



PARADISE IRRIGATION DISTRICT

6332 Clark Road, Paradise CA 95969 | Phone (530)877-4971 | Fax (530)876-0483

AGENDA

**Paradise Irrigation District
Finance Committee Meeting
6332 Clark Road, Paradise, CA 95969
(Directors Dan Hansen & Gregg Mowers)**

WEDNESDAY, MARCH 11, 2020 – 1:00 PM

- ❖ *The Board of Directors is committed to making its meetings accessible to all citizens. Any persons requiring a special accommodation to participate, is requested to contact the District Secretary at 530-877-4971, extension 2039 at least 48 hours in advance of the meeting.*

1. Opening

2. Public Participation

This is the time for members of the audience to present items not on the Agenda. No action can be taken on these items, but they may be placed on future agendas for consideration. Comments should be limited to a maximum of five minutes duration. If more time is needed, communication may be submitted in writing to committee members, or placed on the agenda for a future committee meeting.

3. Mid-Year Budget Review for Fiscal Year 2019/2020: Review of revenues and expenditures incurred during FY 2019/20 through 02/29/20.

4. Adjournment



Paradise Irrigation District

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Mid Year Budget Review FY 2019/20

1. **Overview** - Based on review of revenues and expenditures incurred during FY 2019/20 through 02/29/20, an additional decrease in cash of approximately \$1,592,500 is projected through the end of the fiscal year.
2. **Operational Highlights**
 - a. **Operating Revenue** – Total operating revenue is currently projected to be \$518,500 greater than originally estimated.
 - b. **Operating Expenses** – Total operating expenses are currently projected to be \$740,000 greater than originally estimated.
 - c. **Net Decrease in Operational Cash** – The increases to projected operating revenue and operating expenses result in a net decrease of \$221,500 in overall operating cash.
3. **Funding Highlights**
 - a. **Insurance Proceeds** – Total insurance proceeds are approximately \$1,130,000 greater than originally projected based on processing of insurance claims quicker than originally expected at the time of budget development.
 - b. **California State Backfill Funding** – Total funding from the state to help compensate for lost revenues is \$374,000 greater than originally projected. The original projection was based on an estimate of funds to be received in the current fiscal year.
4. **Recovery Related Expenditures Highlights**
 - a. **Materials and Services** – Total recovery related materials and construction services expenditures are currently projected to be approximately \$1,750,000 greater than originally estimated.
 - b. **Professional Services** – Total recovery related professional services expenditures are currently projected to be approximately \$875,000 greater than originally estimated. This includes services relating to facilities smoke cleaning, mutual aid, legal, project management, and public assistance consulting.
 - c. **Water Sampling** – Total water sampling expenditures are currently projected to be approximately \$250,000 greater than originally estimated.

Paradise Irrigation District
FY 2019/20 Mid Year Budget Update
Financial Summary

	2018/19 Actual	2019/20 Budget Original	Budget Adjustment	2019/20 Budget Adjusted	2019/20 Actual to Date
Cash Balance					
REVENUES:					
Water Sales	5,365,105	2,301,554	-	2,301,554	1,543,998
Outside Water Sales	68,689	-	100,000	100,000	77,848
Other	652,634	719,240	300,000	1,019,240	749,045
Interest	12,760	60,000	-	60,000	53,108
Taxes - 1%	286,826	270,000	30,000	300,000	296,165
FMV Gain/Loss - Securities	1,031	-	-	-	(167)
Inc-Assessment Res (PID Share)	-	-	-	-	-
Grant Rev	-	-	25,500	25,500	25,500
\$1 Surcharge for Capital Projects	-	-	-	-	-
Annexation	-	-	-	-	-
Inc-Save-A-Can/Buy-A-Fish	747	-	-	-	-
Inc-Capacity Fees	35,008	-	13,000	13,000	13,128
Revenue - PFD	73,308	-	50,000	50,000	35,425
Total Revenue	6,496,107	3,350,794	518,500	3,869,294	2,794,051
EXPENDITURES:					
Operating	4,990,364	5,311,705	740,000	6,051,705	3,464,583
Pipeline	290,729	-	-	-	-
Debt Service	609,108	841,723	-	841,723	422,456
Save a Can	-	-	-	-	-
PFD	8,414	-	-	-	34,043
Total Expenditures	5,898,615	6,153,427	740,000	6,893,427	3,921,083
Increase/(Decrease) in Cash before Recovery, Debt Proceeds, and Capital Improvements	597,493	(2,802,633)	(221,500)	(3,024,133)	(1,127,032)
Debt Proceeds	-	-	-	-	-
Increase/(Decrease) in Cash before Recovery and Capital Improvements	597,493	(2,802,633)	(221,500)	(3,024,133)	(1,127,032)
FEMA Reimbursements	1,217,402	2,625,000	-	2,625,000	-
Insurance Proceeds	1,350,000	2,950,000	1,130,000	4,080,000	4,084,707
State Funding	-	7,000,000	374,000	7,374,000	7,374,330
	2,567,402	12,575,000	1,504,000	14,079,000	11,459,037
Cash Available for Recovery/Capital Projects	3,164,895	9,772,367	1,282,500	11,054,867	10,332,005
Capital/Recovery Projects	(2,378,529)	(3,425,000)	(2,875,000)	(6,300,000)	(4,337,951)
Increase/(Decrease) in Cash	786,365	6,347,367	(1,592,500)	4,754,867	5,994,054
Beginning Cash Balance	3,257,432	4,043,797	-	4,043,797	4,043,797
Ending Cash Balance	4,043,797	10,391,164	-	8,798,664	10,037,852

