



BOARD FINANCE COMMITTEE MEETING
MONDAY, MAY 16, 2022, AT 9:30AM

**DUE TO COVID-19, THIS MEETING WILL BE CONDUCTED
VIA TELECONFERENCE ONLY (NO PHYSICAL LOCATION)
PURSUANT TO ASSEMBLY BILL 361 (GOVERNMENT CODE SECTION 54953)**

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

Public comments may be made during the meeting, or submitted before the meeting via email to General Manager, Tammy Rudock, at tammyr@midpeninsulawater.org

Please indicate in your email the agenda item to which your comment applies.

Comments submitted before the meeting will be provided to the Board before or during the meeting.

Should the teleconference platform not be operational, please check the MPWD website home page for updated information and/or further instructions at: www.midpeninsulawater.org

Board members, staff, consultants, and the public may participate remotely.

Meeting Link: <https://us06web.zoom.us/j/87457773859>

Dial by Telephone (U.S. Toll Free): [1-877-788-0099](tel:1-877-788-0099)

Meeting ID: 874 5777 3859

AGENDA

1. Call to Order

A. Roll Call

2. Public Comment

If you wish to address the Committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

3. Review Final DRAFT FY 2022/2023 Operating & Capital Budgets
4. Discuss Proposed Revised Cash Reserve Policy
5. Finance Committee Meeting Schedule:
 - June 8, 2022 @ 9:00AM
 - September 7, 2022 @ 9:00AM
 - October 12, 2022 @ 9:00AM
6. Adjournment

This agenda was posted at the Mid-Peninsula Water District's office, 3 Dairy Lane, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested. Requests should be sent to the General Manager y at (650) 591-8941 or tammyr@midpeninsulawater.org. Requests must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR FY 2022-2023
FINAL DRAFT**

DESCRIPTION	APPROVED FY 2021/2022 BUDGET \$	ACTUALS 7/1/2021 3/31/2022	PRELIMINARY FY 2022/2023 BUDGET	INCREASE/ (DECREASE) FY 2021/2022 TO FY 2022/2023	% CHANGE
OPERATING REVENUE					
WATER COMMODITY CHARGES	9,600,000	8,053,840	11,000,000	1,400,000	14.6%
FIXED SYSTEM CHARGES	3,000,000	2,648,613	3,200,000	200,000	6.7%
PROPERTY TAX REVENUE	300,000	390,509	420,000	120,000	40.0%
LEASE OF PHYSICAL PROPERTY	150,000	160,243	180,000	30,000	20.0%
FIRE SERVICE CHARGES	14,000	14,295	17,000	3,000	21.4%
