

REVISED JOINT SPECIAL MEETING AGENDA

CITY COUNCIL OF THE CITY OF ANGELS, BOARD OF DIRECTORS OF UNION PUBLIC UTILITY DISTRICT, AND BOARD OF DIRECTORS OF UTICA WATER AND POWER AUTHORITY

5:30 PM Thursday June 13, 2024
Angels Camp Fire Department | 1404 Vallecito Rd, Angels Camp, CA 95222

The meeting is open to the public, offering limited seating on a first-come, first-served basis. Members of the public have the right to observe and offer public comment during the designated time.

CITY OF ANGELS (COA):

MAYOR: Jennifer Herndon

VICE MAYOR: Isabel Moncada

COUNCIL MEMBERS: Alvin Broglio, Michael Chimento, Caroline Schirato

UNION PUBLIC UTILITY DISTRICT (UPUD):

PRESIDENT: Eric Bottomley

VICE PRESIDENT: Greg Rasmussen

SECRETARY: Tom Quincy TREASURER: Bruce Tallakson DIRECTOR: Ralph Chick

UTICA WATER AND POWER AUTHORITY (UWPA):

CHAIR: Ralph Chick

VICE CHAIR: Caroline Schirato

SECRETARY: Jennifer Herndon DIRECTORS: Tom Quincy, Gary Conrado

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ORDER OF BUSINESS

CALL TO ORDER/THE PLEDGE OF ALLEGIANCE

1. **ROLL CALL**
2. **APPROVAL OF AGENDA**
3. **PUBLIC COMMENT:**

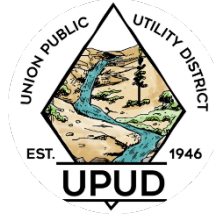
(LIMIT 5 MINUTES PER PERSON) Members of the public may address the Council and Boards on any item of public interest, not otherwise on the agenda that is within the jurisdiction of COA, UPUD, or UWPA. No action may be taken. Matters to be addressed may be referred to agency staff or placed on a subsequent meeting agenda.

4. **REGULAR AGENDA:**

- a. Discussion / direction regarding the proposed 5-year JPA funding agreement for the Utica Water and Power Authority.
(Joel Metzger, Utica Water and Power Authority)

5. **ADJOURNMENT**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at City Hall 209-736-2181. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title II) Materials related to an item on this Agenda submitted to the City Council after distribution of the Agenda packet are available for public inspection at City Hall at 200 Monte Verda Street Ste. B, Angels Camp, CA 95222 during normal business hours. The Agenda is also available on line at www.angelscamp.gov.



DATE: June 13, 2024

TO: City of Angels City Council
Union Public Utility District Board of Directors
Utica Water and Power Authority Board of Directors

FROM: Joel Metzger, General Manager, Utica Water and Power Authority

RE: Joint Powers Authority 5-Year Funding Agreement for the Utica Water and Power Authority

RECOMMENDATION:

Discussion / direction regarding the proposed Joint Powers Authority (JPA) Member Entity 5-Year Funding Agreement for the Utica Water and Power Authority (Utica).

BACKGROUND:

Utica hired HDR Engineering, Inc. to conduct a financial analysis and build a model that provides budget projections for Utica’s revenues and expenses over the next 5-10 years. The purpose of this analysis was for Utica staff to work with a consulting team that is qualified to perform rate studies and Proposition 218 proceedings in order to develop solid budget projections. These projections are needed by JPA member agencies to be incorporated into the JPA member entities’ rate studies that are being conducted in 2024.

There are many benefits to agreeing on a pre-determined JPA funding plan for five years. It will allow Utica to have a concrete number of how much funding is coming in each year from JPA members, and it gives the JPA members certainty for their annual payments. This will make the annual budgeting process much more efficient for all parties involved.

