

# Heber Public Utility District

**MEETING DATE:** June 20, 2019

**FROM:** Laura Fischer, General Manager

**SUBJECT:** Adopt Resolution Number 2019-02 to Adopt the Fiscal Year 2019-20 Budget.

**ISSUE:**

Shall the Heber Public Utility Board of Directors approve Resolution 2019-02 adopting a budget for Fiscal Year 2019-20 and rescinding all prior Resolutions related to the appropriation of funds?

**GENERAL MANAGER RECOMMENDATION:**

Approve Resolution Number 2019-02 as presented.

**FISCAL IMPACT:**

The proposed HPUD Operating Revenues budget for the Fiscal Year 2019-20 totals \$3,570,000 and HPUD Operating Expenditures totals \$3,517,473.

2018-2019 BUDGET	Parks & Rec	Water	Wastewater	Solid Waste	TOTAL Government Wide
<b>Revenues</b>	561,000	1,613,700	1,346,400	48,900	3,570,000
<b>Total Revenues</b>	<b>\$ 561,000</b>	<b>\$ 1,613,700</b>	<b>\$ 1,346,400</b>	<b>\$ 48,900</b>	<b>\$ 3,570,000</b>
<b>Expenditures</b>					
Operating	545,700	1,165,500	1,012,800	48,100	2,772,100
Capital Outlay	10,800	109,373	37,100	-	157,273
Funds Transfers/Reserves	(48,900)	(109,473)	(37,100)		(195,473)
Debt Service	-	328,100	260,000	-	588,100
<b>Total Expenditures</b>	<b>507,600</b>	<b>1,493,500</b>	<b>1,272,800</b>	<b>48,100</b>	<b>3,322,000</b>
<b>To Fund Balance</b>	<b>\$ 53,400</b>	<b>\$ 120,200</b>	<b>\$ 73,600</b>	<b>\$ 800</b>	<b>248,000</b>

**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 budget to the Board of Directors at the Special Meeting on May 16,

2019; at a Special Meeting on May 28, 2019; and for adoption at the June 20, 2019 meeting.

**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 Special Meeting held on May 28, 2019.

**CONCLUSION:**

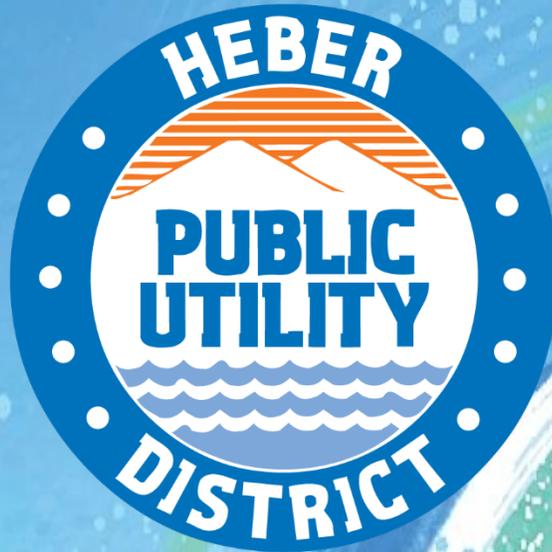
Adoption of Resolution 2019-02 enables Heber Public Utility District to meet the deadline to have a budget in place by the beginning of the Fiscal Year.

Respectfully Submitted,

Laura Fischer, General Manager

Attachments:

FY 2019-20 Operating Budget Report  
Resolution 2019-02



**Operating Budget  
Fiscal Year 2019-20**

**Heber Public Utility District  
Heber, California**

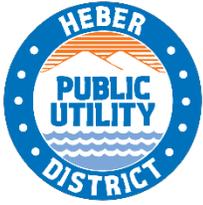


# Proposed Budget

## Fiscal Year 2019-20

*Dedicated to Providing Our Community  
Excellent Services at Economical Rates*

1078 Dogwood Avenue, Suite 103  
Heber, CA 92249  
[www.Heber.ca.gov](http://www.Heber.ca.gov) 💧 760-482-2440



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June 20, 2019

On behalf of the Heber Public Utility District management staff, I am pleased to present the Fiscal Year 2019-20 budget to the Board of Directors for approval.

The Heber Public Utility District (HPUD) expects operating revenues of \$3,570,000 with \$2,772,100 of operating expenses. Planned capital outlay expenditures are \$157,273, and financial obligations for payment of principal and interest on debt are \$588,100.

**Rate Adjustments FY 2019-20.** In order to ensure we continue to meet the increasing cost to provide water and sewer services to our customers, the HPUD Board authorized a water and sewer rate increase that was implemented in August 2017. The purpose of the rate study was to ensure the HPUD recovered, 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 FY 19-20 budget is based on the adopted rates as established by Ordinance 2017-3 and 2017-4. The total rate increase for residential customers will be \$1.70 for water base rate, and \$1.96 for sewer. The total impact for residential customers (both water and sewer) will be a total increase of \$3.66 per month. The Rate Study and both rate Ordinances are available on our website at [www.heber.ca.gov](http://www.heber.ca.gov).

There will also be a \$0.29 rate increase for trash services for residential customers in FY 2019-20. Some commercial customers may see a rate increase in the monthly cost of roll off containers depending on size and frequency of pick up. Additionally, CR&R and HPUD offer a 10% discount on trash services for HPUD customers who are 65 years and over. Currently we have 160 customers taking advantage of the discount.

**Water Treatment and Distribution.** Meeting the State Water Board and Federal EPA Regulations was an issue at HPUD for several years, however after the completion of our Water Treatment Plant Improvement Project in August 2018, our drinking water meets and exceeds all State and Federal Drinking Water Standards. We report all contaminants found in both treated water and surface water in our Annual Consumer Confidence Report, which is mailed to our customers in June 2019.

## Heber Public Utility District

Fiscal Year 2019-20 Budget

**Wastewater Treatment and Collection.** The HPUD wastewater treatment plant continues to operate within the compliance standards of the State Regional Water Quality Control Board National Pollutant Discharge Elimination System (NPDES) Permit and Waste Discharge Requirements. In FY 2018-19, the HPUD completed two wastewater system improvement projects; the lift station rehabilitation project and the manhole rehabilitation project. Both projects were included in our Capital Improvement Program of Projects and were completed on time and within budget.

Both the water and sewer capital outlay budget expenditures for equipment that is included in the 'short lived asset replacement fund'. This fund is a set aside of water and sewer net revenues for the sole purpose of replacing capital outlay assets when their useful life has expired. Funding for these items are included in the Water Fund budget as Use of Short Lived Assets, and in the Wastewater Fund as Repair and Replacement Reserves. The HPUD budgets funding of these two asset accounts each year as part of our debt covenant requirements established by our bond holders.

**Community Outreach.** In 2018, the HPUD celebrated our "Fall Fiesta – Day of the Dead" with a series of events and grand celebrations. HPUD staff worked with our business and community groups to organize a success parade, street fair, food sales, and 5K Run. The Day of the Dead celebration was a great success as the event was moved to the evening with cooler weather and live music for entertainment. The HPUD Board of Directors has decided to continue the Fall Parade and has included it in the budget for FY 19-20.

**Parks and Recreation.** In response to the requests of community members the HPUD Board authorized the installation of 27 solar lights at Jiggs Johnson Park. The solar lights will provide secure lighting for walking and playing in the park at night. The project was delayed in the County Building and Planning Department, but we anticipate that the lights will be installed in the summer of 2019. The improvements to Jiggs Johnson Park also include a shade structure over the picnic area and signage.

The HPUD received a \$75,000 grant from the IID Local Entity that will be used to construct a recreation room at the corner of Littlefield and Bloomfield in Heber Meadows. The project design was submitted by staff to the County Planning Department and we requested a waiver of the rear setback and consideration on the parking requirements. The Imperial County Planning Commission gave us a favorable review and approved our waiver request. The HPUD engineers have submitted the project design and plans to the County and we anticipate their review process to take a few months. The HPUD Board has committed funding for this project and it is included in their Capital Improvement Project Budget.

The State of California is making \$254 million in grant funds available for underserved communities like Heber to create new parks or new recreational opportunities by expanding existing parks. The HPUD has engaged The Holt Group to assist us with the application process and we are engaging our community to determine their desires for parks and recreation. This is a great opportunity for the Heber community to help us design future parks and recreation in our District. The HPUD can apply for up to \$8.5 million in competitive grant funds and there is no matching fund requirement.

In Fiscal Year 2019-20 the HPUD Board or Directors have expressed their desire to continue focusing on essential services and improvements to our community making it a great place to live work and play. Budget decisions are based on detailed analysis of the HPUD's management, technology, and operational practices. The Heber PUD Board of Directors held a Special Meeting on May 28, 2019 to review the detailed budget.