MISC CUSTOMER ACCOUNT FEES	52,206	25,028	105,000	52,794	101.1%
INTEREST REVENUE - LAIF	60,000	26,009	50,000	(10,000)	-16.7%
SERVICE LINE & INSTALLATION CHARGES	60,000	935	60,000	-	0.0%
LANDSCAPE PERMIT REVENUE	15,000	-	5,000	(10,000)	-66.7%
MISCELLANEOUS OPERATING	60,000	3,553	3,000	(57,000)	-95.0%
TOTAL OPERATING REVENUE (SOURCES)	13,311,206	11,323,025	15,040,000	1,728,794	13.0%
WATER SYSTEM CAPACITY CHARGES	40,000	20,086	40,000	-	0.0%
WATER DEMAND OFFSET CHARGES	20,000	1,346	5,000	(15,000)	-75.0%
MISCELLANEOUS NON-OPERATING	75,000	795,755	50,000	(25,000)	-33.3%
INTEREST REVENUE - COP	5,000	1,220	1,000	(4,000)	-80.0%
TOTAL NON-OPERATING REVENUE (SOURCES)	140,000	818,407	96,000	(44,000)	-31.4%
TOTAL REVENUE (SOURCES)	13,451,206	12,141,432	15,136,000	1,684,794	12.5%
OPERATING EXPENDITURES (USES)					
SALARIES & WAGES	2,080,000	1,637,159	2,682,000	602,000	28.9%
PAYROLL TAXES & BENEFITS	1,001,008	782,410	1,059,100	58,092	5.8%
PURCHASED WATER	5,674,979	4,495,993	6,580,000	905,021	15.9%
OUTREACH & EDUCATION	66,000	45,435	199,000	133,000	201.5%
MAINTENANCE & REPAIR - OPS SYSTEM	394,000	335,193	500,000	106,000	26.9%
MAINTENANCE & REPAIR - FACILITIES & EQUIPMENT	138,000	127,885	180,000	42,000	30.4%
SYSTEM SURVEYS	50,000	-	50,000	-	0.0%
ADMINISTRATION & EQUIPMENT	431,600	443,561	403,500	(28,100)	-6.5%
MEMBERSHIP & GOV FEES	270,000	320,109	292,000	22,000	8.1%
BAD DEBT & CLAIMS	10,000	4,747	7,500	(2,500)	-25.0%
UTILITIES	318,500	293,678	360,000	41,500	13.0%
PROFESSIONAL SERVICES	791,200	718,276	866,000	74,800	9.5%
TRAINING/TRAVEL & RECRUITMENT	37,500	48,091	98,000	60,500	161.3%
RESTRICTED EARNINGS	65,000	-	-	(65,000)	-100.0%
DEBT SERVICE	1,064,300	541,146	1,037,218	(27,082)	-2.5%
TOTAL OPERATING EXPENDITURES (USES)	12,392,087	9,793,683	14,314,318	1,922,231	15.5%
NET SOURCES OVER/(UNDER) USES	1,059,119	2,347,749	821,682	(237,437)	-22.4%
TOTAL OPERATING EXPENDITURES	12,392,087	9,793,683	14,314,318	1,922,231	15.5%
DEPRECIATION EXPENSE	1,440,000	1,080,000	1,090,000	(350,000)	-24.3%
TOTAL EXPENSES	13,832,087	10,873,683	15,404,318	1,572,231	11.4%
NET SURPLUS/(LOSS)	(380,881)	1,267,749	(268,318)	112,563	-29.6%
TRANSFER FROM WORKING CAPITAL RESERVES	380,881	(1,267,749)	268,318	(112,563)	-29.6%
NET TRANSFERS TO CAPITAL	-	-	-	-	N/A
DEBT SERVICE COVERAGE	1.86		1.70		