UTICA FINANCIAL ANALYSIS SCENARIOS:

The financial model developed by HDR was used to develop six funding scenarios. All scenarios assume Utica’s projected hydropower revenues will be at a Water Year 2.5 level, which is based on the average water year Utica has experienced over the past 10 years. Hydropower revenues range from about \$600,000 in a Water Year 6 (the worst water year) to \$1.8 million in a Water Year 1 (the best water year) (see attached Annual

Hydropower Revenue Projections). Utica’s Board-adopted budget has been between \$3 and \$4 million over the past few years, and is expected to be in the range in the coming five years.

The six scenarios developed by HDR range from fully funding Utica’s operations and maintenance (O&M), reserve contributions, and capital improvements (CIP) to other approaches that included cutting/deferring capital improvement projects, reducing reserve contributions, and taking on debt.

- Scenario 1: This scenario includes payments from each JPA member of \$650,000, for a total of \$1.3 million in Year 1. This amount would increase by 4.0% per year. By Year 5, each JPA member would contribute \$760,500 for a total of \$1.5 million.
 - Scenario 1 Impacts: If the FERC exemption is unsuccessful, this scenario is projected to result in budget shortfalls of between \$12,000 and \$162,000. If this scenario were approved, minimal cuts to Utica’s capital improvement plant and reserve contributions would be needed to balance the budget. If the FERC exemption is successful, and the Utica Board eliminates all contributions to the FERC Relicensing / Exemption Reserve and FERC 5 and 10-year reserve contributions, expenses could decrease by about \$470,000 annually.

- Scenario 6: This scenario includes payments from each JPA member of \$370,000 in Year 1 for a total of \$740,000. This amount would increase by 10% per year. By Year 5, each JPA member would contribute \$541,500 for a total of \$1.1 million.
 - Scenario 6 Impacts: If the FERC exemption is unsuccessful, this scenario results in projected budget shortfalls of between \$440,000 to \$650,000 per year. If this scenario is approved, Utica would have to cut its planned capital improvement plan and reserve contributions in each of the next five years. If the FERC exemption is successful, and the Utica Board eliminates all contributions to the FERC Relicensing / Exemption Reserve and FERC 5 and 10-year reserve contributions, expenses could decrease by about \$470,000 annually.

An overview of the financial analysis findings and various scenarios will be presented to the JPA Member Entity Joint Meeting on June 13.

FINANCIAL CONSIDERATIONS:

Each JPA member collects Utica fees from their customers differently and generates different amounts:

- UPUD currently charges all customers a Utica fee that is \$18 per month. Under its current rate structure, UPUD has 1,700 customers, which generates about \$370,000 in Utica fees on an annual basis.

- COA currently charges customers Utica fees that differ based on meter size.

Water Year 3 (Average)	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Utica Water And Power Contribution	\$405,068	\$417,220	\$429,737	\$442,629	\$455,908

<u>Meter Size</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
5/8"	\$12.61	\$12.92	\$13.24	\$13.57	\$13.91
3/4"	\$18.91	\$19.38	\$19.86	\$20.36	\$20.86
1"	\$31.52	\$32.30	\$33.11	\$33.93	\$34.77
1 1/2"	\$63.04	\$64.60	\$66.21	\$67.86	\$69.55
2"	\$100.86	\$103.37	\$105.94	\$108.57	\$111.27
3"	\$189.11	\$193.81	\$198.63	\$203.57	\$208.64
4"	\$315.18	\$323.02	\$331.05	\$339.29	\$347.73
6"	\$630.36	\$646.04	\$662.11	\$678.58	\$695.46

While the City’s 2019 Rate Study model projected Utica fees at a Water Year 4 (Average) level would generate \$455,000, COA staff are projecting that the total fees collected will be less than the projected amount – closer to \$406,000.

Both UPUD and COA built up Utica reserves when more money was collected from their ratepayers than what Utica requested to balance its budget. These reserves could be used to smooth contribution amounts over the next five years (see attached reserve summaries).

