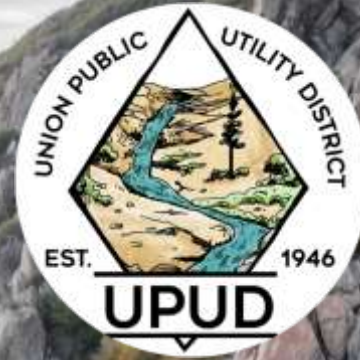


# JPA 5-Year Funding Agreement



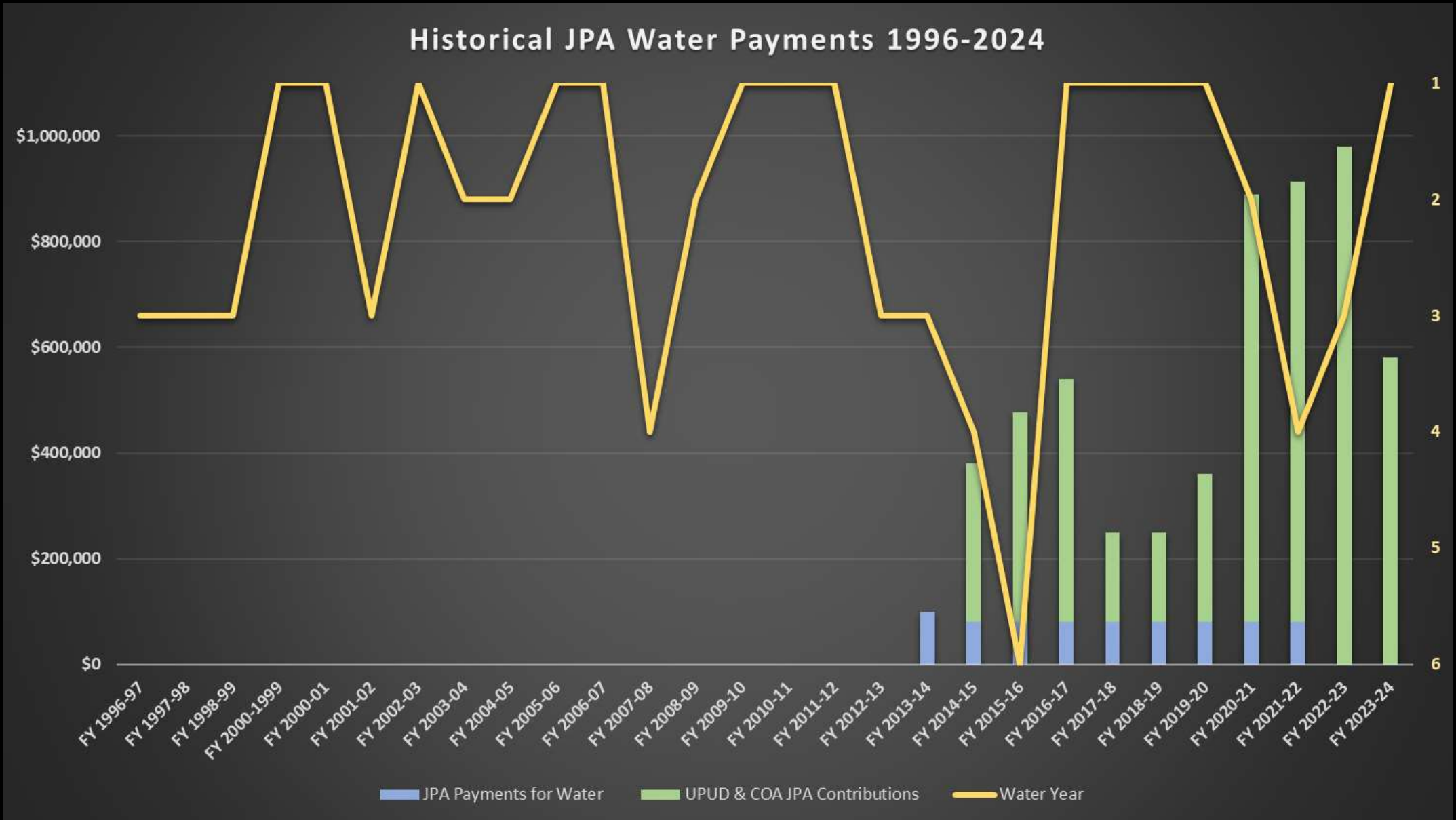
# Utica's Financial Analysis

Utica hired HDR (a qualified rate study consultant) to perform a financial analysis that developed projections of Utica's revenues and expenses over the next 5 years.

These costs are intended to be used in UPUD and COA's rate studies to ensure necessary rate revenues are collected to support Utica over the next five years.



# Historical JPA Contributions to Utica



# Initial Financial Analysis Funding Scenarios

Fiscal Year	23-24	24-25	25-26	26-27	27-28	28-29
<b>Scenario 1 – 2.5 Water Year (spend \$347,000 in budget balancing reserve)</b>						
Total Revenue	\$3,739	\$3,105	\$1,813	\$1,824	\$1,836	\$1,848
Total Expenses	\$3,827	\$4,342	\$3,321	\$3,248	\$3,311	\$3,531
Agency Contributions	\$580	\$1,300	\$1,352	\$1,406	\$1,462	\$1,521
Remaining Deficiency	--	\$62	(\$156)	(\$18)	(\$12)	(\$162)
Annual % Change	--	--	4.0%	4.0%	4.0%	4.0%
<b>Scenario 2 – 2.5 Water Year and FERC Relicensing Debt Funded (spend \$123,000 budget balancing reserve)</b>						
Total Revenue	\$3,739	\$3,105	\$1,813	\$1,824	\$1,836	\$1,848
Total Expenses	\$3,827	\$3,942	\$2,921	\$3,005	\$3,068	\$3,288
Agency Contributions	\$580	\$1,000	\$1,080	\$1,166	\$1,260	\$1,360
Remaining Deficiency	--	\$162	(\$28)	(\$15)	\$27	(\$80)
Annual % Change	--	--	8.0%	8.0%	8.0%	8.0%

Balance does not include current City of Angels or UPUD Revenue

All values in \$1,000s

# Revised Scenarios

After meeting with JPA managers, the Utica Budget Committee, and the full Utica Board, staff worked with HDR to build additional scenarios with lower contribution amounts from the JPA member entities.

