

Heber Public Utility District

MEETING DATE: June 20, 2024

FROM: Madeline Dessert, General Manager

SUBJECT: Adopt Resolution Number 2024-06 to Adopt the Fiscal Year 2024-2025 Budget.

ISSUE:

Shall the Heber Public Utility Board of Directors approve Resolution 2024-06 adopting a budget for Fiscal Year 2023-2024 and rescinding all prior Resolutions related to the appropriation of funds?

GENERAL MANAGER RECOMMENDATION:

Approve Resolution Number 2024-06 as presented.

FISCAL IMPACT:

The proposed HPUD Operating Revenues for the Fiscal Year 2024-25 are \$6,808,560 and HPUD total Expenditures are \$4,241,338.

2024-2025 BUDGET	Parks & Rec	Water	Wastewater	Solid Waste	TOTAL Government Wide
Revenues	2,552,711	2,215,906	1,979,043	60,900	6,808,560
Total Revenues	\$ 2,552,711	\$ 2,215,906	\$ 1,979,043	\$ 60,900	\$ 6,808,560
Expenditures					
Operating	624,200	1,407,000	1,207,400	52,700	3,291,300
Capital Outlay	33,500	130,338	207,000	-	370,838
Funds Transfers/Reserves	(48,900)	-	48,900		-
Debt Service	-	319,300	259,900	-	579,200
Total Expenditures	608,800	1,856,638	1,723,200	52,700	4,241,338
To Fund Balance	\$ 1,943,911	\$ 359,268	\$ 255,843	\$ 8,200	2,567,222

BACKGROUND:

The District’s annual budget represents a total financing plan for all District operations and must be analyzed by its component parts in order to make any meaningful assumptions. Although there is some financial interdependence between the funds, such as the shared allocation of labor costs, each fund represented in the budget must stand alone.

The budget serves as the financial planning tool of the District. It provides for the allocation of resources across the full range of the District’s activities.

Staff presented the Assumptions, Park and Water Fund portions of the budget to the Board of Directors at the Regular Meeting on May 16, 2024; Staff presented the Sewer and Trash portions of the budget at a Special Meeting on May 23, 2024; and is presenting the final budget for adoption at today's Regular Meeting on June 20, 2024.

DISCUSSION:

Attached to this document is the HPUD Operating Budget Report prepared by the General Manager after receiving input from the Board of Directors during the two above mentioned meetings.

CONCLUSION:

Adoption of Resolution 2024-06 enables Heber Public Utility District to meet their anticipated operating and maintenance obligations to keep our parks, water and sewer systems in top condition. It also allows for the purchase of some necessary capital outlay and equipment. Adopting the budget at this meeting will meet the deadline to have a budget in place by the beginning of the Fiscal Year.

Respectfully Submitted,

Madeline Dessert, General Manager

Attachments:

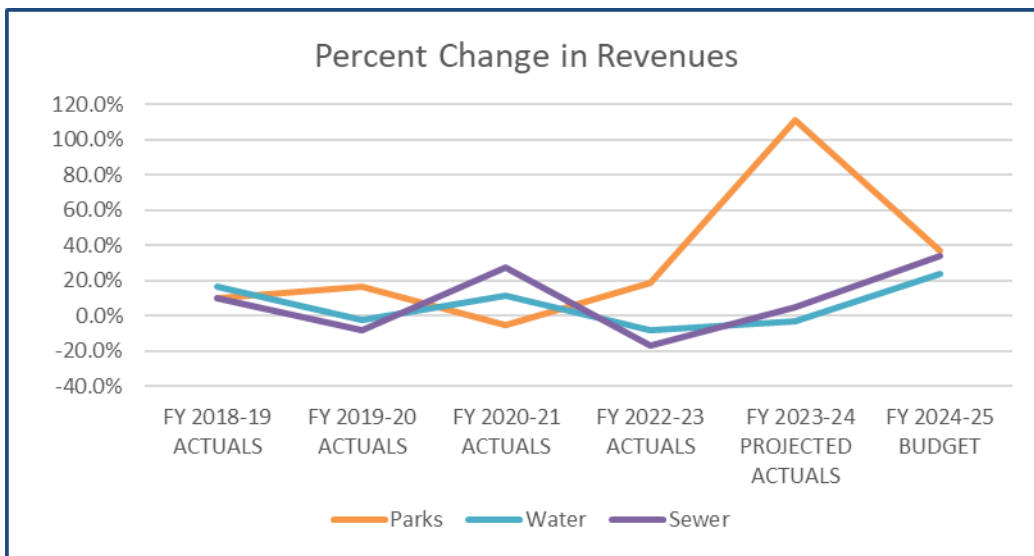
FY 2024-25 Operating Budget Report
Resolution 2024-06

