

September 13, 2024

OFFICIAL NOTICE
OF A
REGULAR MONTHLY MEETING

The Kerrville Public Utility Board will hold its Regular Monthly Meeting on Wednesday, September 18, 2024, beginning at 8:30 a.m. The meeting will be held in the KPUB Conference Room at the Utility Board offices located at 2250 Memorial Blvd. The meeting site is accessible to handicapped persons. A copy of the agenda is attached to this notice.



Lidia S. Goldthorn, Assistant Secretary

AGENDA
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, SEPTEMBER 18, 2024, 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS

Pursuant to Chapter 551.127, Texas Government Code, one or more members of the Board of Directors or employees may attend this meeting remotely using videoconferencing technology. The video and audio feed of the videoconferencing equipment can be viewed and heard by the public at the address posted above as the location of the meeting.

CALL TO ORDER:

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. CITIZEN/CONSUMER OPEN FORUM:

Members of the public may address the Board. Prior to speaking, each speaker must sign in with their name, address and the topic to be addressed. The Board may not discuss or take any action on an item not on the agenda but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcements of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognition of KPUB officials, employees; reminders about upcoming events sponsored by KPUB. No action taken.

** Please note: Upcoming Board Meetings are tentatively scheduled for:*

- *Wednesday, September 25, 2024 at 8:30 a.m.*
- *Wednesday, October 16, 2024 at 8:30 a.m.*
- *Wednesday, October 30, 2024 at 8:30 a.m.*
- *Wednesday, November 20, 2024 at 8:30 a.m.*

3. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a Board Member asks for separate consideration of an item. It is recommended that the Board approve the following items which will grant the General Manager to take all actions necessary for each approval:

- 3A. APPROVAL OF MINUTES – Approval of the August 28, 2024, Regular Monthly Board Meeting Minutes, and August 28, 2024 Special Called Board Meeting Minutes and September 12, 2024 Special Called Board Meeting Minutes

3B.	RESOLUTION NO. 24-16 – AMY DOZER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies	10
3C.	APPROVAL AND REPORTING OF PURCHASES AND SALES:	
	1. Bid No. RFP-2024-08-19 – Janitorial Services (Damon Richardson, Purchasing Agent)	13
4.	<u>FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:</u>	23
5.	<u>CONSIDERATION AND ACTION ON APPROVAL OF FY2025 ANNUAL SYSTEM BUDGET – AMY DOZIER, DIRECTOR OF FINANCE:</u>	29
6.	<u>MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:</u>	
I.	<u>EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:</u>	
	In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:	
A.	Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO	
II.	<u>EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:</u>	
	In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:	
A.	Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;	
(1)	Deliberation of competitive matters regarding wholesale market activities to include power supply projects – Mike Wittler, CEO	
B.	Related to plans, studies, proposals, and analyses for system improvements, additions, or sales	
(1)	Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO	
III.	<u>EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:</u>	
	In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:	

A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

7. **CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:**

8. **ADJOURNMENT**

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
REGULAR MONTHLY MEETING
WEDNESDAY, AUGUST 28, 2024, AT 8:30 A.M.
KPBUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Larry Howard
Bill Thomas
Rachel Johnston
Mayor Joe Herring, Jr.

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Allison Bueché, Director of Customer and Community Relations
Robby McCutcheon, Director of Information Technology
Mark Alejandro, Supervisor of IT Services (*via teleconference*)
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Glenn Andrew

OTHERS PRESENT:

Stephen Schulte, Legal Counsel
John Bonnin
Chad Moore, Forvis Mazars (*via teleconference*)

CALL TO ORDER:

Mr. Larry Howard, Chairman, called the Regular Monthly Meeting to order at 8:32 a.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. CITIZEN/CONSUMER OPEN FORUM:

There were no citizens/consumers to speak.

**Mr. Wittler requested Chairman Howard proceed to item number 6 on the Agenda to go into Executive Session first. The Board agreed and Chairman Howard proceeded to item number 6.*

6. MOTION TO VOTE AND RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – CONSULTATION WITH ATTORNEY:

In accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, the Kerrville Public Utility Board will recess for the purpose of “Consultation With Attorney” regarding the following matter:

- A. Consultation with Attorney Regarding Pending or Contemplated Litigation – Mike Wittler, CEO

II. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;
 - (1) Discussion on Hedging Activities, ERCOT Invoicing and Purchased Power Contracts – Mike Wittler, CEO
- B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales
 - (1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

III. EXECUTIVE CLOSED SESSION - DELIBERATION REGARDING REAL PROPERTY:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.072, the Kerrville Public Utility Board will recess for the purpose of “Deliberation Regarding Real Property” regarding the following matters:

- A. Consideration and action on the purchase of real estate – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Board convene in Executive Closed Session to discuss “Consultation with Attorney” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.071, “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086, and “Deliberation Regarding Real Property” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.072. Bill Thomas, Vice Chairman, so moved. Rachel Johnston, Treasurer, seconded the motion. Vote was by show of hands. Motion carried 4 – 0.