Paradise Irrigation District
FY 2019/20 Mid Year Budget Update
Revenue Summary

	FY 2019/20 Estimate	FY 2019/20 Actual through 02/29/20	Variance to Date	Recommended Budget Adjustment	Reference
<u>General Fund/Operating</u>					
Water - Service	2,295,054	1,536,585	(758,469)		
Water - Consumption	-	(918)	(918)		
Water - Fees & Adjustments	6,500	8,331	1,831		
Outside Water Sales	-	77,848	77,848	100,000	1.
Meter Revenue	511,300	662,122	150,822	350,000	2.
Recreation & Boating Permits	10,000	11,058	1,058		
Backflow Check	4,000	480	(3,520)		
Rents	15,180	8,686	(6,494)		
Escrow Fees	5,000	-	(5,000)		
Custom Work/PFD Reimbursement	173,760	58,080	(115,680)	(50,000)	3.
Misc	-	8,620	8,620		
Total Operating Income	3,020,794	2,370,891	(649,903)	400,000	
<u>Special Revenue Fund</u>					
Capital Improvement Program					
Taxes - 1%	270,000	296,165	26,165	30,000	4.
Interest	60,000	53,108	(6,892)		
FMV Gain/Loss - Securities	-	(167)	(167)		
Inc-Capacity Fees	-	13,128	13,128	13,000	5.
Grant	-	25,500	25,500	25,500	6.
Total Capital Improvement	330,000	387,734	57,734	68,500	
<u>Debt Service Fund</u>					
Inc-Assessment Res (PID Share)	-	-	-		
Interest	-	-	-		
Total Debt Service	-	-	-	-	
<u>Recovery Proceeds</u>					
State Backfill Funding	7,000,000	7,374,330	374,330	374,000	7.
FEMA Reimbursements	2,625,000	-	(2,625,000)		
Insurance Proceeds	2,950,000	4,084,707	1,134,707	1,130,000	8.
Total Recovery Proceeds	12,575,000	11,459,037	(1,115,963)	1,504,000	
<u>PFD</u>					
Revenue - PFD	-	35,425	35,425	50,000	3.
PFD - Interest Income	-	-	-		
Total PFD	-	35,425	35,425	50,000	
Total Revenue	15,925,794	14,253,088	(1,672,706)	2,022,500	