The Heber Public Utility District (HPUD) expects operating revenues of \$6,808,560 with \$3,291,300 of operating expenses. Planned capital outlay expenditures are \$370,838 and a financial obligation for payment of principal and interest on debt of \$579,200. This information and details are provided in Resolution 2024-06.

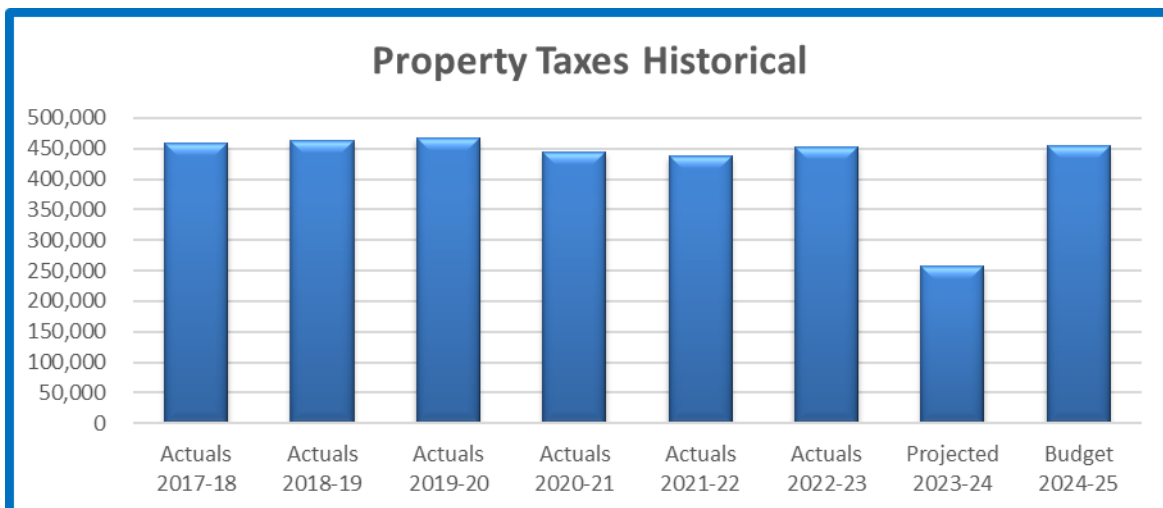
Revenues

FY 2024-25 Revenue Analysis

District-wide revenues including all Funds are projected to increase by 31.1% in FY 2024-25.

