## COMMUNICATIONS

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1. Notes: Adly
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced, which came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

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## INFORMATION

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5. EMPLOYEE POPULATION AND RETENTION STATUS REPORT – SRADER / MITCHAM

Recommendation: Receive and file.

6. PERFORMANCE RECOGNITION PROGRAM QUARTERLY UPDATE – HALL / MITCHAM

Recommendation: Receive and file.

7. INFORMATION TECHNOLOGY PROJECT STATUS REPORT – KANESHIRO / ADLY

Recommendation: Receive and file.

8. MONTHLY INVESTMENT AND DEBT REVIEW – MENDOZA / DAVIS / ADLY

Recommendation: Receive and file.

9. CAPITAL FUNDING – SMITHSON / ADLY

Recommendation: Receive and file.

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## ACTION

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10. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR 2024-25 TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – LIN / ADLY

Recommendation: That the Board approve the lump sum payment for employer contributions to the California Public Employees' Retirement System (CalPERS) by making a one-time contribution of \$8,631,732 for IRWD's FY 2024-25 employer Unfunded Accrued Liability (UAL) contribution.

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**OTHER BUSINESS**

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- 11. Directors' Comments
- 12. Adjourn

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

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July 2, 2024  
Prepared by: L. Srader  
Submitted by: T. Mitcham  
Approved by: Paul A. Cook *PA*

FINANCE AND PERSONNEL COMMITTEE

EMPLOYEE POPULATION AND RETENTION STATUS REPORT

SUMMARY:

Staff has prepared various population status reports for the Committee's review.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

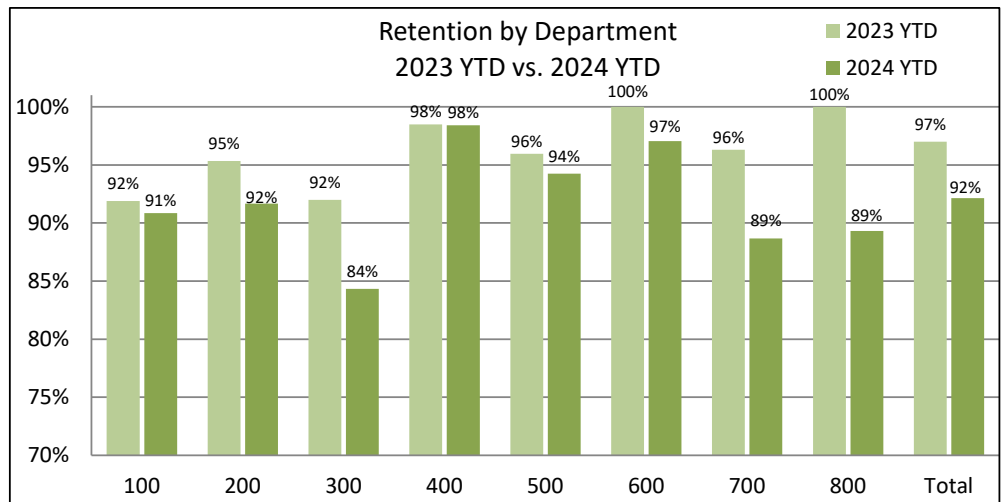
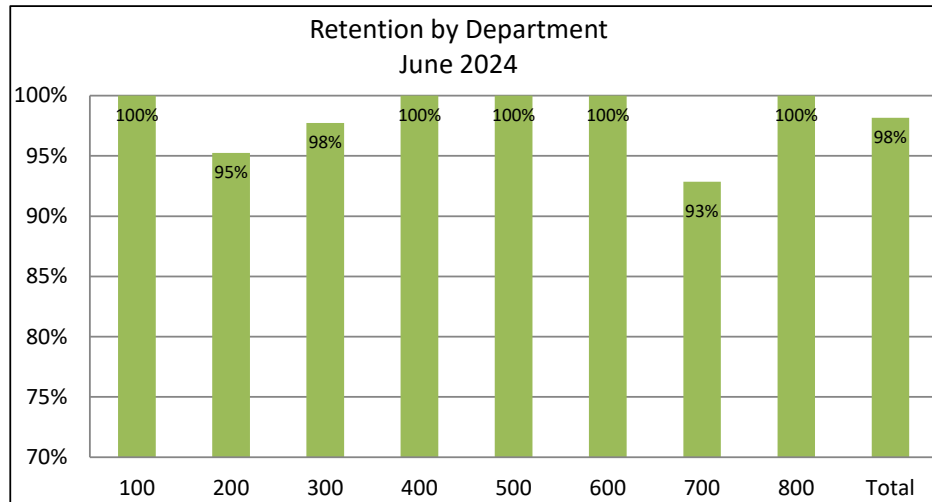
Exhibit "A" – Employee Population & Retention Status Report

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# Exhibit "A"

## IRVINE RANCH WATER DISTRICT EMPLOYEE POPULATION STATUS REPORT JUNE 2024

@06/01/24		Current Month Activity							@06/30/24		FY 23/24	Avg FYTD	Avg FYTD	Avg FYTD	Retention	
Dept	Positions Filled	New	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled	Budgeted Positions	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2024 YTD
		Hires	Vol	Invol	In	Out	In	Out								
100	21								21	3	24	23	-	23	100%	91%
200	84	4	4					1	83	10	93	83	3	87	95%	92%
300	44		1						43	7	50	45	2	47	98%	84%
400	64	1					1		66	5	71	63	-	64	100%	98%
500	52	2							54	8	62	52	3	54	100%	94%
600	33								33	2	35	33	3	36	100%	97%
700	28		2						26	2	28	27	1	27	93%	89%
800	54	1							55	7	62	56	-	56	100%	89%
<b>Totals</b>	<b>380</b>	<b>8</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>381</b>	<b>44</b>	<b>425</b>	<b>382</b>	<b>12</b>	<b>394</b>	<b>98%</b>	<b>92%</b>
6/23	386	2	-	-	1	1	-	-	388	33	421	381	10	392	100%	97%



100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION AND RETENTION REPORT  
JUNE 2024**

<b>NEW HIRES</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Prior Company/Agency</b>	
06/03/24	500	Edward Shepard	Automation Specialist	Schweitzer Engineering Labs	
06/03/24	800	Damien Maldonado	Maintenance Mechanic	Air Products	
06/10/24	200	April Gates	Customer Service Specialist I	City of Tustin	
06/10/24	500	Aimee Halligan	Senior Wetlands Specialist	County of Orange Waste and Recycling	
06/17/24	200	Jeremy Masur	Payroll Administrator	In-N-Out Burger	
06/17/24	400	Nikoli Tostado	Water Maintenance Technician I	Moulton Niguel Water District	
06/24/24	200	Connie Wong	Senior Accounting Clerk	Banc of California, N.A.	
06/24/24	200	Wilson Lui	Senior Network Administrator	Linksys USA, Inc.	

<b>TERMINATIONS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>
06/08/24	200			VOL	
06/08/24	200			VOL	
06/13/24	200			VOL	
06/15/24	300			VOL	
06/15/24	700			VOL	
06/15/24	200			VOL	

<b>RETIREMENTS</b>					
<b>Date</b>	<b>Dept</b>	<b>Employee Name</b>	<b>Position</b>	<b>Reason</b>	<b>Comments</b>
06/11/24	700	John "Mark" Tettermer	Recycled Water Development Manager	RET	

<b>PROMOTIONS</b>					
<b>Effective Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>
06/08/24	100	Brigitte Inzunza	Human Resources Analyst	100	Senior Human Resources Analyst
06/08/24	200	Eileen Lin	Controller	200	Director of Treasury
06/08/24	300	Abigail Kuan	Assistant Engineer	300	Associate Engineer
06/08/24	400	Bryan Clinton	Operations Supervisor	400	Operations Manager

<b>TRANSFERS</b>					
<b>Effective Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>
06/08/24	200	Ruben Munoz	Customer Service Field Technician	400	Water Maintenance Technician I

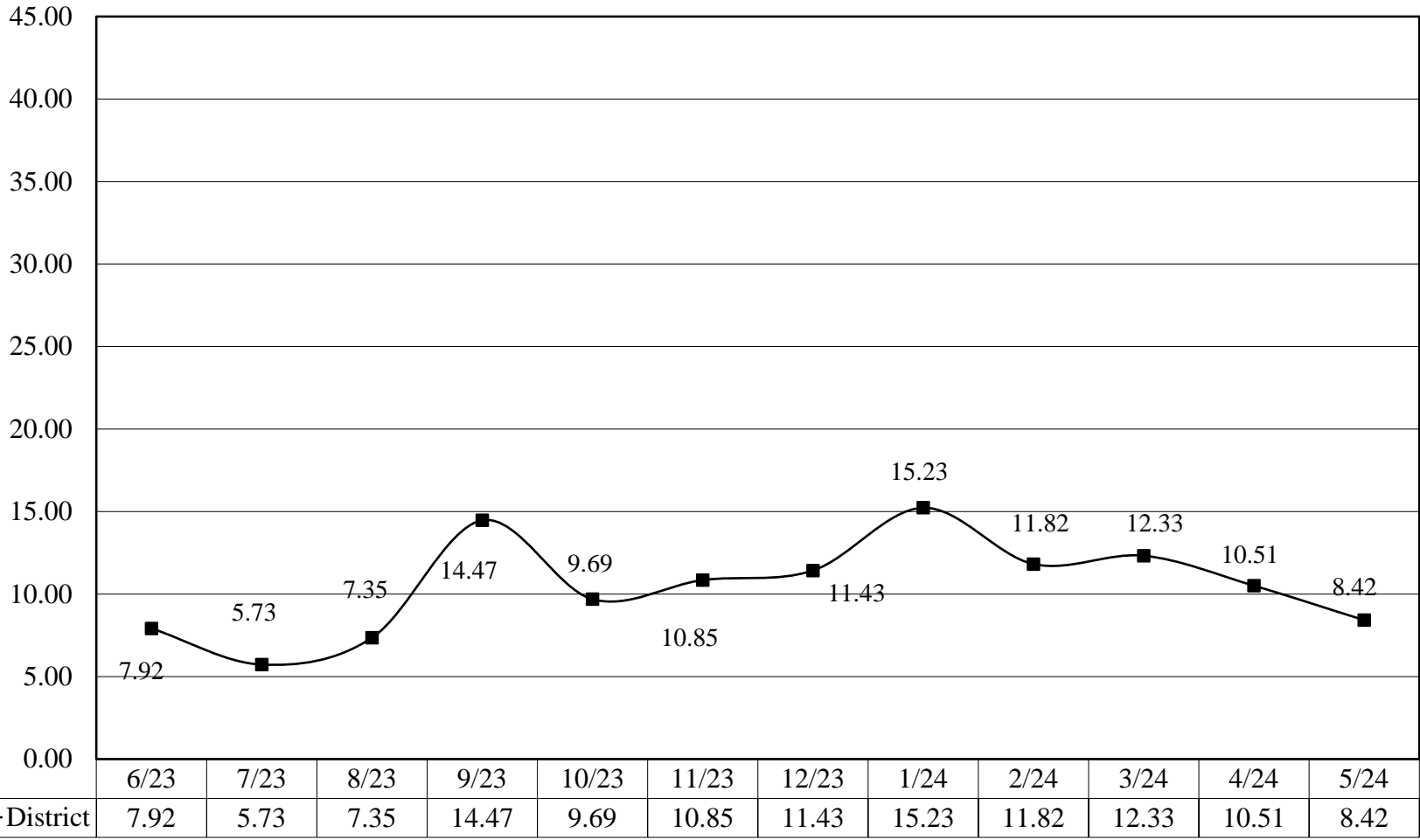
<b>CROSS TRAINING</b>					
<b>Effective Date</b>	<b>Departing Dept</b>	<b>Employee Name</b>	<b>Departing Position</b>	<b>New Dept</b>	<b>New Position</b>




**IRVINE RANCH WATER DISTRICT  
EMPLOYEE POPULATION AND RETENTION REPORT  
JUNE 2024**

<b>UNFILLED POSITIONS</b>			
<b>Dept</b>	<b>Position</b>	<b>Salary Grade</b>	<b>Comments</b>
100	Graphic Design Specialist	30.N	
100	Senior Executive Assistant	U29.N	
100	Human Resources Analyst	U11.	Recruiting
200	Controller	U21.E	
200	Payroll Administrator	U31.N	
200	User Support Administrator	U35.N	Recruiting
200	User Support Specialist	31.N	
200	Senior Accountant	U12.E	
200	Customer Service Field Technician	17.N	Recruiting
200	Senior Customer Service Field Technician	21.N	Recruiting
200	Accounting Clerk	16.N	
200	Accounting Supervisor	U14.E	Recruiting
200	Accountant	27.N	
300	Construction Inspection Asst Mngr	U17.E	
300	Associate Engineer	U14.E	
300	Senior Engineer	U20.E	Interviewing
300	Engineer	U17.E	Interviewing
300	Engineer	U17.E	Interviewing
300	Associate Engineer	U14.E	Recruiting
300	Construction Inspector	29.N	Recruiting
400	Water Maintenance Technician I	16.N	
400	Operations Supervisor	S36.N	Recruiting
400	Operations Supervisor	S36.N	Recruiting
400	Metering Systems Technician III	26.N	Recruiting
400	Water Maintenance Technician I	16.N	Recruiting
500	Collection Systems Technician II	21.N	Recruiting
500	Collection Systems Technician II	21.N	Recruiting
500	Manager of Biosolids & Energy Recovery	U21.E	Recruiting
500	Operator III	30.N	Recruiting
500	Operator II	27.N	Recruiting
500	Operator II	27.N	Recruiting
500	Senior Collection Systems CCTV Tech	25.N	
500	Wetlands Specialist	24.N	
600	Laboratory Scientist	29.N	
600	Regulatory Compliance Specialist	29.N	
700	Recycled Water Development Manager	U19.E	
700	Water Efficiency Specialist	26.N	
800	Mechanical Services Manager	U19.E	
800	Reliability Manager	U22.E	
800	Maintenance Mechanic	23.N	
800	Electrical & Instrumentation Technician	28.N	
800	Electrical & Instrumentation Technician	28.N	
800	Sr Maintenance Mechanic	27.N	
800	Sr Maintenance Mechanic	27.N	

**Temporary Employees  
Full Time Equivalency  
District Totals as of May 31, 2024**



July 2, 2024  
Prepared by: A. Hall  
Submitted by: T. Mitcham  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

PERFORMANCE RECOGNITION PROGRAM QUARTERLY UPDATE

SUMMARY:

This item presents the activities within IRWD’s Performance Recognition Program through the fourth quarter of Fiscal Year (FY) 2023-24.

