

AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, JUNE 13, 2023

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=m8f4726c6c1b7b127c127024af31e7bfb>
Meeting Number (Access Code): 2488 005 3167
Meeting Password: 6jB6sQR97fD

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 1:30 p.m.

ATTENDANCE Chair: Peer Swan _____ Member: Steve LaMar _____

<u>ALSO PRESENT</u>	Paul Cook	_____	Cheryl Clary	_____
	Wendy Chambers	_____	Kevin Burton	_____
	Paul Weghorst	_____	Kent Morris	_____
	Christopher Smithson	_____	Tiffany Mitcham	_____
	Eileen Lin	_____	Lance Kaneshiro	_____
	Stephen Aryan	_____	Jennifer Davis	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

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 before 7:30 a.m. on Tuesday, June 13, 2023.

COMMUNICATIONS

1. Notes: Clary
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.

INFORMATION

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

Recommendation: Receive and file.

6. MONTHLY INVESTMENT AND DEBT REVIEW – MENDOZA / DAVIS / MORRIS / CLARY

Recommendation: Receive and file.

7. QUARTERLY REAL ESTATE PERFORMANCE – DAVIS / MORRIS / CLARY

Recommendation: Receive and file.

8. RISK MANAGEMENT QUARTERLY REPORT – KANOFF / ARYAN / MITCHAM

Recommendation: Receive and file.

9. INFORMATION SERVICES PROJECT STATUS REPORT – KANESHIRO / CLARY

Recommendation: Receive and file.

10. FISCAL YEAR 2022-23 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE – PARDEE / SMITHSON / CLARY

Recommendation: Receive and file.

ACTION

11. LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR 2023-24 TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – LIN / CLARY

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 \$7,469,526 for IRWD's FY 2023-24 employer Unfunded Accrued Liability (UAL) contribution.

12. SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEARS 2023-24 AND 2024-25 – PARDEE / SMITHSON / CLARY

Recommendation: That the Board approve revisions to connection fees and property taxes as presented and adopt resolutions approving these revisions at the June 26, 2023 Board meeting.

OTHER BUSINESS

13. Closed Session

A. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL — EXISTING LITIGATION – Pursuant to Government Code Section 54956.9(d)(1):

Michael Brown v. PEI Engineering & Construction, et. seq., Case No. 30-2020-01154719

14. Open Session

15. Directors' Comments

16. Adjourn

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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June 13, 2023

Prepared by: L. Srader

Submitted by: T. Mitcham

Approved by: Paul A. Cook



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:

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.

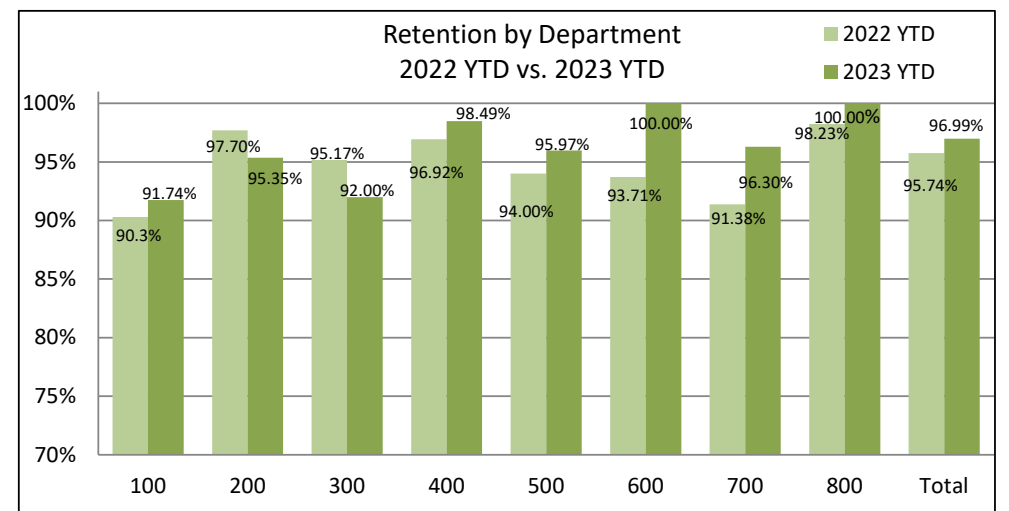
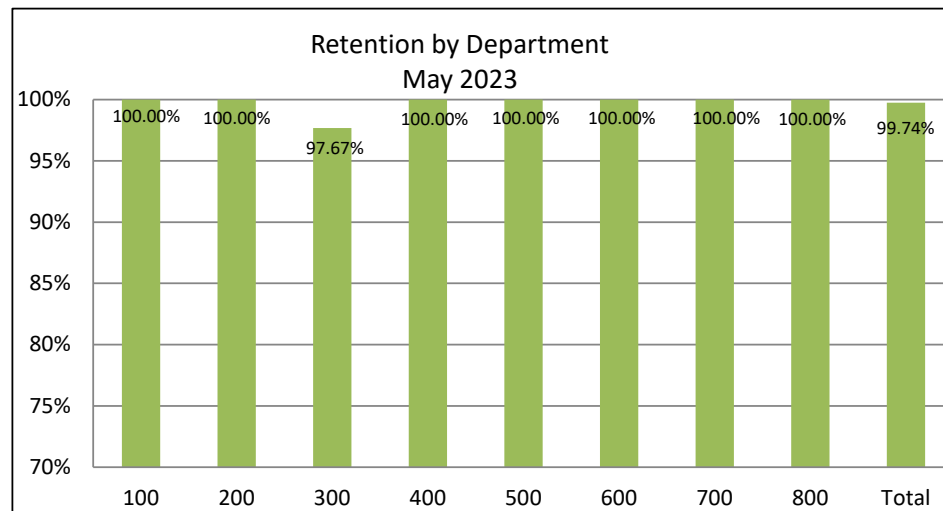
LIST OF EXHIBITS:

Exhibit "A" – Employee Population and Retention Status Report

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EXHIBIT "A"
IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
May 2023

@05/01/23		Current Month Activity							@05/31/23		FY 22/23	Avg FYTD	Avg FYTD	Avg FYTD	Retention	
Dept	Positions Filled	New Hires	Terms		Promo Trnsfr		Lateral Trnsfr		Positions Filled	Positions Unfilled	Budgeted Positions	Filled Budget Positions	Temp Emp FTE	Total Filled Positions	Current Period	2023 YTD
			Vol	Invol	In	Out	In	Out								
100	24.0	1					2		27.0	1	28.0	23.6	0.55	24.2	100.00%	91.74%
200	86.0							2	84.0	7	91.0	86.2	1.40	87.6	100.00%	95.35%
300	43.0		1						42.0	3	45.0	42.6	2.48	45.1	97.67%	92.00%
400	68.0								68.0	5	73.0	65.4	0.00	65.4	100.00%	98.49%
500	49.0								49.0	13	62.0	50.5	1.59	52.1	100.00%	95.97%
600	33.0								33.0	0	34.0	30.9	4.58	35.5	100.00%	100.00%
700	27.0								27.0	1	28.0	26.7	0.00	26.7	100.00%	96.30%
800	56.0								56.0	4	60.0	54.7	0.00	54.7	100.00%	100.00%
Totals	386.0	1	1	0	0	0	2	2	386.0	34	421.0	380.7	10.59	391.3	99.74%	96.99%
5/22	375	1	1	0	0	0	0	0	375.0	45	420.0	379.7	16.4	396.2	99.73%	95.74%

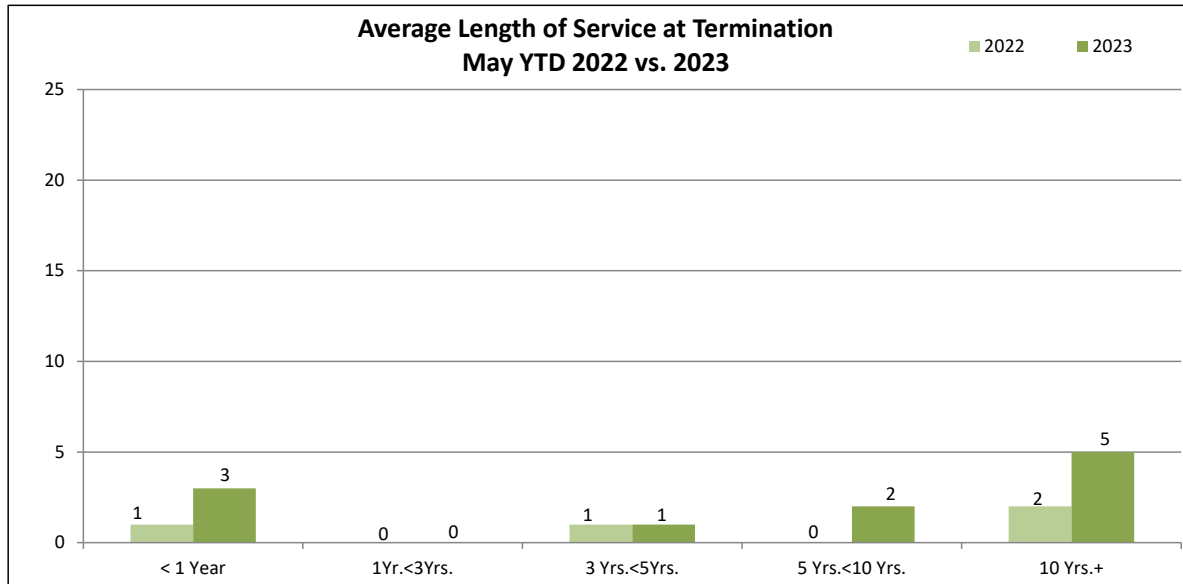


100-GM, HR, Safety, Commun; 200-Fin., Cust. Serv., IS, Purch.; 300-Eng.; 400-Water Ops; 500-Recycling Ops; 600-WQ&RC; 700-Water Res., Recyc. Water; 800-Adm. & Maint. Ops

**IRVINE RANCH WATER DISTRICT
RETENTION LONGEVITY RATIO
May 2023**

Dept.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	YTD Retention Longevity Ratio				
														< 1 Year	1Yr.<3Yrs.	3 Yrs.<5Yrs.	5 Yrs.<10 Yrs.	10 Yrs.+
100	2												2	1				1
200	1		3										4	1			1	2
300					1								1					1
400	1												1	1				
500			2										2			1	1	
600													0					
700				1									1					1
800													0					
2023 Total	4	0	5	1	1	0	0	0	0	0	0	0	11	3	0	1	2	5
2022 Data	2	4	5	4	1	2	2	4	0	4	2	5	35					
Percentage of Total Retention														72.73%	100.00%	90.91%	81.82%	54.55%

2023 Average YTD Length of Service at Termination	8.00 Years
2022 Average YTD Length of Service at Termination	10.40 Years
2021 Average YTD Length of Service at Termination	10.21 Years
2020 Average YTD Length of Service at Termination	16.33 Years
2019 Average YTD Length of Service at Termination	9.21 Years



**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
MAY 2023**

NEW HIRES				
Date	Dept	Employee Name	Position	Prior Company/Agency
05/15/23	100	Shanna David	Senior Human Resources Analyst	Los Angeles Unified School District

TERMINATIONS					
Date	Dept	Employee Name	Position	Reason	Comments
05/19/23	300			VOL	

RETIREMENTS					
Date	Dept	Employee Name	Position	Reason	Comments

PROMOTIONS					
Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
05/13/23	600	Claire Nguyen	Senior Scientist	600	Laboratory Supervisor

TRANSFERS					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position

CROSS TRAINING					
Effective Date	Departing Dept	Employee Name	Departing Position	New Dept	New Position
05/01/23	500	Benjamin Beltran	Operator I	300	Construction Inspector
05/01/23	400	Jeremy Spencer	Water Maintenance Technician	700	Cross Connection Specialist

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION AND RETENTION REPORT
MAY 2023**

UNFILLED POSITIONS			
Dept	Position	Salary Grade	Comments
100	Human Resources Analyst	U11.E	Start Date Confirmed
200	User Support Manager	U20.E	Recruiting
200	Accounting Supervisor	U14.E	2nd Interviews Scheduled
200	Customer Service Supervisor	U11.E	2nd Interviews Scheduled
200	Accountant	27.N	Recruiting
200	Customer Service Supervisor	U11.E	2nd Interviews Scheduled
200	Customer Service Field Technician	17.N	Recruiting
200	Customer Service Specialist II	18.N	Recruiting
300	Senior Engineer	U20.E	Recruiting
301	Senior Engineer	U20.E	Recruiting
300	Engineer	U17.E	Recruiting
400	Operator II	27.N	Interviewing
400	Metering Systems Technician I	16.N	
400	Metering Systems Technician I	16.N	
400	Water Maintenance Technician I	16.N	Recruiting
400	Water Maintenance Technician I	16.N	
500	Collection Systems Manager	U18.N	Recruiting
500	Collection Systems Supervisor	S33.N	Recruiting
500	Process Specialist	32.N	
500	Operator III	30.N	Interviewing
500	Operator III	30.N	Interviewing
500	Operator III	30.N	Interviewing
501	Operator III	30.N	Interviewing
500	Operator II	27.N	Interviewing
500	Sr. Coll Systems CCTV Tech	25.N	
500	Wetlands Specialist	24.N	Recruiting
500	Operator I	22.N	Interviewing
500	Collection Systems Technician II	21.N	
500	Collection Systems Technician II	21.N	
700	Water Loss Prevention Specialist	27.N	
800	Reliability Engineer	U20.E	
800	Senior Electrical & Instrumentation Tech	31.N	
800	Electrical & Instrumentation Technician	28.N	
800	Electrical & Instrumentation Technician	28.N	

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT
May 2023**

LEAVE OF ABSENCE					
Type of Leave	Date Leave Began	Anticipated Return Date	Current Length (wks)	Comments	
WC	7/27/2022	6/30/2023	48.29		
WC	10/11/2022	6/30/2023	37.43		
FMLA/CFRA	11/6/2022	6/1/2023	29.57	Intermittent	
LOA	11/12/2022	7/31/2023	37.29		
FMLA/CFRA	1/28/2023	7/9/2023	23.14	Intermittent	
FMLA/CFRA	1/30/2023	7/1/2023	21.71	Intermittent	
FMLA/CFRA	2/22/2023	6/5/2023	14.71		
FMLA/CFRA	5/5/2023	7/7/2023	9.00	Intermittent	
FMLA/CFRA	3/13/2023	7/31/2023	20.00		
FMLA/CFRA	3/27/2023	3/27/2024	52	Intermittent	
FMLA/CFRA	3/30/2023	7/6/2023	14.00	Intermittent	
FMLA/CFRA	4/3/2023	6/20/2023	11.14	Bonding	
FMLA/CFRA	5/11/2023	6/19/2023	5.57		
FMLA/CFRA	4/10/2023	7/3/2023	12.00	Bonding	
FMLA/CFRA	7/11/2022	7/11/2023	52	Intermittent	
FMLA/CFRA	5/2/2023	9/28/2023	21.29		
FMLA/CFRA	5/15/2023	8/7/2023	12.00		
FMLA/CFRA	5/9/2023	5/9/2024	52.29	Intermittent	
FMLA/CFRA	5/31/2023	6/8/2023	1.14		

**IRVINE RANCH WATER DISTRICT
EMPLOYEE POPULATION STATUS REPORT FOR 2023
MAY 2023**

Month	Length of Employment	Termination		Comments
		Vol	Invol	
January	15 years, 9 months	X		RET
	10 years, 3 months	X		RET
	11 months	X		Inland Empire Utility Agency
	2 months	X		City of Brea
February	*****			*****
March	19 years, 6 months	X		RET
	5 years, 3 months	X		City of Oceanside
	4 years, 6 months	X		Orange County Water District
	6 months	X		United Health Group
	5 years, 7 months		X	
April	11 years, 10 months		X	
May	13 years, 9 months	X		Elsinore Valley Municipal Water District
June				
July				
August				
September				
October				
November				
December				

