

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:

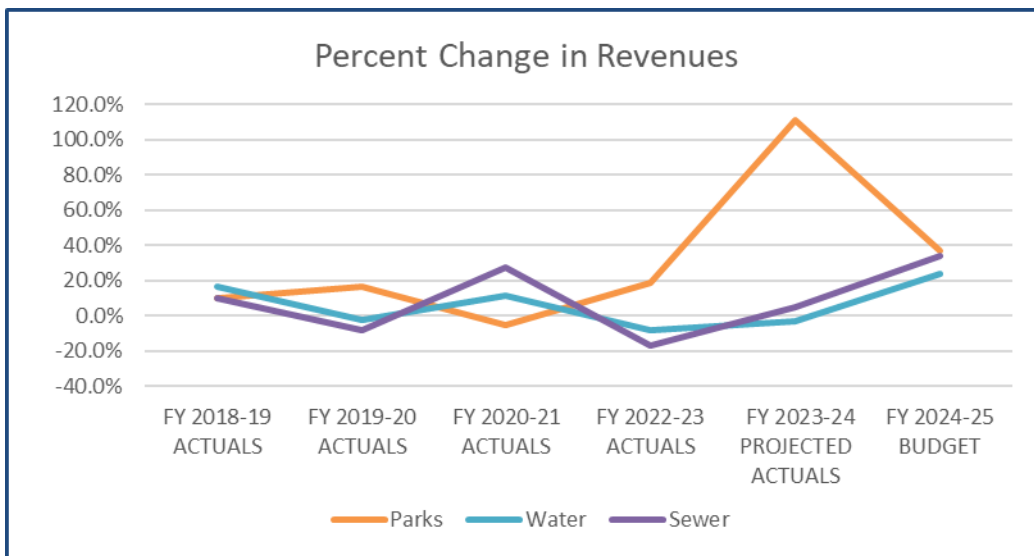
FY 2024-25 Operating Budget Report
Resolution 2024-06

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.