The Board entered Executive Closed Session at 8:34 a.m. Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 9:00 a.m.

7. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSIONS:

No action taken by the Board.

**Chairman Howard elected to proceed to item number 2 on the Agenda. The Board agreed and Chairman Howard proceeded to item number 2.*

2. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Ms. Bueché highlighted employee anniversaries in August along with Taylor Dieringer as the staff spotlight for the month. Ms. Dieringer has been with KPUB for one year. She advised KPUB employees participated in a Food Pantry Event on August 26th and upcoming volunteer event UGRA River Clean up on September 7th. KPUB will be hosting a Blood Drive on September 12th. Ms. Bueché also highlighted upcoming community generation presentations for September and October; as well as related website and FAQ information at kpub.com/power. She advised Public Power Week will be October 6 – 12, to include the Bucket Truck Ride Event, coloring contest, Power Hour and solar field tours; with prizes and giveaways all week. Chairman Howard noted the following upcoming board meetings tentatively scheduled for:

- Thursday, September 12, 2024 at 8:30 a.m.
- Wednesday, September 18, 2024 at 8:30 a.m.
- Wednesday, September 25, 2024 at 8:30 a.m.
- Wednesday, October 16, 2024 at 8:30 a.m.

3. CONSENT AGENDA:

Mr. Thomas made a motion to accept items in the consent agenda. Ms. Johnston seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

3A. APPROVAL OF MINUTES.

3B. RESOLUTION NO. 24-15 – AMY DOZIER, DIRECTOR OF FINANCE. A Resolution approving payment to various providers of services or supplies.

3C. JUNE 2024 QUARTERLY FUNDS REPORT – AMY DOZIER, DIRECTOR OF FINANCE. Acceptance of the June 2024, Quarterly Funds Report as presented to the Investment Committee following the July 17, 2024, Board Meeting

3D. APPROVAL AND REPORTING OF PURCHASES AND SALES:

1. Fleet Sales (Howard Hall, Field Services Supervisor)
2. Transmission Underbuild Package (Larry Lee, General Foreman)
3. 145 kV Circuit Switcher (Brian Mikulencak, Supervisor of Substation Services)

END OF CONSENT AGENDA

4. FINANCIAL REPORT – AMY DOZIER, DIRECTOR OF FINANCE:

Ms. Dozier presented the final financial statements for the month of July 2024. Ms. Dozier noted a \$257K increase in net position; \$4.8M in operating revenue; \$4.6M in operating expense; \$137K in

operating income; \$80K in net non-operating revenue. \$18.4M in over collection of power cost adjustment as of July 31, 2024; and \$48.7M invested in investment pools and an investment account at Happy State Bank. The portfolio of investment accounts earned a blended rate of 5.37%. In July, the billed rate was changed from \$102.50 to \$100.00 for 1,000 kWh of residential power. For the month, the overcollection account increased by \$82K, making the balance \$18.4M at the end of July. Staff continues to monitor prices closely and recommend keeping the rate at \$100.00. Ms. Dozier also provided a PowerPoint presentation with highlights and financial metrics from the memo.

5. CONSIDERATION AND ACTION ON CIAC WAIVER FOR KERRVILLE PUBLIC SAFETY FACILITY – MIKE WITTLER, CEO:

Mr. Wittler advised City staff approached KPUB with a request to waive the standard line extension cost for the new Kerrville Public Safety Facility. The proposed approach is to have the City install all conduits for the new service, and KPUB install a pole, underground primary cable and transformer. Staff recommended the Board waive the normal line extension fees of \$47,720.10 for the installation of the service. Ms. Johnston made a motion to waive the normal line extension fees for the installation of the service. Mr. Thomas seconded the motion. Vote was by a show of hands. Motion carried 4 – 0.

8. ADJOURNMENT

Chairman Howard adjourned the Regular Board Meeting at 9:15 a.m.

Date Approved: _____

Larry Howard, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, AUGUST 28, 2024, AT 9:16 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

TRUSTEES PRESENT:

Larry Howard
Bill Thomas
Rachel Johnston
Mayor Joe Herring, Jr.

STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Allison Bueché, Director of Customer and Community Relations
Robby McCutcheon, Director of Information Technology
Lidia S. Goldthorn, Assistant Secretary to the Board

TRUSTEES ABSENT:

Glenn Andrew

OTHERS PRESENT:

1. CALL TO ORDER:

Mr. Larry Howard, Chairman, called the Special Called Meeting to order at 9:16 a.m.

2. CONSIDERATION AND DISCUSSION OF FISCAL YEAR 2025 BUDGET:

Ms. Amy Dozier presented an overview of the Proposed FY2025 Budget to the Board. She went over the proposed budget summary, advising that operating revenue and expense are expected to have a small change compared to the FY2024 Budget, but increase significantly compared to the FY2024 Estimate; which is due primarily to purchased power prices that are forecast to be similar to the FY2024 Budget, but higher than the FY2024 Estimate. A Cost of Service study is budgeted for FY2025. Changes to the customer charge and distribution rates are expected that will address the operation loss in subsequent years.

She went over Operating Revenues with the following budget assumptions: billed rate remains at \$100 per 1,000 kWh usage; customer account growth of 1.5% for residential and 1.0% for commercial; usage per customer assumed to be 1.9% higher than estimated FY2024 for residential and 0.4% higher for commercial; kWh sales overall assumed to be flat compared to F2024 budget and up slightly compared to the FY2024 estimate. She presented a graph showing billed residential rate comparisons with 11 nearby utilities, showing KPUB's current rate remains among the lowest in the region, state and nation, and preliminary projections show KPUB's rates remaining below average compared to the presented July 2024 rates, even with anticipated increases in the customer charge and distribution portion of the rate. Ms. Dozier also went over Operating Expenses showing purchased power represented 65% of expense; distribution, general and administrative, and customer service related expense account for 26% of operating expenses.

She advised significant items in those categories include: 5.0% average merit increase, full staffing assumed; one new position; assumed 8% increase in health insurance premiums beginning in January 2025; \$100,000 for Cost of Service study (last study was completed in 2018); change to labor capitalization assumption which has the impact of increasing operating expenses; enhanced energy education and conservation programs.

Ms. Dozier then went over Purchased Power Expense by Supplier. She advised FY2025 reflects a full year of higher rates from the CPS Energy contract extension that began in January 2024. CPS Energy costs are calculated using natural gas futures times contract heat rate times projected usage. LCRA transmission costs are projected to increase 8.5% beginning in January 2025. NextEra and Community Solar agreements are based on a fixed rate per MWh. Price stabilization activities involving renewable contracts and congestion revenue rights are assumed to reduce power cost by approximately \$250K for the year. Ms. Dozier advised that natural gas prices are volatile and subject to price spikes related to factors such as weather and world events, but have generally trended downward with the expansion of fracking that began around 2009. She advised the FY2025 budget uses natural gas futures as of August 9, 2024 to estimate power cost, and natural gas futures for FY2025 are 10.4% lower than futures used for the FY2024 budget (\$3.12 vs. \$3.49). She added that natural gas futures have continued to fall due to mild summer weather and excess supply. As of August 27, 2024, the average FY2025 futures price is down to \$2.88, but the proposed budget uses the higher prices from August 9, 2024.

Ms. Dozier presented the payroll portion of the budget, which includes an average merit increase of 5%, one position added, and assumes full staffing. The payroll budget is spread to many expense categories and approximately 15% is capitalized. She added that the budget assumes an estimated 8% health insurance premium increase starting in January 2025.

Ms. Bueché presented an overview of the Energy Education and Conservation Programs, which includes an increase in number of Habitat home insulation services due to the new Mariposa development, an uptick in the number of home energy audits and further roll out of the Key Accounts program. She advised the Online Energy Assessment tool helps customers determine energy usage by category and recommends energy savings ideas. Also, New Brillion software services will be added in FY2025 including end of year usage summaries and seasonal preparedness tips sent to customers via email.

Ms. Dozier presented a five-year forecast with the following assumptions: customer growth of 1.5% per year; rate increases beginning in FY2026 for customer and distribution charges (10% in FY2026, 5% in FY2027, 3% annually afterwards – subject to change based on updated cost of service study in FY2025); rate increases to \$122 in FY2029; Senenergy base case used for power cost; and 4% salary and operating cost increases annually from FY2026-FY2029. She also went over an industry metric comparison using the most recent APPA data from the 2022 survey. The comparison shows KPUB's overall O&M costs and residential rates are low, but the rate is not recovering all O&M costs. The total capital budget for FY2025 consists of \$7.4M; with \$35.5M over the next five years. The budget assumes cash funding for all projects. She noted that the customer extensions line item represents the total price of all projects. Capital contributions from customers are shown on the income statement, and offset the cash expenditure. She noted that significant projects include: Furman T2 transformer and construction at \$3.7M in FY2025 and FY2026; new substation at \$6.1M in FY2025 and FY2027; new substation feeders at \$3.1M in FY2027; and FY2025 reliability and capacity system improvement projects at \$1.3M. Staff advised there would be minor tweaks to timing and amounts in the Capital Budget when the final numbers are presented on September 20th.