BACKGROUND:

IRWD’s Performance Recognition Program recognizes employees who exhibit outstanding performance, depicting efforts above and beyond the performance requirements of their positions and aligning with / exemplifying IRWD’s Values.

During the fourth quarter of FY 2023-24, there were 18 Performance Recognition Award nominations totaling \$3,630 and involving 44 IRWD employees. As described in Exhibit “A”, the awards include employees from Technical Services, Water Resources and Policy, Operations, Finance and Administration, the General Manager’s Office, Human Resources, and Communications. Also, in the fourth quarter of FY 2023-24, 186 employees received Year-End Performance Recognition awards.

Exhibit “A” summarizes the Performance Recognition Awards for the fourth quarter of FY 2023-24

FISCAL IMPACTS:

The District’s annual budget for FY 2023-24 is \$210,000 for this program, of which \$209,120 was distributed for performance recognition as of June 30, 2024.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LISTS OF EXHIBITS:

Exhibit “A” – Performance Recognition Program Update for the Fourth Quarter of FY 2023-24

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Exhibit "A"  
**PERFORMANCE RECOGNITION PROGRAM**  
**QUARTERLY UPDATE**  
**Fiscal Year 2023-2024**  
**Q4 January 2024 - June 2024**



QTR.	DATE	EMPLOYEE	PERFORMANCE RECOGNIZED	AWARD	GROSS AMOUNT
4th Qtr.	4/5/2024	Dilcia Jackson	Recognized for going above and beyond training the new development services staff members. Dilcia researched OneNote and found new ways to migrate all the training files into sharable files for everyone to access and update as policies and procedures change. She demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
	4/15/2024	Marie Bowers Debbie Kanoff	Recognized for their hard work and dedication in planning the <i>Navigating the Application and Interview Experience</i> training held at Operations and Sand Canyon on March 20 and April 10. Marie and Debbie demonstrated our value of Opportunity.	3 Gift Cards	\$30
				3 Gift Cards	\$30
	4/15/2024	David Asman	Recognized for going above and beyond by supporting the department during the supervisor's scheduled vacation. David demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
	4/19/2024	Christopher Almazan	Recognized for identifying the baghouse in the dryer room did not have a permit; Required Confined Space label affixed, which led to an action item. In addition, he notified his supervisor, the shop vacs were being used in the dryer room and could cause potential hazards. He demonstrated our value of Safety.	Payroll Check	\$100
	4/19/2024	Benjamin Vega-Beltran Jonathan Villalta	Recognized for their recommendation to replace the steel manhole covers with lighter composite covers in areas at MWRP, where feasible. Operators often open and inspect manhole lids that can be very heavy. Their recommendation will help to reduce strains and sprains. Benjamin and Jonathan both demonstrated the value of Teamwork and Collaboration and Safety.	Payroll Check	\$100
				Payroll Check	\$100
	5/9/2024	Jose Martinez Tyler Trigg Jose Castro	Recognized for their efforts in supporting the role of primary field responder, as the primary responder was cross-training. They worked together to cover the primary responder duties while managing their own workloads, and providing seamless service to both internal and external customers. They demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
	5/30/2024	Deniene Rivenburg	Recognized for her community outreach work at the Serrano Creek Pipeline Realignment construction project. The project involved digging on a cul-de-sac, near Almondwood. The Customers who live in the area opposed the project, fearing it would disrupt their daily routines and cause issues with garbage pickup. Deniene, earned the trust of the neighbors by clearly explaining the process and persuading both IRWD staff and contractors to a work schedule that would minimize disruptions to the customers. A week later, Deniene received a call from a customer who informed her IRWD and a contractor were on the street to begin work. Deniene went to the area to resolve the issues while honoring the commitment IRWD had made to the customer. She demonstrated our value of Integrity and Transparency.	Payroll Check	\$250
	6/4/2024	Ethan Fike	Recognized for his efforts in resolving a project issue at Well OPA-1 PFAS Treatment facility. The well pump required testing that under normal circumstances could be done remotely from a workstation at MWRP. Due to ongoing software upgrades, the controls were unavailable. Ethan took the initiative to delve into the PLC code and learned the solution required him to be physically present on-site. He drove the OPA-1 facility and utilized the newly installed code to test the well pump. While on site he identified another issue caused by a blown fuse. Ethan's proactive approach and technical expertise prevented a day of lost productivity for Engineering, Operations, and the contractor. He demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
	6/4/2024	Eileen Lin	Recognized for assisting a customer whose first language is not English. Eileen did not hesitate to translate the information to the customer in her native language. She demonstrated our values of Teamwork and Collaboration and Customer Care.	3 Gift Cards	\$30
	6/11/2024	Belisario Rios	Recognized for assisting with the Construction Inspector panel interviews with less than 24 hours' notice. Belisario had to rearrange his schedule to accommodate the request and review the applicant packets with less than a few hours. His assistance aided in identifying a top candidate for the Dams & Storage Group. He demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
	6/11/2024	Courtney Fajatin Erika Garibay Brenda Guzman Herbert Ng Oliver Mendoza Jennifer Davis	Recognized for their outstanding support of the students from Cristo Rey High School; Zoe Menefee and Benjamin Fuentes. During the last nine (9) months, each employee took time to be a mentor and guide, while providing instruction for the students. This took considerable time throughout their scheduled workday to assist them with getting their assignments and checking their work, and having lunch with them as an ambassador for the District. They demonstrated our Teamwork and Collaboration and Opportunity values.	Payroll Check	\$100
				Payroll Check	\$250
				Payroll Check	\$250
Payroll Check				\$250	
Payroll Check				\$250	
6/18/2024	Kristine Swan	Recognized for going above and beyond to ensure board packets for the Groundwater Banking JPA (GBJPA) were accurate and posted per the meeting requirements. The staff at Rosedale Rio-Bravo did not get the board packets to IRWD until after 5 pm and the packets needed to be posted. As Kristine was reviewing the packet, she noticed the meeting time was incorrect. She worked with IRWD and Rosedale staff to correct the agenda and packets, which required her to stay late to ensure the packets were correct.	Payroll	\$250	
6/19/2024	Laura Gates	Recognized for taking the initiative to assist with posting a bid. There was a pending RFP for the PlanetBid online bidding platform, that is time sensitive. Due to an emergency Laura was asked to post the bid for the first time without any prior training or knowledge of posting an RFP on PlanetBids. Laura went through the process line by line. She paid great attention to the details and suggestions to obtain the relevant information, by pulling up a previously published bid. Once the bid was published Lance Kaneshiro, Director of IT requested to make a change with additional category codes. Laura completed this task as well. She demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30	
6/19/2024	Scott Fraser	Scott had a contractor come to the counter saying that he was working on a house in Shady Canyon (a dual plumbed home) and they turned off the recycled water meter to make repairs but the water did not stop. Turns out they had connected the potable water to the recycled water. Scott understood, although not being a cross-connection specialist and being assured by the contractor that was not the case, that this was potentially the issue and immediately informed both groups. Staff were able to respond, and the situation has since been resolved. Staff did have to notify state and county health departments, but were certain the homeowners did not consume any recycled water. Scott then received a voice mail message from another contractor that had started development while under plan review. He noticed on the plans that recycled water was on the property and again immediately notified onsite and cross connection groups, and got a construction inspector out to the site. actions demonstrated our value of Integrity and Transparency.	3 Gift Cards	\$30	
6/19/2024	Alex Garcia	The General Safety Committee recommended a Tier II safety recognition for Alex Garcia. Alex found a safe solution while upgrading the gas detection LEL sensors at Coastal Ridge Lift station. The current sensors are about 8" below grade that were in a pit about 20 feet deep.	Payroll Check	\$100	

Exhibit "A"  
**PERFORMANCE RECOGNITION PROGRAM**  
**QUARTERLY UPDATE**  
**Fiscal Year 2023-2024**  
**Q4 January 2024 - June 2024**



QTR.	DATE	EMPLOYEE	PERFORMANCE RECOGNIZED	AWARD	GROSS AMOUNT
4th Qtr.	6/25/2024	Tony Hernandez Harry Yanes Shane Shanafelt	Tony, Harry and Shane were recognized for their actions leading up to and during the Biosolids Wastegas Burner blower replacement. Tony and Harry performed field fabrication and weld repair of structural damage discovered on the flare after teardown. Shane maintained fueling of the generator powering the GEMS portable vapor combustor unit. They demonstrated our value of Teamwork and Collaboration.	3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
	6/25/2024	Othniel Rawlins Brooke Espinoza Charles Arellano Jason Braeger Kouroush Monokchian Gaspar Garza	These employees were also recognized for recognized for their actions leading up to and during the Biosolids Wastegas Burner blower replacement. Othniel supported the initial blower fan temporary repair and balancing, and he performed balancing on the new fan after replacement. He also added an inspection hatch to the new blower assembly. Brooke and Charles supported the initial flare shutdown, the Gems portable vapor combustor unit connection and the flare teardown, fan replacement and restart. Jason was observant and discovered the initial problem with the flare, allowing our teams to get at the problem early enough to avoid a catastrophic failure and AQMD permit violation. Kouroush did an excellent job coordinating with the GEMS portable vapor combustor and maintaining stable operations of the portable VCU in the overnight hours. Gaspar was also observant, recognized the situation, and supported staff. All demonstrated our value of Teamwork and Collaboration.	Payroll Check	\$100
				Payroll Check	\$100
				Payroll Check	\$100
				Payroll Check	\$100
				Payroll Check	\$100
				Payroll Check	\$100
	6/25/2024	Richard Brown Mark Stone Damien McBride Jay Eggers Jessee Hesch Daniel Jara Steve Tolerico Phil Hornung Lauren Hatch Brandon Joseph Michael Kulick	These employees were nominated for their dedication in planning for the 2024 Employee Appreciation Event. They all contributed their time, effort, and talent to ensure the event would be enjoyable for employees, representing our Value of Teamwork and Collaboration.	3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
				3 Gift Cards	\$30
3 Gift Cards				\$30	
3 Gift Cards				\$30	
3 Gift Cards				\$30	
				<b>Quarter Total</b>	<b>Aggregate</b>
				<i>First Quarter</i>	\$1,780
				<i>Second Quarter</i>	\$2,600
				<i>Third Quarter</i>	\$1,310
				<i>Fourth Quarter</i>	\$3,630
				<i>Exemplary Performance Awards (Employees)</i>	\$199,800
<b>FISCAL YEAR TO DATE TOTAL</b>					<b>\$209,120</b>

July 2, 2024

Prepared by: L. Kaneshiro

Submitted by: N. Adly

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

INFORMATION TECHNOLOGY PROJECT STATUS REPORT

SUMMARY:

Provided for the Committee's review is a list of projects on which Information Technology Department staff is currently working.

BACKGROUND:

Information Technology periodically submits a project status report for the Committee's review. The current project status report is provided as Exhibit "A".

FISCAL IMPACTS:

The fiscal impacts are shown in Exhibit "A".

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Information Technology Project Status

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Exhibit “A”

Information Technology Project Status Report

July 2, 2024

Project Name	Project Summary	Schedule	Project Budget	Status				
Enterprise Data Management System	Complete Enterprise Data Management (EDM) needs assessment considering IRWD’s data sources and future analytical needs; recommend EDM software solution procurement.	<table border="0"> <tr> <td style="text-align: center; vertical-align: middle;">Start</td> <td style="text-align: center; vertical-align: middle;">8/23</td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">Complete</td> <td style="text-align: center; vertical-align: middle;">6/24</td> </tr> </table>	Start	8/23	Complete	6/24	Assessment: \$90,000	The EDM Assessment Phase has been completed. More than 70 employees from across IRWD participated in the Assessment, which included analyzing the current state of IRWD’s data environment, developing potential Use Cases, and evaluating EDM technologies. The consultant recommendation was to start with a limited data warehouse which could be built upon later, instead of the full technology stack, because most Use Cases at this time are for dashboards and reports. The timing of the next phase, which is to purchase and implement the data warehouse, will be coordinated with the ERP activities.
Start	8/23							
Complete	6/24							
ERP Request for Information (RFI)	Gather current information about modern ERP solutions and services	<table border="0"> <tr> <td style="text-align: center; vertical-align: middle;">Start</td> <td style="text-align: center; vertical-align: middle;">3/24</td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">Complete</td> <td style="text-align: center; vertical-align: middle;">4/24</td> </tr> </table>	Start	3/24	Complete	4/24	\$0	The ERP RFI has been completed. Four vendors responded to the RFI with information about their ERP solutions, implementation services, costs, and related information. From the RFI, a better understanding was gained about the current ERP market and options available to meet IRWD’s needs.
Start	3/24							
Complete	4/24							

Project Name	Project Summary	Schedule	Project Budget	Status	
ERP and CIS Software Selection	Evaluate and recommend new ERP and Customer Information System (CIS) software that best meets IRWD's current and future needs.	Start Complete	6/24 9/24	\$200,000	A Request for Proposal (RFP) was released on June 18 for services to assist with selecting new ERP and CIS software. The scope includes discovery, business process analysis, requirements, evaluation and recommendation. Learnings from the ERP RFI, the EDM Assessment, meetings with other agencies, and other sources will be incorporated into this effort. Proposals are due on July 17.
Department Share Drives Migration	Migrate IRWD electronic files to modern Microsoft systems and eliminate obsolete technologies.	Start Complete	1/24 7/24	\$25,000	The technical discovery phase has been completed and the initial file migration to the new Microsoft servers has started. This project will be completed in July.
Back-Up and Recovery Replacement	Replace existing back-up and recovery tool to improve disaster recovery/resilience.	Start Complete	6/24 12/24	\$50,000	A proof of concept (POC) test for the new back-up and recovery solution was completed. The POC results are being reviewed and planning is underway to replace the existing tool.
Network Storage Upgrade	Upgrade existing network storage.	Start Complete	5/24 10/24	\$50,000	A POC for the new network storage appliance was completed and systems are in the process of being migrated.