- COA’s projected Utica reserve at the end of FY 2023-2024: \$459,000
- UPUD’s projected Utica reserve at the end of FY 2023-2024: \$140,000

Any increase to Utica fees charged by UPUD or COA would need to be included in the rate studies that UPUD and COA are conducting in 2024, and the rate adjustments would need to go through the Proposition 218 process. If either agency’s Proposition 218 proceedings are unsuccessful, the 5-year JPA Funding Agreement would likely need to be reassessed.

ATTACHMENTS:

1. Proposed JPA 5-Year Funding Agreement for Utica
2. Utica’s Projected Annual Hydropower Revenues
3. COA’s Utica Reserve Summary
4. UWPA Water Years: 1999 – 2023
5. UWPA Capital Improvement Plan

Five-Year JPA Funding Scenario (DRAFT)

Section 5, Item A.

Fiscal Year	24-25	25-26	26-27	27-28	28-29
O&M	\$2,253,955	\$2,365,000	\$2,497,000	\$2,543,000	\$2,634,000
CIP	\$770,000	\$360,000	\$285,000	\$135,000	\$285,000
Capital Outlay	\$21,000	\$61,000	\$82,000	\$22,000	\$23,000
Reserve Contributions	\$503,800	\$503,800	\$503,800	\$503,800	\$503,800
Grant Projects	\$1,000,000	\$0	\$0	\$0	\$0
Total Annual Expenses	\$4,548,755	\$3,289,800	\$3,367,800	\$3,203,800	\$3,445,800
Total Utica Revenue	\$3,123,573	\$1,813,000	1,824,000	1,836,000	\$1,848,000
JPA Member Payments	\$740,000	\$814,000	\$895,000	\$985,000	\$1,083,000
Annual JPA Payment % Change		10%	10%	10%	10%
Remaining Budget Shortfall	(\$685,182)	(\$662,800)	(\$648,800)	(\$382,800)	(\$514,800)
Projected Carryover	\$ 150,182	\$ -	\$ -	\$ -	\$ -
Budget Balance Reserve Transfer		\$ 505,000			
CIP Cuts	\$ 435,000	\$ 57,800	\$ 285,000	\$ 135,000	\$ 285,000
Reserve Contribution Cuts	\$ 100,000	\$ 100,000	\$ 363,800	\$ 247,800	\$ 229,800
Balanced Budget	\$0	\$0	\$0	\$0	\$0

Five-Year Scenario If FERC Exemption is Successful (DRAFT)

Section 5, Item A.

Fiscal Year	24-25	25-26	26-27	27-28	28-29
O&M	\$2,253,955	\$2,365,000	\$2,497,000	\$2,543,000	\$2,634,000
CIP	\$770,000	\$360,000	\$285,000	\$135,000	\$285,000
Capital Outlay	\$21,000	\$61,000	\$82,000	\$22,000	\$23,000
Reserve Contributions	\$503,800	\$503,800	\$503,800	\$29,800	\$29,800
Grant Projects	\$1,000,000	\$0	\$0	\$0	\$0
Total Annual Expenses	\$4,548,755	\$3,289,800	\$3,367,800	\$2,729,800	\$2,971,800
Total Utica Revenue	\$3,123,573	\$1,813,000	1,824,000	1,836,000	\$1,848,000
JPA Member Payments	\$740,000	\$814,000	\$895,000	\$985,000	\$1,083,000
Annual JPA Payment % Change		10%	10%	10%	10%
Remaining Budget Shortfall	(\$685,182)	(\$662,800)	(\$648,800)	\$91,200	(\$40,800)
Projected Carryover	\$ 150,182	\$ -	\$ -	\$ -	\$ -
Budget Balance Reserve Transfer		\$ 505,000			
CIP Cuts	\$ 435,000	\$ 57,800	\$ 285,000		\$ 40,800
Reserve Contribution Cuts	\$ 100,000	\$ 100,000	\$ 363,800		\$ -
Balanced Budget	\$0	\$0	\$0	\$91,200	\$0

Utica Water and Power Authority: Projected Annual Power Sale Revenue

Section 5, Item A.