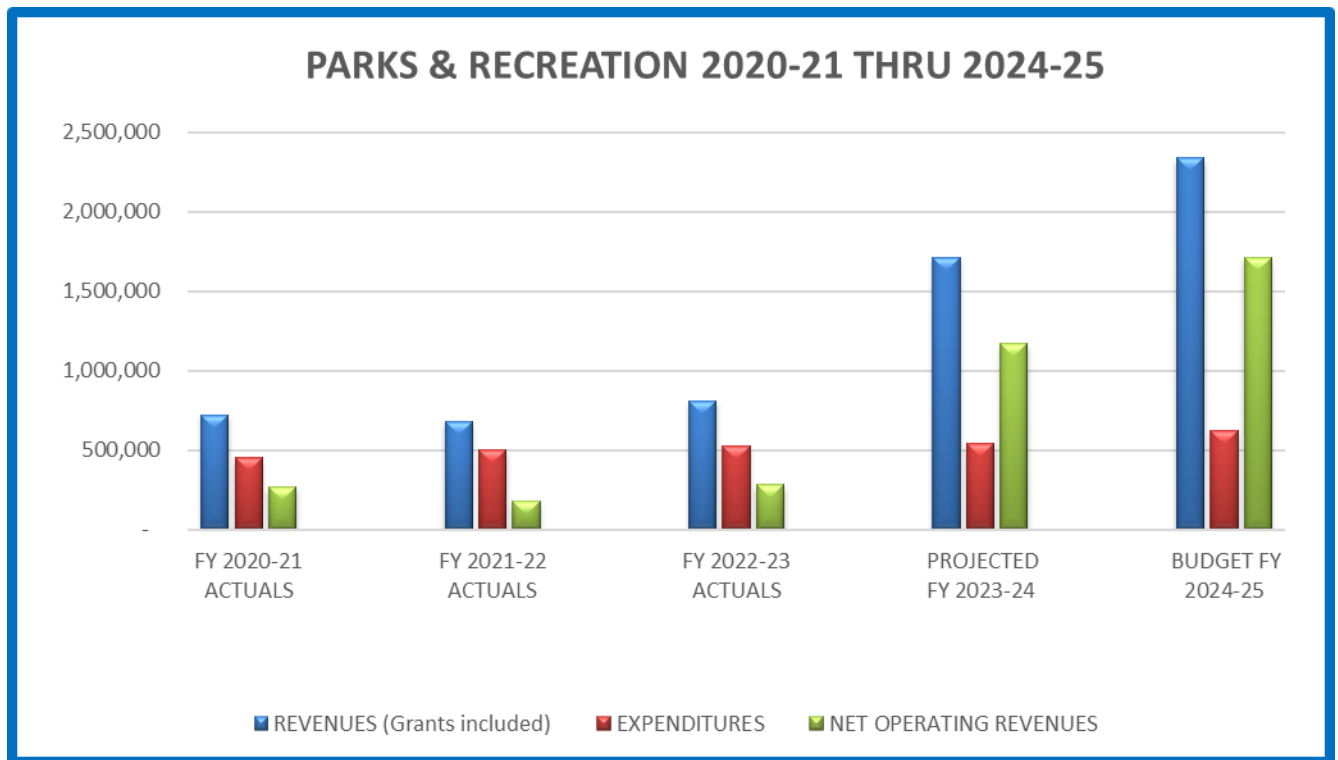


The Proposed FY 2024-25 Revenues in the parks fund are projected to increase because the Children’s park grants and developers fees. The Water and Sewer Funds will increase because developers’ fees and LAIF Interest.



Parks & Recreation Revenues.

Our property tax revenue has been stable, but this fiscal year the amount was decreased around 44% without any notification. We are awaiting further information from the Imperial County Auditor and Controller. Our budget is considering the usual anticipated amount for previous years. Property taxes are received from the County of Imperial in December, April and a small portion in May.



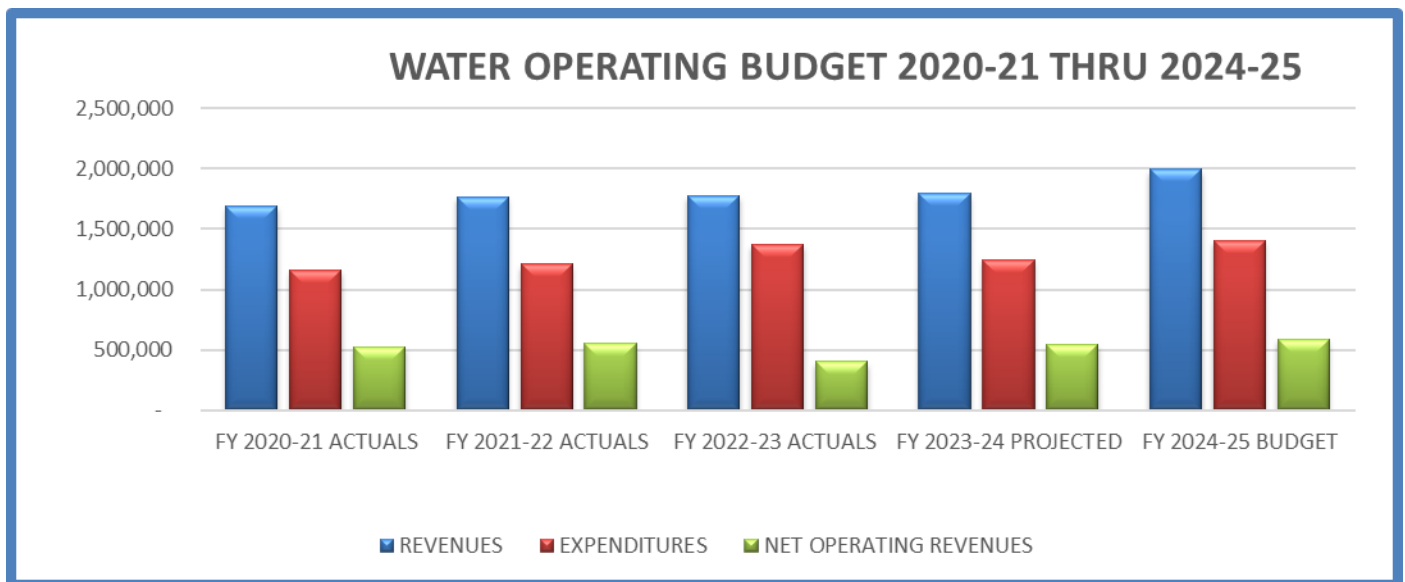
Parks and Recreation Operating Budget FY 2020-21 through FY 2024-25. This chart illustrates how our revenue will be increase due Grants for Children’s park project.