**Heber Public Utility District**

Fiscal Year 2019-20 Budget

The Heber Public Utility District Board of Directors and staff work diligently to improve our services to better serve our customers.

Respectfully Submitted,

Laura Fischer,  
General Manager

Date: June 20, 2019

To: Heber Public Utility District Board of Directors

### FISCAL YEAR 2019-20 BUDGET MESSAGE

I am pleased to present the budget for Fiscal Year 2019-20 for the Heber Public Utility District, beginning July 1, 2019 and ending June 30, 2020. This budget meets the Board of Directors' financial goals and recently adopted Fiscal Reserve Policy. At the June 2019 Board meeting, staff will present updated Resolution for Fiscal Reserves for your consideration and approval.

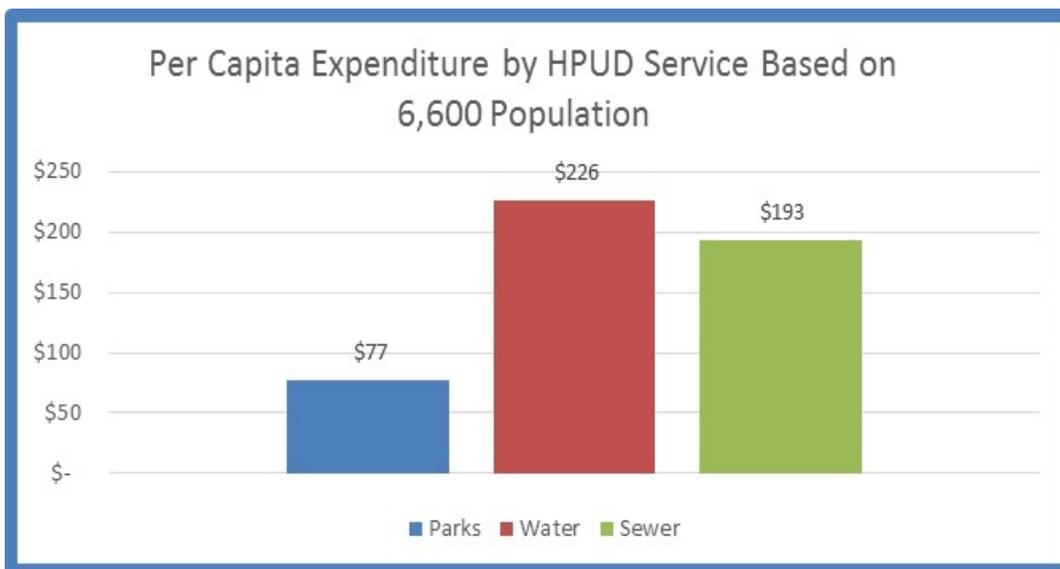
I would like to express my appreciation to the members of the Board of Directors for your confidence in HPUD's management team as well as your review, suggestions, and policy direction during the past year. I applaud you for attending the meetings, asking the tough questions, and for making the hard decisions that will ensure financial stability for the District. I would also like to thank staff for their contributions and participation in the development of the FY 2019-20 Budget.

#### Organizational Priorities

HPUD's mission is to "Provide our community excellent services at economical rates," and HPUD has taken action to ensure we fulfill the District's mission.

#### Services Provided

The Heber Public Utility District provides four major services to our customers. We provide potable water, sanitary sewer, parks and recreation, and solid waste services to approximately 6,600 residents. The per capita expenditures for each service is well below industry range as shown in the chart below. The per capita expenditures are consistent with prior years as our population has not increased significantly.



## Heber Public Utility District

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The Heber Public Utility District manages four separate accounting funds. One for each enterprise fund, water, sewer and trash, and one fund that is for general use to meet the services demanded through a 2012 Agreement between the County of Imperial and the Heber Public Utility District. This Agreement establishes the role of the Heber Public Utility District and the services we provide to the community and in return the County of Imperial provides a share of Property Taxes.

### Administrative Actions

#### HPUD Financial Audit

The Heber Public Utility District hired an outside auditing firm, White Nelson Diehl and Evans, to complete the audit for FY 2017-18. The audit was completed on time and the Board received a presentation by the auditor in December 2018. Subsequently the Board authorized staff to file the audit and complete all transactions associated with filing the audit with the State Controller's Office.

The audit is posted on our website at [www.heber.ca.gov](http://www.heber.ca.gov). There were not findings in the audit and I commend the Finance Manager and staff on their attention to details and for meeting the stringent Government Accounting Standards in place.

#### HPUD Policy Regulations

The presentation of this budget at the Special Meeting on May 28, 2019 and the subsequent final review and adoption at the Regular Meeting on June 20, 2019, will meet HPUD policy regulation. Policy Number 3030 relates to the Fixed Asset Accounting Control, which was established to ensure proper accounting control resulting in the maintaining of accurate financial reports and fixed assets. The Fixed Asset report has been certified as complete as of June 2018, and is included in this presentation for your review and consideration.

DISTRICT WIDE FIXED ASSETS	Governmental Fund	Enterprise Funds			DISTRICT WIDE TOTAL
	PARKS & REC. FIXED ASSETS	WATER FIXED ASSETS	SEWER FIXED ASSETS	Total Proprietary Funds Assets	
Fixed Assets as of June 30, 2018					
<b>Capital Assets, Not Depreciated:</b>					
Land	511,367	-	512,276	512,276	1,023,643
Construction in Progress	20,978	-	220,746	220,746	241,724
	532,345	-	733,022	733,022	1,265,367
<b>Capital Assets, being depreciated</b>					
Buildings	648,244	50,396		50,396	698,640
Structures & Improvements (AMR)		519,637	62,346	581,983	581,983
Machinery & Equipment	229,709	320,420	351,886	672,306	902,015
Infrastructure	-	26,852,047	21,351,696	48,203,743	48,203,743
Computer Equipment	3,219	35,699	26,282	61,981	65,200
Furniture & Fixtures	45,075	7,591	7,592	15,183	60,258
	926,247	27,785,790	21,799,802	49,585,592	50,511,839
<b>Less Accumulated Depreciation:</b>					
Buildings	(166,155)	(40,680)	(52,650)	(93,329)	(259,484)
Structures & Improvements (AMR)	-	(228,157)		(228,157)	(228,157)
Machinery & Equipment	(104,143)	(144,566)	(185,008)	(329,574)	(433,717)
Infrastructure	-	(5,418,763)	(7,209,153)	(12,627,915)	(12,627,915)
Computer Equipment	(1,979)	(30,484)	(18,381)	(48,864)	(50,843)
Furniture & Fixtures	(23,206)	(3,353)	(3,752)	(7,105)	(30,311)
	(295,483)	(5,866,001)	(7,468,943)	(13,334,944)	(13,630,427)
<b>Net Capital Assets:</b>	<b>1,163,109</b>	<b>21,919,789</b>	<b>15,063,881</b>	<b>36,983,669</b>	<b>38,146,778</b>
<b>Long Term Debt:</b>	<b>N/A</b>	<b>7,704,492.00</b>	<b>4,646,846.00</b>	<b>12,351,338.00</b>	
<b>Net of Debt:</b>	<b>N/A</b>	<b>14,215,296.80</b>	<b>10,417,034.50</b>	<b>24,632,331.30</b>	

**Heber Public Utility District**  
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In 2016, the HPUD Board also adopted Policy Number 3035 Investment of District Funds to help ensure prudent and responsible management of the District’s funds. The ability of the Heber Public Utility District to maintain reserve funds is a critical factor in providing reliable service, mitigating rate increases, and ensuring overall financial strength. Adequate reserves directly affect the District’s bond rating and ultimately the ability to access debt at favorable interest rates. According to the policy Number 3035.2.7, the HPUD Board should approve the appropriate levels and uses for reserve funds based upon the needs of the District during the budget adoption process. The reserve resolution will be presented to the Board at the June meeting along with the Five Year Capital Improvement Project Plan for consideration and adoption.

The District reserves in fund balance are detailed in the table below. The reserves include cash in the bank and current accounts receivable. The fund balances do not include fixed assets or equity. They are a ‘snap shot’ of our liquid cash reserves. Although there are several legally restricted reserves, the HPUD reserve funds are categorized into the following: Capital Reserve Funds, Debt Service Reserve Funds, Operating and Maintenance Reserve Fund, Capital Replacement Reserve Fund (Short Lived Assets), and Unrestricted Reserves. The budget presented for consideration on June 20, 2019 will have the reserve funds for Board approval based on the table below.