Paradise Irrigation District
FY 2019/20 Mid Year Budget Update
Revenue Summary

Recommended Revenue Budget Adjustments

1. **Outside Water Sales** - This increase includes charges for water sales to Del Oro that are expected to be collected through fiscal year end.
2. **Meter Revenue** - The demand for interim backflow devices was much higher than originally projected, which resulted in an increased material cost and related revenues. Based on the average number of backflows installed per month to date, the additional revenues estimated through the end of the fiscal year is approximately \$350,000. These revenues offset the labor and material costs of installation.
3. **PFD Reimbursement / Revenue PFD** - The revenues associated with PFD billings are recommended to be moved to a separate line item below for improved tracking.
4. **Taxes 1%** - The original budgeted tax revenue was estimated based on historical averages. PID has received a greater amount of property tax revenue than originally projected.
5. **Capacity Fees** - Capacity fees were not originally budgeted as capacity increases were unknown at the time of initial budget development. The increase to capacity fees represents funds received to date.
6. **Grants** - The District received a grant from North Valley Community Foundation - Butte Strong Fund to provide funding for 5-gallon potable water jugs to be provided free of cost to PID customers. This program was not estimated at the time of the original budget development.
7. **State Backfill Funding** - The original projection was based on an estimate of funds to be received in the current fiscal year. The increase to the budgeted amount represents an increase to actual funds received to date.
8. **Insurance Proceeds** - The original projection was based on an estimate of funds to be received in the current fiscal year. The increase to the budgeted amount represents an increase to actual funds received to date based on processing of insurance claims quicker than originally expected at the time of budget development.

Paradise Irrigation District
 FY 2019/20 Mid Year Budget Update
 Operational Expense Summary

	FY 2019/20 Estimate	FY 2019/20 Actual through 02/29/20	Variance to Date	Recommended Increase to Budget	Reference
Source of Supply					
Salary and Benefits	-	-	-	-	
Materials and Supplies	26,500	-	(26,500)	-	
Outside Services	7,070	29,208	22,138	170,000	1.
Utilities	3,100	197	(2,903)	-	
Insurance	-	-	-	-	
Total Source and Supply	36,670	29,405	(7,265)	170,000	
Security & Recreation					
Salary and Benefits	-	41,743	41,743	45,000	2.
Materials and Supplies	4,200	-	(4,200)	-	
Outside Services	4,350	36	(4,314)	-	
Utilities	2,700	900	(1,800)	-	
Insurance	1,565	1,500	(65)	-	
Total Security & Recreation	12,815	44,179	31,364	45,000	
Water Treatment					
Salary and Benefits	791,949	660,741	(131,208)	150,000	3.
Materials and Supplies	231,900	62,241	(169,659)	-	
Outside Services	71,250	30,288	(40,962)	-	
Utilities	153,300	85,505	(67,795)	-	
Insurance	17,740	17,000	(740)	-	
Total Water Treatment	1,266,139	855,775	(410,364)	150,000	
Transmission & Distribution					
Salary and Benefits	1,689,933	841,918	(848,015)	-	
Materials and Supplies	289,500	409,546	120,046	325,000	4.
Outside Services	34,900	17,075	(17,825)	-	
Utilities	80,600	15,499	(65,101)	-	
Insurance	26,778	26,000	(778)	-	
Total Transmission and Distribution	2,121,712	1,310,038	(811,674)	325,000	
Customer Service					
Salary and Benefits	341,606	240,464	(101,142)	-	
Materials and Supplies	7,000	1,264	(5,736)	-	
Outside Services	10,000	2,340	(7,660)	-	
Utilities	-	-	-	-	
Insurance	11,936	11,500	(436)	-	
Total Customer Service	370,542	255,569	(114,973)	-	
Administration					
Salary and Benefits	859,948	567,751	(292,198)	-	
Materials and Supplies	228,000	159,911	(68,089)	-	
Outside Services	314,550	118,798	(195,752)	-	
Utilities	47,039	38,688	(8,351)	-	
Insurance	36,890	84,469	47,580	50,000	5.
Board	17,400	-	(17,400)	-	
Total Administration	1,503,826	969,617	(534,210)	50,000	
Operational Summary					
Salary and Benefits	3,683,437	2,352,617	(1,330,819)	195,000	
Materials and Supplies	787,100	632,962	(154,138)	325,000	
Outside Services	442,120	197,746	(244,374)	170,000	
Utilities	286,739	140,789	(145,950)	-	
Insurance	94,909	140,469	45,560	50,000	
Board	17,400	-	(17,400)	-	
Total Operating Expense	5,311,705	3,464,583	(1,847,121)	740,000	

Paradise Irrigation District
FY 2019/20 Mid Year Budget Update
Operational Expense Summary