Project Name	Project Summary	Schedule		Project Budget	Status
Enterprise Server Upgrade	Upgrade existing enterprise servers.	Start Complete	5/24 1/25	\$100,000	Planning has begun to replace the District's enterprise servers that will be reaching their end of support date in January 2025.
Windows 11 Operating System Upgrade	Upgrade laptops, PCs and other computer devices with Windows 10 to Windows 11.	Start Complete	6/24 10/25	\$200,000	Planning has begun to upgrade existing laptops, PCs and other devices with Windows 10 operating systems to Windows 11. Microsoft's end of support date for Windows 10 is in October 2025.

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July 2, 2024

Prepared by: O. Mendoza / J. Davis

Submitted by: N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

The following items are submitted for the Committee's review and consideration:

- The Investment Portfolio Summary Report as of June 21, 2024, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of June 21, 2024, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of June 21, 2024, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of June 21, 2024, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the final rate of return for June 2024 is not available. Preliminary calculations indicate a rate of return for the fixed income investment portfolio of 4.49%, which was a 0.03% increase from May's rate of 4.46%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for June 2024 was 6.75%, which is a 0.02% increase from May's rate of 6.73%. The increase is due to higher interest accruals from the reinvestment of securities from the prior month.

Debt Portfolio:

As of June 21, 2024, IRWD's weighted average all-in variable rate for debt was 3.44%, which is a 0.15% decrease from May's rate of 3.59%. Including IRWD's weighted average fixed rate bond issues of 3.73% and the negative cash accruals from fixed payer interest rate swaps (which hedge a portion of the District's variable rate debt), the total average debt rate was 3.65%, a 0.06% decrease from May's rate of 3.71%. The decrease was due to lower average rates for the District's variable rate debt.

FISCAL IMPACTS:

Fiscal impacts are outlined above and included in the exhibits provided.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Investment Portfolio Summary as of June 21, 2024

Exhibit "B" – Yield Curve as of June 21, 2024

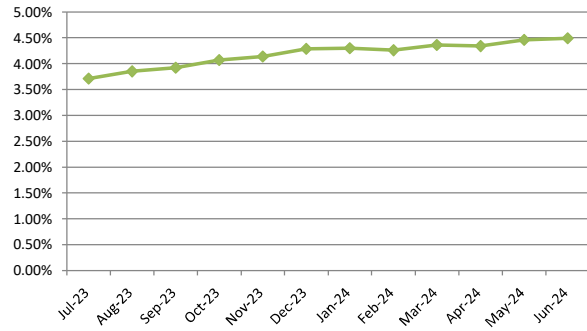
Exhibit "C" – Summary of Fixed and Variable Debt as of June 21, 2024

Exhibit "D" – Summary of Variable Rate Debt Rates as of June 21, 2024

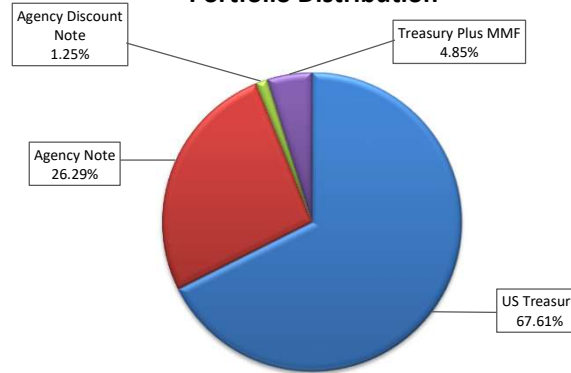
# Exhibit "A"

## Irvine Ranch Water District Investment Portfolio Summary June 2024

**Monthly Fixed Income Yield**



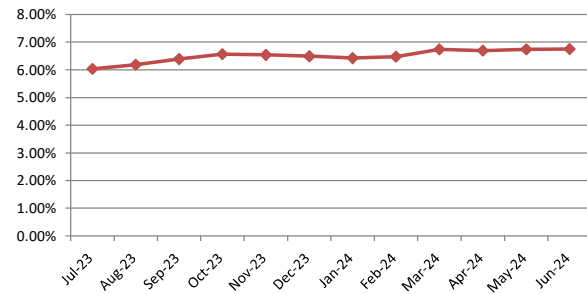
**Portfolio Distribution**



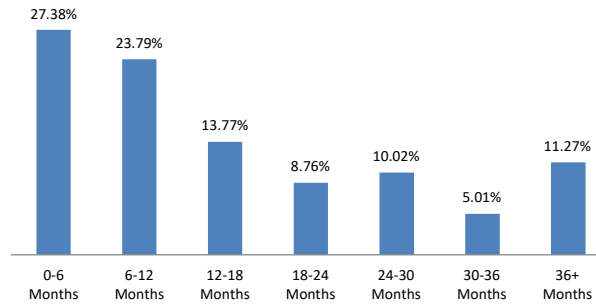
**Investment Summary**

Type	PAR	Book Value	Market Value
US Treasury	270,000,000	268,058,757	266,067,616
Agency Note	105,000,000	104,314,529	103,555,850
Treasury Plus MMF	19,353,323	19,353,323	19,353,323
Agency Discount Note	5,000,000	4,983,165	4,962,671
<b>Grand Total</b>	<b>399,353,323</b>	<b>396,709,775</b>	<b>393,939,460</b>

**Weighted Average Return Including Real Estate Portfolio**



**Maturity Distribution**



**Top Issuers**

Issuer	PAR	% Portfolio
US Treasury	270,000,000	67.61%
Fed Farm Credit Bank	55,000,000	13.77%
Fed Home Loan Bank	35,000,000	8.76%
Wells Fargo / Allspring	19,353,323	4.85%
Fed Home Loan Mortgage Corp	15,000,000	3.76%
Fed Natl Mortgage Assoc	5,000,000	1.25%
<b>Grand Total</b>	<b>399,353,323</b>	<b>100.00%</b>

IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

06/21/24

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 6/21/2024	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
04/06/23			06/22/24		LAIF	State of California Tsy.	\$0.00		4.530%	\$0.00	\$0.00	0.00	0.00
06/21/24			06/22/24		Treasury Plus MMF	Wells Fargo / Allspring	19,353,323.45		5.160%	19,353,323.45	19,353,323.45	19,353,323.45	0.00
12/01/22	NA	NA	07/02/24	Aaa/AA+/AAA	FNMA - Note	Fed Natl Mortgage Assoc	5,000,000	1.750%	4.450%	4,795,376.45	4,999,646.59	4,985,550.00	(14,096.59)
02/21/24	NA	NA	07/11/24	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	5.108%	5.299%	4,899,976.17	4,992,906.11	4,972,200.00	(20,706.11)
06/03/24	NA	NA	07/24/24	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	5.270%	5.398%	4,962,670.83	4,983,165.28	4,962,670.85	(20,494.43)
08/17/22	NA	NA	07/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,999,015.23	4,980,300.00	(18,715.23)
11/30/23	NA	NA	07/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	1.750%	5.288%	9,770,312.50	9,971,759.73	9,941,000.00	(30,759.73)
05/22/24	NA	NA	08/15/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	0.375%	5.264%	4,943,554.69	4,970,117.19	4,950,350.00	(19,767.19)
08/31/22	NA	NA	08/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	3.375%	3.500%	4,988,050.00	4,999,078.24	4,974,550.00	(24,528.24)
S 09/09/22	One Time	11/28/2022	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.000%	3.950%	4,995,000.00	4,999,596.66	4,982,400.00	(17,196.66)
02/28/23	One Time	8/28/2023	08/28/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	5.250%	5.338%	4,993,750.00	4,999,337.29	4,995,250.00	(4,087.29)
08/31/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	3.530%	4,972,750.00	5,019,503.02	4,967,100.00	(52,403.02)
09/30/22	NA	NA	09/13/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.250%	4.340%	4,898,930.00	4,989,524.96	4,967,100.00	(22,424.96)
09/30/22	NA	NA	09/26/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.334%	4,992,100.00	4,999,054.61	4,983,300.00	(15,754.61)
10/17/22	NA	NA	10/17/24	Aaa/AA+/NR	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.375%	4.535%	9,969,800.00	9,995,538.17	9,963,500.00	(32,038.17)
03/14/24	NA	NA	10/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	5.257%	4,908,007.81	4,951,415.38	4,936,900.00	(14,515.38)
10/31/22	NA	NA	11/15/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.489%	4,783,984.38	4,960,329.57	4,931,800.00	(28,529.57)
12/22/22	NA	NA	11/18/24	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	0.875%	4.260%	4,693,316.75	4,938,399.35	4,895,450.00	(42,949.35)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.471%	4,773,046.88	4,947,560.07	4,914,000.00	(33,560.07)
10/31/22	NA	NA	12/31/24	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.250%	4.483%	4,771,875.00	4,947,289.30	4,914,000.00	(33,289.30)
10/31/22	NA	NA	01/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.125%	4.476%	4,651,562.50	4,914,509.76	4,874,550.00	(39,959.76)
10/31/22	NA	NA	01/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.500%	4.483%	4,789,843.75	4,948,437.50	4,909,650.00	(38,787.50)
11/30/23	NA	NA	01/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.500%	5.097%	9,708,593.75	9,854,296.88	9,819,300.00	(34,996.88)
02/07/23	NA	NA	02/14/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	1.750%	4.500%	4,737,350.00	4,918,856.10	4,882,500.00	(36,356.10)
12/30/22	NA	NA	02/28/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.317%	4,839,453.13	4,950,881.99	4,909,000.00	(41,881.99)
02/07/23	NA	NA	03/14/25	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.250%	4.518%	4,973,050.00	4,990,993.21	4,961,300.00	(29,693.21)
12/30/22	NA	NA	03/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	1.750%	4.329%	4,731,250.00	4,914,306.76	4,866,650.00	(47,656.76)
04/12/23	NA	NA	03/31/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	20,000,000	3.875%	4.073%	19,925,781.25	19,971,819.58	19,783,000.00	(188,819.58)
12/22/22	NA	NA	04/01/25	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.200%	4.160%	5,004,550.00	5,001,500.24	4,957,800.00	(43,700.24)
04/18/24	NA	NA	04/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.625%	5.163%	9,757,617.18	9,807,165.05	9,774,450.00	(31,774.45)
12/08/22	Quarterly	02/12/2023	05/12/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	5,000,000	3.050%	4.427%	4,843,000.00	4,944,181.72	4,899,950.00	(44,231.72)
01/11/23	NA	NA	05/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	2.750%	4.148%	4,845,312.50	4,942,467.11	4,886,600.00	(55,867.11)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.340%	4,989,400.00	4,995,971.30	4,955,250.00	(40,721.30)
12/13/22	NA	NA	06/13/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.250%	4.352%	4,988,000.00	4,995,439.21	4,955,250.00	(40,189.21)
08/01/23	NA	NA	07/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	3.000%	4.917%	9,646,875.00	9,812,556.90	9,768,800.00	(43,756.90)
04/24/23	NA	NA	07/24/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	10,000,000	4.250%	4.253%	10,000,000.00	10,000,000.00	9,905,700.00	(94,300.00)
04/21/23	NA	NA	09/23/25	Aaa/AA+/AAA	FHLMC - Note	Fed Home Loan Mortgage Corp	10,000,000	0.375%	4.127%	9,143,400.00	9,565,899.10	9,405,200.00	(160,699.10)
12/01/22	NA	NA	10/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%	4,993,359.38	4,997,018.37	4,944,750.00	(52,268.37)
12/01/23	NA	NA	11/15/25	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	2.250%	4.719%	9,543,750.00	9,679,667.83	9,609,400.00	(70,267.83)
12/01/22	Continuous after	9/12/2023	12/12/25	Aaa/AA+/AAA	FFCB - Note	Fed Farm Credit Bank	5,000,000	4.125%	4.694%	4,920,500.00	4,962,009.49	4,918,700.00	(43,309.49)



IRVINE RANCH WATER DISTRICT  
INVESTMENT SUMMARY REPORT

06/21/24

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE <sup>(1)</sup> 6/21/2024	UNREALIZED <sup>(2)</sup> GAIN/(LOSS)
04/18/24	NA	NA	01/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	3.875%	5.033%	9,808,593.75	9,830,829.33	9,823,800.00	(7,029.33)
02/21/24	NA	NA	02/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.000%	4.553%	14,844,140.63	14,872,302.81	14,759,250.00	(113,052.81)
04/30/24	NA	NA	03/31/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	4.500%	5.017%	4,953,125.00	4,957,276.79	4,961,550.00	4,273.21
07/06/23	NA	NA	06/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.125%	4.566%	14,819,531.25	14,880,135.17	14,780,250.00	(99,885.17)
06/03/24	NA	NA	07/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	5,000,000	4.500%	4.843%	4,965,625.00	4,966,871.76	4,965,625.00	(1,246.76)
09/27/23	NA	NA	09/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.846%	9,939,453.13	9,954,980.83	9,954,300.00	(680.83)
11/03/23	NA	NA	10/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.625%	4.784%	9,956,640.63	9,966,343.14	9,957,800.00	(8,543.14)
12/28/23	NA	NA	12/15/26	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.375%	4.020%	10,098,046.88	10,081,207.80	9,904,300.00	(176,907.80)
01/31/24	NA	NA	01/15/27	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.000%	4.171%	9,952,734.38	9,959,386.58	9,814,500.00	(144,886.58)
03/11/24	NA	NA	09/30/27	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.125%	4.195%	9,976,953.13	9,978,941.77	9,835,600.00	(143,341.77)
05/24/24	NA	NA	01/31/28	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	3.500%	4.621%	9,623,437.50	9,634,060.64	9,621,900.00	(12,160.64)
11/28/23	NA	NA	10/31/28	Aaa/AA+/AA+	Treasury - Note	US Treasury	10,000,000	4.875%	4.464%	10,179,687.50	10,158,113.01	10,116,000.00	(42,113.01)
12/15/23	NA	NA	11/30/28	Aaa/AA+/AA+	Treasury - Note	US Treasury	15,000,000	4.375%	3.897%	15,319,921.88	15,284,786.97	14,885,100.00	(399,686.97)
SUB-TOTAL							<u>\$399,353,323</u>			<u>\$392,912,926.51</u>	<u>\$396,709,774.90</u>	<u>\$393,939,459.90</u>	<u>(\$2,770,315.00)</u>
TOTAL INVESTMENTS							<u>\$399,353,323</u>			<u>\$392,912,926.51</u>	<u>\$396,709,774.90</u>	<u>\$393,939,459.90</u>	<u>(\$2,770,315.00)</u>
					Petty Cash					3,400.00			
					Ck Balance	Bank of America	ECR	1.77%		1,096,587.82			
					Ck Balance	Wells Fargo	ECR	2.00%		0.00 <sup>(5)</sup>			
										<u>\$394,012,914.33</u>			

<sup>(1)</sup> LAIF market value is as of the most recent quarter-end as reported by LAIF. Security market values are determined using Bank of New York ("Trading Prices"), Bloomberg and/or broker dealer pricing.