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2022-2023
FINAL DRAFT**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED	7/1/2021-	PRELIMINARY	INCREASE	%
		FY 2021/2022 BUDGET	4/30/2022 ACTIVITY	FY 2022/2023 BUDGET	(DECREASE) TO FY 2022/2023	
4010	Water Commodity Charges	9,600,000	8,053,840	11,000,000	1,400,000	14.6%
4020	Fixed System Charges	3,000,000	2,648,613	3,200,000	200,000	6.7%
4030	Fire Service Charges	14,000	14,295	17,000	3,000	21.4%
4040	Credit/Debit Card Fees	16,446	15,237	40,000	23,554	143.2%
4041	Late Fees	22,138	6,471	41,000	18,862	85.2%
4042	48-Hour Notice Fees	11,432	2,345	21,000	9,568	83.7%
4043	Shut Off Fees	1,590	675	2,500	910	57.2%
4044	After Hour Fees	600	300	500	(100)	-16.7%
4080	Miscellaneous Operating	60,000	3,553	3,000	(57,000)	-95.0%
4000	TOTAL WATER CHARGES	12,726,206	10,745,329	14,325,000	1,598,794	12.6%
4050	Service Line & Installation Charges	60,000	935	60,000	-	0.0%
4102	Interest Revenue- LAIF	60,000	26,009	50,000	(10,000)	-16.7%
4201	Lease of Physical Property	150,000	160,243	180,000	30,000	20.0%
4202	Property Tax Revenue	300,000	390,509	420,000	120,000	40.0%
4208	Landscape Plan Permit Review	15,000	-	5,000	(10,000)	-66.7%
4200	OTHER OPERATING REVENUE	585,000	577,696	715,000	130,000	22.2%
	TOTAL OPERATING REVENUE	13,311,206	11,323,025	15,040,000	1,728,794	13.0%
4060	Water System Capacity Charges	40,000	20,086	40,000	-	0.0%
4070	Water Demand Offset Charges	20,000	1,346	5,000	(15,000)	-75.0%
4090	Miscellaneous - Non Operating	75,000	795,755	50,000	(25,000)	-33.3%
4103	Interest Revenue-COP Funds	5,000	1,220	1,000	(4,000)	-80.0%
	TOTAL NON-OPERATING REVENUE	140,000	818,407	96,000	(44,000)	-31.4%
	TOTAL REVENUE	13,451,206	12,141,432	15,136,000	1,684,794	12.5%
6011	Salaries & Wages	2,000,000	1,571,959	2,600,000	600,000	30.0%
6012	Director Compensation	10,000	3,200	10,000	-	0.0%
6010	GROSS REGULAR WAGES	2,010,000	1,575,159	2,610,000	600,000	29.9%
		-				
6021	Overtime Labor	25,000	31,213	38,000	13,000	52.0%
6022	Standby Labor	45,000	30,787	34,000	(11,000)	-24.4%
6020	SUB-TOTAL SALARY & WAGES	2,080,000	1,637,159	2,682,000	602,000	28.9%
6031	FICA/Medicare PR Tax	159,120	113,055	190,000	30,880	19.4%
6038	Health Care Insurance	370,000	307,674	400,000	30,000	8.1%
6039	Dental Insurance	28,000	20,330		(28,000)	-100.0%
6040	Vision Insurance	5,500	3,778		(5,500)	-100.0%
6041	ACWA Life/AD&D	6,750	4,167		(6,750)	-100.0%
6042	Standard LDL/SDL Disability	18,000	7,349		(18,000)	-100.0%
6043	Workers' Comp Insurance	60,000	16,529	44,000	(16,000)	-26.7%
6044	Unemployment	1,000	-	1,000	-	0.0%
6045	CALPERS Retirement - ER 2%@55	180,000	130,328	215,000	35,000	19.4%
6045	CALPERS UAL Fresh Start 7/1/20	-	-	-	-	N/A
6046	Retirees' Health Care Insurance	-	63,800	-	-	N/A
6047	Directors' Health Care Insurance	105,000	60,735	80,000	(25,000)	-23.8%
6048	GM Relocation Reimbursement	-	-	15,000	15,000	N/A
6049	Health Savings Account & EAP	600	24,888	50,600	50,000	8333.3%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2022-2023
FINAL DRAFT**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED	7/1/2021-	PRELIMINARY	INCREASE	%
		FY 2021/2022 BUDGET	4/30/2022 ACTIVITY	FY 2022/2023 BUDGET	(DECREASE) FY 2021/2022 TO FY 2022/2023	