<b>Heber Public Utility District Reserve Resolution Backup FY 2019-20</b>					
* Unchanged Capital assets for Projections purposes only		Adopted Via Resolution 2019-03			
<b>Proposed Reserve Funds Established via Resolution Number 2019-3</b>					
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
<b>Other Sources of Revenues:</b>					
Per-Capita State Park Grant Prop. 68	200,000				
IID - Rec. Building Grant	37,500				
<b>Total Funds:</b>	<b>948,980</b>	<b>1,591,335</b>	<b>1,199,966</b>	<b>142,380</b>	<b>3,882,661</b>
<b>Committed Funds:</b>					
Capacity Fees					
Water and Sewer Master Plan - Use of Capacity Fees		25,000	25,000		50,000
<b>Capital Reserve Funds (Future Projects)</b>					
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 HPUD Offices					-
Tertiary wastewater treatment project					-
Correll Park Reserves - MOVED TO CHILDRENS					-
Recreation Room at Littlefield with IID Funds	175,000				175,000
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
<b>Restricted Funds:</b>					
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)
<b>Assigned or Designated Fund Balance:</b>					
Operating and Maintenance Reserve Funds 90 days Operating and Maintenance Costs for Water and Sewer. 180 days for Parks.	269,112	574,767	499,463	23,523	1,366,866
<b>TOTAL RESERVES FOR FY 19-20</b>	<b>531,053</b>	<b>1,080,561</b>	<b>1,029,456</b>	<b>23,523</b>	<b>2,664,594</b>
<b>PROJECTED UNRESTRICTED RESERVE BALANCE:</b>	<b>417,927</b>	<b>510,774</b>	<b>170,510</b>	<b>118,857</b>	<b>1,218,067</b>

**Heber Public Utility District**

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One industry wide reserve guideline is the Days Cash Ratio, which is defined as total cash available divided by Operating Expenses per day and is a measurement of an agency’s ability to meet known and unanticipated expenses. Many utilities will establish a Days Cash Ratio goal of 365 days or more to ensure cash flow stability. Currently the FY 2019-20 District wide (All Funds) Budget has a Days Cash Ratio of 480 days and the Cash on Hand is \$3,882,661 District wide for all Funds. As shown in the table below the Trash (Solid Waste) Fund has a very high Days Cash Ratio as traditionally the District has received Franchise Fees from the Waste Hauling Contract and has not expended them. This has resulted in a Fund balance of \$142,380 which can be used for any activity. In Fiscal Year 2017-18 the HPUD expended \$100,000 of Trash Funds to construct the Tito Park Light Project.

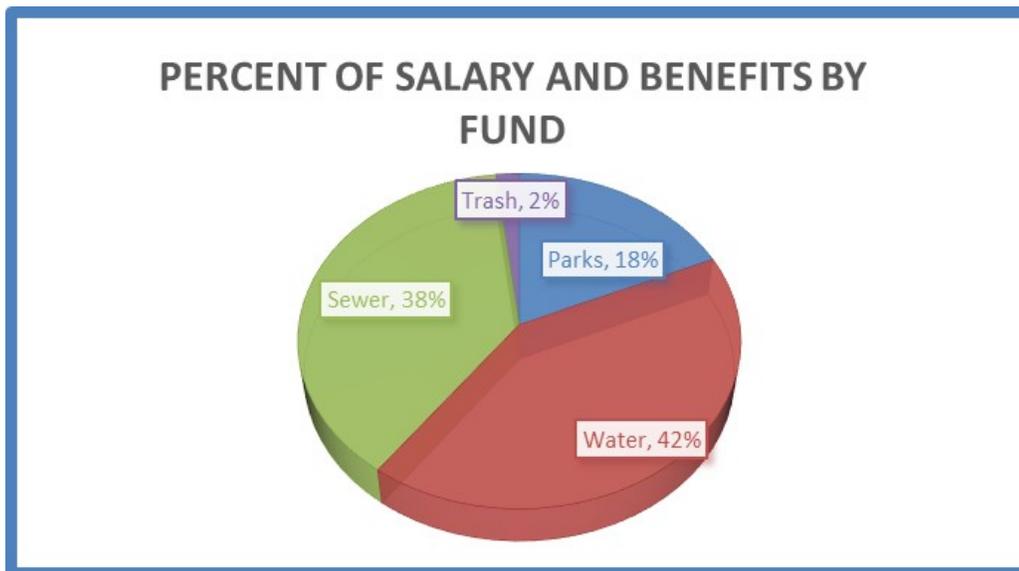
DAYS CASH RATIO ANALYSIS	Parks & Recreation	Water	Sewer	Trash	Totals
Cash Required Per Day for Operating Expenses	1,495	3,193	2,775	131	7,594
Number of Days Unassigned Cash on Hand	476	498	432	1,089	480

Memorandum of Understanding with Natural Resources Technical Association (NRTA)

The Memorandum of Understanding (MOU) with the HPUD employee bargaining unit the NRTA expires on June 30, 2019. Staff has worked closely with the NRTA to agree to several changes to the MOU that will result in lower personnel benefit costs to the HPUD. The HPUD and NRTA have not reached an agreement at this time.

Salary and Benefit Analysis

As is the case with most Cities and Special Districts, salaries and benefits are the largest percent of operating expenses. HPUD also has a large percent of our operating budget dedicated to supporting our employees. They are our greatest assets and must be compensated to market salaries and benefits in order to retain our work force. We lost two employees in FY 2018-19 and we have again hired into that position and our work force is complete. The table below shows the percent of total salary and benefit by fund.



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### Cal PERS and Social Security Payment

The HPUD administrative staff was informed by CalPERS and the Social Security Administration that we were not accurately paying four employees who are enrolled in CalPERS under the PEPRA guidelines. As a result, the HPUD Board authorized the payment of three years of Social Security taxes for the effected employees. This was a one-time payment and is not included when developing the FY 2019-20 budget projections.

### Enterprise Fund Rates

The District adopted Water and Sewer Capacity fees at the March 16, 2017 meeting, and the five-year Water and Sewer Rate Schedule Ordinances at the April 20, 2017 meeting. However, due to the large number of protest votes and in consideration of the public's concern, in FY 17-18 the HPUD Board implemented and collected from their customers a rate that was lower than the adopted rate. The following Fiscal Year 2018-19 the Board implemented the adopted rate.

The FY 2019-20 Budget implements the adopted rates according to the Rate Ordinances. Our residential customer's rates are as follows:

Year	Water	Sewer	Trash
<b>FY 18-19</b>	57.84	56.66	19.54
<b>FY 19-20</b>	59.54	58.62	19.83
<b>Increase</b>	1.70	1.96	0.29
<b>Total Increase Per Residential Customer</b>			<b>3.95</b>

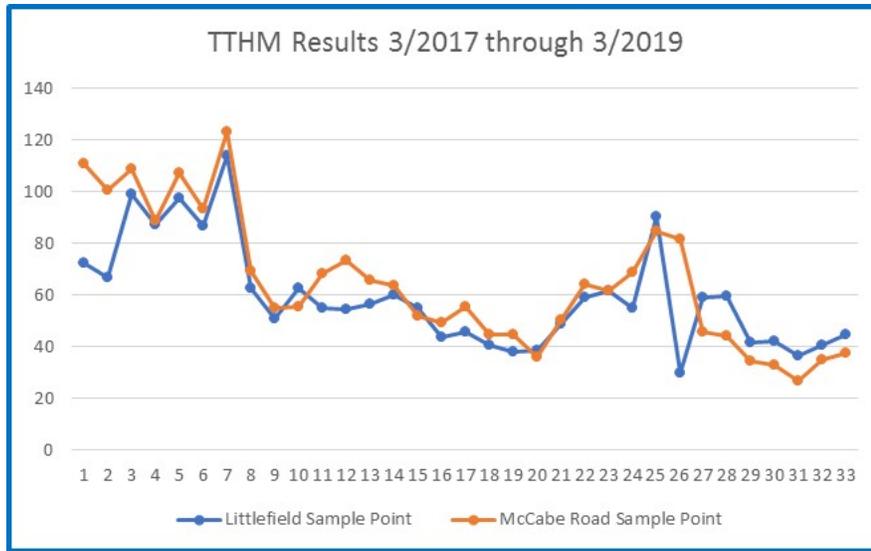
Additionally, CR&R, our waste hauler, has implemented a rate increase for our residential customers of \$0.29 per month. The total monthly increase for our residential customers for water, sewer and trash services will be \$3.95 per month.

### **Water Fund**

#### Water Facilities and Quality of Services Provided

Over the past years, the HPUD has made several improvements to our Water Treatment and Distribution services. After completion of the water treatment plant upgrade, we have been in compliance with Stage 2 Disinfection By-Product Rule established by Federal and State drinking water standards. The chart below shows the Total Trihalomethan test results from March 2017 to March 2019. When the TTHM Removal System was placed online the Total Trihalomethans were drastically reduced. The TTHM levels were reduced by 42% at the Littlefield sample location and by 49% at the McCabe Road sample location.