Water, Sewer and Trash Revenues.

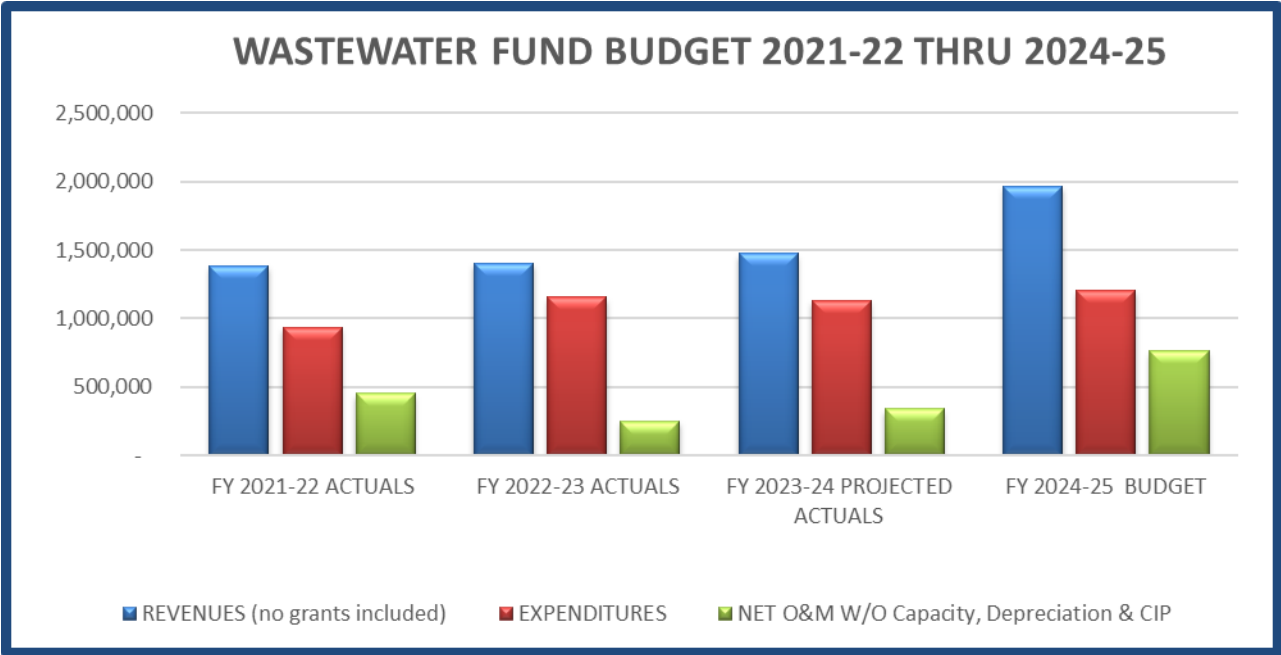
The District’s five-year rate adjustment schedule expired in FY 2021-22 and no rate adjustments are included in the FY 2024-25 budget for water and sewer. In order to ensure we continue to meet the increasing cost to provide water and sewer services to our customers, the HPUD Board needs to prepare a rate study and implement a rate increase by the end of Fiscal Year 2024-25. The purpose of the rate study is to ensure the HPUD recovers, through fair and appropriate rates, the necessary funds to cover the cost of providing excellent services to the community.

