

# UTICA WATER AND POWER AUTHORITY

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**Date:** April 17, 2025  
**To:** Joel Metzger, General Manager  
**From:** Stacie Walker, Administrative Specialist  
**Re:** Discussion/Direction Regarding the Fiscal Year 2025-2026 Draft Budget

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## **STAFF RECOMMENDATION:**

Discussion/direction from the Budget Committee to the full Utica Board regarding the draft FY 2025-2026 Budget.

## **SUMMARY:**

Each year, the Utica Water and Power Authority (Utica) Budget Committee reviews and refines a draft budget for the upcoming fiscal year. The Committee makes recommendations to the full Board of Directors, which adopts the final version. The budget outlines how Utica plans to use its resources from July 1 to June 30 of the following year.

The budget determines how much funding Utica will need for the upcoming year to achieve the priorities set by the Board. Staff prepare a draft to account for all revenue sources, including hydropower sales, water sales, grant funding, lease agreements, and contributions from Joint Powers Authority (JPA) member agencies. It also outlines planned expenses, such as maintaining the water conveyance system and meeting state and federal reporting requirements. By law, the budget must be balanced.

Utica's budget depends on reliable financial support from its JPA member agencies, which are essential to maintaining the organization's financial stability.

Per a request from UPUD and COA, Utica staff worked with a rate consultant, HDR, in 2024 to develop a five-year funding plan that establishes fixed contributions from member agencies. This approach reduces annual volatility and improves long-term financial planning for all parties. Utica generally adopts its annual budget in May, in accordance with the JPA agreement, so member agencies can ensure consistency with their own budgeting processes.

<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>2028-2029</b>
<b>\$740,000</b>	<b>\$814,000</b>	<b>\$895,000</b>	<b>\$985,000</b>	<b>\$1,083,000</b>

## **HIGH-LEVEL BUDGET OVERVIEW:**

For the 2025-26 Fiscal Year (FY 25-26), Utica staff developed a draft budget using the fixed member agency contributions of \$407,000 each (\$814,000 total), as outlined in the JPA 5 Year Funding Plan. Despite applying the most favorable assumptions for revenue (Water Year 1) \$1,788,109, the initial budget draft showed a \$400,000 deficit.

To reduce the deficit and achieve a balanced budget, staff made a series of targeted cuts. The most significant adjustments included: reducing the annual contribution to the FERC Exemption/Relicensing Reserve by \$100,000 (the 2021 Board-adopted reserve policy stipulates a \$400,000 contribution), delaying the Murphys Powerhouse Relay Protection Project, delaying the purchase of a MPH transformer, and deferring a \$150,000 for Angels Penstock repairs/replacement while JPA managers and the Board continue to evaluate options, and removing funding for a replacement vehicle and heavy equipment attachments.

When building the annual budget, Utica staff review the chart of accounts to find any funds that are expected to be unspent at the end of the current fiscal year. Savings can come from project delays, lower-than-expected costs, or using resources more efficiently. Staff will continue to review each account in the coming months to refine projected carryover.

## **NEXT STEPS:**

The Budget Committee will review the draft budget in detail to help identify priorities, evaluate funding needs, and consider any adjustments. Staff plans to present an informational budget development agenda item to the full Utica Board on April 22.

The Budget Committee will meet again before making a final recommendation to the full Board of Directors for final approval of the FY 2025-2026 Budget.

## **ATTACHMENTS:**

1. Draft 2025-2026 Irrigation Addendums
2. Adopted FY 2024-2025 Budget
3. Draft FY 2025-2026 Budget

# ADDENDUM TO IRRIGATION WATER SALES CONTRACT

## *Above Murphys Powerhouse*

This Addendum is to the Irrigation Water Sales Contract (“Contract”) between the **Utica Water and Power Authority** (“Utica”) and **Contractor Name** (“Water Contractor”), hereafter referred to as the “Parties”.