<sup>(2)</sup> Gain (loss) calculated against carry value using the trading value provided by Bank of New York/or Brokers'

<sup>(3)</sup> Real estate rate of return is based on most recent quarter end return.

<sup>(4)</sup> Original Cost updated to reflect capital tenant improvements added for Fiscal Year 2023. of capital tenant improvements during FY 2023.

<sup>(5)</sup> Cash balance in this account are funds that are pending purchase into the current money market fund.

\*S - Step up

This Investment Summary Report is in conformity with the 2024 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

Outstanding Variable Rate Debt	\$212,800,000
Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$152,800,000
Investment Balance:	\$394,012,914
Investment to Variable Rate Debt Ratio:	258%
Portfolio - Average Number of Days To Maturity	478

	Investment Portfolio	Real Estate <sup>(3)(4)</sup> Portfolio	Weighted Avg. Return
June	4.49%	15.18%	6.75%
May	4.46%	15.18%	6.73%
Change	0.03%	0.00%	0.02%

IRVINE RANCH WATER DISTRICT  
SUMMARY OF MATURITIES

06/21/24

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury	Investment Sweep
6/24	19,353,323	4.85%						19,353,323
7/24	30,000,000	7.51%		5,000,000	5,000,000		20,000,000	
8/24	20,000,000	5.01%		15,000,000			5,000,000	
9/24	15,000,000	3.76%		15,000,000				
10/24	15,000,000	3.76%		10,000,000			5,000,000	
11/24	10,000,000	2.50%		5,000,000			5,000,000	
12/24	10,000,000	2.50%					10,000,000	
1/25	20,000,000	5.01%					20,000,000	
2/25	10,000,000	2.50%		5,000,000			5,000,000	
3/25	30,000,000	7.51%		5,000,000			25,000,000	
4/25	15,000,000	3.76%		5,000,000			10,000,000	
5/25	10,000,000	2.50%		5,000,000			5,000,000	
SUB-TOTAL	\$204,353,323	51.17%		\$70,000,000	\$5,000,000		\$110,000,000	\$19,353,323

13 MONTHS - 3+ YEARS								
6/01/2025 - 08/30/2025	\$30,000,000	7.51%		20,000,000			10,000,000	
09/01/2025 - 11/30/2025	\$25,000,000	6.26%		10,000,000			15,000,000	
12/01/2025 - 02/28/2026	\$30,000,000	7.51%		5,000,000			25,000,000	
03/01/2026 - 5/31/2026	\$5,000,000	1.25%					5,000,000	
6/01/2026 - 08/30/2026	\$20,000,000	5.01%					20,000,000	
09/01/2026 - 11/30/2026	\$20,000,000	5.01%					20,000,000	
12/01/2026 - 02/28/2027	\$20,000,000	5.01%					20,000,000	
03/01/2027 - 5/31/2027								
06/01/2027 - 8/30/2027								
09/01/2027 - 11/30/2027	\$10,000,000	2.50%					10,000,000	
12/01/2027 - 02/28/2028	\$10,000,000	2.50%					10,000,000	
3/01/2028 +	\$25,000,000	6.26%					25,000,000	
SUB-TOTAL	\$195,000,000	48.83%		\$35,000,000			\$160,000,000	
TOTALS	\$399,353,323	100.00%		\$105,000,000	\$5,000,000		\$270,000,000	\$19,353,323

% OF PORTFOLIO

26.29%

1.25%

67.61%

4.85%

Irvine Ranch Water District  
Summary of Real Estate - Income Producing Investments  
3/31/2024

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2023	ANNUALIZED RATE OF RETURN QUARTER ENDED 3/31/2024
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 45,457,369	\$ 178,606,250	24.67%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 36,246,127	8.61%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,568,747	\$ 12,484,800	7.77%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,983,395	\$ 12,068,640	8.44%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,715,929	\$ 12,380,760	8.19%
Sand Canyon Professional Center - General Office <sup>(1)</sup>	Sep-20	Office Building	Fee Simple	\$ 31,404,103	\$ 40,559,820	7.90%
<b>Total - Income Properties</b>				<b>\$ 106,129,543</b>	<b>\$ 292,346,397</b>	<b>15.18%</b>

(1) Original Cost updated to reflect capital tenant improvements added for Fiscal Year 2023.

**IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT**  
**INVESTMENT ACTIVITY<sup>(1)</sup>**  
**Jun-24**

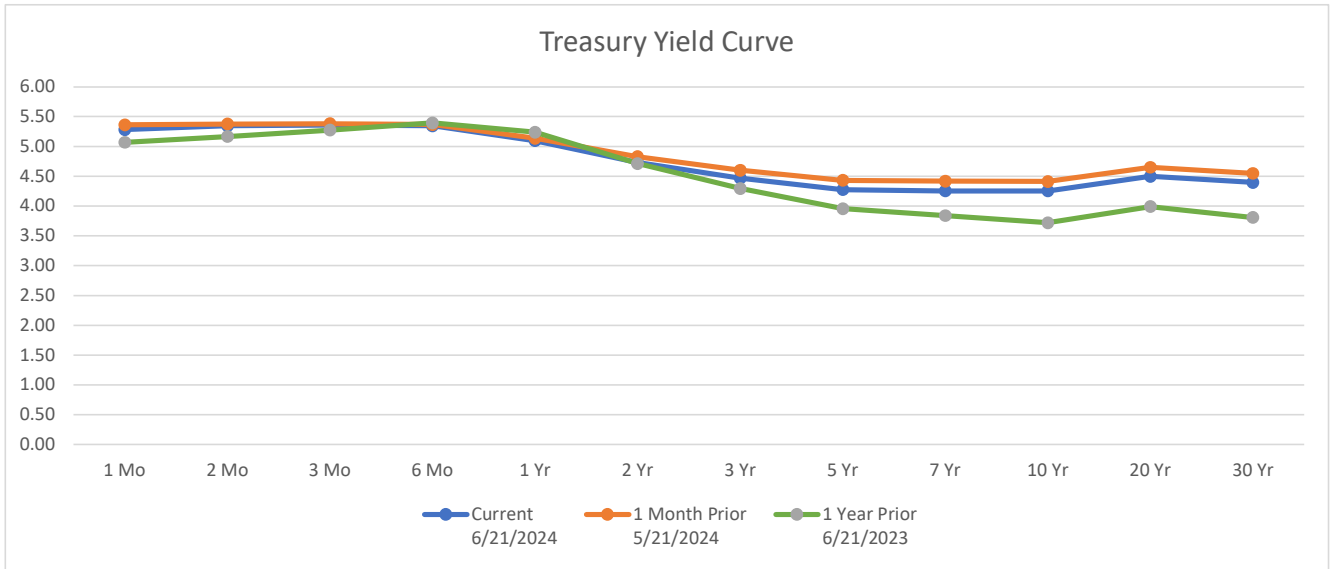
**MATURITIES/SALES/CALLS**

**PURCHASES**

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
6/14/2024	FHLB - Note	\$5,000,000	3.31%	6/3/2024	7/24/2024	FHLB - Discount Note	\$5,000,000	5.40%
6/14/2024	FHLB - Note	\$5,000,000	4.61%	6/3/2024	7/15/2026	Treasury - Note	\$5,000,000	4.84%

(1) Italicized entries indicate securities that are scheduled but not yet matured, sold, called, or purchased. There may be additional investment purchases if there are pending maturities for the month.

## Exhibit "B"



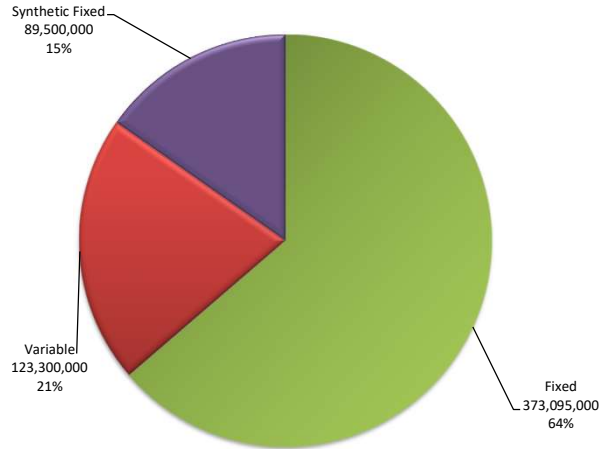
Tenor	Current 6/21/2024	1 Month Prior 5/21/2024	1 Year Prior 6/21/2023
1 Mo	5.28	5.36	5.07
2 Mo	5.34	5.38	5.17
3 Mo	5.36	5.38	5.28
6 Mo	5.35	5.37	5.40
1 Yr	5.10	5.14	5.24
2 Yr	4.73	4.83	4.72
3 Yr	4.47	4.60	4.29
5 Yr	4.27	4.43	3.96
7 Yr	4.25	4.42	3.84
10 Yr	4.26	4.41	3.72
20 Yr	4.50	4.65	3.99
30 Yr	4.40	4.55	3.81

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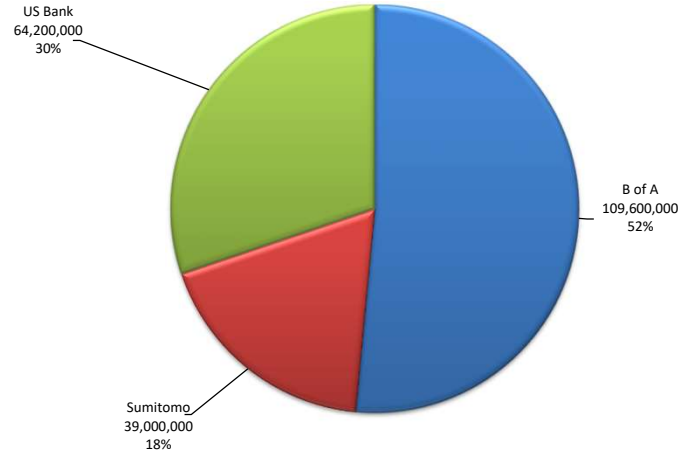
# Exhibit "C"

## Irvine Ranch Water District Summary of Fixed and Variable Rate Debt June 2024

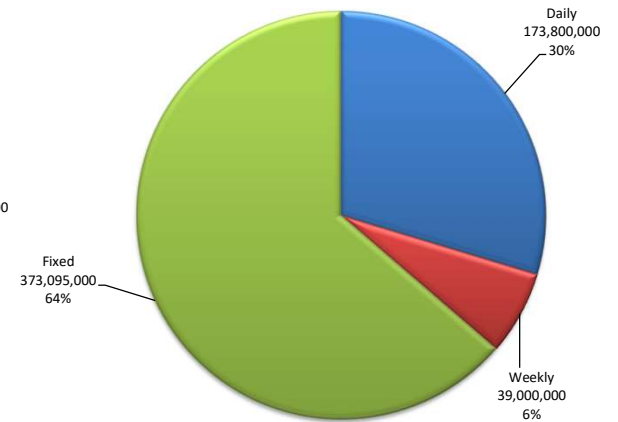
### Current Debt Mix By Type



### Letters of Credit / Support



### Current Debt Rate Reset



### Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 1993	05/19/93	04/01/33	\$19,200,000	3.28%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$39,000,000	6.66%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$38,760,000	6.62%	B of A	Goldman	Variable	Daily
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$25,840,000	4.41%	B of A	Goldman	Variable	Daily
Series 2009 - A	06/04/09	10/01/41	\$45,000,000	7.68%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$45,000,000	7.68%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$101,490,000	17.32%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	29.87%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$96,605,000	16.49%	N/A	N/A	Fixed	Fixed
<b>Total</b>			<b>\$585,895,000</b>	<b>100.00%</b>				

**IRVINE RANCH WATER DISTRICT**  
**SUMMARY OF FIXED & VARIABLE RATE DEBT**

June-24

Daily
Weekly

GENERAL BOND INFORMATION							LETTER OF CREDIT INFORMATION							TRUSTEE INFORMATION											
VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	Letter of Credit	Reimbursement Agreement Date	L/C Exp. Date	MOODY'S	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee					
SERIES 1993	05/19/93	04/01/33	Apr 1	5th Bus. Day	\$38,300,000	\$19,200,000	US BANK	05/07/15	05/01/25	Aa3/VMIG1	AA-/A-1+	N/R	\$19,458,805	0.3000%	\$58,376	BAML	DAILY	0.10%	\$19,200	BANK OF NY					
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$39,000,000	SUMITOMO	04/01/11	05/28/25	A1/P-1	A-/A-1	A/F1	\$39,576,986	0.3150%	\$124,668	BAML	WED	0.07%	\$27,300	BANK OF NY					
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$38,760,000	B of A	02/01/24	02/08/27	Aa1/VMIG1	A+/A-1	AAA/F1+	\$39,193,262	0.3200%	\$125,418	Goldman	DAILY	0.07%	\$27,132	BANK OF NY					
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$25,840,000	B of A	02/01/24	02/08/27	Aa1/VMIG1	A+/A-1	AAA/F1+	\$26,128,842	0.3200%	\$83,612	Goldman	DAILY	0.07%	\$18,088	BANK OF NY					
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	US BANK	04/01/11	05/01/25	Aa2/VMIG1	AA-/A-1+	AA/F1+	\$45,503,014	0.3000%	\$136,509	US Bank	DAILY	0.07%	\$31,500	US BANK					
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$45,000,000	B of A	04/01/11	04/21/25	Aa2/VMIG1	A-/A-1	A1/F1+	\$45,503,014	0.2800%	\$127,408	Goldman	DAILY	0.07%	\$31,500	US BANK					
<b>\$349,430,000</b>						<b>\$212,800,000</b>		<b>SUB-TOTAL VARIABLE RATE DEBT</b>							<b>\$215,363,923</b>			<b>0.3046%</b>		<b>\$655,992</b>		<b>0.07%</b>		<b>\$154,720</b>	
																(Wt. Avg)		(Wt. Avg)							