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The water treatment plant improvement project has improved our water quality and delivery. We are now positioned to welcome new homes and businesses to the Heber community as we have excess capacity in our wastewater plant and water plant. We have the capacity to provide an additional 2,000 water and sewer connections that would double Heber’s current population.

*Cross Connection Control Survey and Backflow Prevention Testing*

Every five years the HPUD is required to perform a Cross Connection Control Survey, which must be performed by a licensed survey provider. We completed our Cross Connection Control Survey (CCCS) which identified several properties that must install a backflow device and/or have the installed device tested and certified that it is working properly. Staff followed up with the CCCS and backflow certifications ensuring that the property owners have complied with this State and HPUD regulation.

In FY 18-19 the HPUD staff performed several maintenance projects to sustain and support our water treatment and distribution facilities. The FY 2019-20 budget includes funding for similar operations and maintenance to sustain and improve the water services provided. At the Treatment Plant, we cleaned two raw water storage basins, and inspected two potable water storage tanks. Finding that the raw water storage basins and potable water storage tanks are in good working condition and cleaned.

In the Distribution system, we experienced a large sink hole in our service area at the corner of Pitzer and Fawcett Road. After a multi-agency review of the sink hole it was determined that the cause was due to a leak in the Imperial Irrigation District underground water pipe which caused damage to ORMAT’s steam return pipelines as well as to the street infrastructure. The HPUD water and sewer lines were not damaged and were not the cause of the sink hole. We also had a water break at the corner of Hawk and Palm Avenues, and we experienced some difficulties when making the necessary repairs. This resulted in 24 customers being without water for over 30 hours. HPUD staff was unable to reroute these customers water as one of our valves was out of order and the cause of the leak. HPUD staff has identified the need for valve exercising equipment that will ensure we can identify and replace valves that are malfunctioning. Exercising valves is a very time consuming task requiring two staff

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members several hours to exercise just one valve. However with the equipment that is included in the FY 2019-20 budget it will be easily completed by one staff member in a fraction of the time.

### Water and Sewer Master Plan

The HPUD worked to support a grant application by the County of Imperial that will fund a water and sewer master plan. We anticipate this grant to be awarded and the project to be completed at the end of FY 2019-20.

## **Wastewater Fund**

### Wastewater Facilities.

The Wastewater Treatment and Collection Facilities are meeting and exceeding all State and Federal standards. The Regional Water Quality Control Board conducted an inspection of the Wastewater Plant and found no violations or notices. Our plant is operating at less than 50% capacity and is positioned to grow and allow future development within the District's Service Area.

The HPUD staff performed several maintenance projects, which saved the District several thousand dollars including the repair of the aerator wheels and gears. Additionally the HPUD staff has cleaned and flushed 2.56 miles of sewer lines with the vacator truck and is on track to complete the entire service area in FY 2019-20. The HPUD crew also used the vacator truck to drain and clean clarifier #1 at the Wastewater Treatment Plant, drain tank #2 at the Water Treatment Plant, Clean Ponds at the Water Treatment Plant, expose several service leaks and water line breaks.

## **Parks & Recreation Fund**

### Park Facilities.

The HPUD Board has authorized the development of grant application(s) for parks and recreation services. The District was awarded a \$75,000 grant from the IID Local Entity to construct a recreation facility at the District owned lot on the corner of Littlefield and Bloomfield. We have received 50% of the grant funds and staff is currently working on development of the project design and Request for Proposals for a pre-fabricated building and for the construction of on-site improvements.

The Heber community has a deficiency in Parks Facilities as we do not have adequate parks to meet the performance standard ratio of 5 acres for 1,000 in population. We are deficient 13.36 acres. In an effort to improve our community and parks and recreations facilities, the HPUD is applying for a Statewide Park Program grant which is funded through Prop 68. We have hired The Holt Group to help us apply and we are currently holding public meetings gathering input from the residents on the type of parks facilities they want in Heber.

In addition to planning for the future, the HPUD is working to complete improvements to Jiggs Johnson Park, which will include new signage, shade over the picnic area, and the installation of 27 solar lights along the walking path. The HPUD staff will be installing the solar lights in an effort to save money.

The HPUD Board approved a calendar of events for 2019 which includes the annual Fall Fiesta, Christmas Tree Lighting, Easter Egg Hunt, and movie nights with water features. A summary of the prior year events and associated costs are listed below. The FY 2019-20 budget includes some changes

**Heber Public Utility District**

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to the calendar of events in an effort to reduce overtime costs and to provide the most activities to more residents and guest at a lower cost.

<b>Recreation Activities 2018-2019</b>					
	<b>Parks &amp; Recreation</b>	<b>Water</b>	<b>Sewer</b>	<b>Trash</b>	<b>Total:</b>
<b>Heber Fall Fiesta</b>					
Public Outreach	\$ 14,451.75	\$ 5,826.81	\$ 5,511.82	\$ 1,811.48	\$27,601.86
Recreation Materials - Account	\$ 4,923.73	\$ -	\$ -	\$ -	\$ 4,923.73
					<u>\$32,525.59</u>
<b>Christmas</b>					
Recreation Materials - Account	\$ 7,591.73				\$ 7,591.73
<i>(Christmas Tree Cost: \$6,869.00)</i>					
<b>Egg-hunt</b>					
Public Outreach	\$ 428.57				\$ 428.57
Recreation Materials - Account	\$ 1,539.52				\$ 1,539.52
					<u>\$ 1,968.09</u>

**Trash Fund**

The Heber Public Utility District provides waste hauling services through a Franchise Agreement with CR&R. The Agreement was extended in 2016 and will expire in 2024. The extension included contract enhancements including: Senior Citizen Discount which currently has 160 participants; Rate Freeze for three year which expired in 2018; recycling education; excess dumping privileges at the El Centro facility; Landfill Disposal Rates Stability during term of Agreement; replacement of all carts; and continued funding of the \$2,000 community fund.

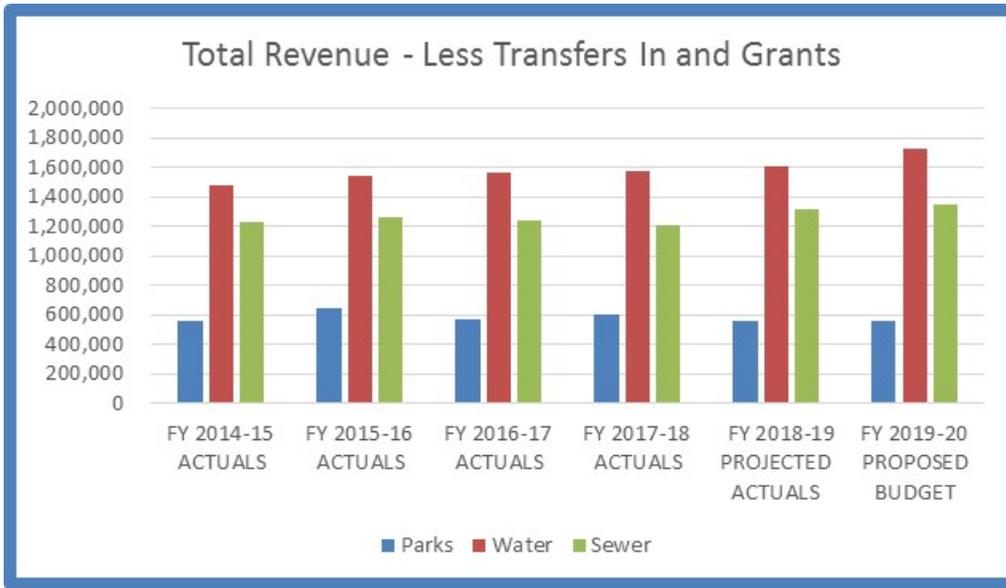
The Heber Public Utility District receives a 10% Franchise Fee on all revenues received from CR&R customers in our Service Area. These funds are appropriated to offset the cost of billing and managing the contract and Agreement with CR&R. Any excess funding can be expended for any purpose.

**FY 19-20 Revenue Analysis**

District wide revenues including all Funds are projected to increase by 4.3%, which is up from the 2.8% projected revenue increase in FY 2018-19. The Proposed FY 2019-20 Revenues are projected to remain fairly stable in the Parks and Recreation Fund with little or no increase expected. The Water Fund will see the greatest increase with 7.2% projected increase revenue, which is due to the implemented rate adjustment. The Sewer Fund will see a 2.6% percent increase again due the rate adjustment. Franchise Fees from the Solid Waste Hauling contract are a very low amount and any fluctuation in accounts receivable track at a high percentage.