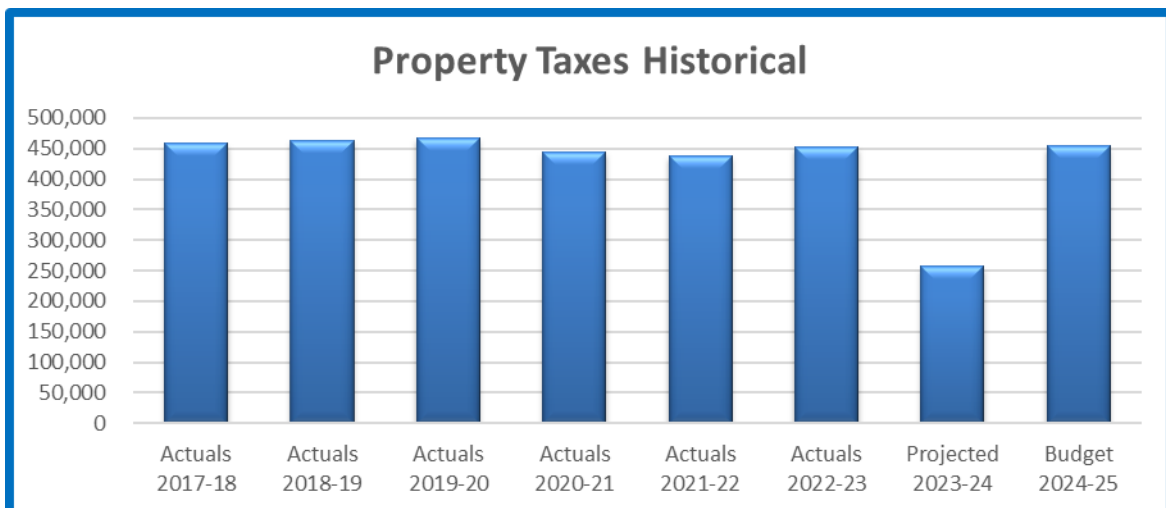
Revenues

FY 2024-25 Revenue Analysis

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

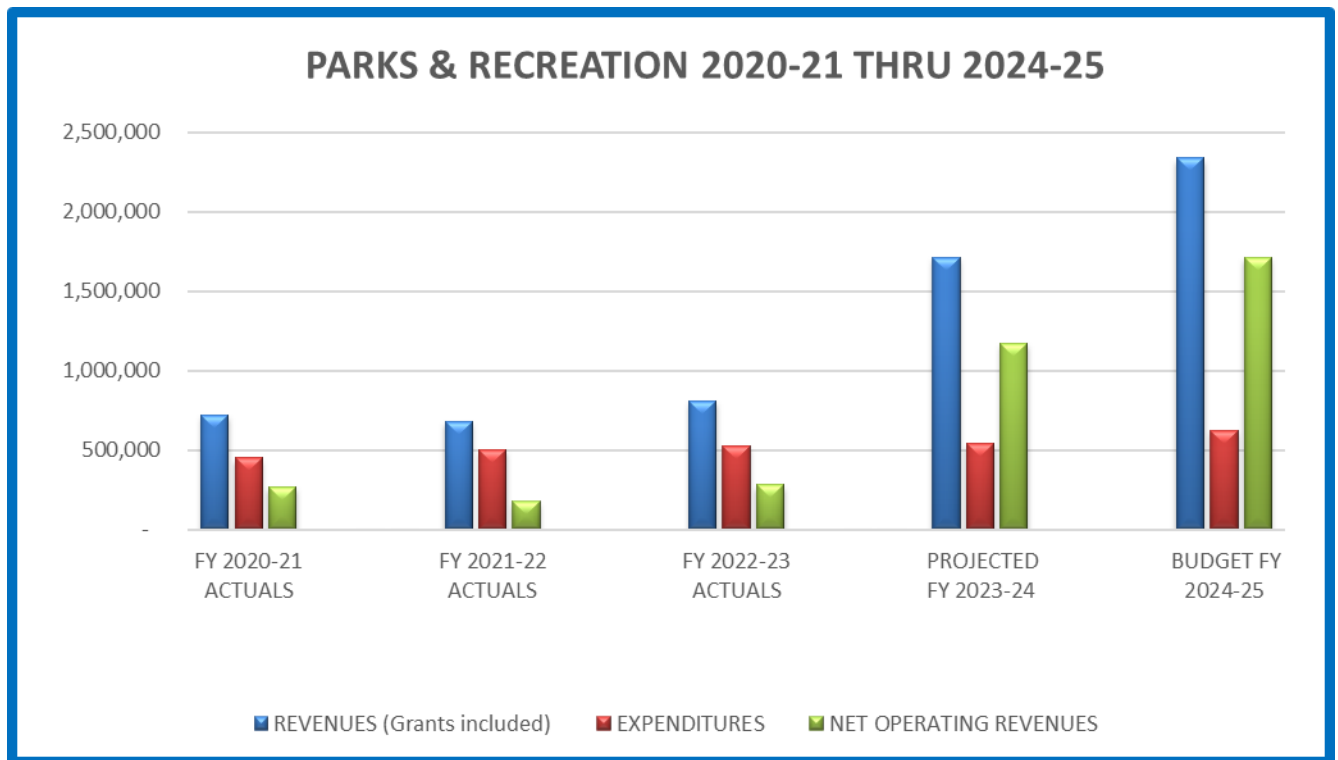


The Proposed FY 2024-25 Revenues in the parks fund are projected to increase because the Children’s park grants and developers fees. The Water and Sewer Funds will increase because developers’ fees and LAIF Interest.



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.