6050	Employee Service Recognition	10,000	4,495	10,000	-	0.0%
6051	EE Safety Incentive/Wellness Program	22,676	10,372	25,000	2,324	10.2%
6052	Uniforms	27,038	14,159	21,000	(6,038)	-22.3%
6053	PARS OPEB Expense	-	-	-	-	N/A
	EE Wellness Program	7,324	750	7,500	176	2.4%
6030	TOTAL PAYROLL TAXES & BENEFITS	1,001,008	782,410	1,059,100	58,092	5.8%
6000	PERSONNEL COSTS	3,081,008	2,419,569	3,741,100	660,092	21.4%
6101	SFPUC Treated Water	5,100,000	4,009,795	6,000,000	900,000	17.6%
6102	BAWSCA (Debt Service Surcharges)	496,355	427,500	500,000	3,645	0.7%
6103	Rates Stabilization	-	-	-	-	N/A
6104	SFPUC Water Service Charge	78,624	58,698	80,000	1,376	1.8%
6100	PURCHASED WATER	5,674,979	4,495,993	6,580,000	905,021	15.9%
6301	Water Conservation Program	7,000	8,052	70,000	63,000	900.0%
6302	School Conservation Program	7,000	13,857	7,000	-	0.0%
6303	Public Outreach & Education	25,000	10,131	20,000	(5,000)	-20.0%
6305	Smart Irrigation Rebates	5,000	614	1,000	(4,000)	-80.0%
6306	Washing Machine Rebates	-	-	-	-	N/A
6307	Lawn-Be-Gone Rebates	20,000	11,954	100,000	80,000	400.0%
6308	Rain Barrel Rebates	2,000	826	1,000	(1,000)	-50.0%
6300	OUTREACH/EDUCATION	66,000	45,435	199,000	133,000	201.5%
6401	Water Quality	75,000	38,338	60,000	(15,000)	-20.0%
6402	Pumping	30,000	21,211	25,000	(5,000)	-16.7%
6403	Storage Tanks	10,000	2,416	10,000	-	0.0%
6404	Mains/Distribution	104,000	205,925	180,000	76,000	73.1%
6405	Meters & Service	45,000	40,770	90,000	45,000	100.0%
6406	Fire Hydrants	50,000	121	80,000	30,000	60.0%
6407	Regulator Stations	5,000	3,344	5,000	-	0.0%
6408	Employee Safety	30,000	2,492	15,000	(15,000)	-50.0%
6409	SCADA Maintenance	20,000	15,263	20,000	-	0.0%
6410	Generator Maintenance	25,000	5,312	15,000	(10,000)	-40.0%
6400	M&R - OPS SYSTEMS	394,000	335,193	500,000	106,000	26.9%
6501	M&R-Buildings&Grounds	85,000	76,644	105,000	20,000	23.5%
6502	M&R-Equipment&Tools	15,000	5,237	8,000	(7,000)	-46.7%
6503	M&R-Vehicles & Large Equipment	13,000	16,525	25,000	12,000	92.3%
6504	M&R-Fuel	25,000	29,478	42,000	17,000	68.0%
6500	M&R - FACILITIES & EQUIPMENT	138,000	127,885	180,000	42,000	30.4%
6601	Cathodic Protection Survey	50,000	-	50,000	-	0.0%
6602	Leak Detection Survey	-	-	-	-	N/A
6600	SYSTEM SURVEYS	50,000	-	50,000	-	0.0%
6701	Office Supplies	10,000	10,426	10,000	-	0.0%
6702	Insurance- Liability/Vehicles	165,000	278,671	190,000	25,000	15.2%
6703	Postage	5,600	2,739	4,000	(1,600)	-28.6%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2022-2023
FINAL DRAFT**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED	7/1/2021-	PRELIMINARY	INCREASE	% CHANGE
		FY 2021/2022 BUDGET	4/30/2022 ACTIVITY	FY 2022/2023 BUDGET	(DECREASE) FY 2021/2022 TO FY 2022/2023	
6704	Printing/Printing Supplies	18,000	1,106	18,000	-	0.0%
6705	Equipment Services/Maintenance	10,000	11,113	15,000	5,000	50.0%
6706	Computer Supplies & Upgrades	66,000	20,058	25,000	(41,000)	-62.1%
6707	Security & Safety	12,000	6,563	10,000	(2,000)	-16.7%
6708	Other Fees	-	-	-	-	N/A
6709	Credit/Debit Card Processing Fees	97,500	112,775	125,000	27,500	28.2%
6710	Check Processing Fees	12,000	-	5,000	(7,000)	-58.3%
6711	Bank Service Charges	35,500	109	1,500	(34,000)	-95.8%
6700	ADMINISTRATION & EQUIP	431,600	443,561	403,500	(28,100)	-6.5%