1. **Extension and Annual Allocation.** The Parties desire to extend the Contract term for one year commencing on May 1, 2025, and terminating on April 30, 2026 (“2025 - 2026 water year”), and the Parties agree that the Water Contractor's total water use during the contract period shall not exceed **5 acre-feet**.
2. **Fees and Charges.** The Utica Water and Power Authority (Utica) Board of Directors approved the following fees and charges at the **April 22, 2025**, regular board meeting for the 2025 – 2026 irrigation season.
  - 2.1 Irrigation Season (May 1 to October 31) Water Use Fee:
    - Below Murphys Powerhouse: \$71.24 per acre-foot
  - 2.2 Irrigation Off-Season (November 1 to April 30) Water Use Fee:
    - Below Murphys Powerhouse: \$92.61 per acre-foot
  - 2.3 Administrative Fee:
    - \$374 annually per connection
  - 2.4 Meter Replacement/Repair Fee
    - \$100 annually per connection
  - 2.5 Operation & Maintenance Flat Fee:
    - \$216 annually per connection
  - 2.6 Meter Tampering Fee:
    - First Offense - cost of repair/staff time plus a \$100 tampering fee
    - Second Offense - cost of repair/staff time plus a \$250 tampering fee
    - Third Offense - cost of repair/staff time plus a \$500 tampering fee
    - Additional Offense(s) - discontinue service to contractor
  - 2.7 Exceeding Water Allocation:
    - The Water Use Fee for the Irrigation Season identified under Section 2.1 shall be doubled for all water use above the contractor's base acre-foot allocation each year.
    - Utica will notify the contractor if they are approaching their contracted limit for the season within one month of the expected overdraft.

- The Water Use Fee for Irrigation Off-Season identified under Section 2.2 shall be doubled for all water use above the contractor's base acre-foot allocation each year.

#### 2.8 Late Payment Fee

- In the event the Water Contractor fails to make payment within 30 days of the invoice due date, a late fee of 5% of the total invoice amount will be applied each month on the first day of the month until the past-due balance is paid in full. Contractors may make a written request for a payment plan to the Administration Department. If the payment plan is approved by the Administration Department in writing, and payments are not made per the payment plan, a late fee of 5% will be applied to the remaining delinquent balance each month on the first day of the month until the past-due balance is paid in full.

#### 3. **Minimum Usage and Fees.** The minimum fee for on-season water is:

- Above Murphys Powerhouse \$356.20 (\$71.24 per acre-foot).

#### 4. **Off-Season Usage.** Due to Utica's off-season operational constraints, Water Contractor must request off-season usage in writing with at least two business days advanced notice, and approval must be given by Utica staff in writing before any off-season water is used. Water Contractor must not turn on Utica's meter – only Utica staff are authorized to make meter adjustments. The off-season rate will be increased by 100 percent (doubled) if the Water Contractor diverts water during the off-season without Utica's written authorization, as a penalty for Water Contractor's noncompliance. Utica reserves the right to deny requests for off-season usage at its sole discretion. Unless off-season use permission is obtained, Utica staff will turn off the meter from November 1 through April 30. Off-season usage will be billed in 1 AF increments and will be assessed on May 1. Invoices will be sent within 14 business days.

#### 5. **Usage Restrictions.** Utica's monitoring and overhead costs increase as a contractor reaches or exceeds the contractual water allocation. This addendum provides for doubling the applicable rate for any water usage above the contract amount and capping the maximum usage at 120% of the contract amount. If the contractor exceeds the contract amount by more than 20%, Utica staff will turn off and lock the water service.

#### 6. **Transferability.** Agricultural Water Sales Contracts do not run with the property and can only be transferred to a new property owner by the authority of the Board of Directors in their sole and absolute discretion. Irrigation Water Sales Contracts with Utica have always been non-transferable and they are not appurtenant to the land. Utica does not guarantee transferability of Irrigation Water Sales Contracts. Utica retains the sole and absolute discretion to deny requests for new or renewed Irrigation Water Sales Contracts.

#### 7. **Tampering with Meters/Utica Facilities.** Water Contractor (and its agents and employees) shall not service, tamper or interfere with Utica's water meter or facilities, without limitation. In the event the meter is damaged due to Water Contractor's activities, the Water Contractor will be solely responsible for the cost of repairs and/or meter replacement plus a meter tampering fee. Should the meter need replacement the Water Contractor agrees to pay in full prior to installation. Refusal to pay for replacement or repair of a non-functioning meter within 30 days of invoice will result in discontinuation of water service.

8. **Backflow Requirement.** If Water Contractor's property is within the service area of a public utility (such as Union Public Utility District) and has a potable water connection from that water purveyor on the same parcel where Utica's ag service is installed, Water Contractor must follow the public utility's rules and regulations regarding cross-connection contamination prevention, which may include the installation of a backflow preventer on the treated water service connection. It is the Water Contractor's responsibility to contact their public utility to ensure these rules and regulations are followed and provide Utica with written documentation of adherence.
  