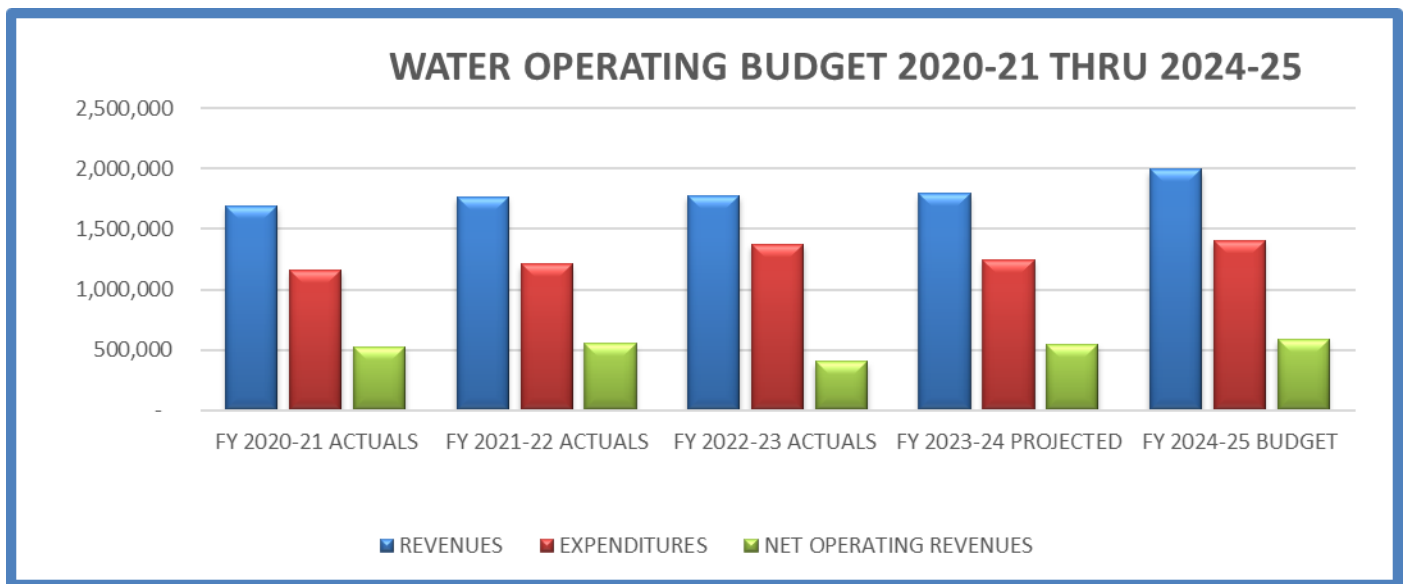
Parks and Recreation Operating Budget FY 2020-21 through FY 2024-25. This chart illustrates how our revenue will be increase due Grants for Children’s park project.

Water, Sewer and Trash Revenues.

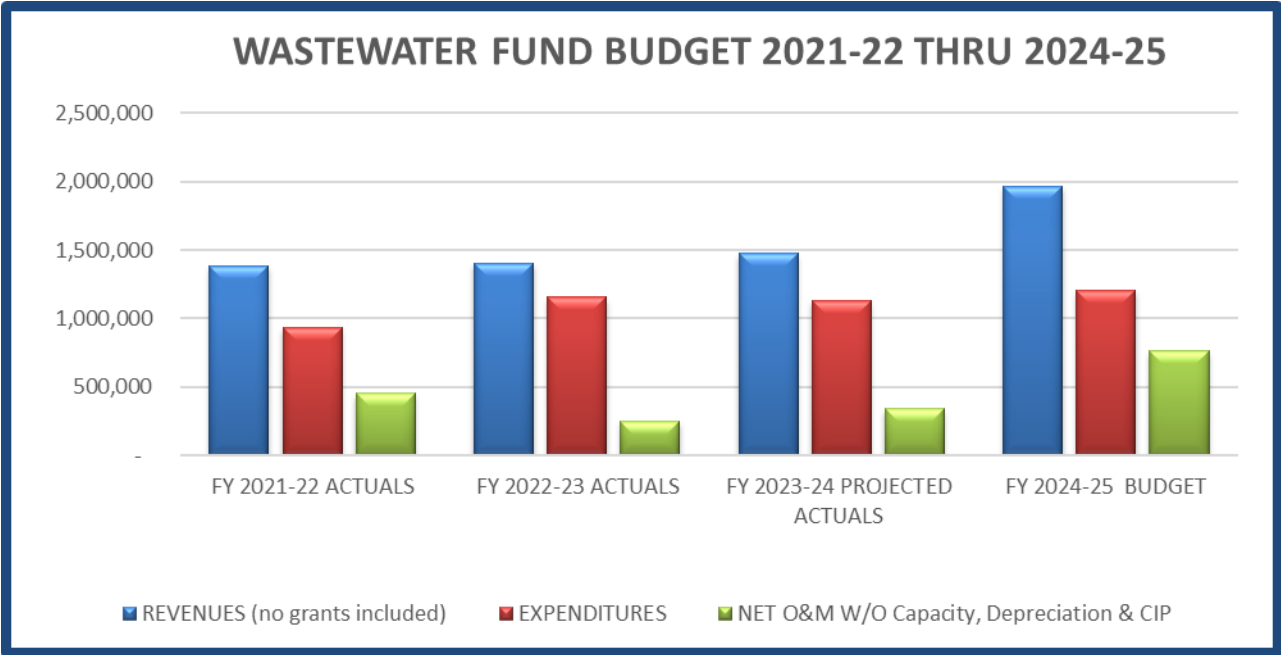
The District’s five-year rate adjustment schedule expired in FY 2021-22 and no rate adjustments are included in the FY 2024-25 budget for water and sewer. In order to ensure we continue to meet the increasing cost to provide water and sewer services to our customers, the HPUD Board needs to prepare a 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.

