



UTICA WATER AND POWER AUTHORITY

Resolution No. 22-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UTICA WATER AND POWER AUTHORITY ADOPTING THE REVISED UTICA RESERVE POLICY

WHEREAS, the Utica Water and Power Authority (Utica) Board of Directors adopted a Reserve Policy on June 23, 2020, to establish Reserve Fund Accounts for specific anticipated costs and to maintain adequate cashflow for the successful operation of the agency; and,

WHEREAS, Utica dedicated to prudent management of public funds and committed to ensuring fiscal responsibility and accountability in the expenditure of Agency funds; and,

WHEREAS, prudent fiscal management requires public agencies to establish reserve fund accounts which can be used in the event of financial emergencies, provide for protection against economic uncertainty and fluctuating revenues, maintain sufficient cash flow to pay for short and long-term operational and capital improvement costs and to maintain the financial solvency of the agency; and

WHEREAS, by the adoption of the resolution in 2020, the Board of Directors established five separate *Reserve Funds* consisting of an *Emergency Reserve*, *Operating Reserve*, *Capital Reserve*, *FERC Reserve*, and a *FERC/Dam Safety 5-year and 10-year Plan Reserve*; and

WHEREAS, as a cost-saving measure, the Utica Board wishes to reduce reserve contributions in three of the reserve accounts it created in 2020; and

WHEREAS, by the adoption of this resolution the Board of Directors shall eliminate the *Emergency Reserve* and *Capital Reserve* accounts and consolidate any funding therein into the *Operating Reserve*; and

WHEREAS, no changes will be made to the *FERC Reserve*, *FERC/Dam Safety 5-Year and 10-Year Plan Reserve* accounts or contribution schedules; and

WHEREAS, the Board of Directors shall retain control over the circumstance under which the *Operating Reserve*, *FERC Reserve*, and the *FERC/Dam Safety 5-year and 10-year Plan Reserve* can be used.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors does hereby amend the Reserve Policy to eliminate the *Emergency Reserve* and *Capital Reserve*, and consolidate all funds in those accounts into the *Operating Reserve*, and all reserve accounts will be funded per the schedule set forth below.

BE IT FURTHER RESOLVED that the Board of Directors of the UWPA does hereby determine and establish the following policies regarding reserve funds:

1. The establishment and purpose of the UWPA Reserve Funds shall be as follows:

Operating Reserve

An unrestricted fund balance set aside to stabilize UWPA finances by providing a cushion against unexpected events, losses of income, and large unbudgeted expenses, as well as for working capital and cash flow while awaiting revenues, reimbursements and/or grant funding. In addition, the Operating Reserve shall maintain any “over payments” made by the member agencies based on water year types during Fiscal Years 2020-21 and 2021-22. The Operating Reserve shall not be used to cover a long-term or permanent income shortfall, but shall only be used to address temporary, non-structural financial issues.

Operating Reserve funds are also intended to be used for Capital Projects and Emergencies per the guidelines set forth below:

Emergencies: Funds may be used in emergency situations involving a major facility or equipment failure, to provide resources to meet emergency expenditures in the case of flood, fire, drought or other natural disaster and/or the sudden loss of a major revenue source(s) resulting in a fifteen percent (15%) or more decline in annual UWPA revenues. Use of these funds during the fiscal year shall require a Board of Directors’ declared emergency.

Capital: Funds may be used to pay for unanticipated costs and/or cost overruns associated with the study, construction, re-construction, repair, replacement and/or upgrade of capital facilities costing \$50,000 or more, and/or the purchase of equipment and/or vehicles costing \$5,000 or more in any one fiscal year.

FERC Reserve

A restricted fund balance set aside to pay for anticipated costs for studies, environmental analysis, consulting fees, legal fees and such other expenses associated with activities to renew the Federal Energy Regulatory Commission (FERC) power generation license and/or to seek an exemption to licensing or other associated costs regarding the continued use or conversion of UWPA’s power facilities.

FERC/Dam Safety 5-year and 10-year Plan Reserve

A restricted fund balance set aside to pay for the anticipated cost of preparing various reports, plans, assessments and/or other documents that are required on a periodic basis to maintain compliance with the Federal Energy Regulatory Commission and/or California Department of Dam Safety and/or such other regulatory agency requirements.

2. Per recommendations from the *Independent Auditor's Report and Financial Statements for the Fiscal Year Ending June 30, 2019* as the base year, this policy hereby establishes a goal for accumulating and maintaining "target" thresholds as follows:

Operating Reserve – 15% of total *Operating Budget Expenses* exclusive of depreciation plus any *Debt Service*, or \$30,000 per year beginning in Fiscal Year 2022-23 until the accumulated total reaches 15% of *Operating Budget Expenses* exclusive of depreciation plus any *Debt Service*, or \$275,000.

FERC Reserve

Establish a \$3,150,000 Reserve over ten years as follows:

- 2022 - 23 FY: \$275,000
- 2023 - 24 FY: \$350,000
- 2024 - 25 FY thru the 2028 - 29 FY: \$400,000 each fiscal year

FERC/Dam Safety 5-year and 10-year Reserve

Establish a Reserve in an amount determined during the annual fiscal year budget process that will have sufficient funds to conduct the required activities in the fiscal year the activity is required.