9. **Water Use.** Water is for irrigation purposes only. Potable use is prohibited.
  
10. **Reservation of Right to Curtail Water Deliveries.** The Board of Directors through its General Manager reserves the right at any time to curtail, reduce or cease water deliveries to agricultural contractors as a result of system maintenance, repair, or failure; by order of a higher authority for water conservation or other purposes; for non-payment by a contractor; for meter tampering; in the event a contractor exceeds their allocation by one hundred and twenty percent (120%) or for such other reason(s), as solely determined by the General Manager or Board of Directors, that may impact the overall reliability of the water supply and/or its impact on the reliability of the water supply to other contractors on the system and/or the ability of the Utica to physically or financially operate the water supply system.

Water Contractor expressly warrants and represents that its decision to request water from Utica and entering into this contract is voluntary and of the Water Contractor's own volition and as such, no charge or fee for the cost of water hereunder is being imposed upon Water Contractor under any legal authority on the part of Utica [for purposes of XIIC and XIID to the California Constitution (Proposition 218)].

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*General Manager*                      *Date*

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*Water Contractor*                      *Date*

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*Water Contractor*                      *Date*

**\*Initial billing for contractors with allocations exceeding 20 AF will consist of half of last year's "on-season" AF usage.**

# ADDENDUM TO IRRIGATION WATER SALES CONTRACT

## *Below Murphys Powerhouse*

This Addendum is to the Irrigation Water Sales Contract (“Contract”) between the **Utica Water and Power Authority** (“Utica”) and **Contractor Name** (“Water Contractor”), hereafter referred to as the “Parties”.

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2. **Fees and Charges.** The Utica Water and Power Authority (Utica) Board of Directors approved the following fees and charges at the **April 22, 2025**, regular board meeting for the 2025 – 2026 irrigation season.
  - 2.1 Irrigation Season (May 1 to October 31) Water Use Fee:
    - Below Murphys Powerhouse: \$29.62 per acre-foot
  - 2.2 Irrigation Off-Season (November 1 to April 30) Water Use Fee:
    - Below Murphys Powerhouse: \$38.51 per acre-foot
  - 2.3 Administrative Fee:
    - \$374 annually per connection
  - 2.4 Meter Replacement/Repair Fee
    - \$100 annually per connection
  - 2.5 Operation & Maintenance Flat Fee:
    - \$216 annually per connection
  - 2.6 Meter Tampering Fee:
    - First Offense - cost of repair/staff time plus a \$100 tampering fee
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3. **Minimum Usage and Fees.** The minimum fee for on-season water is:
  - Below Murphys Powerhouse \$148.01 (\$29.62 per acre-foot).
4. **Off-Season Usage.** Due to Utica's off-season operational constraints, Water Contractor must request off-season usage in writing with at least two business days advanced notice, and approval must be given by Utica staff in writing before any off-season water is used. Water Contractor must not turn on Utica's meter – only Utica staff are authorized to make meter adjustments. The off-season rate will be increased by 100 percent (doubled) if the Water Contractor diverts water during the off-season without Utica's written authorization, as a penalty for Water Contractor's noncompliance. Utica reserves the right to deny requests for off-season usage at its sole discretion. Unless off-season use permission is obtained, Utica staff will turn off the meter from November 1 through April 30. Off-season usage will be billed in 1 AF increments and will be assessed on May 1. Invoices will be sent within 14 business days.
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*General Manager*                      *Date*

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*Water Contractor*                      *Date*

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*Water Contractor*                      *Date*

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<b>Budget Summary</b>	<b>Budget FY 2024-25</b>
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Fiscal Year 2024-2025 v2