Change in status = CS
Retirement = RET
No Reason Given = NRG

Personal/Family = P/F
Relocation = REL

IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES
July 2022 - April 2023

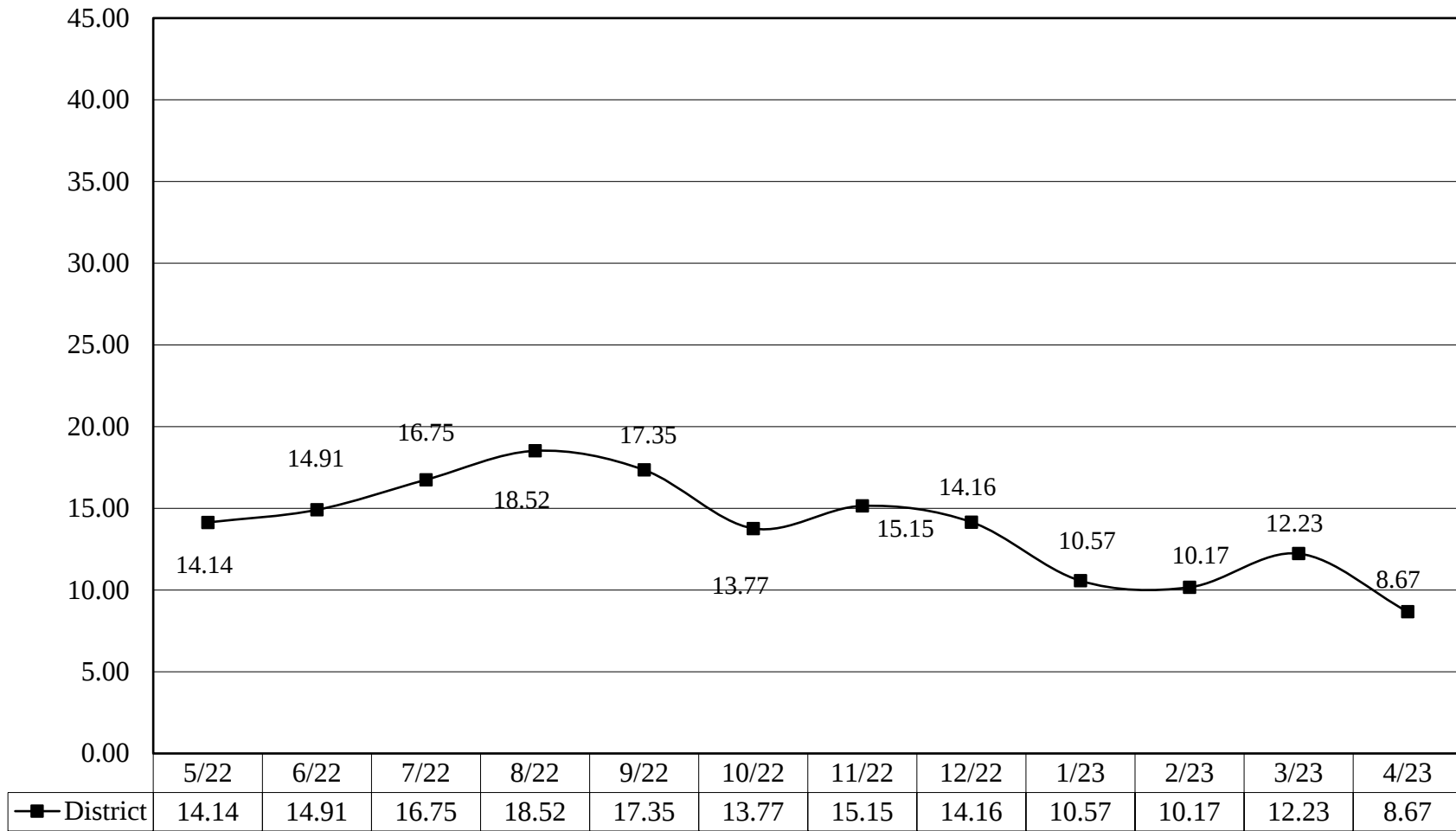
ACTIVE											
Current Month	FYTD Ave Hours Worked	PERS Enroll-	Agency		Hourly	Est Hours per	Est Cost	Expected Duration	Actual Worked	Projected Cost	Actual Cost
FTE	FTE	ment		Dept	Rate	Month	Per Month	(Months)	(Months)	FY ' YTD	FY 'YTD
0.12	0.55	Yes		100	50.00	84	4,200.00	10	10	42,000.00	47,685.00
0.12	0.55			100							
0.20	0.41	No		200	19.00	84	1,596.00	11	8	12,768.00	13,623.00
0.88	0.41	No	X	200	61.56	168	10,342.08	6	4	41,368.32	43,584.48
1.08	0.82			200							
0.24	0.43	No		300	20.00	84	1,680.00	12	10	16,800.00	14,820.00
0.39	0.44	No		300	19.00	84	1,596.00	12	10	15,960.00	14,478.00
0.36	0.43	No		300	19.00	84	1,596.00	12	10	15,960.00	14,259.50
0.27	0.45	No		300	19.00	84	1,596.00	12	10	15,960.00	14,877.00
0.07	0.03	Yes		300	95.00	84	7,980.00	6	4	31,920.00	5,225.00
1.32	1.78			300							
0.00	0.03			400	38.44	168	7,980.00	2		0.00	2,306.40
0.00	0.03			400							
0.92	0.20	No		500	143.00	168	24,024.00	6	2	48,048.00	48,334.00
0.92	0.20	No		500	118.00	168	19,824.00	6	2	39,648.00	39,884.00
0.92	0.20	No		500	118.00	168	19,824.00	6	2	39,648.00	39,884.00
0.92	0.20			500							
0.05	0.33	No		600	16.50	84	1,386.00	9	9	12,474.00	9,388.50
0.87	0.87	Yes		600	37.70	168	6,333.60	9	9	57,002.40	57,360.55
0.21	0.23	No		600	15.50	84	1,302.00	9	6	7,812.00	6,285.25
0.42	0.24	No		600	15.50	84	1,302.00	12	5	6,510.00	6,389.88
0.35	0.17	No		600	17.00	84	1,428.00	9	4	5,712.00	5,125.50
0.18	0.05	No		600	16.00	84	1,344.00	12	2	2,688.00	1,440.00
0.28	0.46	No		600	15.50	84	1,302.00	12	8	10,416.00	12,435.50
2.35	2.36			600							
0.83	0.73	Yes		700	32.67	168	5,488.56	12	8	43,908.48	41,098.86
0.60	0.69	Yes		700	34.57	168	5,807.76	10	8	46,462.08	41,605.00
0.69	0.08	No		700	15.50	84	1,302.00	3	2	2,604.00	2,263.00
0.75	0.72	No		700	18.00	84	1,512.00	12	8	12,096.00	22,347.00
2.87	2.21			700							
0.00	0.00			800							
8.67	7.96										

**IRVINE RANCH WATER DISTRICT
SUMMARY
AGENCY & DISTRICT TEMPORARY EMPLOYEES**

TERMINATED											
Current Month FTE	Avg FYTD Temp Emp FTE	Active PERS Y/N *	Agency	Dept	Hourly Rate	Est Hours per Month	Est Cost Per Month	Expected Duration (Months)	Actual Worked (Months)	Projected Cost FYTD	Actual Cost FYTD
0.00	0.00			100							
0.12	0.03	No	X	200	39.50	168	6,636.00	4	2	13,272.00	829.50
0.62	0.32	No		200	19.00	84	1,596.00	9	4	6,384.00	7,476.50
0.37	0.22	No	X	200	34.20	168	5,745.60	6	3	17,236.80	11,764.12
1.11	0.58			200							
0.45	0.70	Yes		300	36.06	168	6,058.08	5	6	36,348.48	30,578.88
0.45	0.00			300							
0.61	0.58	No	X	400	34.60	168	5,812.80	6	5	29,064.00	31,659.00
0.63	0.53	No	X	400	38.44	168	6,457.92	6	5	32,289.60	31,713.00
1.24	1.11			400							
0.68	1.00	Yes		500	26.12	168	4,388.16	12	6	26,328.96	56,210.24
0.68	1.00			500							
0.18	0.24	No	X	600	45.72	168	7,680.96	6	7	53,766.72	18,905.22
0.87	0.28	No	X	600	45.72	168	7,680.96	2	6	46,085.76	22,288.50
0.87	0.29	No	X	600	45.72	168	7,680.96	4	6	46,085.76	23,159.17
0.46	0.17	No		600	15.00	84	1,260.00	12	5	12,600.00	5,325.00
0.92	0.78	Yes		600	28.72	168	4,824.96	8	8	38,599.68	38,708.82
0.46	0.34	No		600	15.00	84	1,260.00	10	10	12,600.00	10,755.00
3.76	2.10			600							
0.21	0.54	Yes		700	32.04	168	5,382.72	12	1	5,382.72	5,991.48
0.44	0.04	No	X	700	34.57	168	5,807.76	4	1	5,807.76	2,627.32
0.11	0.26	No		700	15.00	84	1,260.00	12	6	7,560.00	6,753.75
0.87	0.17	No	X	700	34.57	168	5,807.76	4	5	29,038.80	10,388.29
0.32	0.20	Yes		700	42.95	84	3,607.80	7	5	18,039.00	14,903.65
1.00	0.17	No		700	15.00	84	1,260.00	3	2	2,520.00	4,545.00
2.94	1.39			700							
0.00	0.00			800							
10.18	6.18									966,775.32	839,281.83

EXC = Exclude from PERS enrollment
Yes= Temporary employee enrolled in PERS Membership
No=Temporary Agency employee

**Temporary Employees
Full Time Equivalency
District Totals as of April 30, 2023**



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June 13, 2023

Prepared by: O. Mendoza / J. Davis

Submitted by: K. Morris / C. Clary

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 May 31, 2023 as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of May 31, 2023 as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of May 31, 2023 as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of May 31, 2023 as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

The rate of return for the fixed income investment portfolio was 3.52%, which was a 0.22% increase from April's rate of 3.30%. Including real estate investments, the weighted average rate of return for IRWD's investment portfolio for May 2023 was 5.85%, which was a 0.13% increase from April's rate of 5.72%. The increases were due to higher yields on a larger fixed income portfolio average balance and a full month of interest on the investments purchased with April's property tax revenues.

Debt Portfolio:

As of May 31, 2023, IRWD's weighted average all-in variable rate for debt was 3.01%, which was a 0.11% increase from April's rate of 2.90%. Including IRWD's weighted average fixed rate bond issues of 3.72% 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 3.53%, a 0.06% increase from April's rate of 3.47%.

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 May 31, 2023

Exhibit “B” – Yield Curve as of May 31, 2023

Exhibit “C” – Summary of Fixed and Variable Debt as of May 31, 2023

Exhibit “D” – Summary of Variable Rate Debt Rates as of May 31, 2023

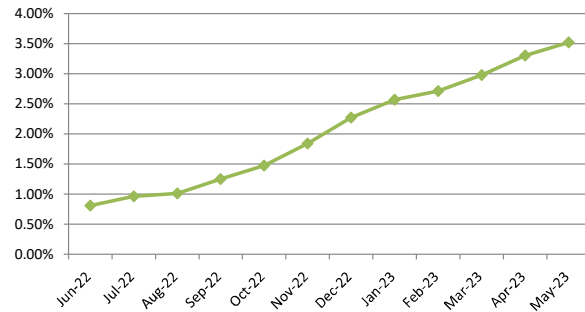
Exhibit "A"

Irvine Ranch Water District

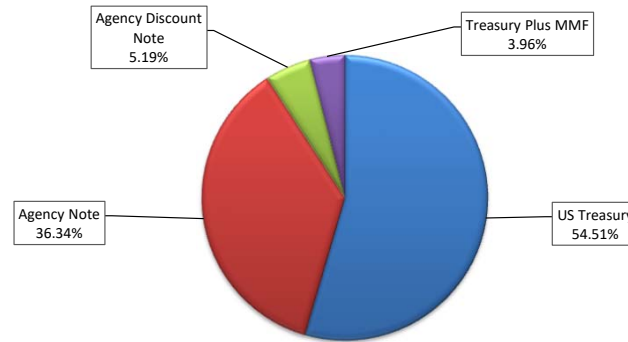
Investment Portfolio Summary

May 2023

Monthly Fixed Income Yield



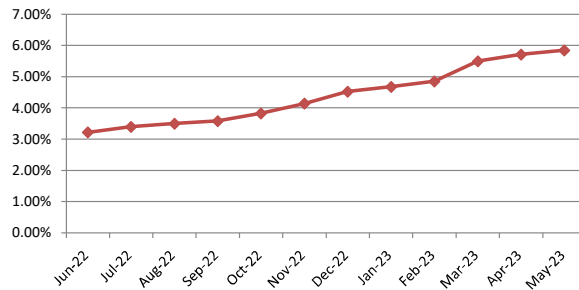
Portfolio Distribution



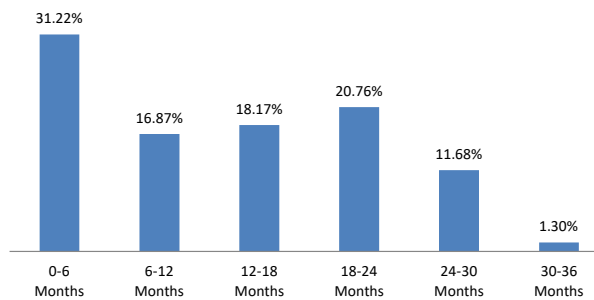
Investment Summary

Type	PAR	Book Value	Market Value
US Treasury	210,000,000	207,932,214	206,013,383
Agency Note	140,000,000	138,263,192	137,518,350
Agency Discount	20,000,000	19,790,849	19,707,350
100% Treasury MMF	15,268,631	15,268,631	15,268,631
Grand Total	385,268,631	381,254,886	378,507,714

Weighted Average Return Including Real Estate Portfolio



Maturity Distribution



Top Issuers

Issuer	PAR	% Portfolio
US Treasury	210,000,000	54.51%
Fed Home Loan Bank	85,000,000	22.06%
Fed Farm Credit Bank	55,000,000	14.28%
Wells Fargo / Allspring	15,268,631	3.96%
Fed Home Loan Mortgage Corp	15,000,000	3.89%
Fed Natl Mortgage Assoc	5,000,000	1.30%
Grand Total	385,268,631	100.00%