6801	Dues & Publications	50,000	64,359	45,000	(5,000)	-10.0%
6802	Gov't Fees & Licenses	45,000	41,486	35,000	(10,000)	-22.2%
6803	BAWSCA Membership Assessments	75,000	82,869	100,000	25,000	33.3%
6804	Env Health - Cross Connection Inspection	35,000	34,922	32,000	(3,000)	-8.6%
6805	Software License	65,000	96,474	80,000	15,000	23.1%
6800	MEMBERSHIP & GOV FEES	270,000	320,109	292,000	22,000	8.1%
6901	Bad Debt	-	-	-	-	N/A
6902	Claims	10,000	4,747	7,500	(2,500)	-25.0%
6900	BAD DEBT & CLAIMS	10,000	4,747	7,500	(2,500)	-25.0%
7001	Utilities-Internet/Cable	10,000	14,083	18,000	8,000	80.0%
7002	Utilities-Cellular Telephones	14,000	14,937	14,000	-	0.0%
7003	Utilities-Electric-Pumping	230,000	219,831	260,000	30,000	13.0%
7004	Utilities-Electric-Bldgs&Grounds	30,000	20,827	29,000	(1,000)	-3.3%
7005	Utilities-Telephones	27,000	23,595	32,000	5,000	18.5%
7006	Utilities-Sewer - NPDES	7,500	405	7,000	(500)	-6.7%
7000	UTILITIES	318,500	293,678	360,000	41,500	13.0%
7101	Prof Serv - District Counsel	100,000	68,156	100,000	-	0.0%
7102	Prof Serv - District Engineer	75,000	61,457	80,000	5,000	6.7%
7103	Prof Serv - IT	30,000	27,377	30,000	-	0.0%
7104	Prof Serv- Annual Finance Audit	21,000	21,868	23,000	2,000	9.5%
7105	Prof Serv - Mngmt Consult	-	-	-	-	N/A
7106	Prof Serv- Accounting & Payroll	35,000	23,096	75,000	40,000	114.3%
7107	Prof Serv- Customer Billing	61,000	46,597	60,000	(1,000)	-1.6%
7108	Recruiting	50,000	9,805	20,000	(30,000)	-60.0%
7109	Prof Serv - Answering Svs	4,000	1,686	4,000	-	0.0%
7110	Prof Serv - Miscellaneous	411,200	458,233	424,000	12,800	3.1%
7111	Prof Serv - District Treasurer	4,000	-	50,000	46,000	1150.0%
7100	PROFESSIONAL SERVICES	791,200	718,276	866,000	74,800	9.5%
7201	Director Travel	4,000	-	4,000	-	0.0%
7202	Director Expense	1,600	(1,288)	1,500	(100)	-6.3%
7203	Elections	-	3,832	35,000	35,000	N/A
7204	Employee Travel/Training	24,400	41,264	50,000	25,600	104.9%
7205	Meetings Expense	7,500	4,283	7,500	-	0.0%
	Relocation	-	-	-	-	N/A
7200	TRAINING/TRAVEL & RECRUITMENT	37,500	48,091	98,000	60,500	161.3%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2022-2023
FINAL DRAFT**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2021/2022 BUDGET	7/1/2021- 4/30/2022 ACTIVITY	PRELIMINARY FY 2022/2023 BUDGET	INCREASE (DECREASE) FY 2021/2022 TO FY 2022/2023	% CHANGE
7302	Restricted Earnings Expense-Interest LAIF & COP	65,000	-	-	(65,000)	-100.0%
7300	RESTRICTED EARNINGS EXPENSE	65,000	-	-	(65,000)	-100.0%
7400	Debt Service Trustee Fees & Expense	1,654	1,131	1,654	-	0.0%
7400	Financing Cost Interest	1,062,646	566,083	661,846	(400,800)	-37.7%
7400	Financing Cost Principal			405,000	405,000	
7400	Finance Cost Premium Amortization	-	(26,068)	(31,282)	(31,282)	N/A
7400	DEBT SERVICE	1,064,300	541,146	1,037,218	(27,082)	
8001	Working Reserves: Capital	-	-	-	-	N/A
8002	Working Reserves: Operating	-	-	-	-	N/A
	OPERATING EXPENDITURES	12,392,087	9,793,683	14,314,318	1,922,231	15.5%
9010	DEPRECIATION	1,440,000	1,080,000	1,090,000	(350,000)	-24.3%
	TOTAL OPERATING EXPENSES	13,832,087	10,873,683	15,404,318	1,572,231	11.4%
	NET OPERATING SURPLUS/(LOSS)	(380,881)	1,267,749	(268,318)	112,563	-29.6%
	TRANSFER (TO)/FROM WORKING CAPITAL RESERVES	380,881		268,318	(112,563)	-29.6%

