

# Heber Public Utility District Report to the Board of Directors

**MEETING DATE:** January 16, 2020

**FROM:** Laura Fischer, General Manager

**SUBJECT:** Adopt Resolution Number 2020-02 Amending Reserve Guidelines and Budget for Fiscal Year 2019-20

**ISSUE:**

Shall the Heber Public Utility Board of Directors adopt Resolution Number 2020-02 to amend financial reserve budget for FY 2019-20?

**GENERAL MANAGER RECOMMENDATION:**

Adopt Resolution Number 2020-02 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:

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

**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 2020-02 be adopted to amend the Reserve Budget for FY 2019-20.

**RECOMMENDATION:**

Staff recommends Adoption of Resolution 2020-02 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 2020-02 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 2020-02 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 2020-02