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

05/31/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 5/31/2023	UNREALIZED ⁽²⁾ GAIN/(LOSS)
04/06/23			06/01/23		LAIF	State of California Tsy.	\$0.00		3.020%	\$0.00	\$0.00	0.00	0.00
05/31/23			06/01/23		Treasury Plus MMF	Wells Fargo / Allspring	15,268,631.11		4.983%	\$15,268,631.11	\$15,268,631.11	15,268,631.11	0.00
02/28/23	NA	NA	06/15/23	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.770%	4.906%	4,929,112.50	4,990,725.00	4,970,450.00	(20,275.00)
05/05/23	NA	NA	06/22/23	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	5.110%	5.217%	4,965,933.33	4,985,095.83	4,965,933.35	(19,162.48)
12/29/21	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.563%	4,967,187.50	4,998,263.57	4,960,500.00	(37,763.57)
04/21/22	NA	NA	06/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	1.375%	2.107%	9,914,062.50	9,994,270.83	9,941,200.00	(53,070.83)
01/24/23	NA	NA	07/12/23	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.685%	4.857%	4,890,032.64	4,973,321.53	4,952,000.00	(21,321.53)
03/31/23	NA	NA	07/19/23	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.675%	4.809%	4,928,576.39	4,968,833.33	4,947,350.00	(21,483.33)
04/21/23	NA	NA	07/20/23	Aaa/NR/AAA	Treasury - Bill	US Treasury	10,000,000	4.930%	5.061%	9,876,750.00	9,932,897.22	9,890,500.00	(42,397.22)
01/11/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	0.710%	4,954,882.81	4,995,217.26	4,938,300.00	(56,917.26)
02/28/22	NA	NA	07/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.408%	4,909,960.94	4,989,570.77	4,938,300.00	(51,270.77)
03/31/23	NA	NA	08/03/23	Aaa/NR/AAA	Treasury - Bill	US Treasury	5,000,000	4.708%	4.708%	4,920,659.70	4,960,012.49	4,934,300.00	(25,712.49)
01/13/22	NA	NA	08/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.125%	0.769%	9,898,437.50	9,986,844.24	9,855,500.00	(131,344.24)
02/15/22	NA	NA	08/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	1.473%	4,898,046.88	4,983,491.58	4,918,750.00	(64,741.58)
08/23/22	NA	NA	09/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	3.154%	4,842,968.75	4,957,099.71	4,910,750.00	(46,349.71)
11/26/21	NA	NA	09/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	0.250%	0.572%	9,941,015.63	9,989,395.08	9,810,900.00	(178,495.08)
01/13/23	NA	NA	10/03/23	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	4.750%	4.809%	4,998,200.00	4,999,151.33	4,999,500.00	348.67
03/31/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.155%	4,958,984.38	4,989,232.51	4,919,900.00	(69,332.51)
04/21/22	NA	NA	10/31/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.625%	2.380%	4,943,750.00	4,984,677.42	4,919,900.00	(64,777.42)
03/31/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.210%	4,860,742.19	4,958,382.72	4,873,450.00	(84,932.72)
04/21/22	NA	NA	11/30/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.500%	2.462%	4,846,093.75	4,952,362.35	4,873,450.00	(78,912.35)
08/31/22	NA	NA	12/08/23	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	3.375%	3.576%	4,987,445.00	4,994,858.94	4,955,350.00	(39,508.94)
04/14/22	NA	NA	12/15/23	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.125%	2.213%	4,829,687.50	4,944,997.44	4,855,650.00	(89,347.44)
01/17/23	NA	NA	01/12/24	NR	FHLB - Discount Note	Fed Home Loan Bank	5,000,000	4.545%	4.771%	4,772,750.00	4,857,968.75	4,837,550.00	(20,418.75)
03/22/22	NA	NA	01/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	0.875%	2.013%	4,896,484.38	4,962,856.16	4,852,150.00	(110,706.16)
08/31/22	NA	NA	01/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	3.445%	4,935,156.25	4,969,455.84	4,911,150.00	(58,305.84)
12/16/22	NA	NA	02/15/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.531%	4,899,804.69	4,939,083.13	4,915,250.00	(23,833.13)
03/22/22	NA	NA	02/29/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.500%	2.020%	4,950,781.25	4,981,048.35	4,862,100.00	(118,948.35)
03/10/22	NA	NA	03/08/24	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	10,000,000	1.875%	1.680%	10,038,080.00	10,014,678.30	9,747,500.00	(267,178.30)
04/21/22	NA	NA	04/30/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.000%	2.600%	9,882,421.88	9,946,930.96	9,722,700.00	(224,230.96)
05/31/22	NA	NA	05/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	10,000,000	2.500%	2.560%	9,988,281.25	9,994,148.64	9,759,400.00	(234,748.64)
08/17/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	3.125%	3.315%	4,983,200.00	4,990,453.97	4,921,500.00	(68,953.97)
12/16/22	NA	NA	06/14/24	Aaa/AA+/AAA	FHLB - Note	Fed Home Loan Bank	5,000,000	4.875%	4.611%	5,018,300.00	5,012,702.75	5,000,850.00	(11,852.75)
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	4,859,696.81	4,837,850.00	(21,846.81)
08/17/22	NA	NA	07/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	3.000%	3.249%	4,976,562.50	4,986,016.28	4,902,550.00	(83,466.28)
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	4,992,560.06	4,934,050.00	(58,510.06)
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	4,996,842.84	4,957,250.00	(39,592.84)
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	4,994,812.61	4,982,650.00	(12,162.61)
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	5,004,998.99	4,911,200.00	(93,798.99)
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	4,933,469.33	4,911,200.00	(22,269.33)
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	4,994,751.44	4,975,650.00	(19,101.44)
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	9,979,178.11	9,957,000.00	(22,178.11)
10/31/22	NA	NA	11/15/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.489%	4,783,984.38	4,845,661.76	4,841,200.00	(4,461.76)
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	4,764,157.50	4,739,700.00	(24,457.50)
10/31/22	NA	NA	12/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.471%	4,773,046.88	4,834,083.51	4,836,700.00	2,616.49
10/31/22	NA	NA	12/31/24	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.250%	4.483%	4,771,875.00	4,833,226.80	4,836,700.00	3,473.20
10/31/22	NA	NA	01/15/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.125%	4.476%	4,651,562.50	4,743,529.28	4,742,400.00	(1,129.28)
10/31/22	NA	NA	01/31/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.500%	4.483%	4,789,843.75	4,845,312.50	4,854,100.00	8,787.50
02/13/23	NA	NA	02/13/25	Aaa/AA+/NR	FHLB - Note	Fed Home Loan Bank	5,000,000	5.020%	5.020%	5,000,000.00	5,000,000.00	4,975,250.00	(24,750.00)
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	4,777,921.95	4,779,900.00	1,978.05
12/30/22	NA	NA	02/28/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.317%	4,839,453.13	4,870,507.08	4,875,000.00	4,492.92
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	4,977,060.84	4,993,950.00	16,889.16
12/30/22	NA	NA	03/15/25	Aaa/AA/AAA	Treasury - Note	US Treasury	5,000,000	1.750%	4.329%	4,731,250.00	4,782,265.82	4,783,200.00	934.18
04/12/23	NA	NA	03/31/25	Aaa/AA/AAA	Treasury - Note	US Treasury	20,000,000	3.875%	4.073%	19,925,781.25	19,930,942.50	19,905,400.00	(25,542.50)

IRVINE RANCH WATER DISTRICT
INVESTMENT SUMMARY REPORT

05/31/23

SETTLMT	Call Schedule	Initial Call	Maturity Date	Rating	INVESTMENT TYPE	INSTITUTION / ISSUER	PAR Amount	COUPON DISCOUNT	YIELD	ORIGINAL COST	CARRY VALUE	MARKET VALUE ⁽¹⁾ 5/31/2023	UNREALIZED ⁽²⁾ GAIN/(LOSS)
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	5,003,668.47	5,000,200.00	(3,468.47)
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	4,874,010.16	4,850,200.00	(23,810.16)
01/11/23	NA	NA	05/15/25	Aaa/AA+/AAA	Treasury - Note	US Treasury	5,000,000	2.750%	4.148%	4,845,312.50	4,870,822.37	4,869,750.00	(1,072.37)
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	4,991,373.71	5,001,650.00	10,276.29
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	4,990,234.39	5,001,650.00	11,415.61
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	10,012,400.00	12,400.00
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	9,183,039.50	9,158,500.00	(24,539.50)
12/01/22	NA	NA	10/15/25	Aaa/AA+/AAA	Treasury - Note	US Treasury	5,000,000	4.250%	4.298%	4,993,359.38	4,994,511.52	5,036,350.00	41,838.48
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	4,933,570.46	4,913,400.00	(20,170.46)
SUB-TOTAL							<u>\$385,268,631</u>			<u>\$378,876,775.17</u>	<u>\$381,254,885.70</u>	<u>\$378,507,714.46</u>	<u>(\$2,747,171.24)</u>
TOTAL INVESTMENTS							<u>\$385,268,631</u>			<u>\$378,876,775.17</u>	<u>\$381,254,885.70</u>	<u>\$378,507,714.46</u>	<u>(\$2,747,171.24)</u>

Petty Cash						3,400.00
Ck Balance	Bank of America	ECR	1.67%			1,259,901.72
Ck Balance	Wells Fargo	ECR	1.65%			0.00
						<u>\$380,140,076.89</u>

⁽¹⁾ 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.

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

⁽³⁾ Real estate rate of return is based on most recent quarter end return

*S - Step up

Outstanding Variable Rate Debt	\$225,200,000
Net Outstanding Variable Rate Debt (Less \$60 million fixed-payer swaps)	\$165,200,000
Investment Balance:	\$380,140,077
Investment to Variable Rate Debt Ratio:	230%
Portfolio - Average Number of Days To Maturity	374

This Investment Summary Report is in conformity with the 2023 Investment Policy and provides sufficient liquidity to meet the next six months estimated expenditures.

	Investment Portfolio	Real Estate ⁽³⁾ Portfolio	Weighted Avg. Return
May	3.52%	15.01%	5.85%
April	3.30%	15.01%	5.72%
Change	0.22%	0.00%	0.13%

IRVINE RANCH WATER DISTRICT
SUMMARY OF MATURITIES

05/31/23

DATE	TOTAL	%	LAIF	Agency Notes	Agency Discount Notes	Municipal Bonds	US Treasury	Investment Sweep
5/23	15,268,631	3.96%						15,268,631
6/23	25,000,000	6.49%			5,000,000		20,000,000	
7/23	30,000,000	7.79%			10,000,000		20,000,000	
8/23	20,000,000	5.19%					20,000,000	
9/23	15,000,000	3.89%					15,000,000	
10/23	15,000,000	3.89%		5,000,000			10,000,000	
11/23	10,000,000	2.60%					10,000,000	
12/23	10,000,000	2.60%		5,000,000			5,000,000	
1/24	15,000,000	3.89%			5,000,000		10,000,000	
2/24	10,000,000	2.60%					10,000,000	
3/24	10,000,000	2.60%		10,000,000				
4/24	10,000,000	2.60%					10,000,000	
SUB-TOTAL	\$185,268,631	48.09%		20,000,000	20,000,000		130,000,000	15,268,631

13 Months - 3 YEARS								
5/01/2024 - 07/31/2024	\$30,000,000	7.79%		15,000,000			15,000,000	
8/01/2024 - 10/31/2024	\$40,000,000	10.38%		40,000,000				
11/01/2024 - 01/31/2025	\$30,000,000	7.79%		5,000,000			25,000,000	
02/01/2025 - 4/30/2025	\$50,000,000	12.98%		20,000,000			30,000,000	
05/01/2025 - 07/31/2025	\$30,000,000	7.79%		25,000,000			5,000,000	
8/01/2025 - 10/31/2025	\$15,000,000	3.89%		10,000,000			5,000,000	
11/01/2025 - 01/31/2026	\$5,000,000	1.30%		5,000,000				
02/01/2026 - 4/30/2026								
05/01/2026 +								
SUB-TOTAL	\$200,000,000	51.91%		\$120,000,000			\$80,000,000	
TOTALS	\$385,268,631	100.00%		\$140,000,000	\$20,000,000		\$210,000,000	\$15,268,631

% OF PORTFOLIO		36.34%	5.19%		54.51%	3.96%
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Irvine Ranch Water District
Summary of Real Estate - Income Producing Investments
3/31/2023

	ACQUISITION DATE	PROPERTY TYPE	OWNERSHIP INTEREST	ORIGINAL COST	MARKET VALUE 6/30/2022	ANNUALIZED RATE OF RETURN QUARTER ENDED 3/31/2023
Sycamore Canyon	Dec-92	Apartments	Fee Simple	\$ 43,550,810	\$ 174,250,000	23.85%
Wood Canyon Villas	Jun-91	Apartments	Limited Partner	\$ 6,000,000	\$ 34,194,459	8.50%
ITC (230 Commerce)	Jul-03	Office Building	Fee Simple	\$ 5,739,845	\$ 12,240,000	10.45%
Waterworks Business Pk.	Nov-08	Research & Dev.	Fee Simple	\$ 8,630,577	\$ 11,832,000	8.61%
Sand Canyon Professional Center - Medical Office	Jul-12	Medical Office	Fee Simple	\$ 8,648,594	\$ 12,138,000	7.95%
Sand Canyon Professional Center - General Office	Sep-20	Office Building	Fee Simple	\$ 25,985,968	\$ 33,915,000	7.18%
Total - Income Properties				\$ 98,555,794	\$ 278,569,459	15.01%

IRVINE RANCH WATER DISTRICT INVESTMENT SUMMARY REPORT
INVESTMENT ACTIVITY⁽¹⁾
May-23

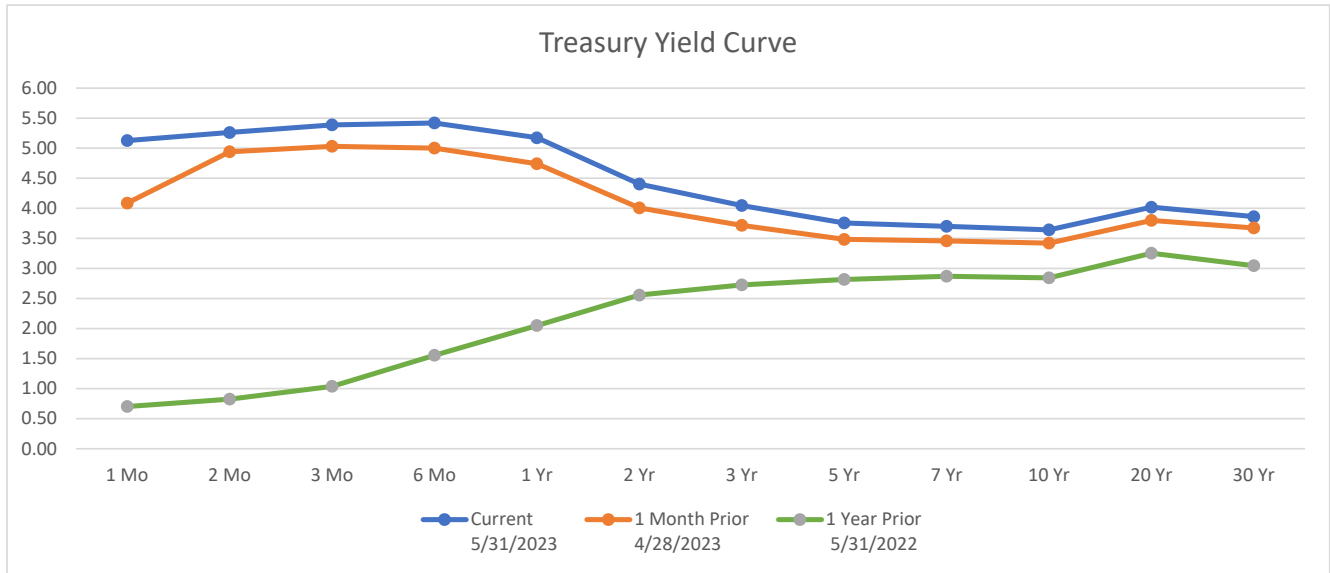
MATURITIES/SALES/CALLS

PURCHASES

DATE	SECURITY TYPE	PAR	YIELD	Settlement Date	Maturity Date	SECURITY TYPE	PAR	YIELD TO MATURITY
5/5/2023	FHLMC - Note	\$5,000,000	3.32%	5/5/2023	6/22/2023	Treasury - Bill	\$5,000,000	5.22%
5/31/2023	Treasury - Note	\$10,000,000	0.39%					

(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"

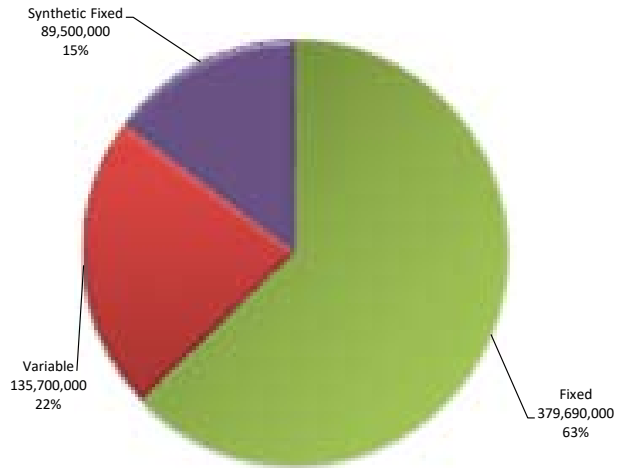


Tenor	Current 5/31/2023	1 Month Prior 4/28/2023	1 Year Prior 5/31/2022
1 Mo	5.13	4.09	0.70
2 Mo	5.26	4.94	0.83
3 Mo	5.39	5.03	1.04
6 Mo	5.42	5.00	1.56
1 Yr	5.17	4.74	2.05
2 Yr	4.40	4.01	2.56
3 Yr	4.05	3.72	2.73
5 Yr	3.76	3.48	2.82
7 Yr	3.70	3.46	2.87
10 Yr	3.64	3.42	2.84
20 Yr	4.02	3.80	3.25
30 Yr	3.86	3.67	3.05

