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## Budget Committee Meeting Minutes

April 24, 2023

### UTICA BUDGET COMMITTEE MEMBERS

Alvin Broglio, City of Angels – Utica Board Chair  
Gary Conrado – Utica Community At-Large Member

The Budget Committee of the Utica Water and Power Authority met at Utica's Headquarters, 1168 Booster Way, Angels Camp, CA 95222

**Item 1: CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- Director Broglio called the meeting to order at 9:02 a.m. and led the pledge of allegiance.

**Item 2: ROLL CALL**

**Directors present:**

- Director Broglio, Utica Board Chair, Representing City of Angels
- Director Conrado, Utica Community At-Large Member

**Directors absent:**

- None

**Staff present:**

- Joel Metzger, Utica General Manager
- Lori Karnes, Utica Administrative Technician
- Stacie Walker, Utica Administrative Specialist
- Kyle Rasmussen, Utica Water Conveyance Supervisor
- Frank Fields, Utica O&M Superintendent

**Others present:**

- Jessica Self, Union Public Utility District General Manager

**Item 3: APPROVAL OF AGENDA**

- Director Broglio made a motion to approve the agenda, seconded by Director Conrado.

**Item 4: PUBLIC COMMENTS**

- There was no public comment.

**Item 5: NEW BUSINESS: *Discussion and possible recommendations***

A. Review of FY 2023 – 2024 Draft Budget (Metzger)\*\*

Mr. Metzger gave an overview of the FY 2023-2024 Draft Budget. He reviewed the proposed adjustments recommended during the Budget Committee meeting on Wednesday April 12, 2023.

At 9:07 a.m. Rebecca Callen, City of Angels - City Administrator joined the meeting.

Proposed adjustments:

- Corrected a \$30,000 formula error in Capital Outlay. This was mostly offset by a \$25,000 grant for the Stephens Tower that Utica received but was not included in the FY 2022-2023 budget. Net increase of \$5,000 in Capital Outlay expenses.
- Calaveras Public Power Agency (CPPA) expense was reduced from \$15,000 to \$13,000. This change was made using pricing information from a recent CPPA meeting.
- \$135,000 was proposed to purchase Murphys Forebay trash rack/debris water screen materials. This does not include labor and installation costs.
- \$20,000 was proposed for IT outside support: Estimated to be \$18,000 - \$30,000/year. This will provide additional support and redundancy in the event Utica's IT Administrator needs assistance or is unavailable.
- \$55,000 was proposed in Capital Outlay to purchase a truck for the General Manager's use and hydroelectric operators at some point in the vehicle's useful life.
- Consider an increase to the Joint Powers Authority (JPA) contribution amount.

With these changes, Utica's budget shortfall was estimated to be \$224,000.

Options the Committee considered to balance the budget:

- Revenues: Hydro revenue may surpass projections in April, May, and June 2023. Utica is making more power in these months due to the large snowpack. Utica's FY 2022-2023 revenue is expected to exceed budget projections.
- Carryover: Carryover may be higher than projected.

- Reserves: A portion of the \$512,000 JPA Member Contribution Reserve could be used to make up deficits.
- JPA Contributions: The JPA contributions could be increased from \$250,000 each up to \$362,000 each. Per approved rate plans, the City of Angels (COA) and Union Public Utility District (UPUD) are expected to generate a combined \$825,000 in Utica fees in FY 2023-2024.
- Cuts: Cuts could be made to the budget to close the gap.

Mr. Metzger addressed the JPA contributions and informed the Committee that UPUD and COA could generate a combined \$825,000, per their approved rate plans. With the current rate plan for Water Year 3 in 2023-2024 COA could generate \$455,000. Ms. Callen commented that the rates are generating about \$40,000 - \$50,000 less than expected. Ms. Callen said her recommendation to Council will be to keep the Utica fees at a Water Year 3 level, so the City can build its reserves for Utica. Union Public Utility District is in the first year of a five-year rate plan and is expected to generate about \$370,000 in FY 2023-2024. Per Ms. Self and Ms. Callen, UPUD and COA have pulled from their reserves to cover the \$490,000 in water payments to Utica for FY 2022-2023.

Mr. Metzger talked about developing a long-term JPA funding agreement. Over the past several years, staff has recommended an agreement that would provide financial security and budgeting certainty for all parties. Staff recommended updating Utica's five-year budget projections, reaching an agreement on those numbers with UPUD and COA, and agreeing on an annual funding amount.

Director Conrado asked if Utica would buy the materials for the trash rack in FY 2023-2024. Mr. Fields said Utica would purchase the equipment. The installation will occur at a later date. Utica has attempted to secure grant funding for this project, but has not been successful yet.

Ms. Self asked what the potential increase in power sale revenue may be over the next few months. Conservatively, Utica estimates an additional \$70,000 in power revenue in the next three months.

The Committee discussed options to balance the budget. Ms. Self asked if Utica uses reserves to pay for Capital Improvement Plan projects (CIP). Union Public Utility District pays for 90% of its CIP projects from its reserves, according to Ms. Self. Utica could pull funds from its reserves to cover the budget shortfall. Mr. Metzger said that in most years revenues generated by Utica's powerhouses are supplementing the water delivery system costs.

Mr. Metzger mentioned that hydro revenues have supplemented the water conveyance system costs. For most of Utica's existence the JPA has made no contributions to Utica. For many years, no money was put into reserves by Utica

for CIP projects. These projects have become a priority for Utica over the past five years in order to keep the system functioning.

Mr. Metzger said that it is important to understand the legal requirements and obligations of the JPA member agencies. He recommended getting opinions from legal counsel and rate consultant professionals for clarification of these questions.

The Budget Committee recommended the following adjustments to the FY 2023-2024 Draft Budget:

- Increase the projected power sale revenue over the next three months by an estimated \$70,000
- \$20,000 – Outside IT services
- \$13,000 – Calaveras Power Agency
- \$55,000 – Vehicle
- \$135,000 – Murphys Forebay trash rack

The Committee also recommended to transfer any carryover from FY 2022-2023 to the JPA Contribution Reserve Fund. These funds will be transferred into the FY 2023-2024 Budget General Fund to help balance the budget. Secondly, for Committee members to brief their full governing body of the draft budget recommendations.

Further adjustments will need to be made through the end of the fiscal year. After the adjustments recommended at the meeting by the Budget Committee, Utica's budget shortfall as of April 24, 2023, is estimated to be \$63,000.

*\*\*Indicates no paperwork is attached in agenda packet.*

**Item 6: DIRECTOR COMMENTS AND / OR FUTURE AGENDA ITEMS**

**Item 7: ADJOURNMENT**

- Director Broglio adjourned the meeting at 10:15 a.m.

Approved at the May 23, 2023 Budget Committee meeting:

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Alvin Broglio, Chair

Attest:

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Lori Karnes, Board Clerk