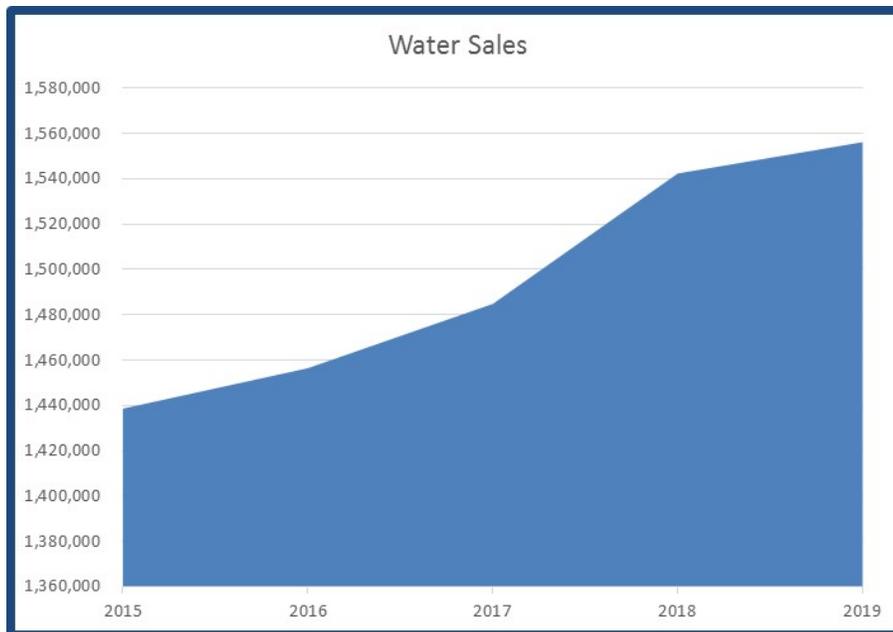
The chart below tracks the total revenues less any transfer in and grants. This give you a good overview of revenues generated by services provided.

**Heber Public Utility District**  
Fiscal Year 2019-20 Budget



Water Fund Revenues

The District increased water rates in FY 17-18 and implemented the rate adjustment in August 2017. The table bellows shows the water sales analysis for the past six years. You can see the lower water sales in FY 14-15 and 15-16 when the State mandated water conservation efforts were in place. These totals are only for water sales by all customer classes and do not include capacity fees and development fees or administrative and operating revenues. The increase projected water sales for FY 19-20 is 1% higher than the projected actuals for FY 2018-19. The increase is due to increase in water produced and sold as well as an increase in water rates. The actual dollar amount increase for FY 19-20 for water sales is projected to be \$17,839.



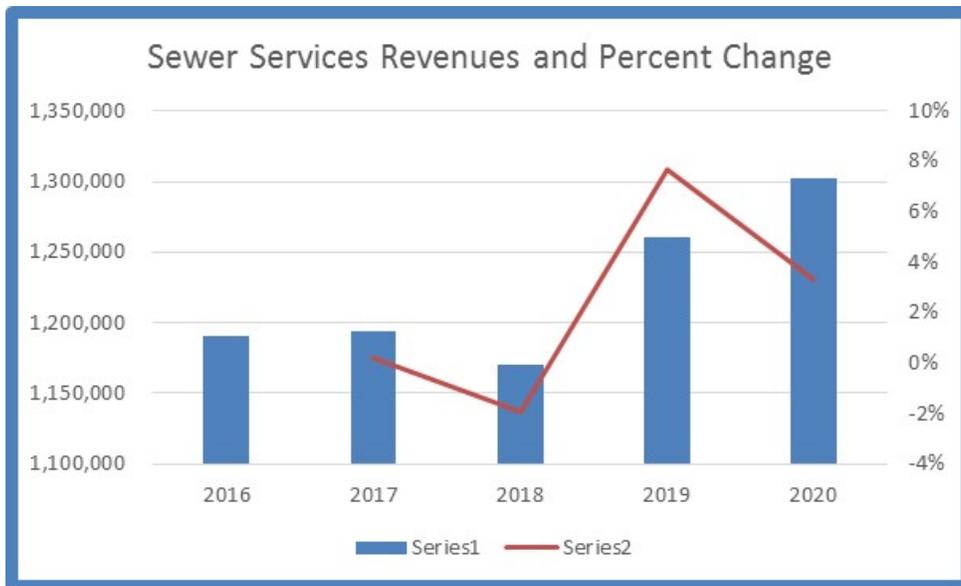
## Heber Public Utility District

Fiscal Year 2019-20 Budget

### Wastewater Fund

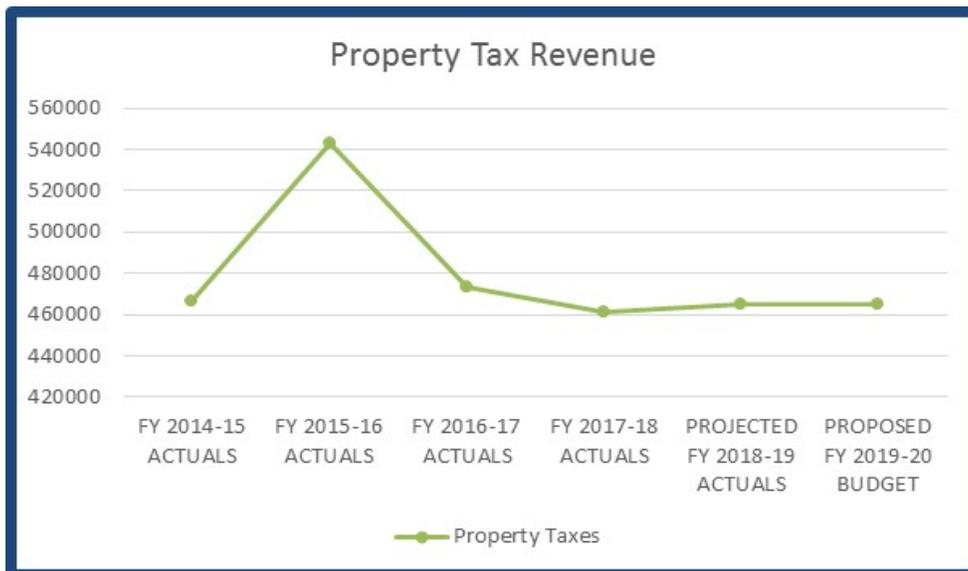
The wastewater revenues were flat from 2016 until the new rates were implemented in FY 2017-18 as is demonstrated in the sewer service revenue chart below. The decrease in FY 2017-18 revenues is due to the restructuring of the commercial, industrial and public customer class rates. They are now charged a lower monthly service charge and an additional amount based on water consumption. This allows the HPUD to collect a fair cost for customers that use large quantities of water that is sent into the collection system and our wastewater treatment plant.

The Sewer Rates are expected to increase from the Projected Actual FY 2018-19 by 3.3% in FY 2019-20.



### Property Tax

The Heber Public Utility District benefited from a significant increase in property tax revenue in FY 2015-16 due to increased property values and one-time funding from the State property tax swap. The FY 2019-20 Budget does not include an increase in property taxes and is based on the Projected Actual 2018-19 Budget.