MID-PENINSULA WATER DISTRICT FINAL DRAFT CAPITAL BUDGET FOR FY 2022-2023

PROJECT NUMBER	PROJECT DESCRIPTION	PRELIMINARY FY 2022/2023 BUDGET
EXPENDITURES		
15-75A	Old County Road Improvements	5,680,461
20-07	Harbor Boulevard Water Main Replacement	2,500,000
21-01	Dekoven Tank Utilization Project (Mott-McDonald designing now: Lincoln, Newlands and Oak Knoll WMRs)	1,700,000
20-01	Hastings Drive Service Connection Replacements	910,000
15-88	Vine Street (Zone 5) Improvements (Planning, Engineering Design, and Construction Support, including Contingencies)	350,000
15-29	Belmont Canyon Road Water Main	243,000
15-40	Hastings Drive Water Main Replacement (Planning, Engineering Design, and Construction Support, including Contingencies)	160,000
20-09	Dairy Lane Operations Center Rehabilitation – Phase 1 (Planning, Architectural/Engineering Design, and Construction Support, including Contingencies)	150,000
	SF-Peninsula Regional Pure Water (SPRP) Project	100,000
	TOTAL EXPENDITURES	<u><u>11,793,461</u></u>
FUNDING SOURCES		
	NET OPERATING SOURCES OVER USES	821,682
	PROJECTED BALANCE OF COP FUNDS	8,000,000
	CAPITAL RESERVES	1,500,000
	GENERAL RESERVES	1,471,779
	TOTAL FUNDING SOURCES	<u><u>11,793,461</u></u>
Certificates Of Participation (COP) activity.		



DATE: May 13, 2022

TO: Board Finance Committee

FROM: Tammy Rudock, General Manager

RE: Proposed Miscellaneous Professional Services
for Final DRAFT FY 2022/2023 Operating Budget

MEMORANDUM

Account No. 7110 – PROFESSIONAL SERVICES – MISCELLANEOUS

1. Contractor TBD (Water main repairs/service installations)	\$150,000
2. John Davidson (Public outreach/relations and website management; \$15,000 for printing will be moved to the printing account)	\$ 75,000
3. HF&H (Complete water rate study)	\$ 48,000
4. RDN (Complete water capacity charge study)	\$ 20,000
5. Open Spatial (Asset Management System & Updated GIS)	\$ 71,000
6. Miscellaneous	<u>\$ 60,000</u>
TOTAL	\$424,000

**MID-PENINSULA WATER DISTRICT
INVESTMENT & RESERVES REPORT
AS OF APRIL 30, 2022**

Local Agency Investment Fund (LAIF)			Quick Ratio*	Current Ratio*
	BALANCE @ 4/30/22	FY 21/22 INTEREST EARNED	5.02	5.07
Capital Reserves	1,500,000	-		
Working Capital Reserves (Operating)	1,500,000	-		
Unrestricted Cash Reserves	<u>10,365,509</u>	<u>26,009</u>		
TOTAL LAIF	<u>13,365,509</u>	<u>26,009</u>		
Bank Of New York (BNY) Mellon				
Sweep Account	679,624	64		
Fiscal Agent Project Funding Account	<u>8,350,817</u>	<u>1,155</u>		
TOTAL BNY	<u>9,030,441</u>	<u>1,219</u>		
Wells Fargo Bank				
Checking	<u>(70,444)</u>	-		
TOTAL WELLS FARGO	<u>(70,444)</u>	-		
Petty Cash Funds	<u>600</u>	N/A		
TOTAL ALL ACCOUNTS	<u><u>22,325,506</u></u>	<u><u>27,228</u></u>		

*Cash in Fiscal Agent Project Funding Account was not used to compute Quick & Current Ratio

	Minimum Target	6/30/21 Balance	Allocated FY 2021/2022	FY 2021/2022 Interest	4/30/22 Balance	Annual Funding Goal
Reserve Funds						
Capital Reserves	1,500,000	1,500,000	-	-	1,500,000	
Working Capital Reserves (Operating)	1,500,000	1,500,000	-	-	1,500,000	
Unrestricted Cash Reserves	-	8,799,717	1,539,783	26,009	10,365,509	
TOTAL	<u><u>3,000,000</u></u>	<u><u>11,799,717</u></u>	<u><u>1,539,783</u></u>	<u><u>26,009</u></u>	<u><u>13,365,509</u></u>	

Per California Government Code Section 53600et. Seq., specifically Se. 53646 and Sec. 53607, the attached investment report details all investment related activity in the current period. Mid-Peninsula Water District's (MPWD) investment funds are currently invest with LAIF and their individual investment transactions are not reportable under the Government code. That said, the MPWD's investment policy has taken a prudent investment course, in compliance with the "Prudent Investor's Policy" to protect public funds.