FIXED RATE ISSUES																					
2010 GO Build America Taxable Bonds	12/16/10	05/01/40	May (2025)	May/Nov	\$175,000,000	\$175,000,000	N/A	N/A	N/A	Aa1	AAA	NR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK	
2016 COPS	09/01/16	03/01/46	Mar 1	Mar/Sept	\$116,745,000	\$101,490,000	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK	
SERIES 2016	10/12/16	02/01/46	Feb 1	Feb/Aug	\$103,400,000	\$96,605,000	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	BANK OF NY	
<b>\$395,145,000</b>						<b>\$373,095,000</b>		<b>SUB-TOTAL FIXED RATE DEBT</b>													
<b>\$744,575,000</b>						<b>\$585,895,000</b>		<b>TOTAL - FIXED &amp; VARIABLE RATE DEBT</b>													

Remarketing Agents			GO VS COP'S		
Goldman	109,600,000	52%	GO:	484,405,000	83%
BAML	58,200,000	27%	COPS:	101,490,000	17%
US Bank	45,000,000	21%	Total	<u>585,895,000</u>	
	<u>212,800,000</u>				

LOC Banks			Breakdown Between Variable & Fixed Rate Mode		
SUMITOMO	39,000,000	18%	Daily Issues	173,800,000	30%
BANK OF AMERICA	109,600,000	52%	Weekly Issues	39,000,000	7%
US BANK	64,200,000	30%	Sub-Total	<u>212,800,000</u>	
	<u>212,800,000</u>		Fixed Rate Issues	\$373,095,000	64%
			Sub-Total - Fixed	<u>373,095,000</u>	
			TOTAL DEBT		
			FIXED & VAR.	<u>585,895,000</u>	100%



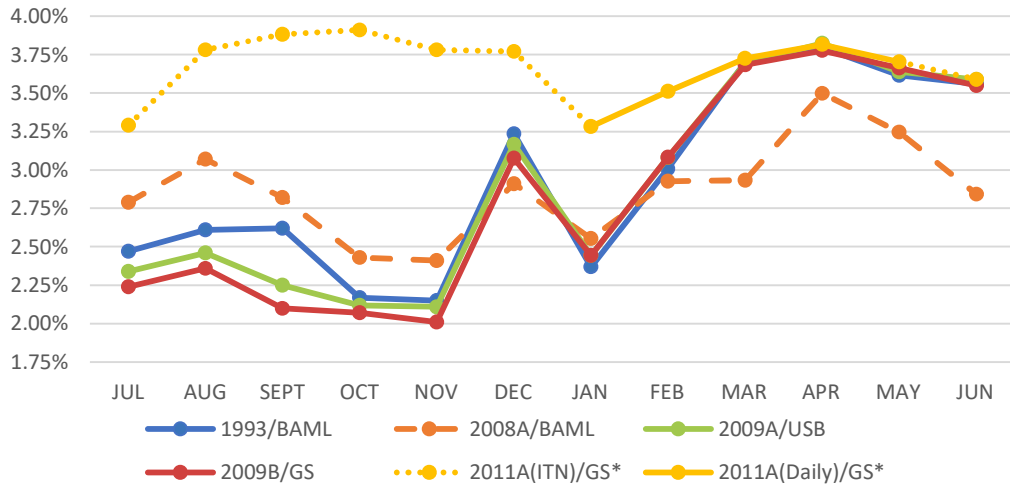
# Exhibit "D"

## Irvine Ranch Water District

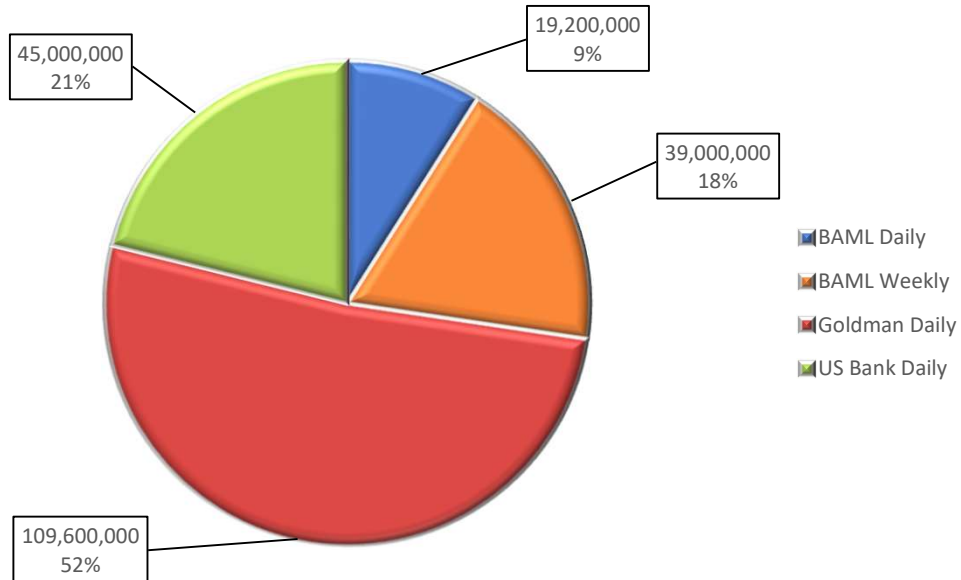
### Summary of Remarketing Performance

#### June 2024

All-in Variable Rate



Total Outstanding Principal By Remarketing Agent



\*2011A(ITN)s are based on SIFMA + 5. Please note that the 2011A(ITN)s converted to a daily rate made on February 8th 2024.

REMARKETING AGENT PERFORMANCE COMPARISON

Jun-24

Daily Variable Rate Comparison				
Date	Goldman Sachs vs US Bank	Goldman Sachs vs Bank of America	US Bank vs Bank of America	
6/1/2024	-0.05%	0.03%	0.08%	
6/2/2024	-0.05%	0.03%	0.08%	
6/3/2024	-0.15%	0.30%	0.45%	
6/4/2024	0.35%	0.70%	0.35%	
6/5/2024	-0.30%	-0.10%	0.20%	
6/6/2024	-0.10%	0.00%	0.10%	
6/7/2024	0.35%	0.35%	0.00%	
6/8/2024	0.35%	0.35%	0.00%	
6/9/2024	0.35%	0.35%	0.00%	
6/10/2024	0.00%	0.10%	0.10%	
6/11/2024	-0.05%	-0.20%	-0.15%	
6/12/2024	0.00%	-0.22%	-0.22%	
6/13/2024	0.05%	0.00%	-0.05%	
6/14/2024	0.00%	-0.10%	-0.10%	
6/15/2024	0.00%	-0.10%	-0.10%	
6/16/2024	0.00%	-0.10%	-0.10%	
6/17/2024	-0.25%	-0.10%	0.15%	
6/18/2024	-0.40%	-0.20%	0.20%	
6/19/2024	-0.40%	-0.20%	0.20%	
6/20/2024	-0.10%	-0.03%	0.07%	
6/21/2024	-0.05%	-0.05%	0.00%	
<b>Average Spread</b>	<b>-0.02%</b>	<b>0.04%</b>	<b>0.06%</b>	

<b>Rmkt Agent</b>	GS / US Bank	GS / Bank of America	US Bank / Bank of America
<b>Mode</b>	Daily	Daily	Daily
<b>Bond Issue</b>	2011A & 2009B / 2009A	2011A & 2009B / 1993	2009A / 1993
<b>Par Amount</b>	\$64.6MM & \$45MM / \$45MM	\$64.6MM & \$45MM / \$19.2MM	\$45MM / \$19.2MM
<b>LOC Bank</b>	Bank of America / US Bank	Bank of America / US Bank	US Bank / US Bank

SUMMARY OF DEBT RATES  
Jun-24

Rmkt Agent Mode	GOLDMAN			MERRILL LYNCH		US BANK
	DAILY	DAILY	DAILY	DAILY	WEEKLY	
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A
Par Amount	45,000,000	38,760,000	25,840,000	19,200,000	39,000,000	45,000,000
LOC Bank	BOFA	BOFA	BOFA	US BANK	Sumitomo	US BANK
Reset					Wednesday	
6/1/2024	3.80%	3.80%	3.80%	3.77%	2.63%	3.85%
6/2/2024	3.80%	3.80%	3.80%	3.77%	2.63%	3.85%
6/3/2024	3.30%	3.30%	3.30%	3.00%	2.63%	3.45%
6/4/2024	2.95%	2.95%	2.95%	2.25%	2.63%	2.60%
6/5/2024	1.95%	1.95%	1.95%	2.05%	2.63%	2.25%
6/6/2024	1.95%	1.95%	1.95%	1.95%	2.08%	2.05%
6/7/2024	2.40%	2.40%	2.40%	2.05%	2.08%	2.05%
6/8/2024	2.40%	2.40%	2.40%	2.05%	2.08%	2.05%
6/9/2024	2.40%	2.40%	2.40%	2.05%	2.08%	2.05%
6/10/2024	2.20%	2.20%	2.20%	2.10%	2.08%	2.20%
6/11/2024	2.20%	2.20%	2.20%	2.40%	2.08%	2.25%
6/12/2024	2.70%	2.70%	2.70%	2.92%	2.08%	2.70%
6/13/2024	3.55%	3.55%	3.55%	3.55%	2.45%	3.50%
6/14/2024	4.00%	4.00%	4.00%	4.10%	2.45%	4.00%
6/15/2024	4.00%	4.00%	4.00%	4.10%	2.45%	4.00%
6/16/2024	4.00%	4.00%	4.00%	4.10%	2.45%	4.00%
6/17/2024	4.00%	4.00%	4.00%	4.10%	2.45%	4.25%
6/18/2024	3.75%	3.75%	3.75%	3.95%	2.45%	4.15%
6/19/2024	3.75%	3.75%	3.75%	3.95%	2.45%	4.15%
6/20/2024	3.95%	3.95%	3.95%	3.98%	3.36%	4.05%
6/21/2024	4.10%	4.10%	4.10%	4.15%	3.36%	4.15%
Avg Interest Rates	3.20%	3.20%	3.20%	3.16%	2.46%	3.22%
Rmkt Fee	0.07%	0.07%	0.07%	0.10%	0.07%	0.07%
LOC Fee	0.28%	0.32%	0.32%	0.30%	0.32%	0.30%
<b>All-In Rate</b>	<b>3.55%</b>	<b>3.59%</b>	<b>3.59%</b>	<b>3.56%</b>	<b>2.84%</b>	<b>3.59%</b>
Par Amount	109,600,000			58,200,000		45,000,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	81.67%	173,800,000	3.57%	3.20%
Weekly	18.33%	39,000,000	2.84%	2.46%
	100.00%	<b>\$212,800,000</b>	3.44%	3.06%
<b>Fixed</b>				
COPS 2016	27.20%	101,490,000	2.90%	
BABS 2010	46.90%	175,000,000	4.44%	(1)
SERIES 2016	25.89%	96,605,000	3.32%	
	100.00%	<b>\$373,095,000</b>	3.73%	
<b>All-In Debt Rate Including \$60 Million Notional Amount of Swaps</b>				<b>3.65%</b>

(1) Rate adjusted up from 4.35% as a result of sequestration reducing BAB's subsidy by 5.7%

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July 2, 2024

Prepared by: C. Smithson

Submitted by: N. Aldy

Approved by: Paul A. Cook



## FINANCE AND PERSONNEL COMMITTEE

### CAPITAL FUNDING

#### SUMMARY:

IRWD utilizes various planning tools, including its Replacement Planning Model (RPM) and the Financial Replacement Planning Model (FRPM), to assist with the financial planning for setting future water and sewer rates. At the Finance and Personnel Committee meeting in January several questions were posed, and at this meeting staff will present a PowerPoint answering these questions and recommending next steps.

#### BACKGROUND:

IRWD's RPM model compiles the current and future costs associated with funding the replacement of IRWD facilities. The RPM model utilizes a technique called "Continuous Refurbishment" – a hybrid approach of estimating refurbishment, repair, and periodic replacement costs that more closely aligns with the estimated timing of the projected expenditure. In January, staff provided an update for funding replacements using the FRPM.

The revised cost projections from the RPM were incorporated into the FRPM, along with updated assumptions. During the presentation, the Committee suggested alternatives for funding capital costs and asked several questions related to the funding of both new capital and replacements. The questions included:

- Why is a portion of 1% revenue allocated to the developed IDs?
- Does the District's replacement and new capital projections capture the future obligation?
- What can be done to mitigate rate increases associated with future replacement costs?

Staff will present a PowerPoint included as Exhibit "A" that addresses the questions asked and considers funding strategies for new capital moving forward.

#### FISCAL IMPACTS:

Updated shifts in funding will be incorporated into the upcoming fiscal year budgets as applicable.

#### ENVIRONMENTAL COMPLIANCE:

This item is statutorily exempt from the California Environmental Quality Act (CEQA).

#### RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Capital Funding Draft PowerPoint



## AGENDA

Purpose: Maintain a funding strategy that meets the District's capital needs and minimizes the impact to its customers.