On April 20, 2017, the HPUD Board adopted Ordinance 2017-3 and 2017-4 establishing water and sewer rates for five years. However, due to the public comments and protests to the rate adjustments, the HPUD Board decided to implement a lower rate for FY 2017-18 than what was approved for residential customer classification for both water and sewer rates. The following years' budgets were based on the adopted rates as established by Ordinances 2017-3 and 2017-4.

However, in FY 2021-22 the Board adopted a water and sewer rate that was lower than the rate established by Ordinances 2027-3 and 2017-4. This resulted in lower revenues generated by water sales and sewer service connections. For the Trash Fund the 2024-25 budget includes a 3.5% increase approved by resolution on May 16, 2024.



Water Fund Operating Budget FY 2020-21 through FY 2024-25. This chart illustrates how our net revenue will increase due developers' fees for 2024-25.

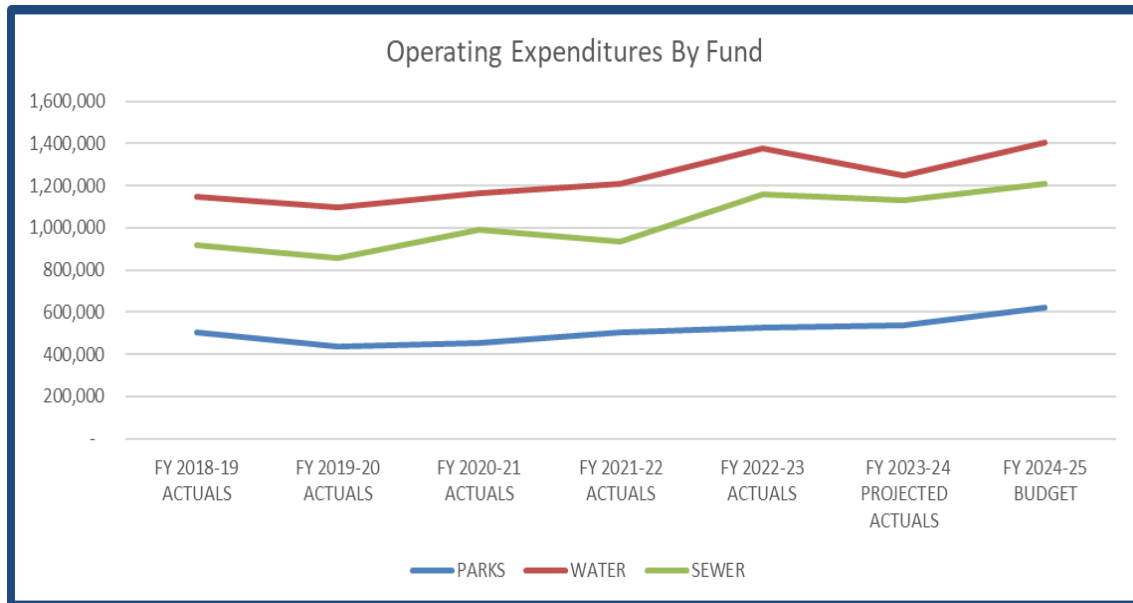


The same analysis is true for our Wastewater Fund Budget FY 2021-22 through FY 2024-25.