	WY1		WY2		WY3		WY4		WY5			
	MPH	APH	MPH	APH	MPH	APH	MPH	APH	MPH	APH	MPH	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	

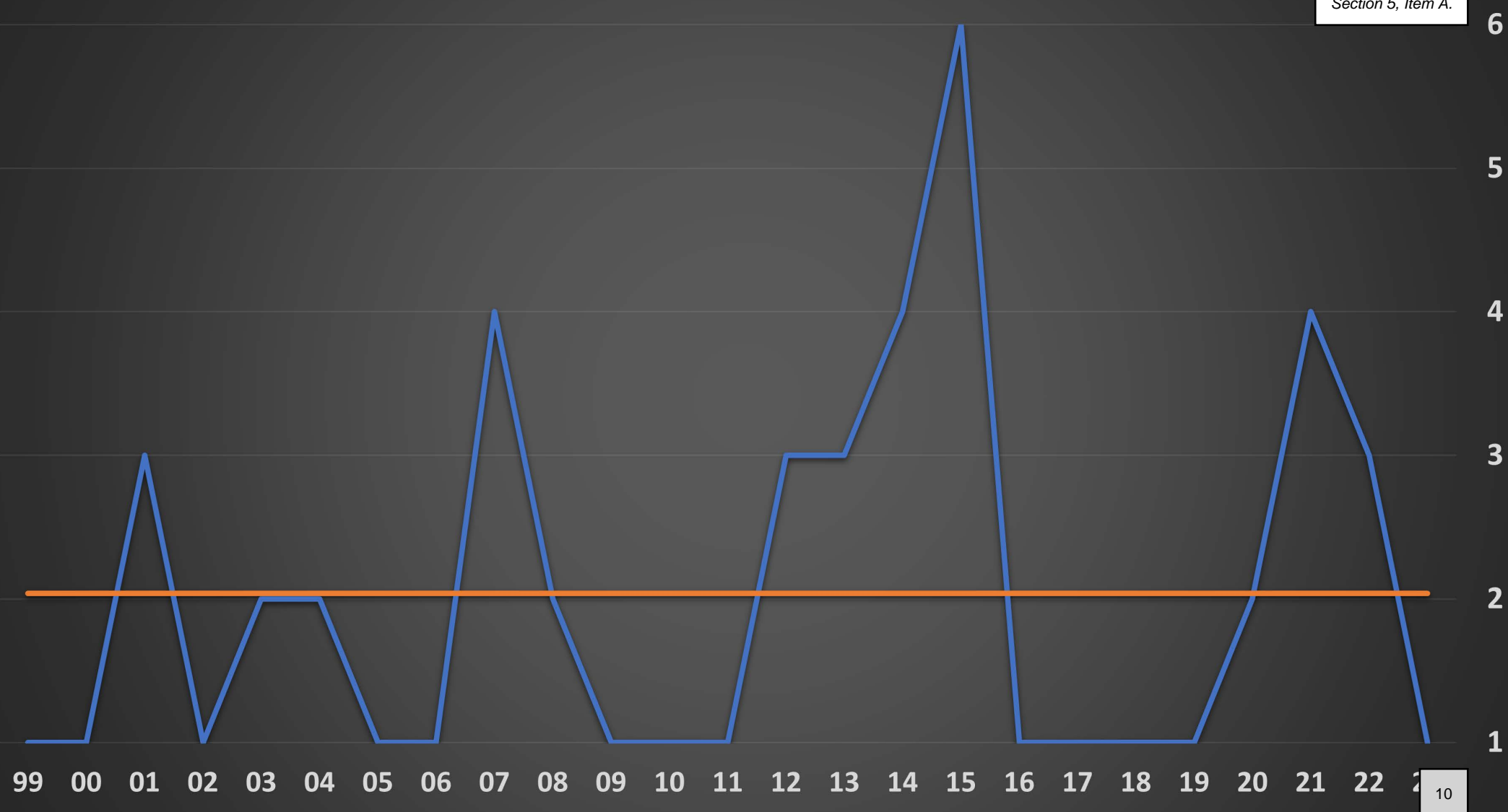
City of Angels
 UWPA Reserve Account Balances
 Reconciliation of Account FY 2019 - 2024