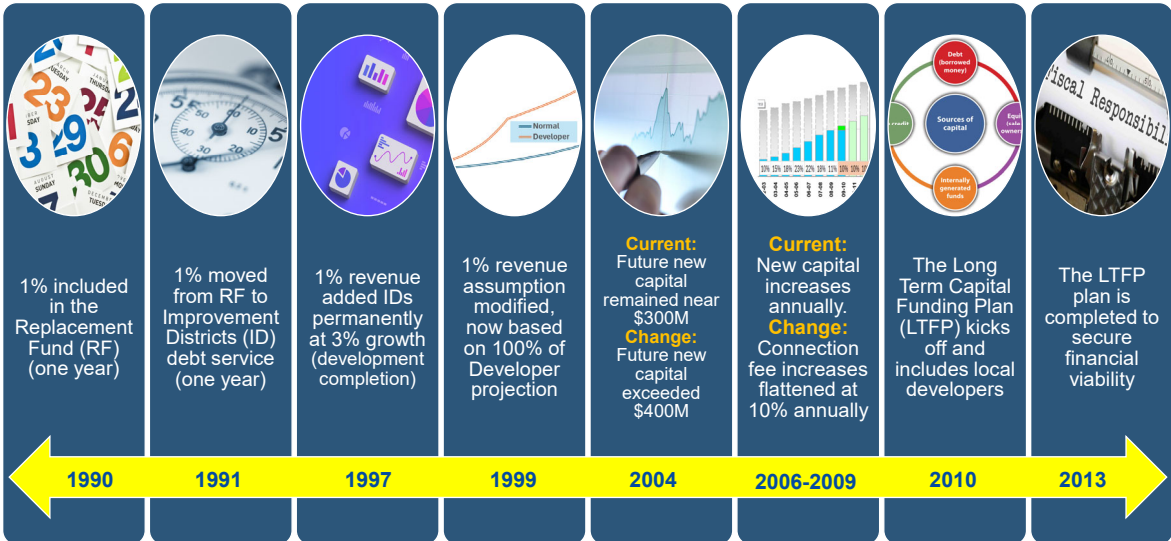
### Discussion Items:

- History of 1% Tax Revenue Utilization
- Long Term Capital Funding Program (LTFP) Overview
- Replacement and New Capital Projection Strategy
- Alternatives to Mitigate Rate Increases
- Funding Irvine Lake
- Recommendations and Next Steps

# HISTORY OF 1% TAX REVENUE UTILIZATION



## TAX REVENUE TIMELINE





## 1% TAX REVENUE FUNDING



1% included in the Replacement Fund (RF) (one year)



5

## 1% TAX REVENUE FUNDING



1% included in the Replacement Fund (RF) (one year)



1% moved from RF to Improvement Districts (ID) debt service (one year)

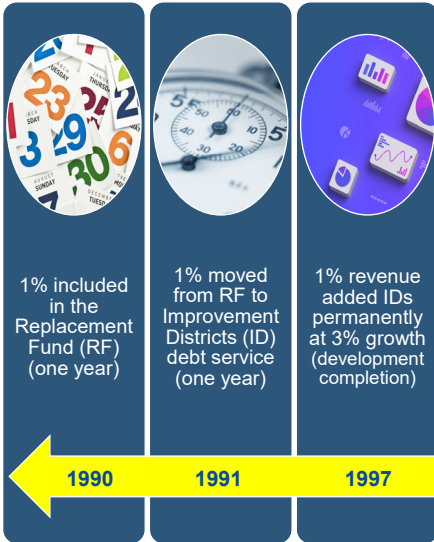


### California Revisited the 1% Tax Allocation

- IRWD dedicated 1% tax revenue to funding debt.
- This provided a sense of security for 1% revenue allocations for the District.
- At that time, the District shifted the allocation of 1% receipts from the Replacement Fund to the developing IDs Debt Service Funds.

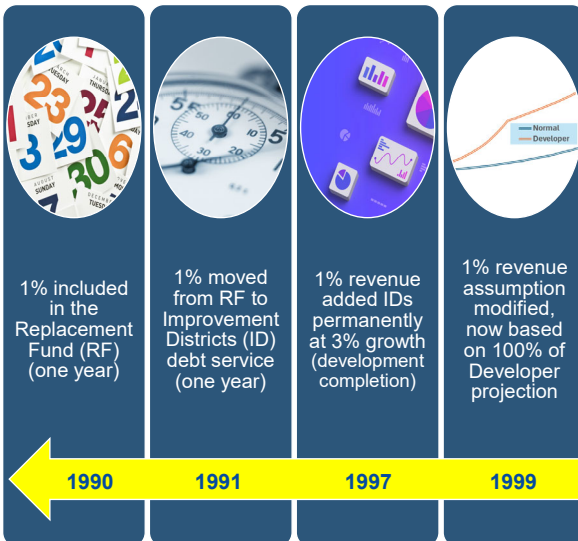
6

## 1% TAX REVENUE FUNDING



7

## 1% TAX REVENUE FUNDING



The 1% Assumption was modified to be based upon planned development projections (local developer).

- After considering alternatives, the Finance and Personnel Committee selected the 100% valuation projection.

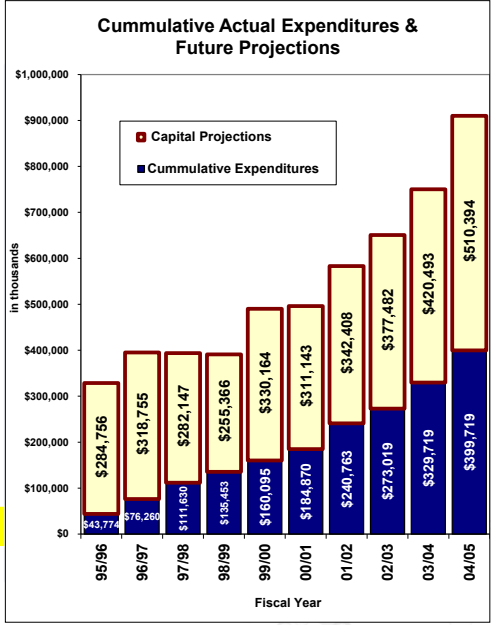
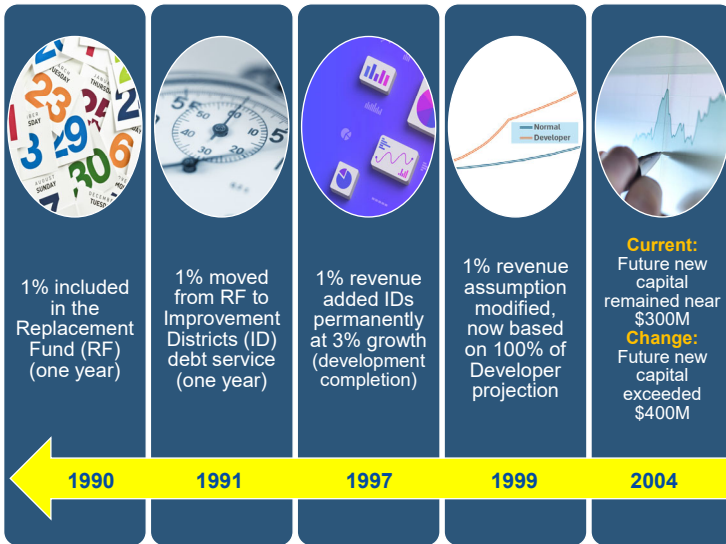
### Driving Factors:

- 1) Reduce the GO tax burden on District customers by utilizing their 1% tax contribution
- 2) Allow connection fees to go to a floor (minimum fee) to support development
- 3) Provide for a significant replacement source when needed in the future

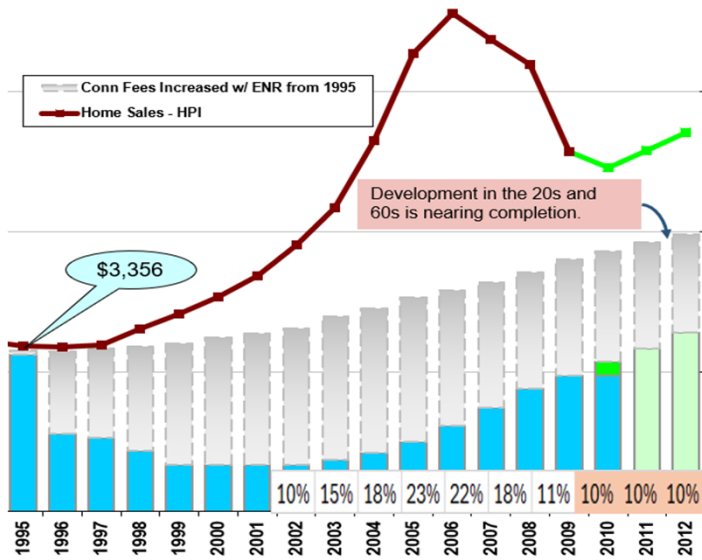


8

# 1% TAX REVENUE FUNDING



# 1% TAX REVENUE AND CONNECTION FEES

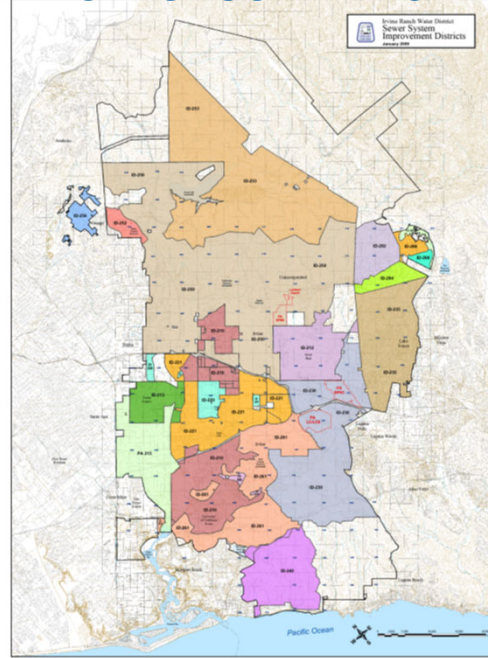
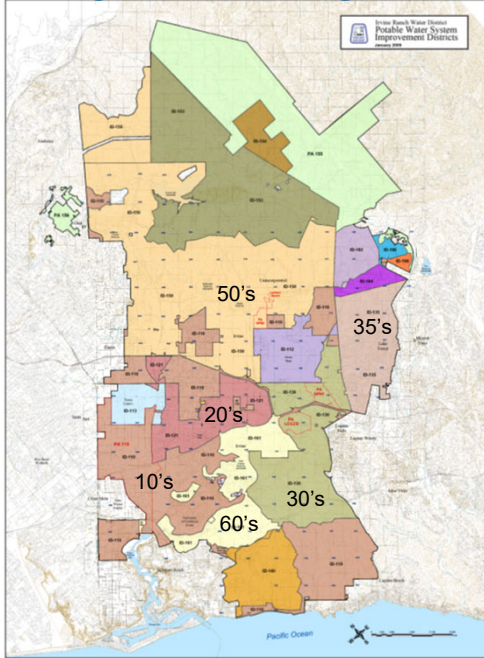


**Current:** New capital increases annually.  
**Change:** Connection fee increases flattened at 10% annually

- Market created a push to mitigate connection fee increases
- ID's were running out of bonding authority
- Development was nearing completion
- Stand alone entities (ID's) were facing funding challenges in the near future



## IMPROVEMENT DISTRICTS PRIOR TO CONSOLIDATION



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## 1% TAX REVENUE FUNDING



Presentation for BIA, NAIOP &  
OCAR:  
Capital Project Financing & the  
Enterprise Model

July 16, 2009



The Long Term Capital Funding Plan (LTFP) kicks off and includes local developers

2010

12

# 1% TAX REVENUE FUNDING

What did the LTFP do for the District?



# LONG TERM CAPITAL FUNDING PROGRAM (LTFP)

## OVERVIEW

## OBJECTIVES FOR CONNECTION FEES & PROPERTY TAXES

1. Minimizing and equitably allocating new capital costs;
2. Maintaining the historic 50/50 split between connection fees and property taxes;
3. Minimizing rate and fee “shock”;
4. Maintaining the target 75% debt service coverage ratio; and
5. Maintaining the District’s Replacement and Enhancement Funds for their intended uses and to hedge variable rate debt.