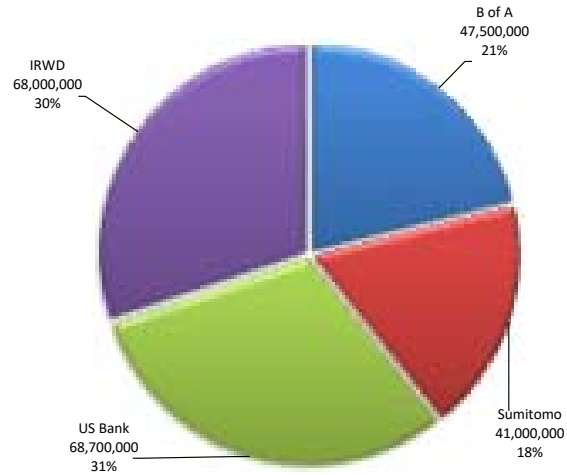
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Exhibit "C"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
May 2023

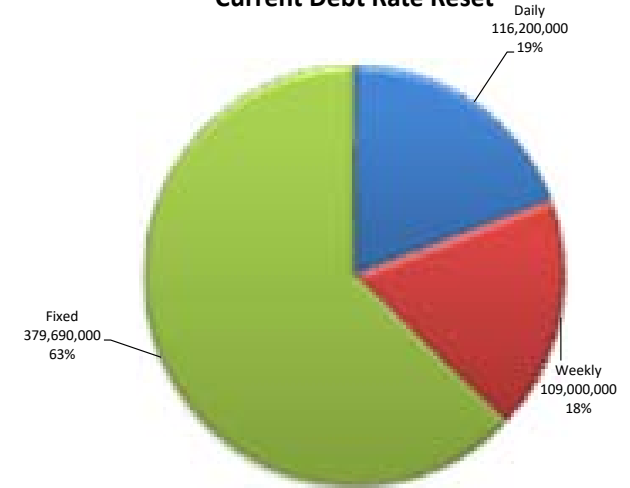
Current Debt Mix By Type



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	\$21,200,000	3.50%	US Bank	BAML	Variable	Daily
Series 2008-A Refunding	04/24/08	07/01/35	\$41,000,000	6.78%	Sumitomo	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$40,800,000	6.75%	IRWD	Goldman	Variable	Weekly
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$27,200,000	4.50%	IRWD	Goldman	Variable	Weekly
Series 2009 - A	06/04/09	10/01/41	\$47,500,000	7.85%	US Bank	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$47,500,000	7.85%	B of A	Goldman	Variable	Daily
2016 COPS	09/01/16	03/01/46	\$105,710,000	17.48%	N/A	N/A	Fixed	Fixed
2010 Build America Taxable Bond	12/16/10	05/01/40	\$175,000,000	28.93%	N/A	N/A	Fixed	Fixed
Series 2016	10/12/16	02/01/46	\$98,980,000	16.36%	N/A	N/A	Fixed	Fixed
Total			\$604,890,000	100.00%				

IRVINE RANCH WATER DISTRICT
SUMMARY OF FIXED & VARIABLE RATE DEBT

May-23

ITN																						
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	\$21,200,000	US BANK	05/07/15	05/01/25		Aa3/VMIG1	AA-/A-1+	N/R	\$21,485,764	0.3000%	\$64,457	BAML	DAILY	0.10%	\$21,200	BANK OF NY	
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$41,000,000	SUMITOMO	04/01/11	05/28/25		A1/P-1	A/A-1	A/F1	\$41,606,575	0.3150%	\$131,061	BAML	WED	0.07%	\$28,700	BANK OF NY	
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$40,800,000	N/A	N/A	N/A		Aa1/VMIG1	A-1+	AA+/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$51,000	BANK OF NY	
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$27,200,000	N/A	N/A	N/A		Aa1/VMIG1	A-1+	AA+/F1+	N/A	N/A	N/A	Goldman	WED	0.13%	\$34,000	BANK OF NY	
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$47,500,000	US BANK	04/01/11	05/01/25		Aa2/VMIG 1	AA-/A-1+	AA+/F1+	\$48,030,959	0.3000%	\$144,093	US Bank	DAILY	0.07%	\$33,250	US BANK	
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$47,500,000	B of A	04/01/11	04/21/25		Aa2/VMIG 1	A/A-1	A1/F1+	\$48,030,959	0.2800%	\$134,487	Goldman	DAILY	0.10%	\$47,500	US BANK	
						\$349,430,000	\$225,200,000	SUB-TOTAL VARIABLE RATE DEBT							\$159,154,258	0.2979%	\$474,098					
												(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	\$105,710,000	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	\$98,980,000	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	
						\$395,145,000	\$379,690,000	SUB-TOTAL FIXED RATE DEBT														
						\$744,575,000	\$604,890,000	TOTAL - FIXED & VARIABLE RATE DEBT														

Remarketing Agents			GO VS COP's		
Goldman	115,500,000	51%	GO:	499,180,000	83%
BAML	62,200,000	28%	COPS:	105,710,000	17%
US Bank	47,500,000	21%	Total	<u>604,890,000</u>	
	<u>225,200,000</u>				

LOC Banks		Breakdown Between Variable & Fixed Rate Mode	
SUMITOMO	41,000,000	Daily Issues	116,200,000 19%
BANK OF AMERICA	47,500,000	Weekly Issues	41,000,000 7%
US BANK	68,700,000	ITN Issues	68,000,000 11%
	<u>157,200,000</u>	Sub-Total	<u>225,200,000</u>
		Fixed Rate Issues	\$379,690,000 63%
		Sub-Total - Fixed	<u>379,690,000</u>
		TOTAL DEBT	
		FIXED & VAR.	<u>604,890,000</u> 100%

Exhibit "D"

SUMMARY OF DEBT RATES May-23

Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN WEEKLY	GOLDMAN WEEKLY	MERRILL LYNCH DAILY	MERRILL LYNCH WEEKLY	US BANK DAILY
Bond Issue	2009 - B	2011 A-1	2011 A-2	1993	2008-A	2009-A
Par Amount	47,500,000	40,800,000	27,200,000	21,200,000	41,000,000	47,500,000
LOC Bank Reset	BOFA	(SIFMA + 5) Wednesday	(SIFMA + 5) Wednesday	US BANK	Sumitomo Wednesday	US BANK
5/1/2023	2.75%	3.91%	3.91%	3.18%	3.55%	2.85%
5/2/2023	2.50%	3.91%	3.91%	2.71%	3.55%	2.60%
5/3/2023	2.20%	3.91%	3.91%	2.46%	3.55%	2.35%
5/4/2023	2.00%	3.50%	3.50%	2.43%	3.05%	2.45%
5/5/2023	2.00%	3.50%	3.50%	2.40%	3.05%	2.50%
5/6/2023	2.00%	3.50%	3.50%	2.40%	3.05%	2.50%
5/7/2023	2.00%	3.50%	3.50%	2.40%	3.05%	2.50%
5/8/2023	1.95%	3.50%	3.50%	2.40%	3.05%	2.30%
5/9/2023	1.70%	3.50%	3.50%	2.05%	3.05%	2.30%
5/10/2023	1.80%	3.50%	3.50%	2.15%	3.05%	2.20%
5/11/2023	1.85%	3.09%	3.09%	2.25%	2.50%	2.40%
5/12/2023	1.85%	3.09%	3.09%	2.35%	2.50%	2.40%
5/13/2023	1.85%	3.09%	3.09%	2.35%	2.50%	2.40%
5/14/2023	1.85%	3.09%	3.09%	2.35%	2.50%	2.40%
5/15/2023	1.65%	3.09%	3.09%	2.18%	2.50%	2.30%
5/16/2023	1.60%	3.09%	3.09%	2.05%	2.50%	2.15%
5/17/2023	1.60%	3.09%	3.09%	2.00%	2.50%	2.05%
5/18/2023	1.60%	2.98%	2.98%	2.10%	2.37%	2.05%
5/19/2023	1.70%	2.98%	2.98%	2.30%	2.37%	2.20%
5/20/2023	1.70%	2.98%	2.98%	2.30%	2.37%	2.20%
5/21/2023	1.70%	2.98%	2.98%	2.30%	2.37%	2.20%
5/22/2023	1.85%	2.98%	2.98%	2.37%	2.37%	2.20%
5/23/2023	1.95%	2.98%	2.98%	2.39%	2.37%	2.30%
5/24/2023	2.00%	2.98%	2.98%	2.39%	2.37%	2.50%
5/25/2023	2.35%	3.46%	3.46%	2.64%	3.01%	2.65%
5/26/2023	2.70%	3.46%	3.46%	3.04%	3.01%	2.75%
5/27/2023	2.70%	3.46%	3.46%	3.04%	3.01%	2.75%
5/28/2023	2.70%	3.46%	3.46%	3.04%	3.01%	2.75%
5/29/2023	2.70%	3.46%	3.46%	3.04%	3.01%	2.75%
5/30/2023	3.00%	3.46%	3.46%	3.00%	3.01%	3.05%
5/31/2023	2.85%	3.46%	3.46%	2.95%	3.01%	3.05%
Avg Interest Rates	2.09%	3.32%	3.32%	2.48%	2.81%	2.45%
Rmkt Fee	0.10%	0.13%	0.13%	0.10%	0.07%	0.07%
LOC Fee	0.28%			0.30%	0.32%	0.30%
All-In Rate	2.47%	3.45%	3.45%	2.88%	3.20%	2.82%
Par Amount	88,300,000		27,200,000	62,200,000		47,500,000

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	51.60%	116,200,000	2.69%	2.31%
Weekly	48.40%	109,000,000	3.35%	3.13%
	100.00%	\$225,200,000	3.01%	2.71%
Fixed				
COPS 2016	27.84%	105,710,000	2.90%	
BABS 2010	46.09%	175,000,000	4.44%	(1)
SERIES 2016	26.07%	98,980,000	3.32%	
	100.00%	\$379,690,000	3.72%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				3.53%

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

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June 13, 2023

Prepared by: J. Davis

Submitted by: C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

REAL ESTATE QUARTERLY PERFORMANCE

SUMMARY:

Staff will provide the Committee with an update on the financial performance of IRWD's real estate investments and other revenue generating properties for the quarter ended March 31, 2023.

BACKGROUND:

For the quarter ended March 31, 2023, the net operating income (NOI) for IRWD's residential and commercial real estate investment properties was \$3.7 million, which represents a 15.01% return for the period. The fiscal year (FY) to date NOI was approximately \$10.0 million. Land lease income from the Strawberry Farms Golf Course was \$200,791 and \$722,765 for the quarter and FY to date, respectively. Lease revenue from the District's five cell sites was \$78,574 and \$333,479 for the quarter and FY to date, respectively. A report detailing the NOI and returns for IRWD's real estate investment properties, golf course land lease, and cell sites is provided as Exhibit "A".

Residential Investment Properties:

The NOI for the Sycamore Canyon Apartments for the quarter ended March 31, 2023, was approximately \$2.6 million and \$7.4 million FY to date, which were favorable to budget by \$112,003 and \$232,080, respectively. The variances were due to higher-than-anticipated occupancy, revenue from increased lease rates, and lower operating expenses related to payroll, advertising, and apartment turnovers. The District's limited partnership investment in the Wood Canyon Villa property earned a preferred return of 9.00% providing income of \$133,151 for the quarter end and \$405,191 for the FY to date. The net return for Wood Canyon was 8.50% for the quarter and FY periods.

Commercial Investment Properties:

For the quarter and FY period ended March 31, 2023, NOI at the Irvine Market Place (230 Commerce) property was \$149,887 and \$436,219, which was unfavorable to budget by \$14,952 and \$98,098, respectively, due to higher-than-anticipated operating expenses for HVAC repairs and electricity. Currently, the property has two suites available, which are being marketed by IRWD's commercial broker, Colliers International. The property is currently 82.4% occupied.

For the quarter ended March 31, 2023, NOI at the Waterworks Way Business Park property was \$185,872, which was favorable to budget by \$9,790, due to lower-than-estimated repairs and maintenance expenses. The FY period NOI was \$512,275 and unfavorable to budget by \$10,879 due primarily to unanticipated repairs caused by a water leak. The property is currently 100% occupied.

For the quarter and FY period ended March 31, 2023, the NOI for the Sand Canyon Medical Office property was \$171,889 and \$508,923 and was in line with budget. The property is currently 100% occupied.

For the quarter and FY period ended March 31, 2023, NOI at the Sand Canyon Professional Center Office Property was \$466,574 and \$755,174 and was in line with budget. The property is currently 100% occupied.

Strawberry Farms Golf Course and Cell Site Leases:

Land lease income for Strawberry Farms Golf Course for the quarter ended March 31, 2023 was \$200,791. This compares with income of \$208,892 for the same period last year, representing a 3.88% decrease for the period. The FY year-to-date income was \$722,765, representing an increase of 4.66% compared to the same period last year.

For the quarter ended March 31, 2023, the lease revenue from the District's five cell sites was \$78,574, which was a decrease of \$38,236 from the same period last year, due to timing of receipt of the revenue share. The FY period NOI was \$333,479, an increase of \$32,355 from the same period last year. The increase was due to a larger revenue share amount and a one-time signing bonus from a lease negotiation.

FISCAL IMPACTS:

Fiscal impacts are discussed above.

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" – Real Estate Performance Report

Exhibit "A"

**Irvine Ranch Water District
Real Estate Investment Performance Report
as of March 31, 2023**

INCOME PROPERTIES							FY 2022-2023 RATE OF RETURN			
Property Description	Capital Investment	FY 2022-23					FY Q1	FY Q2	FY Q3	Average Fiscal YTD
		Jan-23	Feb-23	Mar-23	FY Q3	FY 2022-23 TOTAL				
Sycamore Canyon Apartments	\$ 43,550,810	\$ 883,183	\$ 888,555	\$ 825,205	\$ 2,596,943	\$ 7,376,433	22.67%	21.22%	23.85%	22.58%
Wood Canyon Villa Apartments	\$ 6,000,000	\$ 45,863	\$ 41,425	\$ 45,863	\$ 133,151	\$ 405,191	8.50%	8.50%	8.50%	8.50%
Irvine Market Place Office	\$ 5,739,845	\$ 56,665	\$ 49,911	\$ 43,311	\$ 149,887	\$ 436,219	9.54%	10.42%	10.45%	10.13%
Waterworks Way Business Park	\$ 8,630,577	\$ 63,360	\$ 62,936	\$ 59,576	\$ 185,872	\$ 512,275	8.25%	6.88%	8.61%	7.91%
Sand Canyon Professional Center - Medical	\$ 8,648,594	\$ 59,923	\$ 54,003	\$ 57,963	\$ 171,889	\$ 508,923	7.78%	7.81%	7.95%	7.85%
Sand Canyon Professional Center - Office	\$ 25,985,968	\$ 158,859	\$ 156,705	\$ 151,010	\$ 466,574	\$ 755,174	-0.21%	4.65%	7.18%	3.87%
	\$ 98,555,793	\$ 1,267,853	\$ 1,253,535	\$ 1,182,928	\$ 3,704,316	\$ 9,994,215	12.44%	13.02%	15.01%	13.49%

Notes/Assumptions:

- Wood Canyon cash flows represent partnership cash distributions from Western National Group.
- The 9.00% Preferred Return for Wood Canyon accrues on the original \$6 million investment amount along with any accrued preferred return. The current total monthly accrual is approximately \$45,000/month.
- Capital Investment does not include depreciation

**Irvine Ranch Water District
Real Estate Investment Performance Report
Strawberry Farms Golf Course & Cell Site
as of March 31, 2023**

	2022-23 NET INCOME				
Property Description	Jan-23	Feb-23	Mar-23	FY Q3	NET INCOME 2022 - 2023
Strawberry Farms Golf Course	\$ 73,836	\$ 60,799	\$ 66,156	\$ 200,791	\$ 722,765
Change From Prior Year Period:				\$ (8,101) -3.88%	\$ 32,213 4.66%
Cellular Sites	\$ 18,419	\$ 40,655	\$ 19,500	\$ 78,574	\$ 333,479
Change From Prior Year Period:				\$ (38,236) -32.73%	\$ 32,355 10.74%

June 13, 2023

Prepared by: D. Kanoff

Submitted by: S. Aryan / T. Mitcham

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

RISK MANAGEMENT QUARTERLY REPORT

SUMMARY:

Staff will provide the Committee with a report on the insurance and claim expenses incurred by IRWD through the third quarter of the Fiscal Year (FY) ending June 30, 2023.