Expenditures

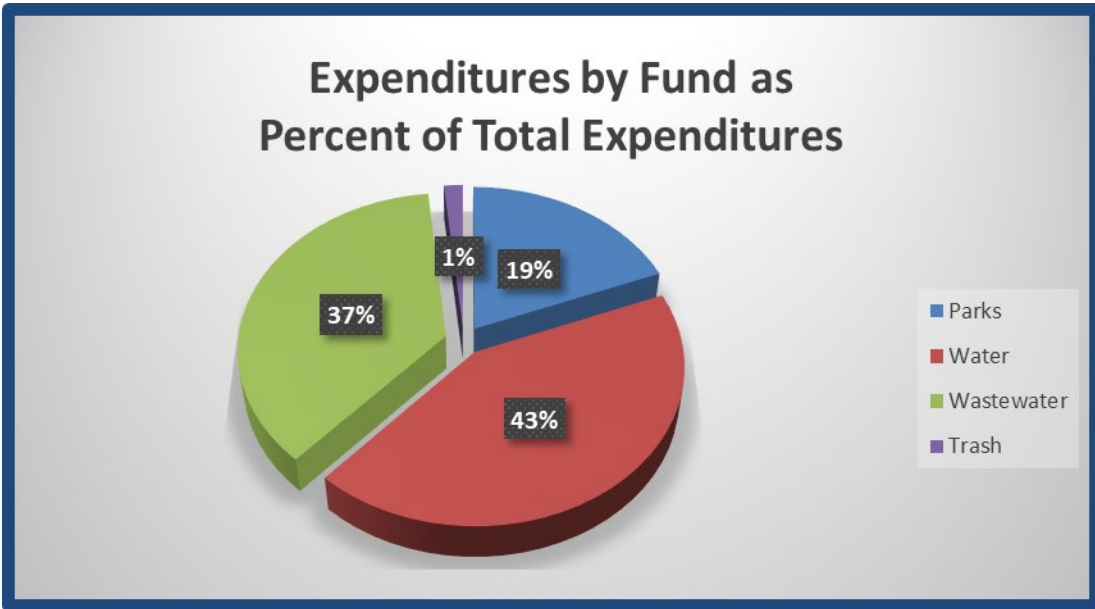
FY 2024-25 Expenditure Analysis.

HPUD allocates overhead cost based on a percentage to each fund. Overhead cost for administrative positions for salary, benefits, travel, training; overhead office expenses such as office supplies, office services & maintenance fee, postage; other costs such as vehicle maintenance, professional services for accounting, engineering and legal.



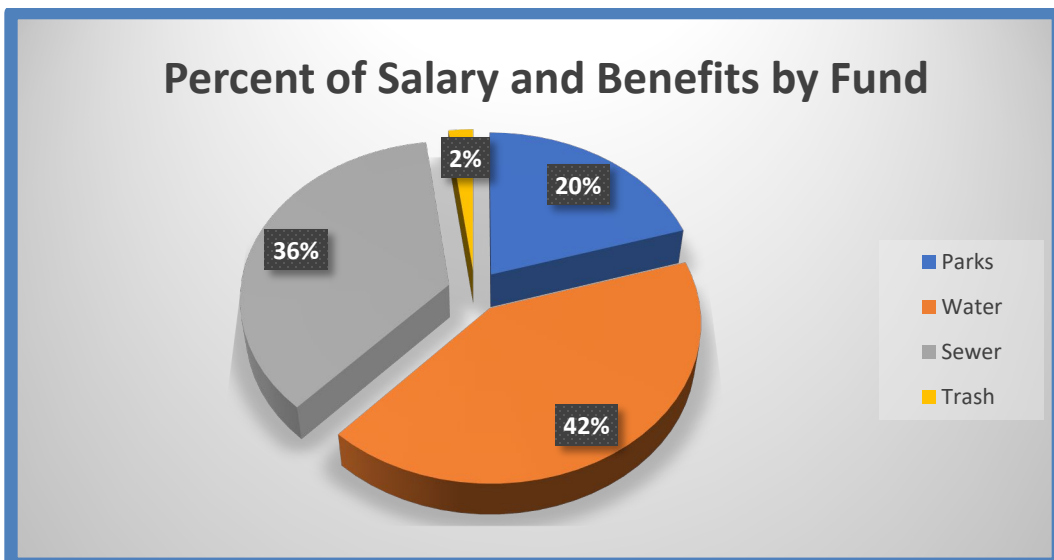
Overall Operating Expenditures have increased District wide by 6.71% from the last FY budget 2023-24. This is due in part to a proposed 5% salary increase for HPUD employees and fringe benefits.

The percent of operating expenditures by Fund is presented in the chart below. As expected, the Water Fund has the highest percent of expenditures at 43% followed by the Sewer Fund at 37% then the Parks and Recreation Department is at 19%. The Trash expenditures are only 1.6% of total expenditures for the Heber Public Utility District.