3. Should the fund balance of the any of the reserve funds fall below the target, the General Manager shall prepare a plan for consideration by the UWPA Board of Directors to implement actions within a reasonable time period to rebuild the fund balance(s).
4. With the exception of allocating funds during the adoption of the annual budget, a four-fifths (4/5) vote of the Board of Directors is required for any appropriation and expenditure of funds from the Operating Reserve, FERC Reserve, or the FERC/Dam Safety 5-year and 10-year Reserve during the Fiscal Year for reasons other than there intended purpose.
5. Interest/Investment Returns accrued from each of these *Reserve Funds* shall remain in the corresponding fund until such time as they are fully funded in accordance with Section 2 above. Once fully funded the Interest/Investment Returns accrued shall be used to support the general UWPA operating budget with the exception of the *FERC Reserve* which shall continue to accumulate interest for the purposes intended.
6. The General Manager shall provide an update during discussions of the annual fiscal year budget on the status of each of the reserve accounts and as necessary during the fiscal year to keep the Board of Directors up to date on the status of the reserves. Based on the annual review the Board of Directors by majority vote modify the targeted amounts in each reserve category.

ON A MOTION by Director Broglia, and seconded by Director Conrado, the foregoing resolution was duly passed and adopted by the Board of Directors of the Utica Water and Power Authority, on the 24th of May, 2022, by the following vote:

AYES: Directors Chick, Broglia, Davis-Herndon, Rasmussen, Conrado
NOES: None
ABSTAIN: None
ABSENT: None

Ralph Chick

Ralph Chick, Board Chair

Lori Karnes

Lori Karnes, Clerk to the Board

Signature Certificate

Reference number: RD4SI-2Y9CT-QS68Z-FB9D9

Signer	Timestamp	Signature
Lori Karnes Email: admin@uticapower.net Sent: 03 Jun 2022 17:23:49 UTC Signed: 03 Jun 2022 17:23:49 UTC	03 Jun 2022 17:23:49 UTC 03 Jun 2022 17:23:49 UTC	 IP address: 96.92.110.142 Location: Stockton, United States
Rocky Chick Email: rockyc@uticawater.com Sent: 03 Jun 2022 17:23:49 UTC Viewed: 20 Jun 2022 14:56:02 UTC Signed: 20 Jun 2022 14:56:15 UTC	03 Jun 2022 17:23:49 UTC 20 Jun 2022 14:56:02 UTC 20 Jun 2022 14:56:15 UTC	 IP address: 66.178.169.181 Location: Rogue River, United States
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Utica Water and Power Authority: Projected Annual Power Sales Revenues

	WY1 MPH	WY1 APH	WY2 MPH	WY2 APH	WY3 MPH	WY3 APH	WY4 MPH	WY4 APH	WY5 MPH	WY5 APH	WY6 MPH	WY6 APH
May	\$ 104,213	\$ 47,196	\$ 89,919	\$ 39,230	\$ 76,641	\$ 31,595	\$ 63,145	\$ 23,463	\$ 51,114	\$ 15,164	\$ 39,084	\$ 6,866
June	\$ 104,595	\$ 45,971	\$ 89,951	\$ 37,780	\$ 76,562	\$ 30,070	\$ 62,749	\$ 21,718	\$ 51,107	\$ 13,688	\$ 39,464	\$ 5,657
July	\$ 104,640	\$ 43,903	\$ 91,342	\$ 36,601	\$ 77,296	\$ 28,468	\$ 60,777	\$ 18,261	\$ 51,153	\$ 11,623	\$ 39,603	\$ 3,656
August	\$ 106,385	\$ 44,981	\$ 93,302	\$ 37,844	\$ 78,966	\$ 29,546	\$ 65,900	\$ 21,745	\$ 53,869	\$ 13,447	\$ 42,320	\$ 5,480
September	\$ 88,265	\$ 45,160	\$ 91,838	\$ 38,253	\$ 77,931	\$ 30,223	\$ 64,554	\$ 22,192	\$ 54,076	\$ 14,964	\$ 42,433	\$ 6,934
October	\$ 85,980	\$ 51,377	\$ 90,296	\$ 44,904	\$ 83,504	\$ 36,606	\$ 69,133	\$ 27,976	\$ 57,103	\$ 19,677	\$ 45,554	\$ 11,711
November	\$ 80,446	\$ 55,452	\$ 69,417	\$ 47,582	\$ 76,236	\$ 40,354	\$ 63,129	\$ 32,484	\$ 51,486	\$ 24,453	\$ 40,077	\$ 16,583
December	\$ 105,892	\$ 57,591	\$ 92,316	\$ 50,122	\$ 79,478	\$ 42,820	\$ 53,888	\$ 26,389	\$ 53,648	\$ 26,223	\$ 42,339	\$ 18,422
January	\$ 103,784	\$ 56,479	\$ 90,002	\$ 48,844	\$ 77,460	\$ 41,708	\$ 60,818	\$ 31,418	\$ 51,194	\$ 24,779	\$ 39,885	\$ 16,979
February	\$ 92,162	\$ 50,069	\$ 79,520	\$ 43,023	\$ 68,453	\$ 36,727	\$ 56,497	\$ 29,532	\$ 45,413	\$ 21,886	\$ 33,678	\$ 13,791
March	\$ 101,934	\$ 55,251	\$ 88,191	\$ 47,616	\$ 75,689	\$ 40,480	\$ 61,973	\$ 32,181	\$ 49,942	\$ 23,883	\$ 38,634	\$ 16,082
April	\$ 101,630	\$ 54,753	\$ 86,076	\$ 45,920	\$ 74,676	\$ 39,495	\$ 58,344	\$ 29,376	\$ 49,030	\$ 22,952	\$ 37,387	\$ 14,921
Revenue	\$ 1,179,927	\$ 608,182	\$ 1,052,170	\$ 517,719	\$ 922,892	\$ 428,091	\$ 740,906	\$ 316,735	\$ 619,135	\$ 232,739	\$ 480,458	\$ 137,083
Total Revenue	\$1,788,109		\$1,569,889		\$1,350,984		\$1,057,641		\$851,874		\$617,541	