BACKGROUND:

A comparison of IRWD's actual versus budget insurance expenses for the third quarter of FY 2022-23 and FY 2021-22 is provided as Exhibit "A" and summarized as follows:

- Insurance premiums total \$1,740,774 and are \$212,994 under budget;
- Third-party claim administration expenses total \$1,500 and are \$21,000 under budget;
- Legal expenses total \$16,987; and
- Claim payments total \$66,162 and are \$31,338 under budget.

The register of closed general liability claims, including current fiscal year and prior period claim expenses, is provided as Exhibit "B".

FISCAL IMPACTS:

Fiscal impacts are outlined above.

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" – Insurance and Claims Summary

Exhibit "B" – Closed General Liability Claims in FY 2022-23

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Exhibit "A"

**Irvine Ranch Water District
Insurance and Claims Summary
Period Ending March 31, 2023**

PREMIUM	Actual FY 22/23	Budget FY 22/23	Variance	% Variance	Prior FY 21/22
Crime	8,419	8,190	(229)	-3%	8,018
General Liability	1,083,929	1,283,439	199,510	16%	1,096,442
Pollution	135,210	145,755	10,545	7%	136,208
Property	467,810	503,250	35,440	7%	413,803
Cyber	45,406	13,134	(32,272)	-246%	34,242
Total	1,740,774	1,953,768	212,994	11%	1,688,713

CATEGORY	Open FY 22/23	Closed FY 22/23	Total FY 22/23	Budget FY 22/23	Variance	Prior FY 21/22
Membership				2,475	2,475	150
Claim Payments - Property	29,200	6,962	36,162	97,500	31,338	28,547
Claim Admin		1,500	1,500	22,500	21,000	1,520
Bodily Injury		30,000	30,000			
Total FY 22/23	29,200	38,462	67,662	122,475	54,813	30,217

*

* Includes \$1,500 annual administrative fee

CATEGORY	Open FY 22/23	Closed FY 22/23	Total FY 22/23	Prior FY 21/22
Legal	3,407	13,580	16,987	431,114
Total FY 22/23	3,407	13,580	16,987	431,114

ACTIVITY	FY 2021/22	FY 2022/23
Beginning Open Claims	4	3
New Claims	13	6
Closed Claims	(14)	(7)
Current Open Claims	3	2

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Exhibit "B"
Register of Closed General Liability Claims as of March 31, 2023

Closed Claims Fiscal Year 2022-2023					
CLAIM TYPE	CLAIMANT	Legal	Claim Payments - Property	Bodily Injury	Grand Total
Single Event	Gleason v. County of Orange	9,884		20,000	29,884
	SLR Construction v. Roes 1 to 25	3,426		10,000	13,426
	Smoketree Irvine HOA		559		559
	Mena Eskander	270	1,000		1,270
	Curtis Lee		793		793
	Serrano Park Homeowners Association		4,310		4,310
	Jolanta Ulas		300		300
Grand Total		13,580	6,962	30,000	50,542

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June 13, 2023

Prepared by: L. Kaneshiro

Submitted by: C. Clary

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

INFORMATION SERVICES PROJECT STATUS REPORT

SUMMARY:

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

BACKGROUND:

Information Services periodically submits a project status report for the Committee's review. The current projects 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 Services Project Status

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Exhibit “A”

Information Services Project Status Report

June 13, 2023

Project Name	Project Summary	Schedule		Project Budget	Status
Board Room Technology Upgrade	Modernize and upgrade Board Room technology.	Start Complete	7/22 6/23	\$100,000	The Boardroom audio system improvements were completed on May 26, including reprogramming of the audio equipment, adding six new wireless microphones, installing a second podium microphone, updating the touch pads controls in the Boardroom and MPR, and tuning the overall system. These improvements are in addition to the new audio main controller that was recently installed. A quote has been requested to upgrade the projector.
Cybersecurity Workshop for Local Government Agencies	Executive-level cybersecurity collaboration with local water districts and government agencies.	Start Complete	4/23 5/23	In-House	IRWD and Rancho Water District co-hosted a “Cybersecurity Workshop for Local Government Agencies” on May 31 at Rancho Water’s headquarters in Temecula. The objective was to begin a discussion with local agencies on executive cybersecurity concerns and priorities, such as business resilience, risk management, compliance, collaboration/partnerships, and other areas. Kevin Morley from AWWA also joined the workshop via video conference to discuss national water industry cybersecurity matters. Next steps will be to reach out to agencies to assess interest in continuing executive cybersecurity workshops.

Project Name	Project Summary	Schedule		Project Budget	Status
Conference Room Technology Upgrade	Modernize and upgrade conference room technology.	Start Complete	7/21 10/23	\$200,000	<u>SCHEDULE DELAY:</u> An Audio-Visual Technician has been retained to assist with the new conference room AV systems, including troubleshooting/stabilizing the technologies, daily checks, training, and operational assistance. AV system upgrades have been completed at the SJ Marsh Learning Center rooms. Additional microphones and outdoor speakers have been ordered and are expected in October 2023. The SC Community Room is waiting for materials delivery and scheduling.
Wi-Fi Refresh	Upgrade and expand the District's legacy Wi-Fi infrastructure.	Start Complete	3/22 10/23	\$380,000	<u>ON-TRACK:</u> The project kick-off meeting was held on February 2023. Cabling has been completed at all four primary sites. This project is expected to be completed by October 2023.
Oracle EBS Direct Labor cost allocation to Projects	Implement Oracle EBS Direct labor cost Allocation for G&A to Projects.	Start Complete	3/22 6/23	\$464,000	<u>ON-TRACK:</u> Project is in final stages of user acceptance testing. No outstanding issues at this time. This project is expected to be completed in June 2023. The new allocation feature will begin on July 1.
Replace IRWD's network drives with Microsoft technologies	Migrate IRWD electronic files to modern Microsoft systems and eliminate obsolete technologies.	Start Complete	1/23 6/23	In-House	<u>ON-TRACK:</u> The migration of individual user folders from an obsolete system to Microsoft's OneDrive cloud solution continues. Sand Canyon is ~99% complete. Migrations for Operations staff is underway and expected to be completed in June.

Project Name	Project Summary	Schedule		Project Budget	Status
2012 R2 Servers Upgrade	Upgrade existing servers with Microsoft 2012 R2 operating system.	Start Complete	1/23 10/23	In-House	<u>ON-TRACK:</u> All existing 2012 R2 operating system servers (system upgrade only) are on schedule to be upgraded before the end of support date of October 10, 2023.
EZMax Planner for Maximo	Implement EZMax Planner to improve the planning and scheduling capabilities for the Maximo asset management system.	Start Complete	3/23 9/23	\$82,000	<u>ON-TRACK:</u> The project kick-off was held in March 2023. No issues at this time. The project is expected to be completed in September 2023.

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June 13, 2023

Prepared by: V. Li / D. Pardee / C. Smithson

Submitted by: C. Clary

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

FISCAL YEAR 2022-23 OPERATING AND NON-OPERATING FINANCIAL HIGHLIGHTS QUARTERLY UPDATE

SUMMARY:

Staff has prepared a financial analysis of the unaudited operating statements through the third quarter of Fiscal Year (FY) 2022-23. Actual operating net revenue was \$118.9 million, while total system operating expenses were \$129.4 million for a net operating loss of \$10.5 million. Consolidated expenses, including capital, totaled \$143.9 million compared to a budget of \$137.3 million. Non-operating net income was \$66.8 million compared with a budget of \$59.5 million.

BACKGROUND:

Details of unaudited actual results through the third quarter of FY 2022-23 are provided in the following documents:

- Operating revenues and expenses by system, provided as Exhibit “A”;
- Operating expenses, provided as Exhibit “B”; and
- Non-operating revenues and expenses, provided as Exhibit “C”.

Exhibits “A”, “B”, and “C” provide operating and non-operating results with detailed explanations for variances that exceed \$0.5 million. These variances are color coded, and explanations are included in the exhibits with matching colors for easy reference. Exhibit “A” includes cost of water and acre-feet (AF) details for potable and recycled water. Exhibit “B” includes a summary of the major components included in salaries and benefits.

Summary of Operating Revenues and Expenses:

Net revenues were \$118.9 million and operating expenses were \$129.4 million resulting in a net operating loss through the third quarter of FY 2022-23 of \$10.5 million. Exhibit “A” shows a detailed comparison and explanations for significant variances of actual to budget revenues and expenses by system through the third quarter of FY 2022-23. A summary by system is outlined below.

Potable Water System:

Net revenues were lower than budget by \$2.9 million and total expenses exceeded budget by \$2.3 million as shown on Exhibit “A-2”. Sales were 2,842 AF under budget, primarily due to conservation messaging and rain, resulting in commodity sales of \$2.5 million below budget. Fixed service charge and other revenue was \$0.6 million under budget and electricity expense was over budget by \$2.4 million. More information is included on Exhibits “A-2” and “A-3”.

Recycled Water System:

Net revenues were lower than budget by \$2.5 million, and total expenses were under budget by \$0.5 million. Sales were 1,775 AF lower than budget, primarily due to conservation messaging and increased precipitation. Commodity revenues were \$2.7 million below budget and water expense was \$0.8 million under budget. More information is included on Exhibits “A-4” and “A-5”.

Sewer System:

Net revenues were lower than budget by \$0.2 million and total expenses were over budget by \$3.6 million. Fixed service charges were under budget by \$0.9 million. Salaries and benefits, electricity, and all other expenses were over budget by \$1.8 million, \$1.0 million and \$1.0 million respectively. More information is included on Exhibit “A-6”.

Conservation, Natural Treatment System (NTS), and Water Banking (Over-allocation Fund):

Net revenues were below budget by \$1.3 million and total expenses were over budget by \$1.5 million. Over-allocation revenue was under budget by \$1.3 million, water expense was over budget by \$0.8 million and repairs and maintenance were over budget by \$0.7 million. More information is included on Exhibit “A-7”.

Summary of Operating Expenses:

Exhibit “B” is a summary of actual-to-budget expenses by major category, including capital, through the third quarter of FY 2022-23. Net operating expenses were \$143.9 million, which is \$6.6 million over budget. The full year forecast for FY 2022-23 is \$195.5 million, which is \$7.8 million higher than budget. Explanations are provided on Exhibit “B-2”. Salary and employee benefits are detailed on Exhibit “B-3”.

Summary of Non-Operating Revenues and Expenses:

Exhibit “C” is a summary of non-operating revenues and expenses. IRWD’s non-operating revenues are related to income generated from sources other than user rates. They include property taxes, investment income, connection fees, and real estate. A portion of the non-operating revenue pays debt service. Property taxes and connection fees help to pay for new infrastructure.

The non-operating net income was \$66.8 million, which was positive to budget by \$7.4 million. Revenues were over budget by \$7.7 million and expenses were over budget by \$0.3 million. The full-year net income forecast for FY 2022-23 is \$92.0 million, which is \$7.9 million higher than budget.

FISCAL IMPACTS:

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

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” – Actual to Budget Operating Revenues and Expenses by System

Exhibit “B” – Consolidated Actual to Budget and Forecast Operating Expenses

Exhibit “C” – Consolidated Actual to Budget and Forecast Non-Operating Net Income

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Exhibit "A"
Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Consolidated			
Revenues:	Actual	Budget	Variance
Commodity	\$ 64,784	\$ 71,269	\$ (6,485)
Fixed Service Charges and Other	79,039	80,310	(1,271)
Total Revenues	\$ 143,823	\$ 151,579	\$ (7,756)
Contribution to Enhancement and Replacement Funds	(24,958)	(25,867)	909
Net Revenues	\$ 118,865	\$ 125,712	\$ (6,847)
Expenses:			
Salaries and Benefits	\$ 32,907	\$ 31,222	\$ (1,685)
Water	34,317	34,012	(305)
Electricity	18,190	14,981	(3,209)
Repairs and Maintenance - OC San	3,175	3,090	(85)
All Other Repairs and Maintenance	9,742	9,449	(293)
All Other Operating Expense	31,079	29,749	(1,330)
Total Expenses	\$ 129,410	\$ 122,503	\$ (6,907)
Net Operating Income (Loss)	\$ (10,545)	\$ 3,209	\$ (13,754)

Explanations for significant variances greater than \$500K are included in the details of each system.

Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Potable (treated and untreated systems)			
Revenues:	Actual	Budget	Variance
Commodity	\$ 39,262	\$ 41,744	\$ (2,482)
Fixed Service Charges and Other	30,656	31,216	(560)
Total Revenues	\$ 69,918	\$ 72,960	\$ (3,042)
Contribution to Enhancement and Replacement Funds	(7,147)	(7,285)	138
Net Revenues	\$ 62,771	\$ 65,675	\$ (2,904)
Expenses:			
Salaries and Benefits	\$ 12,762	\$ 12,507	\$ (255)
Water	29,897	29,617	(280)
Electricity	10,305	7,949	(2,356)
Repairs and Maintenance	3,542	3,661	119
All Other Operating Expense	9,339	9,782	443
Total Expenses	\$ 65,845	\$ 63,516	\$ (2,329)
Net Operating Income (Loss)	\$ (3,074)	\$ 2,159	\$ (5,233)

Revenues:

Commodity Revenue was under budget.

- Significant rain and efforts to promote conservation resulted in reduced sales, primarily in the base and over allocation tiers. Base tier sales are 8% under budget (\$1.8 million) and inefficient sales are under budget by 15% (\$0.5 million), significantly reducing commodity revenue.
- Reduced sales were partially offset by Water Banking Revenue (\$0.3 million).

Fixed Service Charges and Other Revenue were under budget.

- Single family homes, commercial, and landscape irrigation fixed service charges estimated revenue increases exceeded actual account growth (\$0.4 million).
- Pumping Surcharges were under budget due to reduced usage (\$0.1 million).

Expenses:

Electricity was over budget.

- Rate increases for electricity were higher than budgeted.
- Higher costs were partially offset by lower electrical usage for pumping.

**Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23**

Potable (treated and untreated systems)						
	Acre Feet (AF)			Cost (in Millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
Treated						
Pumped	29,879	32,390	2,511	\$16.4	\$17.1	\$0.7
Imported	5,405	5,693	288	7.7	7.4	(0.3)
Baker Treatment Plant (Baker)	5,271	5,400	129	5.3	5.2	(0.1)
Total Treated	40,555	43,483	2,928	29.4	29.7	0.3
Untreated						
Native Water	37	1,690	1,653	0.1	0.5	0.4
Imported	4,972	1,736	(3,236)	3.4	1.9	(1.5)
Baker ILP*	(941)		941	(0.6)		0.6
Transfer to Recycled	(3,225)	(3,395)	(170)	(2.4)	(2.5)	(0.1)
Evaporation	(543)		543			
Total Untreated	300	31	(269)	0.5	(0.1)	(0.6)
Total	40,855	43,514	2,659	\$ 29.9	\$ 29.6	\$ (0.3)
Process Waste	(1,187)	(648)	539			
System Loss	(1,878)	(2,234)	(356)			
Sales/Cost of Sales	37,790	40,632	2,842	\$ 29.9	\$ 29.6	\$ (0.3)
Total				\$ 29.9	\$ 29.6	\$ (0.3)

Pumped Water usage and costs were under budget.

- Wells 21 and 22 pumping was reduced due to low groundwater levels in the fall.
- Dyer Road Well Field (DRWF) pumping was reduced due to well maintenance and storage limitations for customers in some elevated areas as a result of reservoir maintenance.
- Pumping will increase significantly in the fourth quarter.

Native Water usage and cost were under budget.

- Native water decreased due to lack of availability.

Untreated Imported water usage and cost exceeded budget.

- Imported water was increased due to lack of native water availability to meet recycled demands.
- Untreated imported water was purchased and placed in Irvine Lake for the Baker Treatment Plant.

Sales were under budget.

- Overall usage under budget by 7.0%.

*Cost reimbursement is included in Reimbursement from Partners.

Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Recycled			
Revenues:	Actual	Budget	Variance
Commodity	\$ 15,106	\$ 17,851	\$ (2,745)
Fixed Service Charges and Other	6,138	5,954	184
Total Revenues	\$ 21,244	\$ 23,805	\$ (2,561)
Contribution to Enhancement and Replacement Funds	(886)	(935)	49
Net Revenues	\$ 20,358	\$ 22,870	\$ (2,512)
Expenses:			
Salaries and Benefits	\$ 6,020	\$ 6,202	\$ 182
Water	3,640	4,396	756
Electricity	4,782	4,831	49
Repairs and Maintenance	934	862	(72)
All Other Operating Expense	6,527	6,139	(388)
Total Expenses	\$ 21,903	\$ 22,430	\$ 527
Net Operating Income (Loss)	\$ (1,545)	\$ 440	\$ (1,985)

Revenues:

Commodity Revenue was lower than budget.