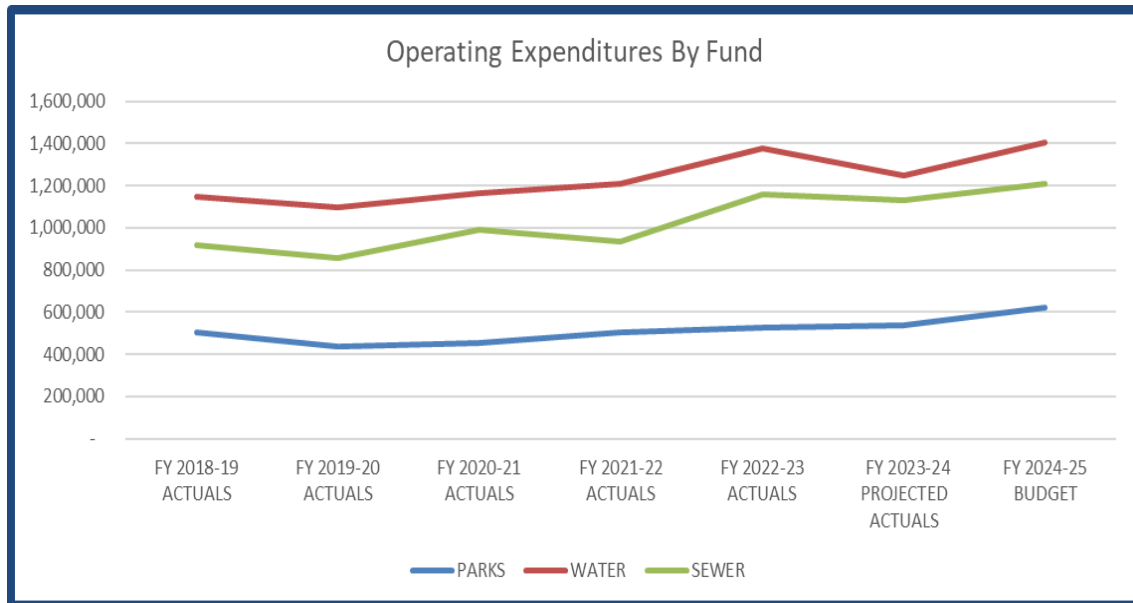


The same analysis is true for our Wastewater Fund Budget FY 2021-22 through FY 2024-25.

