



**PICO WATER DISTRICT
ADMINISTRATIVE STANDING COMMITTEE MEETING**

4843 S. Church Street
Pico Rivera, California, 90660

11:00 AM Wednesday, April 26, 2023

AGENDA

Any member of the public may attend this meeting in person or by accessing the Zoom link below. Any member of the public wishing to make any comments to the Board may do so through that Zoom link. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public wishing to make a comment are asked to state their name for the record and will be provided three (3) minutes to comment, the Board secretary will alert those commenting when they only have 30 seconds remaining. All members of the public will be disconnected from the Zoom link immediately before the Board of Directors adjourns into Closed Session.

Join Zoom Meeting

<https://us06web.zoom.us/j/9521779948?pwd=dGNxcXh3YitEc2NlVVdrUzVvNm4rZz09>

Join by Telephone: +1 669 900 6833

Meeting ID: 952 177 9948 Passcode: 421745

1. ROLL CALL OF COMMITTEE MEMBERS:

**PETE RAMIREZ – CHAIR
VICTOR CABBALLERO – VICE CHAIR
RAYMOND RODRIGUEZ - ALTERNATE**

2. TIME RESERVED FOR PUBLIC COMMENTS:

*Members of the public shall be allowed three minutes to address the Board on any matter on the agenda and/or within the jurisdiction of the District, which is not on the Agenda. All comments should be addressed to the presiding officer of the meeting. Additional public comments shall be allowed when a listed agenda item is being considered, but such comments made at that time must be confined to the subject that is being discussed at the time such comments are made. Members of the public are asked to state their name for the record. Due to all Board Meetings being run as Zoom Meetings all participants will be placed on mute at the start of the meeting and when the meeting is open for public comment the participant will be asked to raise their hand through the button on the video conference screen if participating by video conference or by pressing *9 on their phone if participating by teleconference.*

3. DISCUSSION ITEMS:

- A. California Class Features and Benefits
- B. Well #5A Discharge Line
- C. Water Replenishment District (WRD) Replenishment Assessment (the "RA") Proposed Rate Increase

4. TIME RESERVED FOR DIRECTORS COMMENTS.

5. ADJOURNMENT

AGENDA POSTED ON: April 24, 2023

Next regularly scheduled meeting: May 03, 2023

NOTE: *To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the District office at (562) 692-3756 at least 48 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.*

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the District office, located at 4843 S. Church Street, Pico Rivera, California.

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1. Roll Call.

Present at the Meeting

- [] President Pete Ramirez
- [] Director Victor Caballero

Other Attendees:

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2. **TIME RESERVED FOR PUBLIC COMMENTS.**

Members of the public shall be allowed three minutes to address the Board on any matter on the agenda and/or within the jurisdiction of the District, which is not on the Agenda. To ensure that any public comments are audible on the recording of the meeting, all speakers must address the Board from the podium, and state their name. All comments should be addressed to the presiding officer of the meeting. Additional public comments shall be allowed when a listed agenda item is being considered, but such comments made at that time must be confined to the subject that is being discussed at the time such comments are made.

**ACTION/DISCUSSION
ITEMS**

**PICO WATER DISTRICT
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4843 S. Church Street
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AGENDA

3. DISCUSSION ITEMS.

A. Discussion of California Class Features and Benefits

B. Discussion of Well #5A Discharge Line

C. Discussion of WRD (RA) Assessment

STAFF REPORT

To: ADMINISTRATIVE STANDING COMMITTEE

From: Joe D. Basulto, General Manager

Meeting Date: April 26, 2023

Subject: Discussion Item A - California Class Features and Benefits

Recommendation:

Staff recommends that the District open the CLASS account and invest 50% of funds held in LAIF in the CLASS account. As of March 31, 2023 the LAIF account balance was \$1,579,546, and 50% of that would be \$789,773.

Fiscal Impact:

No Impact

Background:

District staff researched the newly formed California Cooperative Liquid Assets Securities System (CLASS), which is a JPA that functions similar to LAIF, but includes features that make it an attractive alternative. Similar to LAIF, CLASS investments are a stable net asset valuation, following California State Code Section 53601, offer same day withdrawals, and feature safe investments which is the primary goal of an investment policy.

The CLASS Prime fund is AAAM rated by S&P Global, which represents the highest rating for stability of principal. The asset holdings in this fund have a weighted average maturity of 61 days.

As of April 7, 2023, the Daily Effective Yield in the CLASS Prime Fund was near 4.98%, while the yield for LAIF was 2.87%. LAIF holds assets with an average maturity of 272 days and as a result LAIF has not been able to capitalize on quickly rising interest rates. While yield is not the primary concern of an investment strategy, if all other things are equal, which appears to be the case with LAIF and CLASS, then a higher yield is preferred.

The proposed action is consistent with policies adopted by the Board including the District Investment Policy.