## LONG-TERM ANALYSIS OF IMPROVEMENT DISTRICTS

### Issues Confronting the Current Capital Funding Model

Significant Factors in an IDs Future Sustainability	Significant development remains within the developing IDs	Development is completed/near completion within the IDs
GO Authorization exceeds total future capital projections	Moderate adjustments or no change necessary 13 water and sewer IDs	Significant changes required to connection fee or 50-50 split might not be possible 7 water and sewer IDs
GO Authorization falls below total future capital projections	Increases necessary for connection fees and tax rates or 50-50 split might not be possible 4 water and sewer IDs	Unsustainable 4 water and sewer IDs

## LONG-TERM ANALYSIS OF IMPROVEMENT DISTRICTS

Long Term Analysis of Individual ID's Financial Viability										
Modified Baseline Projection (in millions)										
IDs	Estimated EDU's Remaining	Year of Completion	Avail. Bond Auth.	Current Fund Balance	Sources	Uses	Financial Viability	Sufficient GO Auth. vs. Future Capital	Estimated Connection Fee Shortfall	
								Sustainable		
								Unsustainable		
	112/212	5,984	2024	\$115.8	(\$10)	\$183	(\$172)	\$1	\$63	\$86
	113/213	3,868	2025	\$74.8	\$7	\$119	(\$109)	\$17	\$54	\$0
	115/215	7,420	2025	\$0.0	(\$9)	\$45	(\$14)	\$22	(\$13)	\$0
1	<b>120/121/220/221</b>	<b>454</b>	<b>2020</b>	<b>\$5.2</b>	<b>(\$4)</b>	<b>\$1</b>	<b>(\$142)</b>	<b>(\$145)</b>	<b>(\$57)</b>	<b>\$159,519</b>
	130/230	7,158	2024	\$150.1	\$35	\$203	(\$230)	\$7	\$99	\$1,410
2	<b>135/235</b>	<b>3,100</b>	<b>2020</b>	<b>\$0.0</b>	<b>(\$19)</b>	<b>(\$9)</b>	<b>(\$52)</b>	<b>(\$79)</b>	<b>(\$41)</b>	<b>\$12,657</b>
	140/240	193	2018	\$153.6	\$14	\$102	(\$85)	\$32	\$144	\$0
3	<b>150/250</b>	<b>17,638</b>	<b>2029</b>	<b>\$70.2</b>	<b>\$29</b>	<b>\$144</b>	<b>(\$790)</b>	<b>(\$618)</b>	<b>(\$115)</b>	<b>\$17,510</b>
	153/253	195	2018	\$359.6	(\$1)	\$49	(\$53)	(\$5)	\$38	\$11,062
	160/161/260/261	315	2026	\$99.4	\$19	\$166	(\$162)	\$23	\$71	\$3,495
4	<b>182/282</b>	<b>0</b>	<b>2002</b>	<b>\$111.9</b>	<b>\$0</b>	<b>\$39</b>	<b>(\$59)</b>	<b>(\$20)</b>	<b>\$95</b>	<b>\$9,974,406</b>
5	<b>184/284</b>	<b>250</b>	<b>2016</b>	<b>\$154.9</b>	<b>\$2</b>	<b>\$37</b>	<b>(\$56)</b>	<b>(\$16)</b>	<b>\$139</b>	<b>\$32,389</b>
	186/286	0	2002	\$52.7	\$3	\$21	(\$14)	\$9	\$48	\$16,280,928,748
	188/288	950	2019	\$12.4	(\$1)	\$68	(\$13)	(\$5)	\$9	\$0
	Enhancements, Reallocated projects, & "210"			\$0	\$399	(\$157)		\$242	(\$157)	\$0



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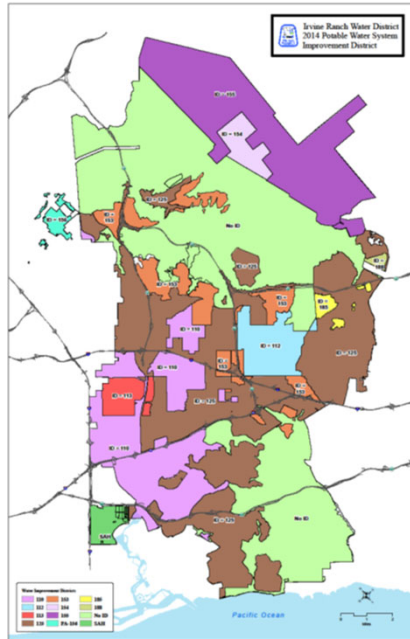
## CONSOLIDATION MATRIX

Current IDs	GO Authority	Proposed IDs	Description	GO Authority
112/212	\$115.8M	112/212	El Toro Base	\$115.8M
113/213	\$74.8M	113/213	Tustin Base	\$74.8M
153/253	\$359.6M	153/253	Developing	\$359.6M
NEW		185/285	Portion of OSA in 135/235	New
188/288	\$12.4M	188/288	Portola	\$12.4M
120/121/220/221	\$5.2M			
130/230	\$150.1M			
135/235	\$0.0			
140	\$84.8M			
150/250	\$70.2M	125/225	Developed/ Underlay	\$729.2M
160/161/260/261	\$99.4M			
182/282	\$111.9M			
184/284	\$154.9M			
186/286	\$52.7M			
240	\$68.8M	240	Coast	\$68.8M
110/210	\$0.0	110/210	Area excluded from IDs	\$0.0



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## NEW POTABLE WATER IDS



### Water Improvement Districts

#### New development areas

- 112 = Great Park (ETMCAS)
- 113 = Tustin Legacy (MCAS Tustin)
- 153 = Irvine
- 185 = Lake Forest
- 188 = Portola Center

#### Existing development areas

- 110 = Older development areas
- 125 = More recent development areas
- 154 = Baker Canyon (Silverado area)
- 155 = Silverado Canyon
- 156 = Orange Park Acres
- SAH = Santa Ana Heights

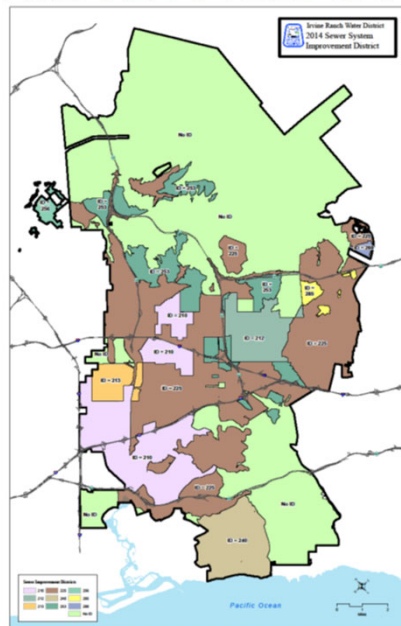
Light green = No ID areas (open space)

Total of 11 Water IDs



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## NEW SEWER AND RECYCLED IDS



### Sewer Improvement Districts

#### New development areas

- 212 = Great Park (ETMCAS)
- 213 = Tustin Legacy (MCAS Tustin)
- 253 = Irvine
- 285 = Lake Forest
- 288 = Portola Center

#### Existing development areas

- 210 = Older development areas
- 225 = More recent development areas
- 256 = Orange Park Acres

Light green = No ID areas (open space)

Total of 8 Sewer IDs



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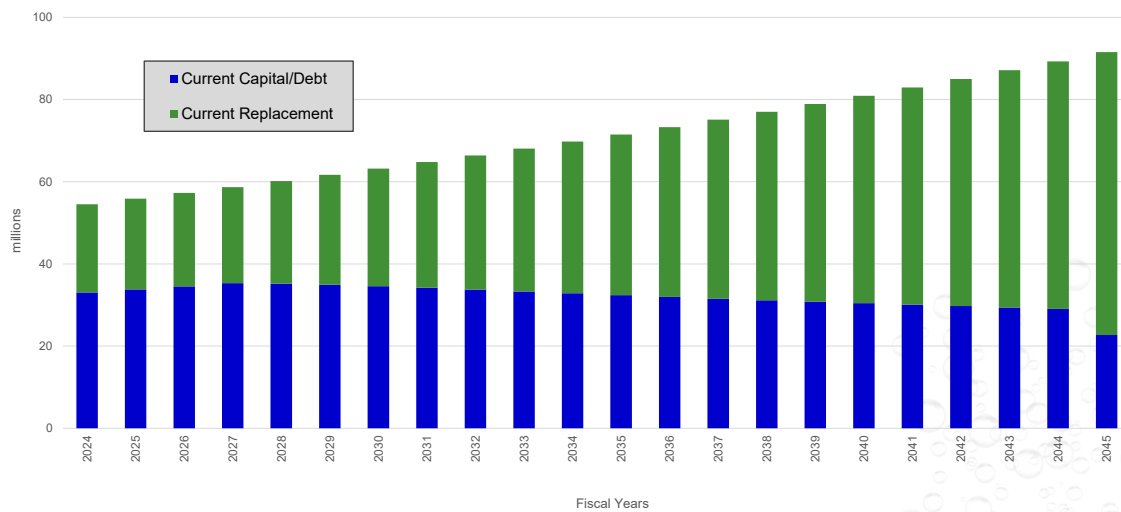
# LONG-TERM CAPITAL FUNDING PLAN

## Long Term Analysis of Individual ID's Financial Viability Combined Water and Sewer Master Consolidation

ID	Description	Conn Fee	Tax Rate	Sources							Uses			Financial Viability	Sufficient GO Auth. vs. Future Capital
				Current Fund Balance	Conn. Fees	GO Tax	1% Tax	User Rates	Other Rev.	Bond Funding	Int Earn.	Future Capital	Debt Service		
		Consolidated		2	3	4	5	6	7	8	9	10	11	12	
														<i>Sum of 2 through 11</i>	
112/212	ET Base	\$6,500	\$0.075	(\$10)	\$75	\$73	\$0	\$0	(\$8)	\$58	\$7	(\$62)	(\$132)	\$1	\$5
113/213	LTA Base	\$9,600	\$0.063	\$7	\$44	\$43	\$0	\$0	(\$7)	\$27	\$14	(\$27)	(\$102)	\$0	\$2
153/253	Undev.	\$5,600	\$0.056	(\$1)	\$136	\$63	\$0	\$0	\$13	\$180	\$87	(\$173)	(\$294)	\$12	\$126
125/225	Dev.	\$6,000	\$0.028	\$35	\$3	\$393	\$421	\$186	\$133	\$249	\$64	(\$245)	(\$1,225)	\$15	\$142
185/285	OSA with GO	\$4,000	\$0.050	\$0	\$16	\$15	\$0	\$0	\$2	\$20	\$8	(\$21)	(\$33)	\$7	\$30
188/288	Portola	\$4,500	\$0.031	(\$0)	\$2	\$2	\$0	\$0	\$0	\$4	\$4	(\$5)	(\$3)	\$5	\$7



# ALLOCATION OF 1% TAX REVENUE





# REPLACEMENT AND NEW CAPITAL PROJECTION STRATEGY

## DEFINITIONS

- **Replacement Planning Model (RPM)**
  - Estimates 50-year timing and replacement costs for all vertical and linear facilities
  - Provides input to Financial Replacement Model (FRPM) for developing replacement funding policies
- **Long-Term Capital Program (LTCP)**
  - Identifies all planned replacement, regional, and development projects
  - Includes actual projects from the Two-Year Capital Budget
  - Includes **all** replacement costs in the RPM
- **Financial Replacement Planning Model (FRPM)**
  - Combines output from RPM and revenue streams to develop funding strategies

## LTCP: REGIONAL AND DEVELOPMENT PROJECTS

Reviewed and approved by the Engineering and Operations Committee and the Board of Directors annually.

Component	Regional and Development Projects (in 2023 dollars)
(Remaining LTCP on July 1, 2021)	\$604 M
Expenditures for FY 2021-22 and 2022-23	(\$52 M)
Mid-Cycle Regional and Development Board Approvals	\$56 M
Regional and Development Project Additions	\$9 M
<b>Remaining LTCP: Regional and Development</b>	<b>\$617 M</b>

All costs and expenditures account for applicable offsets

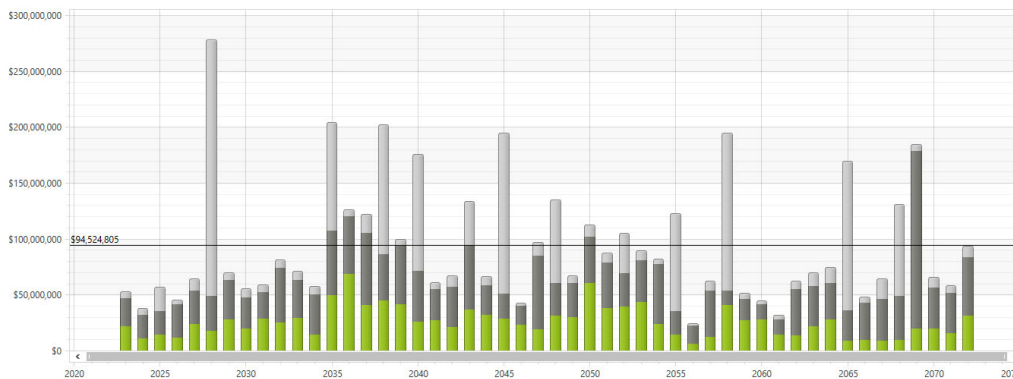


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## LTCP: REPLACEMENT PROJECTS

- Replacement Planning Model 50-Year Estimate = \$4.7 billion (non-escalated)
- Average R&R = \$94 million / Year

Replacement & Rehabilitation (R&R)



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# ALTERNATIVES TO MITIGATE RATE INCREASES



## ASSUMPTIONS INCLUDED TO SET CURRENT TAX RATE

1. Original F&P and Board direction for funding new capital:
  - 1% revenue remains a District asset to fund a portion of outstanding debt
  - Connection fees and property tax rates are set to fund a portion of the cost
2. LTFFP did not change strategy for developed IDs:
  - 1% revenue remains to fund a portion of outstanding debt
  - Connection fees and property tax rates are set annually
3. Current assumptions affecting rate setting:
  - 1% revenue is lost after 20 years
  - User rates increase to fund the potential revenue loss

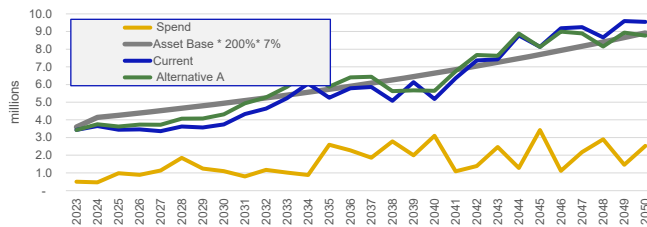


## ALTERNATIVES TO RESETTING CURRENT TAX RATE

1. Alternative A:
  - 1% revenue is lost after 20 years
  - Increase GO tax on approximately 60% of the District
  - Shift 1% to Replacement Fund and move away from previous Board direction
2. Alternative B:
  - 1% revenue remains providing a smaller increase to rates over time
  - No change to current GO tax rates until addressing increase in new capital
  - User rate increases are reduced

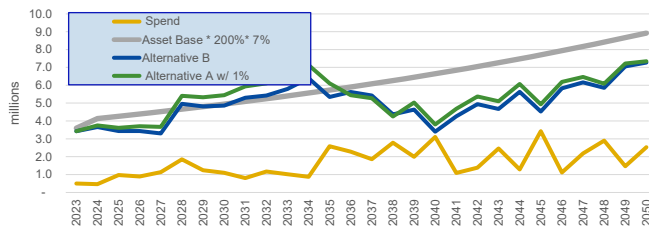
## SUGGESTED ALTERNATIVE TO RATE INCREASE