Expenditures

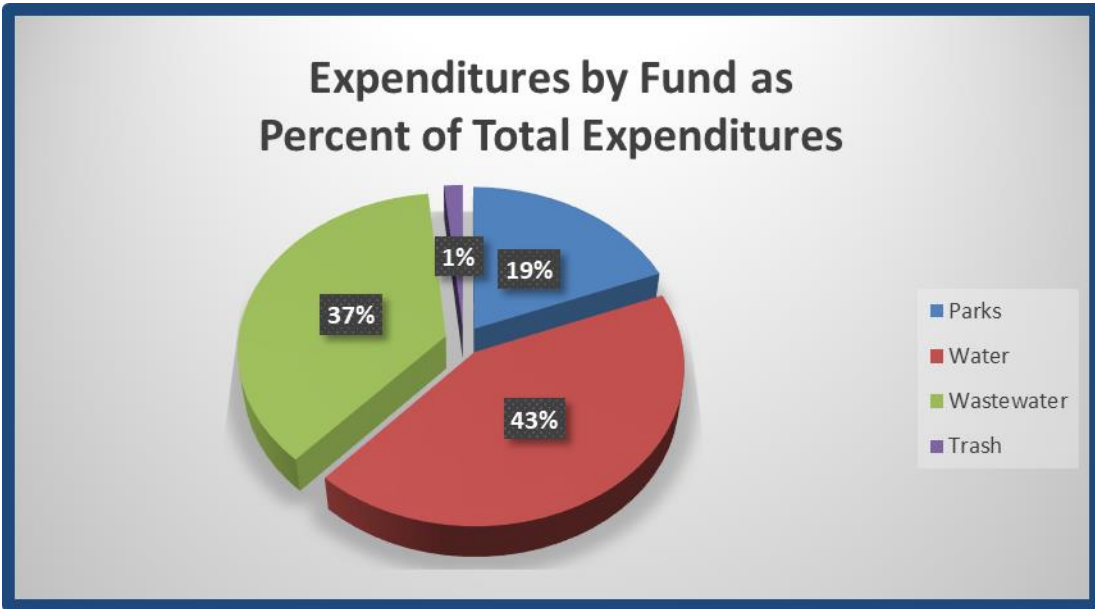
FY 2024-25 Expenditure Analysis.

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.



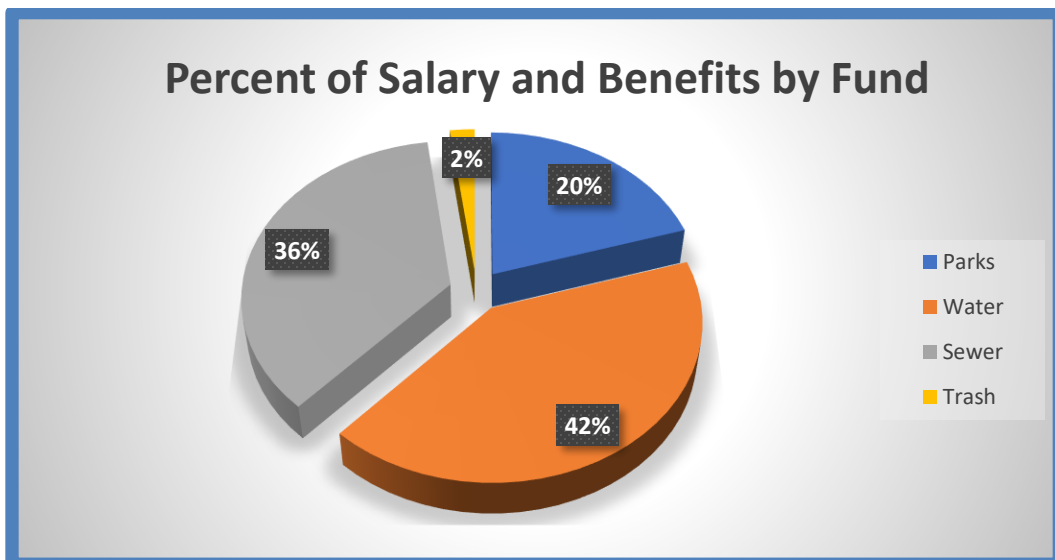
Overall Operating Expenditures have increased District wide by 6.71% from the last FY budget 2023-24. This is due in part to a proposed 5% salary increase for HPUD employees and fringe benefits.

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.