- Significant rain and efforts to promote conservation resulted in reduced commodity sales. Base tier sales are 17% under budget (\$1.6 million) and over allocation tiers are under budget on average by 21% (\$0.6 million), significantly reducing commodity revenue.
- Recycled water was provided to the Green Acres Project at no cost (2009 AF).

Water is under budget

Pumped water was under budget by \$0.8 million due to reduced demand.

**Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23**

Recycled						
	Acre Feet (AF)			Cost (in Millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
Produced/ Storage	17,680	17,293	(387)	\$ -	\$ -	\$ -
Untreated Supplemental	3,225	3,395	170	2.4	2.5	0.1
Pumped	2,140	3,450	1,310	1.2	1.9	0.7
Total	23,045	24,138	1,093	\$ 3.6	\$ 4.4	\$ 0.8
Process Waste	(570)	(518)	52			
System Loss	(1,045)	(415)	630			
Sales/Cost of Sales	21,430	23,205	1,775	\$ 3.6	\$ 4.4	\$ 0.8

Stored water usage was under budget.

Production was higher than budget but less stored water was used to meet demands.

There is no associated cost because the expense was recognized previously.

Pumped water usage and cost were under budget.

Pumped water was under budget due to reduced demand.

System losses exceeded budget.

The El Toro Remediation Project (ETGR) was sent to outfall due to PFAS levels (1035 AF).

Sales were under budget.

Usage was under budget by 6.2% primarily due to reduced agricultural and landscape sales as a result of conservation messaging and increased rain.

Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Sewer			
Revenues:	Actual	Budget	Variance
Fixed Service Charges and Other	\$ 42,245	\$ 43,140	\$ (895)
Total Revenues	42,245	43,140	(895)
Contribution to Enhancement and Replacement Funds	(16,925)	(17,647)	722
Net Revenues	\$ 25,320	\$ 25,493	\$ (173)
Expenses:			
Salaries and Benefits	\$ 10,645	\$ 8,853	\$ (1,792)
Electricity	2,935	1,896	(1,039)
Repairs and Maintenance - OC San	3,175	3,090	(85)
All Other Repairs and Maintenance	2,560	2,884	324
All Other Operating Expense	10,638	9,656	(982)
Total Expenses	\$ 29,953	\$ 26,379	\$ (3,574)
Net Operating Income (Loss)	\$ (4,633)	\$ (886)	\$ (3,747)

Revenues:

Fixed Service Charges and Other were below budget.

- Commercial, Industrial, Public Authority (CII) Service Charges were lower than Budget.

Expenses:

Salaries and Benefits were over budget. See detailed explanations on Exhibit "B-2".

- Actual labor and associated G&A have exceeded the projected (budgeted) expenses used primarily at the Biosolids Facility.
- COLA Increases were higher than budgeted (\$1.9 million).

Electricity was over budget.

- Rate increases for electricity were higher than budgeted.
- Microturbines were not operational, resulting in higher costs for Biosolids.

All Other Operating Expense were over budget.

Class B biosolids hauling is higher due to dryer system disruptions.

Actual vs Budget Operating Net Income by System
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Conservation, NTS and Water Banking (Over-Allocation Fund)			
Revenues:	Actual	Budget	Variance
Commodity	\$ 10,416	\$ 11,674	\$ (1,258)
Total Revenues	10,416	11,674	(1,258)
Contribution to Enhancement and Replacement Funds	-	-	-
Net Revenues	\$ 10,416	\$ 11,674	\$ (1,258)
Expenses:			
Salaries and Benefits	\$ 3,480	\$ 3,660	\$ 180
Water	780	-	(780)
Electricity	168	305	137
Repairs and Maintenance	2,706	2,042	(664)
All Other Operating Expense	4,575	4,172	(403)
Total Expenses	\$ 11,709	\$ 10,179	\$ (1,530)
Net Operating Income (Loss)	\$ (1,293)	\$ 1,495	\$ (2,788)

Revenues:

Commodity Revenue was below budget.

- Potable and recycled over-allocation sales were under budget due to conservation messaging and increased rain in the third quarter.

Expenses:

Water is over budget

- This is due to the delivery of 3,000 AF of banked water to Dudley Ridge Water District (DRWD) under the water exchange agreement.

Repairs and Maintenance were over budget.

- This is due to unbudgeted operating costs for pumping 5,000 AF banked water exchanged with DRWD (\$0.8 million)

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Exhibit "B"
Irvine Ranch Water District
Operating Expenses
(in thousands)

Through the Third Quarter of Fiscal Year 2022-23				FY 2022-23 Full Year	
Expense Name	Actual	Budget	Actual vs Budget	Forecast	Budget
Regular Labor	\$ 26,678	\$ 24,445	\$ (2,233)	\$ 38,000	\$ 36,327
Overtime Labor	2,339	1,881	(458)	3,200	2,500
Contract Labor	852	1,050	198	1,380	1,380
Employee Benefits	23,875	24,280	405	31,981	31,981
Salaries & Benefits Total	\$ 53,744	\$ 51,656	\$ (2,088)	\$ 74,561	\$ 72,188
Water	34,881	34,012	(869)	45,900	45,491
Electricity	18,592	15,350	(3,242)	25,500	20,393
Fuel	1,001	855	(146)	1,141	1,141
Telecommunication	665	645	(20)	860	860
Other Utilities	194	176	(18)	227	227
Water & Utilities Total	\$ 55,333	\$ 51,038	\$ (4,295)	\$ 73,628	\$ 68,112
Chemicals	4,906	3,385	(1,521)	6,500	4,520
Operating Supplies	2,225	2,084	(141)	2,778	2,778
Printing	231	245	14	347	347
Postage	346	326	(20)	496	496
Permits, Licenses and Fees	1,711	1,197	(514)	2,500	2,027
Office Supplies	58	71	13	96	96
Duplicating Equipment	86	115	29	153	153
Equipment Rental	42	57	15	76	76
Materials & Supplies Total	\$ 9,605	\$ 7,480	\$ (2,125)	\$ 12,946	\$ 10,493
Rep & Maint OC SAN & Others	4,193	4,065	(128)	5,417	5,417
Rep & Maint IRWD	9,915	9,832	(83)	13,668	13,668
Insurance	1,808	2,076	268	2,768	2,768
Legal Fees	836	2,428	1,592	1,300	3,247
Engineering Fees	934	929	(5)	1,094	1,094
Accounting Fees	64	75	11	100	100
Data Processing	3,360	3,059	(301)	4,079	4,079
Personnel Training	993	1,019	26	1,551	1,551
Personnel Physicals	23	20	(3)	27	27
Other Professional Fees	3,586	3,954	368	5,385	5,385
Directors' Fees	124	150	26	202	202
Professional Services Total	\$ 25,836	\$ 27,607	\$ 1,771	\$ 35,591	\$ 37,538
Election Expense	(78)	124	202	165	165
Safety	71	90	19	120	120
Alarm and Patrol Services	664	645	(19)	860	860
Biosolids Disposals	1,186	267	(919)	1,200	356
Contract Meter Reading	1,196	1,181	(15)	1,575	1,575
Over-Allocation	617	435	(182)	695	695
Other	378	377	(1)	502	502
Other Total	\$ 4,034	\$ 3,119	\$ (915)	\$ 5,117	\$ 4,273
Total Expenses	\$ 148,552	\$ 140,900	\$ (7,652)	\$ 201,843	\$ 192,604
Less: Reimbursement from Partners	(4,683)	(3,623)	1,060	(6,300)	(4,859)
Grand Total	\$ 143,871	\$ 137,277	\$ (6,594)	\$ 195,543	\$ 187,745

**Irvine Ranch Water District
Operating Expenses
Through the Third Quarter of Fiscal Year 2022-23**

Key variances (over)/under budget greater than \$0.5 Million are as follows:

Regular Labor is over budget by \$2.2 million.

- The total Cost of Living Adjustment (COLA) was 6.9% over budget for two fiscal years (\$1.9 million)
- Promotions and positions were filled above midpoint due to a robust job market (\$0.5 million).
- Unbudgeted Supplemental COVID-19 sick pay was used (\$0.3 million).
- Partially offset by high vacancy rate of 9% vs budget rate of 6% (\$0.6 million).

Water is over budget by \$0.9 million.

Imported water was increased due to the following reasons:

- Potable groundwater pumping was reduced due to low groundwater levels at Wells 21 and 22 and from reduced pumping of Dyer Road Well Field (DRWF) water due to well and reservoir maintenance.
- Untreated imported water that was stored at Irvine Lake was transferred to the Baker Treatment Plant (BTP). Compensation from the Baker Partners is reflected in the reimbursements from Partners below.
- Use of Native water was reduced due to lack of availability.
- Increases were mostly offset by reduced demand for water.

Electricity is over budget by \$3.2 million.

- Wholesale electricity prices are at a 10 year high, with an average of 30% higher than budget per KWh.
- Southern California Edison increases over 2 years total 18% while the budget assumed 10%.
- Microturbines were not operational, resulting in higher costs for Biosolids.
- Increased costs were partially offset by decreased pumping (\$1.0 million)

Chemicals are over budget by \$1.5 million.

The cost for chemicals, especially those used for disinfection, have significantly increased due to increased demand and supplier production capacity issues.

Permits, Licenses and Fees are over budget by \$0.5 million

This is due to water banking property taxes.

Legal Fees are under budget by \$1.6 million.

Litigation costs are lower due to resolving cases prior to anticipated additional expenditures.

Biosolids Disposal is over budget by \$0.9 million.

Class B biosolids hauling is higher due to dryer system disruptions.

Reimbursements from Partners is higher than budget by \$0.9 million

Baker Partner's reimbursements were higher than budgeted primarily due to

- Compensation for imported untreated water as discussed above (\$0.6 million).
- Higher reimbursements for chemical and electrical costs, partially offset by lower reimbursement for repairs and maintenance (net \$0.4 million).

Irvine Ranch Water District
Salary and Employee Benefits Summary
Through the Third Quarter of Fiscal Year 2022-23
(in thousands)

Expense Name	Actual	Budget	Actual vs Budget
District Labor Cost (2,080 hours)	\$ 31,099	\$ 28,067	\$ (3,032)
Paid Time Off Net Accrual	353	605	252
PERS Contribution and in Excess of ARC	9,207	9,445	238
Employee Medical (health, dental, vision)	5,591	5,756	165
Retiree Benefits	389	592	203
401A Contributions	1,052	1,105	53
Workers Compensation (Premiums and Claims)	785	1,198	413
Other Employer Taxes (medicare, employment)	505	486	(19)

	Applied	Budget	Variance
General & Administrative Expense Allocation	194%	200%	6%

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Exhibit "C"

**Irvine Ranch Water District
Non-Operating Net Income
Fiscal Year 2022-23
(in thousands)**

Through the Third Quarter of Fiscal Year 2022-23				FY 2022-23 Full Year	
	Actual	Budget	Actual vs Budget	Forecast	Budget
Revenues:					
Property Taxes	\$ 56,033	\$ 50,721	\$ 5,312	\$ 75,000	\$ 73,000
Investment Income*	5,688	1,522	4,166	9,000	2,080
Connection Fees	7,616	9,750	(2,134)	13,000	13,000
Real Estate Income	13,764	13,634	131	18,300	18,180
Other Income	5,228	5,000	228	7,000	7,000
Total Revenues	\$ 88,329	\$ 80,627	\$ 7,703	\$ 122,300	\$ 113,260
Expenses:					
Interest Expense	16,266	\$ 15,915	\$ (351)	\$ 21,900	\$ 21,280
Real Estate Expense	5,135	4,755	(380)	6,900	6,340
Other Expenses	110	500	390	1,500	1,500
Total Expenses	\$ 21,512	\$ 21,170	\$ (342)	\$ 30,300	\$ 29,120
Net Income	\$ 66,817	\$ 59,457	\$ 7,361	\$ 92,000	\$ 84,140

Revenues:

Property Taxes were over budget.

Ad valorem was higher than anticipated due to higher assessed values.

Investment Income was over budget.

Investment rates were higher than budgeted (budgeted an average rate of 0.67% for Q1, Q2, and Q3 vs the actual average rate of 1.90%).

*Based on accounting standards, investment income in the general ledger is different due to the timing of recognition for bond premiums and discounts.

Connection Fees were under budget.

Under budget due to a temporary slowdown in the real estate market.

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June 13, 2023

Prepared by: E. Lin

Submitted by: C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

LUMP SUM PAYMENT OPTION FOR EMPLOYER CONTRIBUTIONS FOR FISCAL YEAR 2023-24 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. In alignment with this 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 \$7,469,526 to CalPERS for IRWD’s Fiscal Year (FY) 2023-24.

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 six 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 \$4.2 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 2023-24 will be \$7,469,526, as shown in Exhibit “A”. The total UAL cost of choosing the monthly payments option is approximately \$7,719,313, so the lump sum payment option saves IRWD approximately \$249,787 this fiscal year.

FISCAL IMPACTS:

IRWD’s approved operating budget for FY 2023-24 includes normal and UAL employer contributions of \$13.1 million and repayment of replacement fund loan of \$0.5 million. The payments are consistent with the impacts identified in setting rates for FY 2023-24. 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
FY 2023-24 to the California Public Employees' Retirement System

June 13, 2023

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 \$7,469,526 for IRWD's FY 2023-24 employer Unfunded Accrued Liability (UAL) contribution.

LIST OF EXHIBITS:

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

Required Contributions

	Fiscal Year
Required Employer Contributions	2023-24
Employer Normal Cost Rate	10.16%
<i>Plus</i>	
Required Payment on Amortization Bases	\$7,719,313
<i>Paid either as</i>	
1) Monthly Payment	\$643,276
<i>Or</i>	
2) Annual Prepayment Option *	\$7,469,526
Required PEPRAs Member Contribution Rate	7.50%
<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 (which must be received in full no later than July 31).</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 2022-23	Fiscal Year 2023-24
Normal Cost Contribution as a Percentage of Payroll		
Total Normal Cost	16.47%	17.82%
Employee Contribution ¹	7.28%	7.66%
Employer Normal Cost ²	9.19%	10.16%
Projected Annual Payroll for Contribution Year	\$40,859,881	\$41,715,619
Estimated Employer Contributions Based On Projected Payroll		
Total Normal Cost	\$6,729,622	\$7,433,723
Employee Contribution	2,974,599	3,195,416
Employer Normal Cost	3,755,023	4,238,307
Unfunded Liability Contribution	8,097,704	7,719,313
% of Projected Payroll (illustrative only)	19.82%	18.50%
Estimated Total Employer Contribution	\$11,852,727	\$11,957,620
% of Projected Payroll (illustrative only)	29.01%	28.66%

¹ 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.

² 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 hypothetical termination liability) 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, 2021.

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 hypothetical termination liabilities 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 2.00% on June 30, 2021.