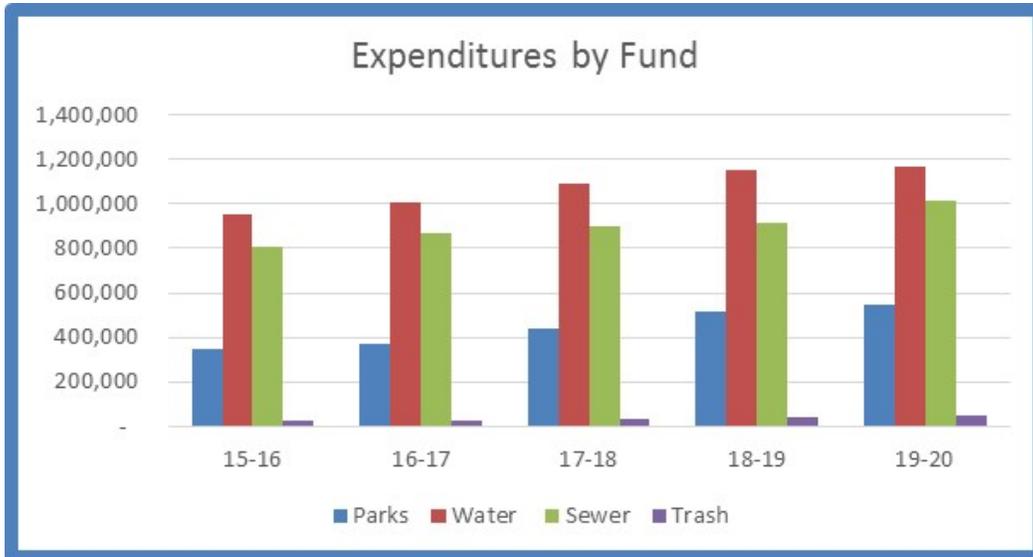


## Heber Public Utility District

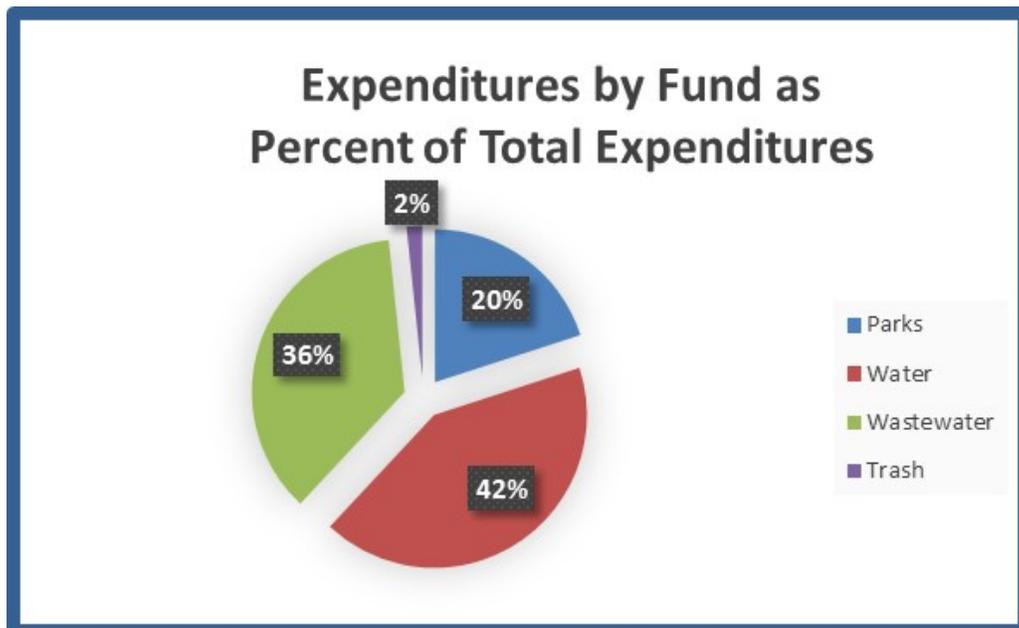
Fiscal Year 2019-20 Budget

### Expenditure Analysis

Overall Operating Expenditures have increased District wide by 5.71 % from the Projected FY 2018-19 actuals. This is due in part to increase in operating and maintenance expenses District wide.



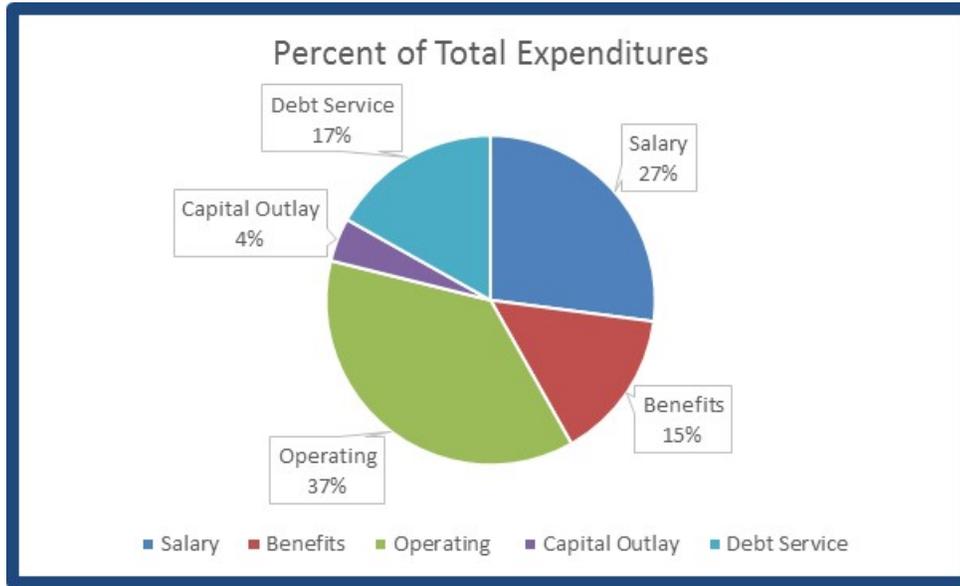
The percent of operating expenditures by Fund is presented in the chart below. As expected the Water Fund has the highest percent of expenditures at 42% followed by the Sewer Fund at 36% then the Parks and Recreation Department is at 20%. The Trash expenditures are only 2% of total expenditures for the Heber Public Utility District.



## Heber Public Utility District

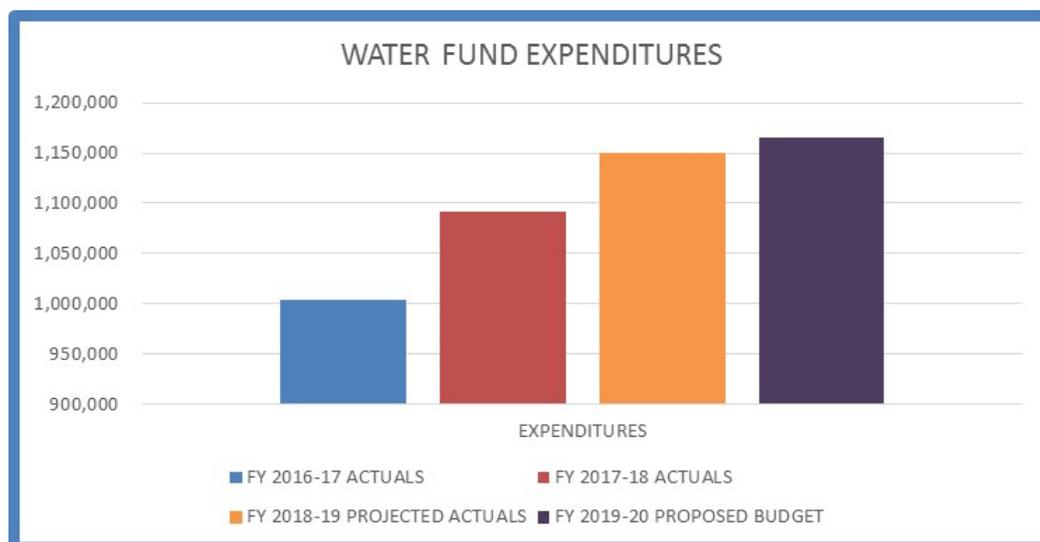
Fiscal Year 2019-20 Budget

One analysis that should be conducted in any enterprise agency is to determine the percent of total expenditures committed to specific cost categories such as labor, debt and financial obligations, capital outlay and operating expenditures. In the chart below you can see that District wide we expend 27% of our total budget on salaries and 15% on benefits. This means that a total of 42% of all expenses are labor costs. Our Debt is 17% but only our water and wastewater funds carry this debt. The Water Fund has 20% of their total revenue paying debt, and the Wastewater Fund has 19% of their total revenue paying debt.



### Water Fund Expenditure

The Water Fund operating budget without capital outlay and debt service expenses have increased over the past two years as indicated in the table below. The increase is due to increased personnel costs and the one-time payment of PEPRA employees Social Security taxes authorized by the HPUD Board. The total operating budget for FY 2019-20 has increased .3% (less than one percent) from the projected actuals in FY 2018-19.