Assume through FY 2049-50		1% Ends in FY 2045	
		Current	Alternative A
1% Tax Revenue (year 1)	millions	\$23.3	\$32.5
Total 1% Tax Revenue		\$910.0	\$1,121.0
GO Tax Revenue (year 1)		\$17.2	\$27.0
Bond Funding		\$300	\$300
<b>Annual Rate Increase:</b>			
(2024-2033)		11.0%	9.0%
(2034-2043)		6.0%	6.0%
(2044 forward)		3.5%	5.0%



## SUGGESTED VS. RECOMMENDED ALTERNATIVE

Assume through FY 2049-50		1% is Permanent	
		Alternative A	Alternative B
1% Tax Revenue (year 1)	millions	\$32.5	\$23.3
<b>Total 1% Tax Revenue</b>		<b>\$1,574.0</b>	<b>\$1,346.0</b>
GO Tax Revenue (year 1)		\$27.0	\$17.0
<b>Bond Funding</b>		<b>350</b>	<b>400</b>
<b>Annual Rate Increase:</b>			
(2024-2033)		<b>6.0%</b>	<b>8.0%</b>
(2034-2043)		<b>7.0%</b>	<b>6.5%</b>
(2044 forward)		<b>0.0%</b>	<b>0.0%</b>



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## POTENTIAL EFFECT ON RATES

### Proposed Increases to a Typical Residential Customer Using 12 ccf

	Increase Factor	2024-25	2025-26	2026-27
<b>Water Operations *</b>	<b>3.5%</b>	\$10.15	<b>\$10.51</b>	<b>\$10.88</b>
<b>Replacement</b>	<b>8.0%</b>	3.05	<b>3.29</b>	<b>3.56</b>
<b>Total Water FSC</b>		\$13.20	\$13.80	\$14.44
<b>Commodity *</b>	<b>3.5%</b>	28.50	<b>29.50</b>	<b>30.53</b>
<b>Sub total</b>		\$41.70	<b>\$43.30</b>	<b>\$44.97</b>
<b>Sewer Operations *</b>	<b>3.5%</b>	\$13.45	<b>\$13.94</b>	<b>\$14.42</b>
<b>Replacement</b>	<b>8.0%</b>	12.25	<b>13.24</b>	<b>14.29</b>
<b>Total Sewer FSC</b>		\$25.70	<b>\$27.18</b>	<b>\$28.71</b>
<b>Total Monthly Bill</b>		\$67.40	<b>\$70.48</b> <b>4.6%</b>	<b>\$73.68</b> <b>4.5%</b>

\* Estimated increase.



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## UPDATED ASSUMPTIONS (2024)

Replacement Fund Assumptions				
Description	Basis	Years	Escalator	Driver
<b>User Rates</b> (Replacement Component)	Current Budget: \$29.9 Million	<b>2024-2033</b> <b>2034-2043</b>	<b>8%</b> <b>7%</b>	Growth and rates
<b>Real Estate Net Income</b>	Current Budget: \$13.7 Million	50 Year Period	between 2.5-3.0%	Based upon real estate investment report
<b>1% Tax</b>	Current Allocation: \$23.3 Million	<b>Reallocate after:</b> <b>2055</b>	2.50%	The legislature reallocating 1% tax revenue
<b>Rate of Return</b>	District return on cash and investment	50 Year Period	1.75% - 3.5%	Increased to 3.5% over a 5-year period
<b>Capital Smoothing</b>	Annual expenditures will not exceed \$180M (increased with ENR)	50 Year Period	3%	Spending for spikes will be spread over 2 years
<b>Bond Sales</b>	As needed	<b>2028, 2036, &amp; 2040</b>	<b>\$400M Total</b>	Sufficient fund balance



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## STRATEGIES TO FUND REPLACEMENT FUND NEEDS

Replacement Component Growth	Current	Proposed
Years 1-10	11.0%	<b>8.0%</b>
Years 11-20	6.0%	<b>7.0%</b>
Year 21 and forward	3.5%	<b>0.0%</b>



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## FUNDING IRVINE LAKE

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## FUNDING IRVINE LAKE

- A. Current Funding strategy for IRWD's existing 75% ownership:
- 85% of capital cost is Replacement; and
  - 15% of capital cost is New Capital, due to increased water supply.
- B. If SWD releases its 25% ownership of Irvine Lake to IRWD:
- IRWD would consider this as increase water supply and, therefore, new capital;
  - The project would receive a regional allocation; and
  - Funding would come primarily from connection fees and property tax (consistent with current IRWD practices and policies).

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## FUNDING IRVINE LAKE

SWD portion  
allocated to  
New Capital:

New Capital (thousands)		\$98,000		
Cost of Debt (variable)		3.50%		
Term (Years)		30		
Annual Cost of Debt (thousands)		\$5,148		
Improvement District	Regional Allocation	Cost (thousands)	Increase (thousands)	Other Sources* (thousands)
111/222	35.5%	\$1,856		\$1,856
112/212	4.8%	\$247	\$126	\$121
113/213	3.4%	\$175	\$129	\$46
125/225	46.4%	\$2,389	\$1,350	\$1,039
153/253	7.8%	\$402	\$300	\$102
185/285	1.6%	\$82	\$82	\$0
188/288	0.5%	\$26	\$26	\$0
<b>Total</b>	<b>100.0%</b>	<b>\$5,177</b>	<b>\$2,012</b>	<b>\$3,164</b>

\*Other sources include but are not limited to 1% tax revenue, user rates (111/222 and 125/225 only) and connection fees (112/212, 113/213, and 153/253).



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## FUNDING IRVINE LAKE

Preliminary increase based on \$98M (25% of \$340M project and \$55M cracking).

Improvement District	Connection Fees				Tax Rates*	
	FY 2023-24	FY 2024-25	FY 2025-26	%	FY 2028 Forward (previously)	FY 2028 Forward (proposed)
111/222	\$13,368	\$13,836	\$15,704	13.5%		
112/212	\$7,711	\$7,981	\$9,019	13.0%	\$0.0320	\$0.0340
113/213	\$10,417	\$10,781	\$12,312	14.2%	\$0.0880	\$0.0948
125/225	\$8,058	\$8,341	\$9,467	13.5%	\$0.0240	\$0.0260
153/253	\$3,554	\$3,678	\$5,260	43.0%	\$0.0021	\$0.0048
185/285	\$6,932	\$7,175	\$8,144	13.5%	\$0.0003	\$0.0050
188/288	\$5,177	\$5,358	\$6,081	13.5%	\$0.0019	\$0.0080

\*Tax rates are projected to decrease in year five and stay at the reduced rate. The projected decrease in the fifth year is smaller (higher tax rate going forward) to maintain the 50/50 sharing of costs when possible.



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## RECOMMENDATIONS AND NEXT STEPS

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### RECOMMENDATION - NEXT STEPS

1. No change to existing capital funding practices and policies at this time.
2. Continue to revisit the FRPM as part of the annual budget rate setting process for each fiscal year.
3. Continue to revisit connection fees and property tax rates as part of the annual rate setting process.

# QUESTIONS



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July 2, 2024  
Prepared by: E. Lin  
Submitted by: N. Adly  
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS  
FOR FISCAL YEAR 2024-25 TO THE CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

SUMMARY:

IRWD typically chooses to pay the Annual Unfunded Accrued Liability (UAL) “Prepayment Option” in order to reduce overall costs to the District. Following this past practice, staff recommends the Board approve a lump sum payment option for employer contributions to the California Public Employees’ Retirement System (CalPERS) by making a one-time contribution of \$8,631,732 to CalPERS for IRWD’s Fiscal Year (FY) 2024-25.

BACKGROUND:

The total minimum required employer contribution to CalPERS is the sum of the CalPERS Plan’s Employer Normal Cost Rate (expressed as a percentage of payroll) plus the employer Unfunded Accrued Liability (UAL) contribution amount (billed monthly in dollars). Beginning in FY 2009-10, IRWD elected to utilize the lump sum payment option for the total minimum required employer contribution as the District benefits from not incurring interest expense at the assumed actuarial interest rate, which is currently 6.80%.

Beginning seven years ago, CalPERS changed its rules so that only the UAL portion of the employer contribution can be prepaid in full no later than July 31 of each year. The normal cost contributions for IRWD, estimated to be \$4.4 million, will be made as part of the bi-weekly payroll reporting process. CalPERS has indicated that IRWD’s UAL lump sum payment for FY 2024-25 will be \$8,631,732, as shown in Exhibit “A”. The total UAL cost of choosing the monthly payments option is approximately \$8,920,385. Therefore, choosing the lump sum payment option will save IRWD approximately \$288,653 this fiscal year.

FISCAL IMPACTS:

The District’s approved operating budget for FY 2024-25 includes normal and UAL employer contributions of \$14.0 million and repayment of replacement fund loan of \$0.5 million. The payments are consistent with the impacts identified in setting rates for FY 2024-25. The Operating Fund will fund this UAL lump sum payment.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

Finance and Personnel Committee: Lump Sum Payment Option for Employer Contributions for  
Fiscal Year 2024-25 to the California Public Employees' Retirement System

July 2, 2024

Page 2

RECOMMENDATION:

That the Board approve the lump sum payment for employer contributions to the California Public Employees' Retirement System (CalPERS) by making a one-time contribution of \$8,631,732 for IRWD's FY 2024-25 employer Unfunded Accrued Liability (UAL) contribution.

LIST OF EXHIBITS:

Exhibit "A" – Letter from CalPERS Regarding Lump Sum Prepayment Amount

# Exhibit "A"

CalPERS Actuarial Valuation - June 30, 2022  
 Miscellaneous Plan of the Irvine Ranch Water District  
 CalPERS ID: 5161985321

## Required Contributions

	Fiscal Year 2024-25
<b>Required Employer Contributions</b>	
<b>Employer Normal Cost Rate</b>	<b>10.26%</b>
<i>Plus</i>	
<b>Required Payment on Amortization Bases</b>	<b>\$8,920,385</b>
<i>Paid either as</i>	
1) <b>Monthly Payment</b>	<b>\$743,365</b>
<i>Or</i>	
2) <b>Annual Prepayment Option*</b>	<b>\$8,631,732</b>
<b>Required PEPRAs Member Contribution Rate</b>	<b>7.50%</b>
<i>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).</i>	
<i>* Only the UAL portion of the employer contribution can be prepaid (<b>which must be received in full no later than July 31</b>).</i>	
<i>For additional detail regarding the determination of the required contribution for PEPRAs members, see "PEPRAs Member Contribution Rates" in the "Liabilities and Contributions" section. Required member contributions for Classic members can be found in Appendix B.</i>	

	Fiscal Year 2023-24	Fiscal Year 2024-25
<b>Normal Cost Contribution as a Percentage of Payroll</b>		
Total Normal Cost	17.82%	17.90%
Employee Contribution <sup>1</sup>	7.66%	7.64%
Employer Normal Cost <sup>2</sup>	10.16%	10.26%
 Projected Annual Payroll for Contribution Year	 \$41,715,619	 \$42,648,827
 <b>Estimated Employer Contributions Based On Projected Payroll</b>		
Total Normal Cost	\$7,433,723	\$7,634,140
Offset Due to Employee Contributions	3,195,416	3,258,370
Employer Normal Cost	4,238,307	4,375,770
Unfunded Liability Contribution	7,719,313	8,920,385
% of Projected Payroll (illustrative only)	18.50%	20.92%
Estimated Total Employer Contribution	\$11,957,620	\$13,296,155
% of Projected Payroll (illustrative only)	28.66%	31.18%

<sup>1</sup> For classic members, this is the percentage specified in the Public Employees' Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRAs members, the member contribution rate is based on 50% of the normal cost. A development of PEPRAs member contribution rates can be found in the "Liabilities and Contributions" section. Employee cost sharing is not shown in this report.

<sup>2</sup> The Employer Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see "Normal Cost by Benefit Group" in the "Liabilities and Contributions" section.

## Actuarial Assumptions

In 2021, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In November 2021, the board adopted changes to the asset allocation that increased the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 6.80%. The board also approved several changes to the demographic assumptions that more closely aligned with actual experience.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website under: Forms and Publications. Click on “View All” and search for Experience Study.

All actuarial assumptions (except the discount rates used for the accrued liability on a termination basis) represent an estimate of future experience rather than observations of the estimates inherent in market data.

### **Economic Assumptions**

#### **Discount Rate**

The prescribed discount rate assumption, adopted by the board on November 17, 2021, is 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2022.

#### **Termination Liability Discount Rate**

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

The accrued liabilities on a termination basis in this report are calculated using an observed range of market interest rates. This range is based on the lowest and highest 20-year Treasury bond observed during an approximate 19-month period from 12 months before the valuation date to seven months after. The 20-year Treasury bond has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate. The 20-year Treasury yield was 3.38% on June 30, 2022.





# BENEFITS AND EMPLOYMENT TAX

## HEALTH INSURANCE AND EMPLOYER CONTRIBUTIONS FY 2024-25

	FY 2023-24	FY 2024-25	Change
<b>Insurance and Benefits</b>			
Health Ins Actives	\$ 7,050	\$ 7,760	\$ 710
Paid Time Off	4,024	4,405	381
Dental Premiums	672	672	-
Wrkrs Comp Premiums	830	835	5
Wrkrs Comp Paid Claims	500	500	-
Life Ins Actives	297	297	-
LT Disability Premiums	148	148	-
Medical Premiums - Retirees	531	546	15
Vision Benefit Premiums	116	116	-
RHCAP Payments - OPEB	505	530	25
Life Ins Retirees	33	43	10
Other	208	234	26
	<u>\$ 14,914</u>	<u>\$ 16,086</u>	<u>\$ 1,172</u>
<b>Employment Tax and PERS</b>			
PERS Employer Portion	\$ 13,583	\$ 14,482	\$ 899
401A Employer Match Portion	1,116	1,179	63
401A Employer Direct Portion	400	420	20
Medicare Tax	686	727	41
St Unemployment Tax	55	60	5
	<u>\$ 15,840</u>	<u>\$ 16,868</u>	<u>\$ 1,028</u>
<b>Total Insurance, Benefits, and Taxes</b>	<u>\$ 30,754</u>	<u>\$ 32,954</u>	<u>\$ 2,200</u>

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