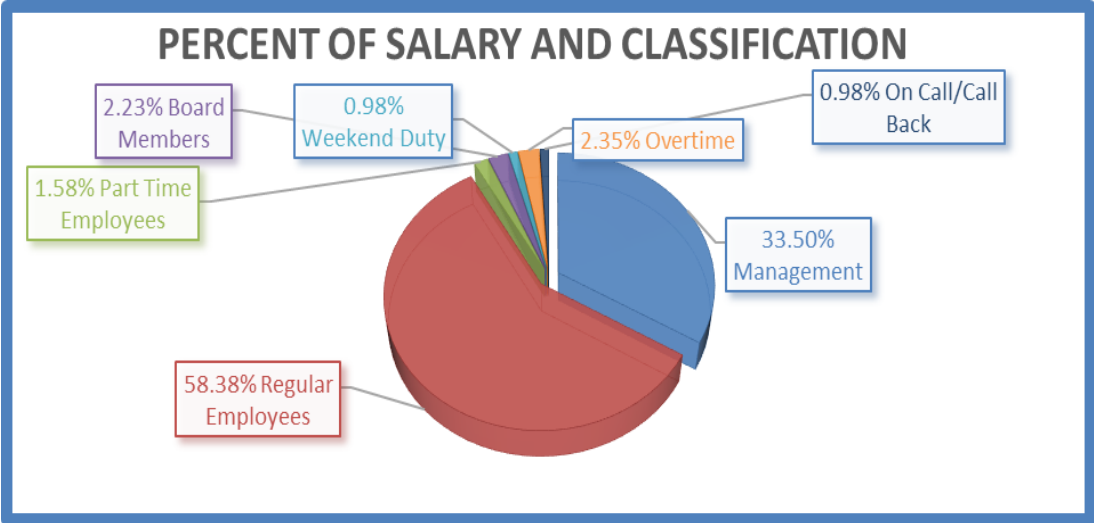


Staffing Levels.

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.



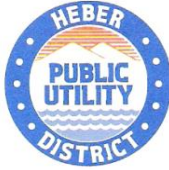
Conclusion

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

Adopted Via Resolution 2024-06

Effective July 1, 2024



FISCAL YEAR 2024-2025 ALL OPERATING FUNDS BUDGET

REVENUES

REVENUES	Parks	Water	Sewer	Trash	Total
Interest	37,000	74,000	74,000		185,000
Royalties (Geothermal)	3,435				3,435
Parks & Rec/Park Use	11,000				11,000
Other Revenues/Admin fees	31,586	10,000	10,000		51,586
Other Revenues / Grant	1,597,490		-		1,597,490
Other Contributions (Donations)	12,000				12,000
Property Taxes	454,200				454,200
Capacity Fees		220,411	-		220,411
Residential		1,277,700	1,145,000	459,500	2,882,200
Multi-Residential		100,800	179,300	89,000	369,100
Commercial		30,200	15,600	31,400	77,200
Industrial		92,500	21,900	50,600	165,000
Public Agencies		106,000	40,900	40,000	186,900
Fire Protection -		13,300			13,300
OSA Water		78,600			78,600
New Service Fee	64,000	151,301	440,893		656,194
Penalties - Late fees		40,000	40,000		80,000
Reconnection Charge		8,544			8,544
Miscellaneous -(Backflow & NSF)		2,000	900		2,900
Parks Maintenance - CFDS & LLD	80,000				80,000
Rent - American Tower (Verizon)		10,550	10,550		21,100
Developer Fees - 15%	262,000				262,000
C R & R INVOICES - TO NET FRANCHISE FEE				(609,600)	(609,600)
Total Revenues	2,552,711	2,215,906	1,979,043	60,900	6,808,560