Recommended Operational Expense Adjustments

1. **Source of Supply – Outside Services** - The Board of Directors has approved additional contracts with Genterra since the original budget date, which includes the following:
 - a. Spillway Investigation: Approx. \$9,000
 - b. Piezometer Evaluation: Approx. \$59,000
 - c. Interim Risk Reduction Measures and Long-Term Repairs: Approx. \$100,000
2. **Security and Recreation – Salaries and Benefits** - All cash expenditures were incurred in the current fiscal year. This expenditure was budgeted as incurred in the prior year.
3. **Water Treatment Plant – Salaries and Benefits** - The recommended increase to the water treatment plant personnel cost is based on the following:
 - a. The Board of Directors approved a 2.5% general unit pay rate increase, resulting in an increase of approx. \$15,000 in total budgeted wages.
 - b. The Board of Directors approved the District to cover the increase in health care costs effective 01/01/20, resulting in an increase of approx. \$5,000 in total employee related benefits.
 - c. The remaining increase in salary and benefits cost is based on an increase in the hours worked by treatment plant staff compared to the original budgeted hours. The updated annual budget (approx. \$940,000) more closely approximates the actual salary benefits costs incurred in the prior fiscal year (approx. \$1.0M).
4. **Transmission and Distribution – Materials and Supplies** - The recommended increase to the materials and supply budget includes the following:
 - a. Construction & Maintenance Supplies and Inventory Expense is expected to increase approx. \$225,000 to support repairs of damaged distribution system through the end of the fiscal year.
 - b. The Board of Directors approved the purchase of a Vac Unit for approx. \$60,000 at the regular meeting in January 2020. This purchase was not included in the original budget
 - c. Total fuel usage is expected to increase approx. \$40,000.
5. **Administration – Insurance** - The total insurance premiums for property and liability insurance increased compared to the prior year. This increase was not included in the original annual expenditure estimate.

Paradise Irrigation District
 FY 2019/20 Mid Year Budget Update
 Recovery Related Materials and Construction Services

	Expenditures to Date	Original Budget	Variance to Date	Recommended Increase to Budget
Supplies and Construction Services	1,117,165	750,000	367,165	1,750,000

The annual expenditure projection for recovery related materials and construction services was originally developed based on prior year materials expenditures and expected costs for backflows installed during the fiscal year. The increase of \$1,750,000 is based on two factors:

1. The demand for interim backflow devices was much higher than originally projected, which resulted in an increased material cost. Based on the average number of backflows installed per month to date, the additional expenditures estimated through the end of the fiscal year is approximately \$250,000. These costs are offset by fees charged to customers for installation.
2. The Board of Directors approved the Service Lateral Replacement Project with Sutton Enterprises at the special meeting held in October 2019, at a total not-to-exceed amount of \$4,282,452. This project was not originally included in the budget as it was developed in response to need for additional support for service lateral replacement. The expenditures estimated to be incurred through the end of the current fiscal year is approximately \$1,500,000.

Paradise Irrigation District
 FY 2019/20 Mid Year Budget Update
 Recovery Related Professional Services

	Expenditures to Date	Original Budget	Variance to Date	Recommended Increase to Budget
Smoke Cleaning Fees	301,000	200,000	101,000	100,000
Mutual Aid	584,100	1,000,000	(415,900)	(400,000)
Legal	112,200	100,000	12,200	75,000
Project Management	1,572,200	625,000	947,200	1,000,000
Public Assistance Consulting	321,800	500,000	(178,200)	100,000
Total	2,891,300	2,425,000	466,300	875,000

1. **Smoke Cleaning Fees** - All cash expenditures were incurred in the current fiscal year. The first \$100,000 was budgeted as incurred in the prior year.
2. **Mutual Aid** – The District utilized less mutual aid than was originally projected.
3. **Legal** - The District has incurred greater legal costs related to Camp Fire matters than originally projected.
4. **Project Management** - The not to exceed amount of the Water Works contract was increased from \$1M to \$2M by the Board of Directors at the regular board meeting in August 2019.
5. **Public Assistance Consulting** - Additional expenditures of \$290,000 are projected through fiscal year end. APTIM was utilized to a greater extent than originally expected in the development of hazard mitigation grant proposals, which resulted in a greater number of billings in the current fiscal year.

Paradise Irrigation District
FY 2019/20 Mid Year Budget Update
Recovery Related Water Sampling

	Expenditures to Date	Original Budget	Variance to Date	Recommended Increase to Budget
Water Sampling	329,473	250,000	79,473	250,000

The original annual expenditure projection for water sampling was based on the number of samples expected to be completed during FY 2019/20 and costs incurred in the prior fiscal year. PID crews completed a greater number of samples than originally expected. The \$250,000 recommended increase to the budget is based on the average monthly costs incurred to date, projected through the end of the fiscal year.