The latest draft scenario starts contributions at \$370,000 each from UPUD and COA and increases by 10% annually.

# Five-Year JPA Funding Scenario **(DRAFT)**

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	\$345,000	\$285,000	\$135,000	\$285,000
Capital Outlay	\$21,000	\$71,000	\$22,000	\$82,000	\$23,000
Reserve Contributions	\$503,800	\$503,800	\$503,800	\$503,800	\$503,800
Grant Projects	\$1,000,000	\$0	\$0	\$0	\$0
<b>Total Annual Expenses</b>	<b>\$4,548,755</b>	<b>\$3,284,800</b>	<b>\$3,307,800</b>	<b>\$3,263,800</b>	<b>\$3,445,800</b>
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%
<b>Total Annual Revenue</b>	<b>\$3,863,573</b>	<b>\$2,627,000</b>	<b>\$2,719,000</b>	<b>\$2,821,000</b>	<b>\$2,931,000</b>
<b>Remaining Budget Shortfall</b>	<b>(\$685,182)</b>	<b>(\$657,800)</b>	<b>(\$588,800)</b>	<b>(\$442,800)</b>	<b>(\$514,800)</b>
Projected Carryover	\$ 150,182	\$ -	\$ -	\$ -	\$ -
Budget Balancing Reserve Transfer		\$ 505,000			
CIP Cuts	\$ 435,000	\$ 52,800	\$ 225,000	\$ 195,000	\$ 285,000
Reserve Contribution Cuts	\$ 100,000	\$ 100,000	\$ 363,800	\$ 247,800	\$ 229,800
<b>Total Cuts</b>	<b>\$ 535,000</b>	<b>\$ 152,800</b>	<b>\$ 588,800</b>	<b>\$ 442,800</b>	<b>\$ 514,800</b>
<b>Balanced Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Five-Year JPA Funding Scenario If **FERC Exemption** is Successful **(DRAFT)**

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	\$345,000	\$285,000	\$135,000	\$285,000
Capital Outlay	\$21,000	\$71,000	\$22,000	\$82,000	\$23,000
Reserve Contributions	\$503,800	\$503,800	\$503,800	\$29,800	\$29,800
Grant Projects	\$1,000,000	\$0	\$0	\$0	\$0
<b>Total Annual Expenses</b>	<b>\$4,548,755</b>	<b>\$3,284,800</b>	<b>\$3,307,800</b>	<b>\$2,789,800</b>	<b>\$2,971,800</b>
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%
<b>Total Annual Revenue</b>	<b>\$3,863,573</b>	<b>\$2,627,000</b>	<b>\$2,719,000</b>	<b>\$2,821,000</b>	<b>\$2,931,000</b>
<b>Remaining Budget Shortfall</b>	<b>(\$685,182)</b>	<b>(\$657,800)</b>	<b>(\$588,800)</b>	<b>\$31,200</b>	<b>(\$40,800)</b>
Projected Carryover	\$ 150,182	\$ -	\$ -	\$ -	\$ -
Budget Balance Reserve Transfer		\$ 505,000			
CIP Cuts	\$ 435,000	\$ 52,800	\$ 225,000		\$ 40,800
Reserve Contribution Cuts	\$ 100,000	\$ 100,000	\$ 363,800		\$ -
<b>Total Cuts</b>	<b>\$ 535,000</b>	<b>\$ 152,800</b>	<b>\$ 588,800</b>	<b>\$ -</b>	<b>\$ 40,800</b>
<b>Balanced Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Takeaway

Utica will still need contributions from City of Angels and Union Public Utility District to balance its budget, even if a FERC Exemption is successful.



# Funding Considerations

- Given feedback from JPA member agencies, the primary limiting factor for JPA member payments to Utica is the \$370,000 (reduced from about \$430,000) in Utica fees that UPUD can collect under its current rate structure
- The City of Angels expects to collect around \$400,000 per its existing rate structure
- JPA Member Agency Utica Reserve Balances
  - UPUD's Utica Reserve: \$193,000 as of January 2024 (subject to change)
  - COA's Utica Reserve: \$390,000 as of January 2024 (subject to change)
- Options to increase funding for Utica
  - The UPUD Board and City Council could approve a rate increase in FY 2024-2025, which could increase the amount of Utica fees collected during the next five years
  - UPUD and COA could spend a portion of their restricted Utica reserve funds to reduce the impact on customers

# Next Steps

- Following the presentation and discussion at the June 4 City Council meeting, it would be helpful if the Council could provide direction on its position on the JPA 5-year Funding Agreement for Utica.
- The Utica Board and UPUD Board recommended holding a JPA member entities joint meeting at 5:30 p.m. Thursday June 13, 2024, at the City of Angels Firehouse to make a decision on a 5-Year JPA Funding Agreement.
- Once an agreement is reached, Utica, UPUD, and COA should formally adopt the 5-Year Funding Agreement.

# Questions?