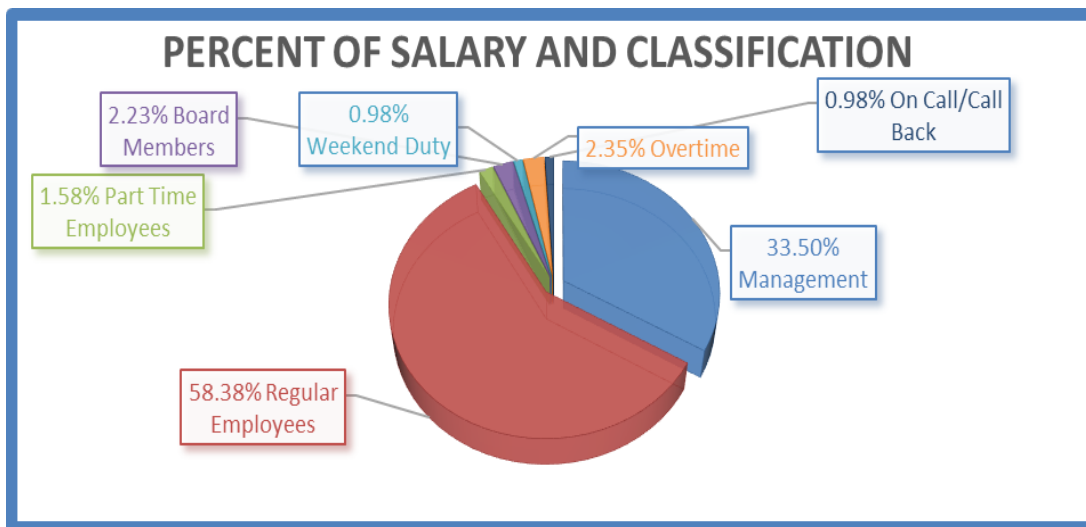


Staffing Levels.

Our current number of employees is 14 full time employees and 1 part-time. The chart below shows the percentage of salaries and benefits that are allocated to each fund. As you can see the water fund is responsible for 42%, sewer for 36%, Parks for 20% and trash for 2%.



The percent of salaries by work classification is represented in the chart below. As you can see our water and wastewater operators, parks maintenance, accounts payable and water clerk account for 58% of the total salary and benefit; management accounts for 34%; and all other labor cost account for 8%. The break down for each is in the chart below.



Conclusion

The District's vision to excel at providing services and leadership to the community of Heber has been a main focus of the District Board of Directors. Our District continues to thrive as an organization. The budget demonstrates how the District is focusing on providing quality services, excellent customer service and improve the community of Heber. The Heber Public Utility District Board of Directors has conducted a comprehensive review of the budget submitted by the General Manager, and has determined that the budget accurately reflects the revenues and expenditures; that the FY 2024-25 budget is balanced.

Respectfully Submitted,
Madeline Dessert,
General Manager

WHEREAS, all increases in the Fiscal Year 2024-25 Budget of funds, departments and/or activities shall be made by the Board of Directors except that the General Manager may, on her own initiative and without prior approval of the Board of Directors, transfer between budget accounts within a fund, activity, or capital improvement fund, or from a budget account or appropriation, to the said fund reserve, amounts determined to be in excess of actual requirements; as long as such changes are reported regularly to the Board of Directors; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HEBER PUBLIC UTILITY DISTRICT, DOES HEREBY RESOLVE AS FOLLOWS:

1. That the foregoing is true, correct and adopted.
2. The proposed HPUD Operating Revenues for the Fiscal Year 2024-25 are \$6,808,560 and the proposed HPUD total Expenditures are \$4,241,338.
3. That the Board of Directors of the Heber Public Utility District does hereby adopt this Resolution approving the Fiscal Year 2024-2025 Budget as set forth.
4. That the President of the Board of Directors of the Heber Public Utility District is hereby authorized to sign said Resolution, a copy of which is on file at the District office.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Heber Public Utility District held on the 20th day of June 2024.

Delfino Matus, Board President

ATTEST:

Jacob Bermudez, Clerk of the Board

APPROVE AS TO FORM:

Steven M. Walker, General Counsel

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL)
HEBER PUBLIC UTILITY)
DISTRICT)

I, Jacob Bermudez, Clerk of the Board of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 20th day of June 2024.

By _____
Jacob Bermudez, Clerk of the Board