Adopted by the Utica Board on May 28, 2024

Adjusted by the Utica Board on January 28, 2025

**REVENUES:** Based on Water Year 1

**OPERATING INCOME GL 1200**

1200	Operating Income	\$2,559,678
<b>Total</b>		<b>\$2,559,678</b>

**NON OPERATING INCOME GL 1300**

1300	Non-Operating Income	\$142,281
<b>Total</b>		<b>\$142,281</b>

**RESERVES TRANSFER IN GL 1350**

1350	Reserve Transfers In	\$494,769
<b>Total</b>		<b>\$494,769</b>

**GRANT FUNDING INCOME GL 1400**

1400	Grant Funding Income	\$425,458
<b>Total</b>		<b>\$425,458</b>

**DISASTER RELIEF REIMBURSEMENTS GL 1500**

1500	01	Disaster Relief Reimbursements	\$0
<b>Total</b>			<b>\$0</b>

<b>TOTAL REVENUE</b>	<b>\$3,622,186</b>
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TOTAL REVENUES:	\$	3,622,186
TOTAL EXPENDITURES:	\$	3,780,451
SURPLUS/DEFICIT	\$	(158,265)
CARRY OVER 2023-2024	\$	158,267

<b>Budget Summary</b>	<b>Budget FY 2024-25</b>
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**EXPENDITURES:**

**WAGES/BENEFITS GL 3000**

3000	Wages, Benefits, Burden, On-Call, Overtime	\$1,294,811
<b>Total</b>		<b>\$1,294,811</b>

**SERVICES AND SUPPLIES GL 4000**

4100	Maintenance and Repairs	\$300,036
4110	Misc. Supplies	\$17,650
4120	Leases	\$13,698
4200	Property and Liability Insurance	\$101,453
4300	Memberships	\$16,327
4400	Professional Services	\$595,450
4500	Governmental Fees	\$97,870
4600	Communications	\$26,387
4700	Utilities	\$31,970
4800	Travel and Training	\$17,200
4900	Information Technology	\$10,300
<b>Total</b>		<b>\$1,228,341</b>

**CAPITAL IMPROVEMENT PROGRAM GL 5000**

5000	Powerhouses	\$ 177,500
5100	Conveyance	\$ 170,000
5200	General Projects	\$ 35,000
<b>Total</b>		<b>\$ 382,500</b>

**CAPTIAL OUTLAY GL 6000**

6000	Vehicle Replacement	\$0
6100	Equipment and Materials	\$21,000
<b>Total</b>		<b>21,000</b>

**RESERVES TRANSFER OUT GL 7000**

7000	FERC Relicensing / Exemption Fund	\$300,000
7200	Operating Reserve	\$30,000
7400	FERC 5-Year Plan Reserve	\$61,800
7500	FERC 10-Year Plan Reserve	\$12,000
<b>Total</b>		<b>\$403,800</b>

**GRANTS GL 8000**

8000	Grant-Funded Expenditures	\$450,000
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<b>TOTAL EXPENDITURES</b>		<b>\$3,780,451</b>
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# Fiscal Year 2025-2026 Budget Draft

GL	Sub GL	Description	FY 25-26 Draft Budget
		<b>Budget Balance</b>	<b>\$0</b>
-		<b>Revenues</b>	<b>\$3,666,577</b>
+		Operating Income	\$2,657,109
+		Non-Operating Income	\$153,527
+		Reserves Transfers In	\$270,000
+		Grant Funding	\$585,941
-		<b>Expenditures</b>	<b>\$3,748,912</b>
+		Wages & Benefits	\$1,370,944
-		<b>Services and Supplies</b>	<b>\$1,026,469</b>
+		Maintenance and Repairs	\$222,440
+		Misc. Services and Supplies	\$18,676
+		Leases and Subscriptions	\$14,141
+		Property and Liability Insurance	\$111,598
+		Memberships	\$18,790
+		Professional Services	\$446,858
+		Governmental / Other Fees	\$101,099
+		Communications	\$27,707
+		Utilities	\$33,050
+		Travel and Training	\$21,500
+		Information / Technology	\$10,609
-		<b>Capital Improvements</b>	<b>\$323,758</b>
+		Powerhouses	\$193,758
+		Water Conveyance	\$70,000
+		General Projects	\$60,000
-		<b>Capital Outlay</b>	<b>\$10,000</b>
+	6000	Vehicles	\$0
+	6100	Equipment and Materials	\$10,000
-		<b>Reserves</b>	<b>\$403,800</b>
+		FERC Relicensing / Exemption Reserve	\$300,000
+		Operating Reserve	\$30,000
+		FERC Five Year Plan Reserve Fund	\$61,800
+		FERC 10 Year Plan Reserve Fund	\$12,000
+		JPA Member Contribution Reserve Fund	\$0
+		<b>Grant Project Expenditures</b>	<b>\$613,941</b>