CASH RESERVE POLICY

1. POLICY STATEMENT

Cash reserves are essential to ensuring fiscal responsibility, a key organizational goal of the Mid-Peninsula Water District (District). Properly designed reserve policies send a positive signal to ratepayers, investors, and regulatory and credit rating agencies that the District is committed to maintaining the long-term fiscal strength of the District.

2. DEFINITION

Cash reserves are savings necessary to balance District budgets during periods of fiscal constraint, allow for emergency preparedness, provide for a well-maintained infrastructure, and demonstrate a commitment to future system capital investments.

3. PURPOSE

Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, and capital improvements, are consistent with best practices in the utility industry. This Cash Reserve Policy is designed to provide operating guidance for the management of District finances.

4. CASH RESERVES

The District will maintain cash reserves in two (2) categories:

- A. Working Capital (Operating) Reserve with a maximum target level of ~~\$7.0~~1.5 million, and ranked #1 for funding; and
- B. Capital Reserve with a maximum target level of ~~\$3.0~~1.5 million, and ranked #2 for funding.

MID-PENINSULA WATER DISTRICT CASH RESERVE POLICY SUMMARY

<i>RESERVE</i>	<i>FUNDING RANK</i>	<i>MAXIMUM TARGET LEVEL</i>
Working Capital Reserve	1	\$7,000,000 <u>1,500,000</u>
Capital Emergency Reserve	2	\$3,000,000 <u>1,500,000</u>

Replenishment of reserve levels and plans for meeting maximum target levels will be recommended by the General Manager as part of the District's annual budgeting process.

5. WORKING CAPITAL RESERVE

The purpose of the Working Capital (Operating) Reserve is to ensure that the District will at all times have sufficient funding available to meet annual operating costs, including temporary cash flow deficiencies that might occur as a result of timing differences between the receipt of operation revenue and expenditure requirements and unexpected costs that might occur as a result of doing business. Adequate operating reserves provide financial flexibility in the event of unanticipated expenditures or revenue fluctuations, including water rates stabilization.

- A. Target Level: ~~\$7.01.5~~ million.
- B. Use of Reserve: To pay outstanding operating expenditures prior to the receipt of anticipated operating revenues, or in circumstances resulting from short-term loss or shortage of revenues. The General Manager will notify the Board President prior to withdrawing and using the necessary funds, and seek ratification of the expenditure at the next regular Board Meeting.

6. CAPITAL RESERVE

The purpose of the Capital Reserve is to ensure that the District is able to fund the repair, maintenance, or replacement of the water system's infrastructure assets, during normal operations and emergencies. The reserve level combined with the District's managed risk pooled insurance coverage should adequately protect the District and its customers in the event of a catastrophic loss.

- A. Target Level: ~~\$3.01.5~~ million.
- B. Use of Reserve: To cover unexpected losses experienced by the District as a result of a disaster or emergency incidents that might result in the normal course of doing business. Any reimbursement received by the District from insurance as a result of a submitted claim shall be deposited back into the reserve as replenishment for the loss. The General Manager will notify the Board President prior to withdrawing and using the necessary funds, and seek ratification of the expenditure at the next regular Board Meeting.

5.0 OVERSIGHT AND REPORTING

Reserve levels will be monitored by staff during the fiscal year and reported to the Board of Directors in monthly financial reports.

To the extent that reserves exceed target levels, the Board of Directors has the flexibility to direct staff to utilize the available funds to:

- A. Pay for capital projects (reducing the need for future debt);
- B. Pay down liabilities (e.g., unfunded accrued pension obligations, or OPEB—Other Post-Employment Benefits);
- C. Pay down existing debt;
- ~~C.~~ D. Provide for water rates stabilization; and/or
- ~~D.~~ E. Fund other strategic objectives.

This Cash Reserve Policy will be reviewed on a biennial basis to ensure conformance with the District's strategic goals and objectives, and updated as necessary in compliance with material changes in risk exposures, regulations, or standards.