Adopted Via Resolution 2024-06

Effective July 1, 2024

FISCAL YEAR 2024-2025 ALL OPERATING FUNDS BUDGET

EXPENDITURES	Parks	Water	Sewer	Trash	Total
Salaries & Wages	200,000	460,000	392,700	21,300	\$1,074,000
Fringe Benefits	162,300	284,300	253,100	16,100	\$715,800
Safety Shoes	700	1,200	1,200	0	\$3,100
Uniforms	1,600	4,000	4,000	400	\$10,000
Training/Travel & Conferences	3,100	7,800	7,800	773	\$19,473
Safety Training	1,300	3,100	3,100	309	\$7,809
Mileage Reimb./Allowance	200	400	400	40	\$1,040
Sponsorship/Contributions	0	0	0	0	\$0
Recreation Activities	10,000	0	0	0	\$10,000
Movies Rental	0	0	0	0	\$0
Public Outreach	20,000	0	0	0	\$20,000
Raw Water Purchase	0	24,000	0	0	\$24,000
Wastewater Sludge Disposal	0	0	10,900	0	\$10,900
Chemical Purchases	0	110,000	9,000	0	\$119,000
Laboratory	0	10,000	25,000	0	\$35,000
Materials & Supplies - Regular Operation	21,000	20,000	20,000	0	\$61,000
Fire Hydrant Maintenance -	0	0	0	0	\$0
Office Services	15,300	46,200	37,600	2,028	\$101,128
Office Supplies	2,800	9,000	9,000	942	\$21,742
Postage	3,100	7,700	7,700	762	\$19,262
Miscellaneous	2,200	5,400	5,400	540	\$13,540
Maintenance & Repairs (Distribution)	0	78,000	0	0	\$78,000
Maintenance & Repairs (Collection)	0	0	32,100	0	\$32,100
Maintenance & Repairs (Parks)	21,000	0	0	0	\$21,000
Operation Maintenance & Repair - Treatment	0	28,000	73,000	0	\$101,000
Auto & Trucks Repair & Maintenance	2,000	4,000	4,000	0	\$10,000
Equipment Replacement (all other)	9,000	19,000	19,000	0	\$47,000
Plant, lab, Office Repairs (Buildings)	0	2,400	2,400	0	\$4,800
Equipment Rental	3,500	600	600	0	\$4,700
Diesel	5,000	6,000	6,000	0	\$17,000
Gasoline	1,000	1,600	4,000	0	\$6,600
UB Bad Debt	0	0	0	0	\$0
Accounting/Auditing	4,600	11,500	11,500	1,150	\$28,750
Engineering	5,000	3,500	8,000	0	\$16,500
Legal	1,600	4,000	4,000	400	\$10,000
Planning	0	0	10,000	0	\$10,000
Temporary Employment Services	0	0	0	0	\$0
Bank & Merchant fees	0	13,000	13,000	0	\$26,000
Lafo - Expenditures Share	0	0	0	0	\$0
Memberships/subscriptions	2,200	5,500	5,500	550	\$13,750
Licenses/Permits	0	10,000	25,000	0	\$35,000
Compliance & Pollution Tests	0	0	5,000	0	\$5,000
General Liability Insurance	29,800	74,500	74,500	7,443	\$186,243
Utilities	60,900	152,300	122,900	0	\$336,100
Street Lighting	35,000	0	0	0	\$35,000
TOTALS	\$624,200	\$1,407,000	\$1,207,400	\$52,700	\$3,291,300

	NET OPERATING INCOME				
NET INCOME	Parks	Water	Sewer	Trash	Total
TOTAL REVENUES	\$2,552,711	\$2,215,906	\$1,979,043	\$60,900	\$6,808,560
OPERATING EXPENSES	\$624,200	\$1,407,000	\$1,207,400	\$52,700	\$3,291,300
NET REVENUE (INCLUDING CAPACITY)	\$1,928,511	\$808,906	\$771,643	\$8,200	\$3,517,260
Capital Outlay					
Capital Outlay (Office)	0	0	0	0	\$0
Capital Outlay (Equipment)	33,500	130,338	207,000	0	\$370,838
NET AFTER CAPITAL OUTLAY EXPENSES	\$1,895,011	\$678,568	\$564,643	\$8,200	\$3,146,422
Other Sources & Uses					
Inter-Funds - Transfers (In) and Out					
Land transfer to Wastewater Dues Payment Resol. 2018-09	(48,900)		48,900		\$0
Use of Short Lived Assets and or Repair and Replace reserves		-	-		\$0
NET AFTER CAPITAL OUTLAY EXPENSES	\$1,943,911	\$678,568	\$515,743	\$8,200	\$3,146,422
Debt Service					
DEBT SERVICE-Principal		251,900	223,500		\$475,400
DEBT SERVICE-Interest - 5800		67,400	36,400		\$103,800
Debt Service Total ----->	\$0	319,300	259,900	\$0	\$579,200
Net Income After Capital & Debt Service ----->	\$1,943,911	\$359,268	\$255,843	\$8,200	\$2,567,222