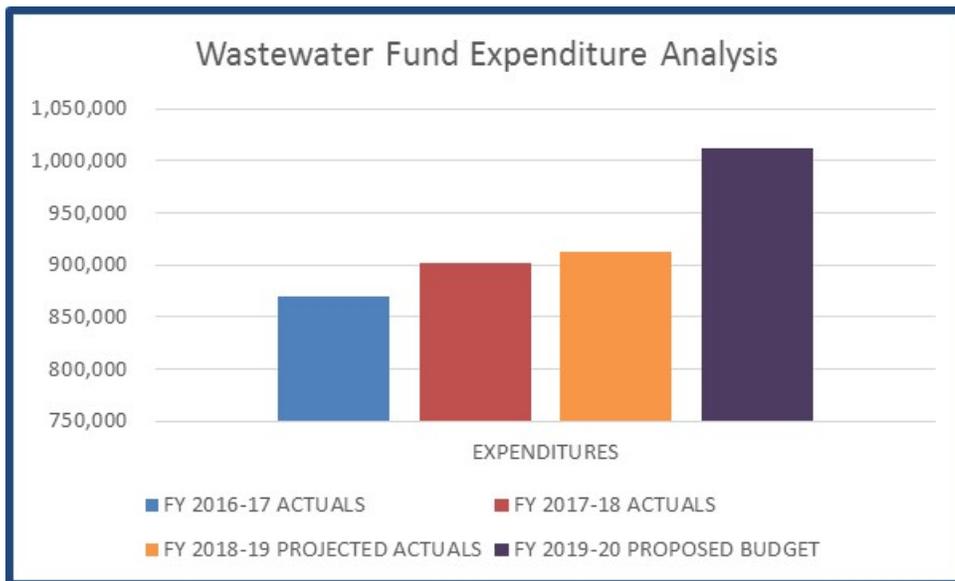


## Heber Public Utility District

Fiscal Year 2019-20 Budget

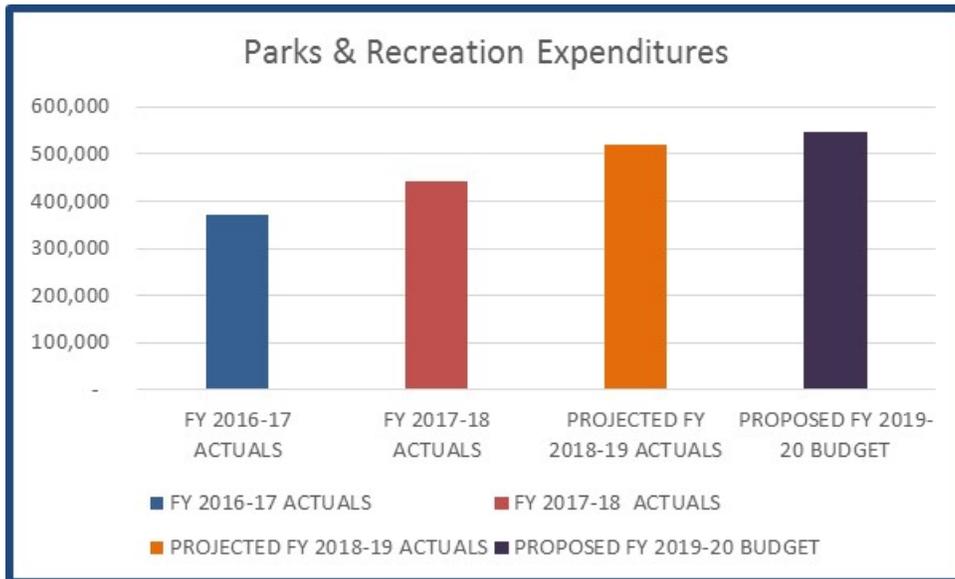
### Wastewater Expenditures

The Wastewater Fund operating budget without capital outlay and debt service expenses have increased over the past two years as indicated in the table below. The increase is due to increased personnel costs and the one-time payment of PEPRA employees Social Security taxes authorized by the HPUD Board. The total operating budget for FY 2019-20 has increased 10.9% from the projected actuals in FY 2018-19. This is due to increase in expenditures with plant maintenance, utilities and labor costs.



### Parks & Recreation Expenditures

Overall the Parks and Recreation Fund expenditures are increasing by 5.3% in FY 2019-20 over the projected actual FY 2018-19 expenditures. We increased our expected expenditures to repair street lights as in prior year we had to repair two street lights that were damaged. Additionally we have included funds to complete the grant application to the Statewide park program. The chart below shows the actual expenditures in FY 2016-17 and FY 2017-18 and the projected actuals in FY 2018-19 and the proposed budget for FY 2019-20.



## Staffing Levels

Staffing levels of 13 full-time equivalents are projected to remain the same in FY 2019-20 as they have been since FY 2016-17.

## Capital Budget Analysis

### Capital Outlay Budget

The FY 2019-20 capital budget includes expenditures for capital outlay in the amount of \$157,273 which includes purchase of 137 water meters, a storm water pump for retention basin, a valve exercising equipment for the water department, chainsaw pipe cutter for wastewater, safety shoring for water and sewer break repairs, and other short lived capital assets. The meters, equipment and pump will be paid from our Short-Lived Asset Reserve Account and is described in the Reserve Resolution 2019-03.

### Capital Improvements

The District Board of Directors continues to invest in Heber's future and the sustainability of our District services. We continue to replace old water meters and upgrade our meter reading technology as well as make improvements to our water distribution system infrastructure. Over the past four years, the District has replaced 1,325 water meters and 1200 electronic meter readers, which represents an investment of \$265,803. Our meter reading system is reading 92% of our meters, and are considered extremely accurate in their reading capabilities.

The District has completed phase five (5) of our manhole rehabilitation project as well as the rehabilitation of two lift stations. To date we have made a significant investment in our sewer collection system and have invested \$299,109 in manhole rehabilitation; \$120,072 at the Influent Pump Station; and \$164,531 to improve manholes and rehabilitate two lift stations.

In Fiscal Year 2019-20 the Heber Public Utility District has included in their Capital Improvement Program of Projects the completion of the Heber Recreation Room and Improvements to Jiggs Johnson Park; installing an 8" water line to loop our system on the north side of Highway 86 east of the railroad tracks; and complete the water and sewer master plan.

## Conclusion

The Heber Public Utility District continues to thrive as an organization. The budget demonstrates how the District is focusing on providing quality services and improving 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 2019-20 budget is balanced, and projects an increase in net revenues for all funds.

Respectfully Submitted,

Laura Fischer, General Manager

**RESOLUTION NO. 2019-02**

**A RESOLUTION OF THE HEBER PUBLIC  
UTILITY DISTRICT ADOPTING A BUDGET  
FOR FISCAL YEAR 2019-20**

**WHEREAS**, the General Manager has submitted the 2019-2020 Budget to the Board of Directors for its review and consideration in accordance with budget policies and objectives established by the Board of Directors, and

**WHEREAS**, the 2019-20 Budget is effective on July 1, 2019 and is based upon public comment and direction of the Board of Directors received at scheduled public meetings on May 16, 2019, and May 28, 2019; and

**WHEREAS**, in said fiscal year beginning July 1, 2019, there is hereby appropriated out of the Treasury of the Heber Public Utility District for District purposes and for allowances to be used by the various departments and activities of said District for the fiscal year 2019-20, the sum of \$3,517,473 in the amounts, allowances and estimates more particularly set forth and described in said budget on file in the District office; and

**WHEREAS**, the following monies are hereby appropriated from each fund in the following amounts:

<b>2019-2020 BUDGET</b>	<b>Parks &amp; Rec</b>	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>TOTAL Government Wide</b>
<b>Revenues</b>	561,000	1,613,700	1,346,400	48,900	3,570,000
<b>Total Revenues</b>	<b>\$ 561,000</b>	<b>\$ 1,613,700</b>	<b>\$ 1,346,400</b>	<b>\$ 48,900</b>	<b>\$ 3,570,000</b>
<b>Expenditures</b>					
Operating	545,700	1,165,500	1,012,800	48,100	2,772,100
Capital Outlay	10,800	109,373	37,100	-	157,273
Funds Transfers/Reserves	(48,900)	(109,473)	(37,100)		(195,473)
Debt Service	-	328,100	260,000	-	588,100
<b>Total Expenditures</b>	<b>507,600</b>	<b>1,493,500</b>	<b>1,272,800</b>	<b>48,100</b>	<b>3,322,000</b>
<b>To Fund Balance</b>	<b>\$ 53,400</b>	<b>\$ 120,200</b>	<b>\$ 73,600</b>	<b>\$ 800</b>	<b>248,000</b>

**WHEREAS**, all previous appropriations are hereby cancelled and the balances remaining therein are applied to finance the new appropriations set forth in this budget; and

**WHEREAS**, according to adopted Policy 3040.2, Any commitment of District funds for a purchase or expense greater than \$15,000.00 shall first be submitted to the Board of Directors for approval, or shall be in conformance with prior Board action and/or authorizations; and

**WHEREAS**, according to adopted Policy 2040.2.1, The General Manager may authorize expenditures greater than \$15,000.00 in certain circumstances that require immediate action. The General Manager will immediately report any such expense to the Board of Directors; and

**WHEREAS**, all increases in the Fiscal Year 2019-20 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. That the Board of Directors finds that the Fiscal Year 2019-20 Budget of \$3,517,473 is based upon reasonable estimates of revenues and expenditures resulting in a balanced budget.
3. That the Board of Directors of the Heber Public Utility District does hereby adopt this Resolution approving the Fiscal Year 2019-20 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 20<sup>th</sup> day of June 2019.

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Pompeyo Tabarez, Jr., Board President

ATTEST:

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Laura Fischer, General Manager on Behalf of the Clerk of the Board

APPROVE AS TO FORM:

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Steven M. Walker, General Counsel

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

I, Laura Fischer, General Manager on Behalf of the 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 20<sup>th</sup> day of June 2019.