Fund Balance as of 2018 \$ 22,014.26

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue	85,720.45	585,420.68	380,692.41	389,074.86	456,951.80	405,895.64
Expense	85,301.00	180,070.00	415,000.00	417,000.00	490,000.00	290,000.00
	<u>419.45</u>	<u>405,350.68</u>	<u>(34,307.59)</u>	<u>(27,925.14)</u>	<u>(33,048.20)</u>	<u>115,895.64</u>
Fund						
240/241	22,433.71	427,784.39	405,350.68	371,043.09	-	
416	-	-	-	-	343,117.95	459,013.59
	<u>22,433.71</u>	<u>427,784.39</u>	<u>405,350.68</u>	<u>371,043.09</u>	<u>343,117.95</u>	<u>459,013.59</u>

Water Years From 1999-2023

Section 5, Item A.



Water Year Average Water Year

Adopted May 28, 2024

Utica Capital Improvement Plan: 2024 - 2029

	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>Five Year Total</u>
WATER CONVEYANCE						
MURPHYS TRASH RAKE	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ 140,000
S-66 / FRENCH GULCH WEIRS	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
ANGELS PENSTOCK REPLACEMENT				\$ 100,000	\$ 100,000	\$ 200,000
RESERVOIR SEDIMENT REMOVAL	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
GAGING STATIONS	\$ 10,000	-	-			\$ 10,000
AUTOMATED WASTEGATES AND CROSSGATES	\$ 50,000					\$ 50,000
SCOPING PROJECT						
WATER TOTAL:	\$ 200,000	\$ -	\$ -	\$ 100,000	\$ 250,000	\$ 550,000
GENERAL PROJECTS						
FEASIBILITY ASSESSMENTS & PLANNING	\$ 15,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 115,000
GENERAL FACILITIES	\$ 20,000	\$ 35,000	\$ 35,000	\$ 10,000	\$ 10,000	\$ 110,000
HUNTER RESERVOIR FUELS REDUCTION PROJECT	\$ 950,000					\$ 950,000
GENERAL TOTAL:	\$ 985,000	\$ 60,000	\$ 60,000	\$ 35,000	\$ 35,000	\$ 1,175,000
HYDROPOWER						
MPH Jet Controller Upgrade						
Murphys Powerhouse Relay Protection	\$ 50,000	\$ 150,000				\$ 200,000
APH DC/AC INVERTOR UPGRADE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APH DEFLECTOR CONTROL REPLACEMENT	\$ -		\$ 15,000			\$ 15,000
MURPHYS GOVERNOR RETROFIT	\$ 20,000			\$ -	\$ -	\$ 20,000
MPH 17 KV GENERATOR RECLOSURE BREAKER	\$ -			\$ -	\$ -	\$ -
MPH 17 KV LINE BREAKER	\$ -	\$ -	\$ -			\$ -
MPH BACKUP TRANSFORMER		\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 300,000
MPH STATIC EXCITER	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ 90,000
MPH COOLING WATER LINES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HYDROPOWER TOTAL:	\$ 160,000	\$ 300,000	\$ 165,000	\$ -	\$ -	\$ 625,000
FUTURE PROJECTS:						
MPH GENERATOR REWIND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APH GENERATOR REWIND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
APH BACKUP TRANSFORMER						\$ -
FUTURE TOTAL:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GRANT FUNDING						
HUNTER RESERVOIR FUELS REDUCTION PROJECT	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000
TOTAL CIP GRANT FUNDING	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000
	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>Five Year Total</u>
GENERAL FUND GRAND TOTAL	\$ 395,000	\$ 360,000	\$ 225,000	\$ 135,000	\$ 285,000	\$ 2,350,000