What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected to optimize interest earnings while maximizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at clientservices@californiaclass.com. To obtain account forms and fund documents, visit www.californiaclass.com/document-center/.

Endorsed By:



LEAGUE OF
**CALIFORNIA
CITIES**

www.calcities.org



**California Special
Districts Association**
Districts Stronger Together

www.csda.net

Participants benefit from the following:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Deposits by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Prime fund transacts at stable NAV
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No withdrawal notices for Prime Fund
- Participant-to-Participant transactions
- Interest accrues daily and pays monthly
- No maximum contributions
- No minimum balance requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.
**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



What are the objectives of California CLASS?

Safety

The primary investment objective of the California CLASS Prime fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

Liquidity

When you invest in the California CLASS Prime fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the internet or phone. There are no withdrawal notices for the daily-liquid California CLASS Prime fund. Enhanced Cash is a variable NAV fund that provides next-day liquidity and a one-day notification of withdrawal.

Competitive Returns

California CLASS strives to provide competitive returns while adhering to the objectives of safety and liquidity. Participants benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. Portfolio performance is strengthened by the extensive knowledge of California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day using the California CLASS phone number (877) 930-5213, fax number (877) 930-5214, email clientservices@californiaclass.com or via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, interest accruals, and rate summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

Have Questions? Contact us or visit www.californiaclass.com for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses. Please see the Information Statement for further details on the fee calculation and other key aspects about California CLASS. California CLASS Prime is rated 'AAA' by S&P Global Ratings. A 'AAA' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. California CLASS Enhanced Cash is rated by 'AAA/SI' by FitchRatings. The 'AAA' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'SI' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'SI' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

STAFF REPORT

To: ADMINISTRATIVE STANDING COMMITTEE

From: Joe D. Basulto, General Manager

Meeting Date: April 26, 2023

Subject: Discussion Item B – Well #5A Discharge Line

Recommendation:

Discuss

Fiscal Impact:

No Impact at this time

Background:

As part of the design and construction of the treatment facility required to be installed at that well #5A, the District must install a discharge pipeline from the Well through the middle portion of the back parking lot of the properties at 9049 & 9055 Washington Blvd. (see the attached maps). We have inspected and researched the area very thoroughly, and this proposed configuration is the only possible way the District can install the discharge line.

I have been in previously discussed with the property owners in several phone calls since September 2022, and from our last last conversation, that due to their current circumstances, they did not desire to further discuss this situation at this time. However, the District must proceed with its treatment project. Thus, the District will be scheduling the installation of the discharge pipeline through the middle portion of your back parking lot, as shown in the attached pictures in June 2023, as time is crucial on this project.



STAFF REPORT

To: ADMINISTRATIVE STANDING COMMITTEE

From: Joe D. Basulto, General Manager

Meeting Date: April 26, 2023

Subject: Discussion Item C - Water Replenishment District (WRD) Replenishment Assessment (the "RA") Proposed Rate Increase

Recommendation:

Discuss

Fiscal Impact:

No Impact at this time

Background:

The Water Replenishment District (WRD) charges a Replenishment Assessment (RA), from all operators of water -producing facilities who wells pump groundwater from the basins. WRD manages groundwater in a interconnected system of water basins the underlies the WRD 420 square mile service area in Southern Los Angeles County. WRD monitors the level and quality of groundwater in the basins, purchases and produces water needed to replenish the basins, prevents seawater contamination of the groundwater supply, funds replenishment operations and engages in related activities that make the basins a reliable and low-cost source of safe, high-quality water.

The WRD Board is in the process of setting the rate for the RA for Fiscal Year 2023-2024, WRD's proposed RA upper limit increase of \$35 per acre-foot for Fiscal Year 2023-2024 (approximately 8.5% increase to the existing \$411 per acre-foot RA. Potentially be increase of an estimated \$70,000.00 per year for the Pico Water District.

The WRD Budget Advisory Committee (BAC), consisting of 7 individual staff representatives from 7 pumpers in the WRD Service area, voted for a 0% Replenishment Assessment (RA) increase for FY 23/24. On April 12, 2023 WRD's Finance and Audit Committee recommended a 3.1% RA increase.

Previously, the BAC recommended the establishment of an upper limit increase to the RA at 2.5%. However, the WRD Board subsequently approved an upper limit increase to the RA at 8.7% with no backup justification to the cost of service. WRD staff is recommending to the WRD Finance and Audit Committee a 3.1% RA increase and the WRD Board will likely unjustifiably approve an RA increase over and above the BAC final recommendation of a 0% RA increase.

WRD is proposing to hold a public hearing, the WRD Board will not approve an increase to the current assessment rate if it receives written protest from more than 50% of the active pumpers.

Due to the timing of this issue, the Pico Water District has been added to the list to protest this rate increase.

Check pass through



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AGENDA

5. **ADJOURNMENT.**

Time: _____ PM