BENEFITS AND EMPLOYMENT TAX

HEALTH INSURANCE AND EMPLOYER CONTRIBUTIONS FY 2023-24

	FY 2022-23	FY 2023-24	Change
Insurance and Benefits			
Health Ins Actives	\$ 7,450	\$ 7,050	\$ (400)
Paid Time Off	5,559	4,024	(1,535)
Dental Premiums	524	672	148
Wrkrs Comp Premiums	825	830	5
Wrkrs Comp Paid Claims	772	500	(272)
Life Ins Actives	180	297	117
LT Disability Premiums	174	148	(26)
Medical Premiums - Retirees	425	531	106
Vision Benefit Premiums	98	116	18
RHCAP Payments - OPEB	351	505	154
Life Ins Retirees	13	33	20
Other	187	208	21
	<u>\$ 16,558</u>	<u>\$ 14,914</u>	<u>\$ (1,644)</u>
Employment Tax and PERS			
PERS Employer Portion *	\$ 13,302	\$ 13,583	\$ 281
401A Employer Match Portion	1,052	1,116	64
401A Employer Direct Portion	421	400	(21)
Medicare Tax	598	686	88
St Unemployment Tax	50	55	5
	<u>\$ 15,423</u>	<u>\$ 15,840</u>	<u>\$ 417</u>
Total Insurance, Benefits, and Taxes	<u>\$ 31,981</u>	<u>\$ 30,754</u>	<u>\$ (1,227)</u>

* Prior year restated to include PERS in Excess of ARC, which is now included in PERS Employer Portion

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June 13, 2023

Prepared by: D. Pardee / C. Smithson

Submitted by: C. Clary

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

SETTING CONNECTION FEES AND PROPERTY TAXES FOR FISCAL YEARS 2023-24 AND 2024-25

SUMMARY:

IRWD proposes to set connection fees for two fiscal years, consistent with its two-year budget cycle and the prior connection fee and tax rate setting schedule. The changes to connection fees proposed for Fiscal Year (FY) 2023-24 are based on updates to IRWD's capital budget, updated developer projections, and adjustments to the Engineering News Record (ENR) construction cost index. Changes to the connection fees proposed for FY 2024-25 are based on estimated construction cost increases of 3.5% for all improvement districts (ID). Staff recommends that the Board approve the changes to the existing connection fees and property tax rates and adopt resolutions approving these revisions at the June 26, 2023 Board meeting. Details by Improvement District are discussed below.

BACKGROUND:

A fundamental concept in the District's Long-Term Capital Funding Plan (LTFP) is that the costs of new capital facilities are shared equally between the connection fees paid by the developer and property taxes paid by property owners (a 50/50 split). IRWD uses a comprehensive financial model to incorporate capital costs, debt funding, future development, growth rates, inflation, and other variables to determine connection fees. The model reflects projected fund balances through FY 2049-50.

Connection fees were modeled along with a consolidated tax rate for both residential and commercial development. Staff updated the District's financial model for FY 2023-24 and 2024-25 connection fees and tax rate-setting to include the following:

- Updated capital improvement program based upon the FY 2023-24 and 2024-25 approved capital budget and updates;
- ENR estimated capital cost increase adjusted for FY 2023-24 (13.0%) and FY 2024-25 (3.5%);
- Fund balance adjustments through April 2023 with assumptions through fiscal year end;
- Updated assessed valuations; and
- Updated projections for development units.

Exhibit "A" provides a summary of the proposed connection fees and property tax rates by ID, and Exhibit "B" provides an analysis of changes within each ID. Provided as Exhibit "C" is a PowerPoint presentation summarizing the changes.

IDs 112/212:

Three separate developments contribute to IDs 112/212: 1) the City of Irvine / Great Park, 2) the FivePoint Communities Great Park Neighborhoods, and 3) the County of Orange's 100-acre parcel. Connection fees for these developments will be set separately.

City of Irvine / Great Park

The recycled water connection fee of \$28.85 million for the Great Park, per an agreement with the City of Irvine, was approved by the Board in June 2017. The estimated fee has been increased to approximately \$35.8 million. The City made the first recycled water connection fee payment of \$9.9 million in September 2017. The remainder will be paid as the parcels are put into service. The Great Park will pay 100% of the planned recycled capital expenditures.

FivePoint Communities – Great Park Neighborhoods

The Great Park Neighborhoods is the FivePoint Communities development within ID 112/212. Staff recommends increasing connection fees by 22.0% for FY 2023-24 and 3.5% in FY 2024-25 based on estimated ENR and estimated increases in capital projects.

The split between the water connection fee and the sewer connection fee was changed to reflect changes in capital spending. The consolidated water and sewer connection fee will increase from \$6,426 per unit to \$7,840 per unit in FY 2023-24 and to \$8,114 per unit in FY 2024-25. Staff recommends continuing the current consolidated tax rate of \$0.0475 per \$100 of land assessed value to meet debt requirements and maintain the 50/50 split.

County of Orange 100-acre Parcel (ID 112/212a)

Staff recommends applying the same 22.0% increase for FY 2023-24 and 3.5% increase for FY 2024-25 to the connection fees, for the reasons discussed above, for the 100-acre development site owned by the County of Orange, which has no tax base. The consolidated water and sewer connection fee will increase from \$11,821 to \$14,422 per unit in FY 2023-24 and to \$14,927 per unit in FY 2024-25. The property tax rate will remain at zero as long as the property is owned by the County.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
112/212 (Great Park Neighborhood)	\$6,426	\$7,840	\$8,114	\$0.0475	\$0.0475
112a/212a (County 100-acre Parcel)	\$11,821	\$14,422	\$14,927	\$0.0000	\$0.0000

IDs 113/213 – Former Tustin Marine Base:

For FY 2023-24 and 2024-25, staff recommends increasing connection fees by 29% and 3.5% respectively due to increases in ENR and estimated increases in capital projects. This will increase the total water and sewer connection fee by \$2,673, from \$9,219 per unit to \$11,892 per unit in FY 2023-24. The split between the water connection fee and the sewer connection fee was adjusted to reflect changes in capital spending. Connection fees will increase to \$12,308 per unit in FY 2024-25. Staff recommends continuing the current consolidated tax rate of \$0.0990 per \$100 of land assessed value to maintain the 50/50 split.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
113/213	\$9,219	\$11,892	\$12,308	\$0.0990	\$0.0990

IDs 185/285 – Lake Forest Opportunity Study Area, Excluding Portola:

For FY 2023-24 and 2024-25, staff recommends increasing connection fees by 33.3% and 3.5% respectively due to increases in ENR and estimated increases in capital projects. The ID is primarily fully developed. The consolidated water and sewer connection fee will increase by \$1,732 in FY 2023-24, increasing the water and sewer connection fee from \$5,200 per unit to \$6,932 per unit and by an additional \$243 per unit to \$7,175 per unit in FY 2024-25. The split between the water connection fee and the sewer connection fee was changed to reflect changes in capital spending. Staff recommends continuing the current consolidated tax rate of \$0.0218 per \$100 of land-assessed value to meet debt requirements and maintain the 50/50 split.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
185/285 (Opportunity Study)	\$5,200	\$6,932	\$7,175	\$0.0218	\$0.0218

IDs 188/288 – Portola – Portion of Opportunity Study Area:

For FY 2023-24 and 2024-25, staff recommends increasing connection fees by 13% and 3.5% respectively due to increases in ENR. The consolidated water and sewer connection fee will increase by \$595 from \$4,582 per residential unit to \$5,177 per residential unit in FY 2023-24 and to \$5,358 per unit in FY 2024-25. Staff recommends maintaining the current consolidated tax rate of \$0.0394 per \$100 of land assessed value to meet debt requirements and maintain the 50/50 split.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
188/288 (Opportunity Study)	\$4,582	\$5,177	\$5,358	\$0.0394	\$0.0394

IDs 153/253 – Developing IDs:

IRWD and the Irvine Company established future usage and related revenue from the sale of native water from Irvine Lake. A portion of the revenue produced by native water sales is applied to connection fees for the developing IDs 153/253. The amended Irvine Lake agreement, executed in July 2019, ensures that the Irvine Company pays its fair share of capital infrastructure (without overpaying), recognizing that future sales of native water will reduce the amount of connection fees. The native water assumption includes 3,800 acre-feet (AF) per year at a rate of \$347 per AF in FY 2023-24 with the cost of water escalating annually at 3% thereafter. The agreement also provides for a reconciliation every five years between the assumed and the actual native water revenue. The final reconciliation will occur at the end of 20 years in 2038.

For FY 2023-24, staff recommends a 67% increase in the consolidated water and sewer connection fee due to increases in ENR and estimated increases in capital projects. The split between the water connection fee and the sewer connection fee was changed to reflect changes in capital spending. For FY 2024-25, staff recommends increasing connection fees by 3.5% based on estimated ENR. The consolidated water and sewer connection fee will increase from \$3,145 per residential unit to \$5,252 per residential unit in FY 2023-24 and to \$5,436 per unit in FY 2024-25. Staff recommends maintaining the current consolidated tax rate of \$0.0220 per \$100 of land assessed value to meet debt requirements and maintain the 50/50 split.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
153/253 (Undeveloped ID)	\$3,145	\$5,252	\$5,436	\$0.0220	\$0.0220

ID 256 – Orange Park Acres (OPA) Sewer:

For FY 2023-24 and 2024-25, staff recommends increasing connection fees by 13% and 3.5% respectively due to increases in ENR and estimated increases in capital projects. The connection fees will increase from \$6,524 to \$7,372 per residential unit in FY 2023-24 and to \$7,630 in FY 2024-25. There is no bonding authority for this ID so there are no property taxes.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
156/256 (Undeveloped ID)	\$6,524	\$7,372	\$7,630	NA	NA

All Other IDs:

For FY 2023-24 and 2024-25, staff recommends increasing connection fees by 30% and 3.5% respectively due to increases in ENR and estimated increases in capital projects. Staff recommends maintaining the current consolidated tax rate of \$0.0280 per \$100 of land assessed value to meet debt requirements.

Improvement Districts	Connection Fees			Property Tax	
	Current	Proposed FY 2023-24	Proposed FY 2024-25	Current	Proposed FY 2023-24 to 23
125/225(Developed)	\$6,198	\$8,058	\$8,341	\$0.0280	\$0.0280
125/240(Developed)	\$7,072	\$9,194	\$9,516	\$0.0280	\$0.0280
111/222 (Developed, no G.O. Authority) ¹	\$10,283	\$13,368	\$13,836	NA	NA

¹ Identifies the consolidated connection fee for a density between 5.9 to 10.8 dwelling units (DU) per acre.

FISCAL IMPACTS:

Total connection fees discussed above are included in the FY 2023-24 and 2024-25
Non-operating budgets.

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:

That the Board approve revisions to connection fees and property taxes as presented and adopt
resolutions approving these revisions at the June 26, 2023, Board meeting.

LIST OF EXHIBITS:

Exhibit “A” – Proposed Connection Fees and Property Tax Rates
Exhibit “B” – Analysis of Changes within IDs
Exhibit “C” – PowerPoint Presentation

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Exhibit "A"

**Proposed Connection Fees and Property Tax Rates
Fiscal Years 2023-24 and 2024-25**

CONNECTION FEES ⁽¹⁾

Improvement District	Current FY 2022-23			Proposed FY 2023-24			Change ⁽²⁾	
	Water	Sewer	Total	Water	Sewer	Total	\$	%
111/222	\$3,683	\$6,600	\$10,283	\$4,788	\$8,580	\$13,368	\$3,085	30.0%
112/212	\$1,945	\$4,481	\$6,426	\$2,349	\$5,491	\$7,840	\$1,414	22.0%
112a/212a No Tax Authority (100% Connection Fee)	\$3,275	\$8,546	\$11,821	\$3,996	\$10,426	\$14,422	\$2,601	22.0%
113/213	\$1,297	\$7,922	\$9,219	\$1,509	\$10,383	\$11,892	\$2,673	29.0%
125/240	\$2,980	\$4,092	\$7,072	\$3,874	\$5,320	\$9,194	\$2,122	30.0%
125/225	\$2,980	\$3,218	\$6,198	\$2,958	\$5,100	\$8,058	\$1,860	30.0%
153/253	\$1,143	\$2,002	\$3,145	\$1,909	\$3,343	\$5,252	\$2,107	67.0%
153/253 PA 30	\$4,386	\$4,577	\$8,963	\$7,325	\$7,644	\$14,969	\$6,006	67.0%
256 OPA		\$6,524	\$6,524		\$7,372	\$7,372	\$848	13.0%
185/285	\$1,867	\$3,333	\$5,200	\$1,600	\$5,332	\$6,932	\$1,732	33.3%
188/288	\$1,687	\$2,895	\$4,582	\$1,906	\$3,271	\$5,177	\$595	13.0%

Improvement District	Proposed FY 2023-24			Proposed FY 2024-25			Change ⁽²⁾	
	Water	Sewer	Total	Water	Sewer	Total	\$	%
111/222	\$4,788	\$8,580	\$13,368	\$4,956	\$8,880	\$13,836	\$468	3.5%
112/212	\$2,349	\$5,491	\$7,840	\$2,431	\$5,683	\$8,114	\$274	3.5%
112a/212a No Tax Authority (100% Connection Fee)	\$3,996	\$10,426	\$14,422	\$4,136	\$10,791	\$14,927	\$505	3.5%
113/213	\$1,509	\$10,383	\$11,892	\$1,562	\$10,746	\$12,308	\$416	3.5%
125/240	\$3,874	\$5,320	\$9,194	\$4,010	\$5,506	\$9,516	\$322	3.5%
125/225	\$2,958	\$5,100	\$8,058	\$3,062	\$5,279	\$8,341	\$283	3.5%
153/253	\$1,909	\$3,343	\$5,252	\$1,976	\$3,460	\$5,436	\$184	3.5%
153/253 PA 30	\$7,325	\$7,644	\$14,969	\$7,581	\$7,912	\$15,493	\$524	3.5%
256 OPA		\$7,372	\$7,372		\$7,630	\$7,630	\$258	3.5%
185/285	\$1,600	\$5,332	\$6,932	\$1,656	\$5,519	\$7,175	\$243	3.5%
188/288	\$1,906	\$3,271	\$5,177	\$1,973	\$3,385	\$5,358	\$181	3.5%

PROPERTY TAX RATES ⁽⁴⁾

Improvement District	Current			Proposed		
	Water	Sewer	Total	Water	Sewer	Total
112/212	\$0.0110	\$0.0365	\$0.0475	\$0.0110	\$0.0365	\$0.0475
113/213	\$0.0400	\$0.0590	\$0.0990	\$0.0400	\$0.0590	\$0.0990
125/225/240	\$0.0130	\$0.0150	\$0.0280	\$0.0085	\$0.0195	\$0.0280
153/253	\$0.0090	\$0.0130	\$0.0220	\$0.0010	\$0.0210	\$0.0220
185/285	\$0.0081	\$0.0137	\$0.0218	\$0.0081	\$0.0137	\$0.0218
188/288	\$0.0309	\$0.0085	\$0.0394	\$0.0309	\$0.0085	\$0.0394

⁽¹⁾ Includes an estimated increase of \$150 million for the Syphon Reservoir Project

⁽²⁾ ENR for June 2023 through June 2024 is 13.0%.

⁽³⁾ Estimated ENR for June 2024 through June 2025 is 3.5%.

⁽⁴⁾ Based on \$100 of land assessed value.