By \_\_\_\_\_  
Laura Fischer, General Manager on Behalf of the Clerk of the Board



## Heber Public Utility District

**ADOPTED VIA RESOLUTION NO. 2019-02**

**Effective July 1, 2019**

**All Funds Summary FY 2019-20**

2019-2020 BUDGET	Parks & Rec	Water	Wastewater	Solid Waste	TOTAL Government Wide
<b>Revenues</b>	561,000	1,613,700	1,346,400	48,900	3,570,000
<b>Total Revenues</b>	<b>\$ 561,000</b>	<b>\$ 1,613,700</b>	<b>\$ 1,346,400</b>	<b>\$ 48,900</b>	<b>\$ 3,570,000</b>
<b>Expenditures</b>					
Operating	545,700	1,165,500	1,012,800	48,100	2,772,100
Capital Outlay	10,800	109,373	37,100	-	157,273
Funds Transfers/Reserves	(48,900)	(109,473)	(37,100)		(195,473)
Debt Service	-	328,100	260,000	-	588,100
<b>Total Expenditures</b>	<b>507,600</b>	<b>1,493,500</b>	<b>1,272,800</b>	<b>48,100</b>	<b>3,322,000</b>
<b>To Fund Balance</b>	<b>\$ 53,400</b>	<b>\$ 120,200</b>	<b>\$ 73,600</b>	<b>\$ 800</b>	<b>248,000</b>



Adopted Via Resolution 2019-02  
Effective July 1, 2019

**FISCAL YEAR 2019-2020 ALL OPERATING FUNDS BUDGET**

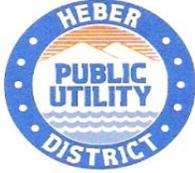
**REVENUES**

<b>REVENUES</b>	<b>Parks</b>	<b>Water</b>	<b>Sewer</b>	<b>Trash</b>	<b>Total</b>
Interest	-	1,500	1,500		3,000
Royalties (Geothermal)	3,300				3,300
Parks & Rec/Park Use	5,700				5,700
Other Revenues/Admin fees	1,200			1,600	2,800
Other Contributions (Donations)	2,500				2,500
Property Taxes	465,000				465,000
Capacity Fees					-
Residential		1,202,600	1,068,600	355,600	2,626,800
Multi-Residential		89,300	167,500	57,900	314,700
Commercial		27,400	14,900	33,000	75,300
Industrial		77,800	17,800	42,500	138,100
Public Agencies		87,800	33,700	32,000	153,500
Fire Protection -		2,700	-	-	2,700
OSA Water		68,600			68,600
New Service Fee		3,000	2,500		5,500
Penalties - Late fees		30,000	30,000		60,000
Reconnection Charge		8,000			8,000
Miscellaneous -(Backflow & NSF)		6,000	900		6,900
Parks Maintenance - CFDS & LLD	81,300				81,300
Rent - American Tower (Verizon)	-	9,000	9,000		18,000
Developer Fees - 15%					-
C R & R INVOICES - TO NET FRANCHISE FEE/Community Benefit	2,000			(473,700)	(471,700)
<b>Total Revenues</b>	<b>561,000</b>	<b>1,613,700</b>	<b>1,346,400</b>	<b>48,900</b>	<b>3,570,000</b>



**FISCAL YEAR 2019/2020 ALL OPERATING FUNDS BUDGET**

<b>EXPENDITURES</b>	<b>Parks</b>	<b>Water</b>	<b>Sewer</b>	<b>Trash</b>	<b>Total</b>
Salaries & Wages	168,200	405,700	348,300	17,800	\$940,000
Fringe Benefits	102,700	213,000	215,300	10,400	\$541,400
Uniforms & Safety Shoes	1,500	2,500	2,500	0	\$6,500
Training/Travel & Conferences	3,700	9,200	9,200	1,000	\$23,100
Safety Training	800	3,500	3,500	300	\$8,100
Mileage Reimb./Allowance	500	2,000	2,000	0	\$4,500
Sponsorship/Contributions	0	0	0	0	\$0
Recreation Activities	18,000	0	0	0	\$18,000
Movies Rental	1,900	0	0		\$1,900
Public Outreach	16,000	8,000	8,000	3,000	\$35,000
Raw Water Purchase	0	20,000	0	0	\$20,000
Wastewater Sludge Disposal	0	0	15,000	0	\$15,000
Chemical Purchases	0	80,000	8,000	0	\$88,000
Laboratory	0	12,000	25,000	0	\$37,000
Materials & Supplies - Regular Operation	25,000	17,000	20,000	0	\$62,000
Fire Hydrant Maintenance -	5,000	0	0		\$5,000
Office Services	8,000	30,000	30,000	2,000	\$70,000
Office Supplies	2,400	6,000	6,000	600	\$15,000
Postage	1,300	5,500	5,500	1,700	\$14,000
Miscellaneous	1,500	4,000	4,000	0	\$9,500
Maintenance & Repairs (Distribution)		85,000	0	0	\$85,000
Maintenance & Repairs (Collection)		0	30,000	0	\$30,000
Maintenance & Repairs (Parks)	30,000	0	0	0	\$30,000
Operation Maintenance & Repair - Treatment		25,000	60,000	0	\$85,000
Auto & Trucks Repair & Maintenance	4,000	6,000	3,500	0	\$13,500
Equipment Replacement (all other)	7,500	20,000	15,000	0	\$42,500
Plant, lab, Office Repairs (Buildings)	1,000	1,500	1,500	0	\$4,000
Equipment Rental	1,200	600	1,200	0	\$3,000
Diesel	500	4,500	4,000	0	\$9,000
Gasoline	4,000	2,000	3,000	0	\$9,000
UB Bad Debt		5,000	5,000	2,000	\$12,000
Accounting/Auditing	5,000	11,500	11,500	2,000	\$30,000
Engineering	5,000	3,000	3,000	0	\$11,000
Legal	2,000	3,500	3,500	1,000	\$10,000
Planning	10,000	5,000	5,000	0	\$20,000
Temporary Employment Services	1,500	5,000	5,000	2,000	\$13,500
Bank & Merchant fees	500	6,500	6,500	1,500	\$15,000
Lafco - Expenditures Share	800	2,000	2,000	200	\$5,000
Memberships/subscriptions	1,800	4,000	4,000	600	\$10,400
Licenses/Permits	0	7,000	25,000	0	\$32,000
Compliance & Pollution Tests	500	1,000	8,000	0	\$9,500
General Liability Insurance	11,500	32,000	28,000	2,000	\$73,500
Utilities	67,400	117,000	85,800	0	\$270,200
Street Lighting	35,000	0	0	0	\$35,000
<b>TOTALS</b>	<b>\$545,700</b>	<b>\$1,165,500</b>	<b>\$1,012,800</b>	<b>\$48,100</b>	<b>\$2,772,100</b>



FISCAL YEAR 2019/2020 ALL OPERATING FUNDS BUDGET

NET OPERATING INCOME

NET INCOME	Parks	Water	Sewer	Trash	Total
TOTAL REVENUES	\$561,000	\$1,613,700	\$1,346,400	\$48,900	\$3,570,000
OPERATING EXPENSES	\$545,700	\$1,165,500	\$1,012,800	\$48,100	\$2,772,100
<b>NET REVENUE (INCLUDING CAPACITY)</b>	<b>\$15,300</b>	<b>\$448,200</b>	<b>\$333,600</b>	<b>\$800</b>	<b>\$797,900</b>

Capital Outlay					
Capital Outlay (Office)	2,800	12,600	12,600		\$28,000
Capital Outlay (Equipment)	8,000	96,773	24,500		\$129,273
<b>NET AFTER CAPITAL OUTLAY EXPENSES</b>	<b>\$4,500</b>	<b>\$338,827</b>	<b>\$296,500</b>	<b>\$800</b>	<b>\$640,627</b>

Other Sources & Uses					
Inter-Funds - Transfers (In) and Out					
Land transfer to Wastewater Dues Payment Resol. 2018-09	(48,900)		0		(\$48,900)
Use of Short Lived Assets and or Repair and Replace reserves		(109,473)	(37,100)		(\$146,573)
<b>NET AFTER CAPITAL OUTLAY EXPENSES</b>	<b>\$53,400</b>	<b>\$448,300</b>	<b>\$333,600</b>	<b>\$800</b>	<b>\$836,100</b>

Debt Service					
DEBT SERVICE-Principal		251,900	215,100		\$467,000
DEBT SERVICE-Interest - 5800		76,200	44,900		\$121,100
<b>Debt Service Total -----&gt;</b>	<b>\$0</b>	<b>328,100</b>	<b>260,000</b>	<b>\$0</b>	<b>\$588,100</b>

<b>Net Income After Capital &amp; Debt Service -----&gt;</b>	<b>\$53,400</b>	<b>\$120,200</b>	<b>\$73,600</b>	<b>\$800</b>	<b>\$248,000</b>
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