



- **Board of Directors**
Finance and Asset Management Committee

7/9/2024 Board Meeting

7-11

Subject

Authorize an additional six-month term to the existing agreement with Public Financial Management Asset Management for investment management services in an amount not to exceed \$250,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The Administrative Code stipulates the conditions under which competitive bidding is conducted and the circumstances under which sole source purchases are allowed. All contracts estimated to cost \$75,000 or more must be made through competitive bidding, except for those purchases listed in Administrative Code §8140.

The current professional services agreement for investment management services with Public Financial Management Asset Management (PFMAM) is managed by Metropolitan's Treasury Operations team in the Treasury and Debt Management Section. The contract was implemented through a competitive bidding process and is effective from July 1, 2019, through June 30, 2024, for an amount payable of up to \$500,000 per year. In order to enable the seamless management of Metropolitan's investment portfolio, staff is requesting an extension of the current agreement up to six months, effective as of July 1, 2024, through December 31, 2024, for an additional amount not to exceed \$250,000 to cover work through the extended term. This extension will provide sufficient time for the procurement process that governs the replacement of this agreement to be completed and ensure a successful transition to a new vendor, if so awarded through the ongoing procurement process.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize an additional six-month term to the existing agreement with PFMAM for investment management services in an amount not to exceed \$250,000.

Fiscal Impact: Allows Metropolitan's investment advisor, PFMAM, to continue to perform its services under the same contract terms to manage Metropolitan's portfolio for safety, liquidity and yield.

Business Analysis: Provides additional time for staff to ensure the procurement process is managed appropriately for the services required to invest Metropolitan's three portfolios.

Option #2

Do not approve an additional six-month term to the existing agreement with PFMAM.

Fiscal Impact: May prevent Metropolitan's portfolio from earning a reasonable return on investments.

Business Analysis: Not approving the contract extension of Professional Services Agreement 188640 would require the Treasurer and staff to directly manage the entirety of Metropolitan's daily investments which we have not been fully staffed to accommodate.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Act Section 125: Investment of Surplus Money

Metropolitan Water District Administrative Code Section 2701(a): Treasurer's Reports

Metropolitan Water District Administrative Code Section 5101: Investment of Surplus Funds

Metropolitan Water District Administrative Code Section 5114: Reporting Requirements of the Treasurer

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5)).

CEQA determination for Option #2:

None required

Details and Background


Background

The Administrative Code stipulates the conditions under which competitive bidding is conducted and the circumstances under which sole source purchases are allowed. All contracts estimated to cost \$75,000 or more must be made through competitive bidding, except for those purchases listed in Administrative Code §8140. Metropolitan currently has an agreement for investment management services that it now seeks to extend for a period of six months, pending completion of the procurement process for a new term.

Details

The current professional services agreement for investment management services is managed by Metropolitan's Treasury Operations team in the Treasury and Debt Management Section. Currently, investment management services are being provided by PFMAM through a contract that was implemented pursuant to a competitive bidding process in 2019, and the contract expired on June 30, 2024. In order to enable the seamless management of Metropolitan's investment portfolio, staff is requesting an extension of the current agreement for six months,


effective as of July 1, 2024, through December 31, 2024. The amendment would extend the agreement based on all existing terms, including compensation for work for an amount not to exceed \$250,000 for that time period. This extension will provide sufficient time for the procurement process that governs the replacement of this agreement to be completed.



Katano Kasaine
Assistant General Manager/
Chief Financial Officer

7/3/2024

Date

for 

Deven Upadhyay
Interim General Manager

7/3/2024

Date

Ref# cfo12696785