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IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

111/222

To Date:

Fund Balance (4/30/2023)

	Water	Sewer	Total
\$	16.6	\$ 8.2	\$ 24.8

Future Projection:**Revenue:**

Interest Income on Balance	\$ (9.5)	\$ (17.1)	\$ (26.6)
Other Revenues ⁽¹⁾	15.9	8.7	\$ 24.6
1% and Enhancement	86.9	139.9	\$ 226.8
Bond Sales	21.1	24.1	45.2
Connection Fees	3.3	6.0	9.3
GO Property Taxes ⁽²⁾	-	-	-
Total Revenue	\$ 117.7	\$ 161.6	\$ 279.3

Expenditures:

Capital	\$ (107.0)	\$ (134.7)	\$ (241.7)
Debt	(26.8)	(33.8)	(60.6)
Total Expenditures	\$ (133.8)	\$ (168.5)	\$ (302.3)
Fund Balance (FY 2049-50)	\$ 0.5	\$ 1.3	\$ 1.8

Connection Fees:

Year	Current	Proposed	Change	
			\$	%
23-24	\$10,283	\$13,368	\$3,085	30.0%
24-25	\$13,368	\$13,836	\$468	3.5%

GO Property Taxes ⁽²⁾:

23-24	\$0.0000	\$0.0000	\$0.0000	0.0%
22-23	\$0.0000	\$0.0000	\$0.0000	0.0%

(1) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

(2) This ID has no GO authority and therefore no property taxes

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

112/212

To Date:

	Water	Sewer	Total
Expenditures ⁽¹⁾	\$ (23.5)	\$ (84.4)	\$ (107.9)
Connection Fees	\$ 8.0	\$ 30.6	38.6
GO Property Taxes	4.4	12.4	16.8
Previous Bond Sales	8.1	26.0	34.1
Other ⁽²⁾	4.8	6.0	10.8
Fund Balance (4/30/2023)	\$ 1.8	\$ (9.4)	\$ (7.6)

Future Projection:

Revenue:

Interest Income on Balance	\$ 5.0	\$ 5.7	\$ 10.7
Other Revenues ⁽²⁾	2.2	31.0	33.2
1% and Enhancement	-	-	
Bond Sales	8.8	34.0	42.8
Connection Fees	14.7	34.7	49.4
GO Property Taxes	15.8	55.4	71.2
Total Revenue	\$ 46.5	\$ 160.8	\$ 207.3

Expenditures:

Capital	\$ (19.0)	\$ (64.4)	\$ (83.4)
Debt	(23.1)	(88.6)	(111.7)
Total Expenditures	\$ (42.1)	\$ (153.0)	\$ (195.1)
Fund Balance (FY 2049-50)	\$ 6.2	\$ (1.6)	\$ 4.6

Connection Fees:

Previous	\$8.0	\$30.6	\$38.6
Future	14.7	34.7	49.4

Total Connection Fees \$22.7 \$65.3 \$88.0 50%

		Change	
Year	Current	Proposed	
	\$		%
23-24	\$6,426	\$7,840	\$1,414 22.0%
24-25	\$7,840	\$8,114	\$274 3.5%

GO Property Taxes:

Previous	\$4.4	\$12.4	\$16.8
Underlay (ID 125/225)	0.0	0.0	0.0
Future	15.8	55.4	71.2

Total GO Property Taxes \$20.2 \$67.8 \$88.0 50%

23-24	\$0.0475	\$0.0475	\$0.0000 0.0%
24-25	\$0.0475	\$0.0475	\$0.0000 0.0%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

113/213

To Date:

	Water	Sewer	Total
Expenditures ⁽¹⁾	\$ (22.3)	\$ (37.3)	\$ (59.6)
Connection Fees	4.4	9.4	13.8
GO Property Taxes	2.8	4.1	6.9
Previous Bond Sales	16.3	28.6	44.9
Other ⁽²⁾	1.5	0.3	1.8
Fund Balance (4/30/2023)	\$ 2.7	\$ 5.1	\$ 7.8

Future Projection:

Revenue:

	\$ 3,053.2	\$ 3,467.1	
Interest Income on Balance	\$ 3.1	\$ 8.7	\$ 11.8
Other Revenues ⁽²⁾	1.5	2.4	3.9
Bond Sales	6.9	19.4	26.3
Connection Fees	8.5	23.9	32.4
GO Property Taxes	15.0	24.3	39.3
Total Revenue	\$ 35.0	\$ 78.7	\$ 113.7

Expenditures:

Capital	\$ (10.3)	\$ (26.0)	\$ (36.3)
Debt	(27.9)	(55.6)	(83.5)
Total Expenditures	\$ (38.2)	\$ (81.6)	\$ (119.8)
Fund Balance (FY 2049-50)	\$ (0.5)	\$ 2.2	\$ 1.7

Connection Fees:

Previous	\$4.4	\$9.4	\$13.8
Future	8.5	23.9	32.4

Total Connection Fees	\$12.9	\$33.3	\$46.2	50%	23-24	\$9,219	\$11,892	\$2,673	29.0%
					24-25	\$11,892	\$12,308	\$416	3.5%

GO Property Taxes:

Previous	\$2.8	\$4.1	\$6.9
Future	15.0	24.3	39.3

Total GO Property Taxes	\$17.8	\$28.4	\$46.2	50%	23-24	\$0.0990	\$0.0990	\$0.0000	0.0%
					24-25	\$0.0990	\$0.0990	\$0.0000	0.0%

Change

Year	Current	Proposed	\$	%
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(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

125/225

To Date:

Fund Balance (4/30/2023)

Water	Sewer	Total
\$ 162.0	\$ (8.8)	\$ 153.2

Future Projection:

Revenue:

Interest Income on Balance	\$ 47.3	\$ (18.9)	\$ 28.4
Other Revenues ⁽²⁾	21.1	28.1	\$ 49.2
1% and Enhancement	2.0	358.1	\$ 360.1
Bond Sales	38.5	296.4	334.9
Connection Fees	0.8	1.3	2.1
GO Property Taxes	130.8	347.2	478.0
Total Revenue	\$ 240.5	\$ 1,012.2	\$ 1,252.7

Expenditures:

Capital	\$(124.2)	\$ (287.7)	\$ (411.9)
Debt	(278.7)	(715.0)	(993.7)
Total Expenditures	\$(402.9)	\$(1,002.7)	\$ (1,405.6)

Fund Balance (FY 2049-50)

\$ (0.4)	\$ 0.7	\$ 0.3
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Change

Connection Fees:

Year	Current	Proposed	\$	%
23-24	\$6,198	\$8,058	\$1,860	30.0%
24-25	\$8,058	\$8,341	\$283	3.5%

GO Property Taxes:

23-24	\$0.0280	\$0.0280	\$0.0000	0.0%
24-25	\$0.0280	\$0.0280	\$0.0000	0.0%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District

153/253 (Undeveloped)

To Date:

	Water	Sewer	Total
Expenditures ⁽¹⁾	\$ (5.1)	\$ (42.6)	\$ (47.7)
Connection Fees	15.60	18.60	34.20
GO Property Taxes	3.30	4.10	7.40
Previous Bond Sales	7.60	11.90	19.50
Other ⁽²⁾	8.60	10.60	19.20
Fund Balance (4/30/2023)	\$ 30.0	\$ 2.6	\$ 32.6
Underlay	\$ 7.0	\$ 4.9	\$11.9

Future Projection:

Revenue:

Interest Income on Balance	\$ 32.5	\$ -	\$ 32.5
Other Revenues ⁽²⁾	17.9	77.6	95.5
1% and Enhancement	-	-	-
Bond Sales	35.0	67.7	102.7
Connection Fees	6.4	10.3	16.7
GO Property Taxes	0.7	13.3	14.0
Total Revenue	\$ 92.5	\$ 168.9	\$ 261.4

Expenditures:

Capital	\$ (39.7)	\$ (79.9)	\$ (119.6)
Debt	(58.1)	(112.4)	(170.5)
Total Expenditures	\$ (97.8)	\$ (192.3)	\$ (290.1)

Fund Balance (FY 2049-50)	\$ 24.7	\$ (20.8)	\$ 3.9
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Change

Connection Fees:

Previous	\$15.6	\$18.6	\$34.2
Future	\$6.4	\$10.3	\$16.7

	Year	Current	Proposed	\$	%
Total Connection Fees	22-23	\$3,145	\$5,252	\$2,107	67.0%
	23-24	\$5,252	\$5,436	\$184	3.5%

GO Property Taxes:

Previous	\$10.3	\$9.0	\$19.3
Underlay (ID 125/225)	\$5.3	\$12.2	\$17.6
Future	\$0.7	\$13.3	\$14.0

Total GO Property Taxes	22-23	\$0.0220	\$0.0220	\$0.0000	0%
	23-24	\$0.0220	\$0.0240	\$0.0020	9.1%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other Revenues include native water and golf course revenue for 153/253, buy-in costs, and estimated grant revenue.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:	185/285
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<u>To Date:</u>	Water	Sewer	Total
Expenditures ⁽¹⁾	\$ (2.8)	\$ (6.2)	\$ (9.0)
Connection Fees	2.4	3.8	6.2
GO Property Taxes	0.6	1.0	1.6
Previous Bond Sales	1.5	1.8	3.3
Other ⁽²⁾	1.3	3.8	5.1
Fund Balance	\$ 3.0	\$ 4.2	\$ 7.2
(4/30/2021)			

<u>Future Projection:</u>			
Revenue:			
Interest Income on Balance	\$ 2.3	\$ 4.7	\$ 7.0
Other Revenues ⁽²⁾	0.7	0.9	1.6
Bond Sales	2.7	4.3	7.0
Connection Fees	0.6	1.9	2.5
GO Property Taxes	1.0	1.4	2.4
Total Revenue	\$ 7.3	\$ 13.2	\$ 20.5

Expenditures:			
Capital	\$ (4.3)	\$ (7.0)	\$ (11.3)
Debt	(6.0)	(8.8)	(14.8)
Total Expenditures	\$ (10.3)	\$ (15.8)	\$ (26.1)
Fund Balance (FY 2049-50)	\$ -	\$ 1.6	\$ 1.6

<u>Connection Fees:</u>									
Previous	\$2.4	\$3.8	\$6.2						
Future	0.6	1.9	2.5						
Total Connection Fees	\$3.0	\$5.7	\$8.7	50%	23-24	\$5,200	\$6,932	\$1,732	33.3%
					24-25	\$6,932	\$7,175	\$243	3.5%

<u>GO Property Taxes:</u>									
Previous	\$0.6	\$1.0	\$1.6						
Underlay (ID 125/225)	1.4	3.3	4.7						
Future	1.0	1.4	2.4						
Total GO Property Taxes	\$3.0	\$5.7	\$8.7	50%	23-24	\$0.0218	\$0.0218	\$0.0000	0.0%
					24-25	\$0.0218	\$0.0218	\$0.0000	0.0%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

188/288

To Date:

	Water	Sewer	Total
Expenditures ⁽¹⁾	\$ (9.7)	\$ (8.4)	\$ (18.1)
Connection Fees	0.9	1.5	2.4
GO Property Taxes	2.5	0.3	2.8
Previous Bond Sales	4.6	0.4	5.0
Other ⁽²⁾	2.6	6.7	9.3
Fund Balance (4/30/2023)	\$ 0.9	\$ 0.5	\$ 1.4

Future Projection:

Revenue:

Interest Income on Balance	\$ (0.2)	\$ 1.6	\$ 1.4
Other Revenues ⁽²⁾	0.2	0.2	0.4
1% and Enhancement	-	-	
Bond Sales	0.7	0.4	1.1
Connection Fees	0.4	0.8	1.2
GO Property Taxes	0.6	0.2	0.8
Total Revenue	\$ 1.7	\$ 3.2	\$ 4.9

Expenditures:

Capital	\$ (1.4)	\$ (0.9)	\$ (2.3)
Debt	(3.3)	(0.9)	(4.2)
Total Expenditures	\$ (4.7)	\$ (1.8)	\$ (6.5)
Fund Balance (FY 2049-50)	\$ (2.1)	\$ 1.9	\$ (0.2)

Connection Fees:

Previous	\$0.9	\$1.5	\$2.4
Future	0.4	0.8	1.2
Total Connection Fees	\$1.3	\$2.3	\$3.6

	Year	Current	Proposed	\$	%
	23-24	\$4,582	\$5,177	\$595	13.0%
	24-25	\$5,177	\$5,358	\$181	3.5%

GO Property Taxes:

Previous	\$2.5	\$0.3	\$2.8
Future	0.6	0.2	0.8
Total GO Property Taxes	\$3.1	\$0.5	\$3.6

	23-24	\$0.0394	\$0.0394	\$0.0000	0.0%
	24-25	\$0.0394	\$0.0394	\$0.0000	0.0%

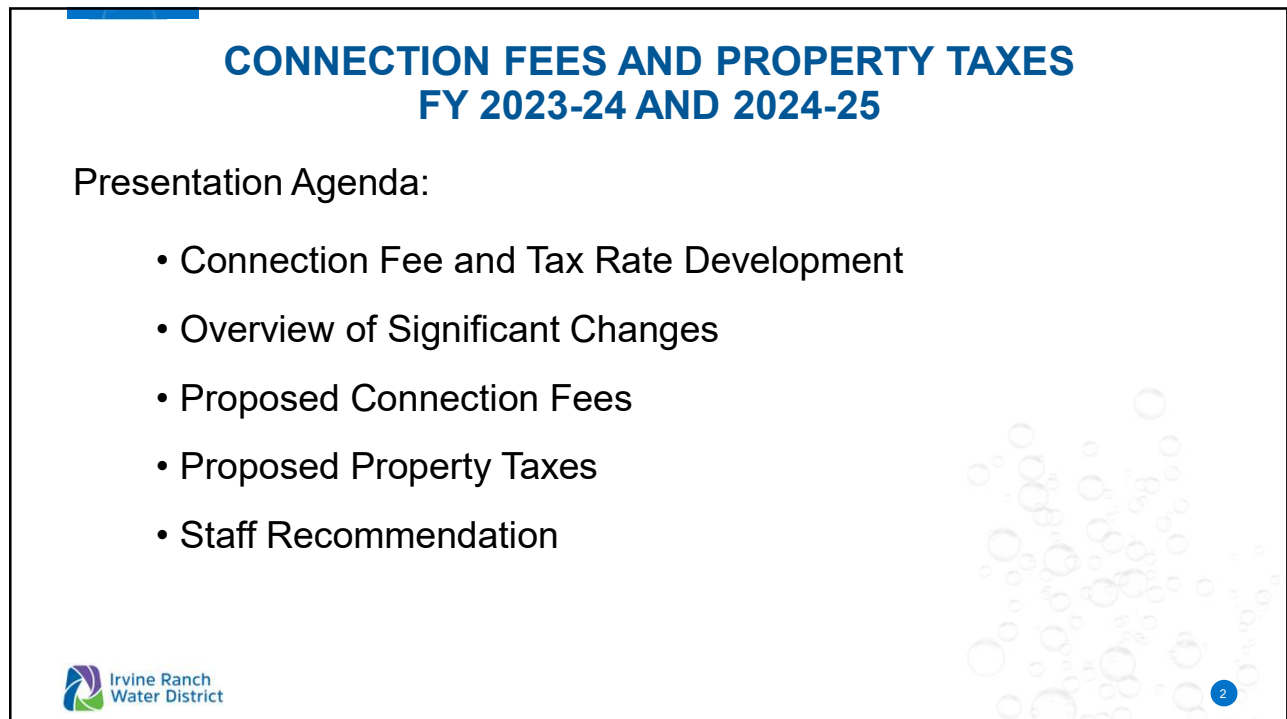
(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

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CONNECTION FEE AND PROPERTY TAX RATE DEVELOPMENT

3

3

CONNECTION FEE AND PROPERTY TAX DEVELOPMENT

Process:

- Request input from local developers and incorporate changes.
- Update IRWD Connection Fee and Property Tax model.
- Set connection fees and property tax to share costs equally between developers and property owners (through 2050).
- Recommend Board approval of connection fees and property tax rates for FY 2023-24 and FY 2024-25.

Staff will revisit connection fees and rates at mid-cycle and update the Committee on any changes that could affect tax rates and fees.

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OVERVIEW OF SIGNIFICANT CHANGES

Updated critical components of the rate setting model:

- Increases associated with ENR
 - ✓FY 2023-24 = 13.0% (net)
 - ✓FY 2024-25 = 3.5% (estimate)
- Capital Improvement Projects: \$375 million increase (35%)
 - ✓Includes budget increase for Syphon: \$150 million
- Interest Earning: 1% increase (from 3.0% to 4.0%)
- Cost of Debt: 1% increase (from 2.5% to 3.5%)



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PROPOSED CONNECTION FEES AND TAX RATES



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PROPOSED CONNECTION FEES

Improvement District	FY 2022-23	FY 2023-24	%	FY 2024-25	%
111/222	\$10,283	\$13,368	30.0%	\$13,836	3.5%
112/212	\$6,426	\$7,840	22.0%	\$8,114	3.5%
113/213	\$9,219	\$11,892	29.0%	\$12,308	3.5%
125/225	\$6,198	\$8,058	30.0%	\$8,341	3.5%
153/253	\$3,145	\$5,252	67.0%	\$5,436	3.5%
185/285	\$5,200	\$6,932	33.3%	\$7,175	3.5%
188/288	\$4,582	\$5,177	13.0%	\$5,358	3.5%

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PROPOSED TAX RATES

Improvement District	FY 2022-23	FY 2023-24	FY 2024-25
112/212	\$ 0.0475	\$ 0.0475	\$ 0.0475
113/213	\$ 0.0990	\$ 0.0990	\$ 0.0990
125/225/240	\$ 0.0280	\$ 0.0280	\$ 0.0280
153/253	\$ 0.0220	\$ 0.0220	\$ 0.0220
185/285	\$ 0.0218	\$ 0.0218	\$ 0.0218
188/288	\$ 0.0394	\$ 0.0394	\$ 0.0394

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STAFF RECOMMENDATION

That the Committee recommend Board approval of the Fiscal Year 2023-24 and Fiscal Year 2024-25 connection fees and property taxes.

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