

Heber Public Utility District Report to the Board of Directors

MEETING DATE: December 19, 2019

FROM: Laura Fischer, General Manager

SUBJECT: Adopt Resolution Number 2019-10 Amending Reserve Guidelines and Budget for Fiscal Year 2019-30

ISSUE:

Shall the Heber Public Utility Board of Directors adopt Resolution Number 2019-10 to amend financial reserve budget for FY 2019-20?

GENERAL MANAGER RECOMMENDATION:

Adopt Resolution Number 2019-10 to amend financial reserve budget for FY19-20.

FISCAL IMPACT:

The amendment includes changes to the Reserve balance in the Park and Trash Funds.

The Parks Projected Unrestricted Reserve Balance will be reduced from \$417,927 to \$241,877. The variance is -\$176,050.

The Trash Fund Projected Unrestricted Reserve Balance will be reduced from \$118,857 to \$38,857. The variance is -\$80,000.

DISCUSSION:

At the July 2019 Board Meeting, the Board of Directors adopted Resolution 2019-03 approving the Reserve Funds for FY 2019-20.

The Recreation Center project was funded in the amount of \$175,000 in Parks Funds and \$75,000 in grant funds from the IID Local Entity. The total project budget was \$250,000.

Earlier in the Fiscal Year, the Board authorized staff to prepare a request for proposal for construction bids for the recreation center project. We received three bids and the lowest bid was \$535,000 from A & N Quality Builders.

In November 2019, the District received a letter stating that the Imperial Irrigation District Local Entity awarded the HPUD an additional \$80,000 in funds that can be used for either the existing Recreation Center project or another project such as the basketball courts at Tito Park. At the November 2019 HPUD Board meeting, the Board indicated that they would like to use the Local Entity Grant Funds to construct the Recreation Center.

The new budget and funding sources for the recreation center is as follows:

Recreation Center Budget	
Design Eng	35,000
Construct	535,000
Contingency	16,050
TOTAL	586,050
Recreation Center Funding Source	
IID Local Entity	75,000
IID Local Entity	80,000
HPUD Trash Fund	80,000
HPUD Parks Fund	351,050
TOTAL	586,050

CONCLUSION:

Should the Board of Directors determine it is in the best interest of the District to accept the additional funding from the IID Local Entity and put those funds towards the construction of the Recreation Center, and should the Board determine that the Parks and Trash Fund can reserve additional funds to complete the project, it is necessary to that Resolution 2019-10 be adopted to amend the Reserve Budget for FY 2019-20.

RECOMMENDATION:

Staff recommends Adoption of Resolution 2019-10 to amend the Reserve Resolution Budget for FY 2019-20. This will fully fund the construction of the recreation center.

ALTERNATIVES:

- 1) Do not adopt Resolution 2019-10 to amend the Reserve Budget for FY 2019-20, and provide alternative funding to continue with the construction of the recreation center.
- 2) Do not adopt Resolution 2019-10 and do not move forward with the construction of the recreation center project.
- 3) Provide alternate direction to staff.

Respectfully Submitted,

Laura Fischer, General Manager

Attachment: Resolution Number 2019-10

RESOLUTION NO. 2019-10

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT AMENDING RESERVE GUIDELINES AND BUDGET FOR FISCAL YEAR 2018-19

WHEREAS, on July 18, 2109, by Resolution No. 2019-03, the Board of Directors of the Heber Public Utility District adopted a Reserve Guidelines and Budget FY 2019-2020 for maintaining certain reserves; and

WHEREAS, in November 2019 the Imperial Irrigation District Local Entity granted the Heber Public Utility District an additional \$80,000 fund that can be used to construct the Hebe Recreation Center; and

WHEREAS, the Board of Directors authorizes the funds to be reserved and used for the construction of the Heber Recreation Center; and

WHEREAS, the Proposed Reserve Funds Established for FY 2019-20 are Amended and described below.

Heber Public Utility District Reserve Resolution Backup FY 2019-20					
* Unchanged Capital assets for Projections purposes only		<i>Adopted Via Resolution 2019-03</i>		<i>Amended Via Resolution 2019-10</i>	
Proposed Reserve Funds Established via Resolution Number 2019-3 and Amended via Resolution 2019-10					
PROJECTED CASH BROUGHT FORWARD AS OF JUNE 30, 2019	Parks & Rec	Water	Sewer	Trash	Totals
	711,480	1,591,335	1,199,966	142,380	3,645,161
Other Sources of Revenues:					
<i>Per-Capita State Park Grant Prop. 68</i>	200,000				
<i>IID - Rec. Building Grant</i>	37,500				
Total Funds:	948,980	1,591,335	1,199,966	142,380	3,882,661
Committed Funds:					
Capacity Fees					
Water and Sewer Master Plan - Use of Capacity Fees		25,000	25,000		50,000
Capital Reserve Funds (Future Projects)					
Upgrades to Shop at Ingram Ave.	20,000	90,000	90,000		200,000
Manhole Replacement			100,300		100,300
Liftstations Up-grades					-
Water Distribution Lines Improvements					-
New HPU D Offices					-
Tertiary wastewater treatment project					-
Correll Park Reserves - MOVED TO CHILDRENS					-
Recreation Room at Littlefield with IID Funds 1st round LE Funds = \$75,000 2nd round LE Funds = \$80,000	351,050			80,000	431,050
Jiggs Johnson Restroom and Lights	35,769				35,769
Children's Park - New Playground Equip, sidewalk repairs, shade - USE CORRELL PARK FUNDS (remaining balance \$55K plus \$25K)	80,000				80,000
Restricted Funds:					
Wastewater debt to Parks (Debt Authorized via Resolution 2018-06) (Reserve Amended via Resolution 2018-10)	(48,828)		48,828		
Debt Service Reserve Funds - USDA		87,418			87,418
SWRCBA Water Loan - Debt Reserve		161,802			161,802
SWRCBA Wastewater Loan - Debt Reserve			211,000		211,000
2019 Short Lived Assets Projected Balance		251,074	83,965		335,039
FY 2019-2020 Withdrawal for Equipment Replacement (-) in FY 2019-20		(109,500)	(29,100)		(138,600)
Assigned or Designated Fund Balance:					
Operating and Maintenance Reserve Funds 90 days Operating and Maintenance Costs for Water and Sewer. 180 days for all funds.	269,112	574,767	499,463	23,523	1,366,866
TOTAL RESERVES FOR FY 19-20	707,103	1,080,561	1,029,456	103,523	2,920,644
PROJECTED UNRESTRICTED RESERVE BALANCE:	241,877	510,774	170,510	38,857	962,017

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. That the Board of Directors Adopts the Amendment to the Reserve Guidelines and the Reserve Fund Budget for Fiscal Year 2019-2020.
3. 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 19th day of December, 2019.

Board President

ATTEST:

Raquel R. Carrillo, Clerk of the Board

APPROVE AS TO FORM:

Steven M. Walker, General Counsel

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

I, RAQUEL R. CARRILLO, 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 19th day of December, 2019.

By _____
Raquel R. Carrillo, Clerk of the Board