No further discussion by the Board.

3. ADJOURNMENT

Chairman Howard adjourned the Special Called Meeting at 10:13 a.m.

Date Approved: _____

Larry Howard, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

**MINUTES OF THE
KERRVILLE PUBLIC UTILITY BOARD
SPECIAL CALLED MEETING
WEDNESDAY, SEPTEMBER 12, 2024, AT 8:30 A.M.
KPUB CONFERENCE ROOM
KERRVILLE PUBLIC UTILITY BOARD OFFICES
2250 MEMORIAL BLVD.
KERRVILLE, TEXAS**

KPUB TRUSTEES PRESENT:

Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

KPUB STAFF PRESENT:

Mike Wittler, General Manager and CEO
Amy Dozier, Director of Finance
Allison Bueché, Director of Customer and Community Relations
Mark Alejandro, Supervisor of IT Services (*via teleconference*)
Lidia S. Goldthorn, Assistant Secretary to the Board

KPUB TRUSTEES ABSENT:

OTHERS PRESENT:

Chad Moore, Forvis Mazars (*via teleconference*)
Paul Jasin, Specialized Public Finance
Arthur Kimball-Stanley, Norton Rose Fulbright
John Bonnin
Kent McKinney, City Councilman

CALL TO ORDER:

Mr. Larry Howard, Chairman, called the Special Called Meeting to order at 8:31 a.m.

INVOCATION AND PLEDGE OF ALLEGIANCE:

1. MOTION AND VOTE TO RECESS THE PUBLIC MEETING AND RECONVENE IN AN EXECUTIVE CLOSED SESSION:

I. EXECUTIVE CLOSED SESSION – COMPETITIVE MATTERS:

In accordance with Texas Statutes Subchapter D, chapter 551, Government Code Section §551.086, the Kerrville Public Utility Board will recess to discuss and take any necessary action on the following “Competitive Matters”:

- A. Bidding and pricing information for purchased power, generation and fuel, and Electric Reliability Council of Texas bids, prices, offers, and related services and

strategies; Risk management information, contracts, and strategies, including fuel hedging and storage;

(1) Deliberation of competitive matters regarding wholesale market activities to include power supply projects – Mike Wittler, CEO

B. Related to plans, studies, proposals, and analyses for system improvements, additions, or sales

(1) Discussion and Possible Action on plans, studies, proposals and analyses for potential expansion of infrastructure and service – Mike Wittler, CEO

Staff asked the Board of Trustees if there was a motion that the Board convene in Executive Closed Session to discuss “Competitive Matters” in accordance with Texas Statutes Subchapter D, Chapter 551, Government Code Section §551.086. Bill Thomas, Vice Chairman, so moved. Rachel Johnston, Treasurer, seconded the motion. Vote was by show of hands. Motion carried 5 – 0.

The Board entered Executive Closed Session at 8:33 a.m. Chairman Howard adjourned the Executive Closed Session and reconvened into Open Session at 11:20 a.m.

2. CONSIDERATION AND ACTION AS A RESULT OF EXECUTIVE CLOSED SESSION:

No action taken outside of Executive Session by the Board.

3. ADJOURNMENT

Chairman Howard adjourned the Special Called Meeting at 11:29 a.m.

Date Approved: _____

Larry Howard, Chairman

ATTEST

Lidia S. Goldthorn, Assistant Secretary to the Board

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: September 12, 2024

Re: Agenda Item No. 3B – Resolution No. 24-16

In accordance with Board Resolution No. 10-06 that requires monthly reporting of wire transfers exceeding \$20,000, this memo reports the following transfers between August 19, 2024 and September 12, 2024 for Board approval:

	Vendor	Description	Amount	Date
Purchased Power:				
1	NextEra	July 2024	485,088.00	08/19/2024
2	CPS	July 2024	1,397,029.78	08/22/2024
3	DG Solar	July 2024	64,852.56	08/23/2024
4	Concho Bluff	July 2024	43,436.78	08/30/2024
5	Engie	July 2024	130,257.79	08/30/2024
6	Garland	July 2024	(119,115.13)	08/30/2024
7	STEC	Interconnection Request	100,000.00	08/30/2024
8	LCRA	July 2024	699,272.81	09/03/2024
Payroll:				
1	Payroll	Pay period ending 8/24/2024	155,198.79	08/30/2024
2	Payroll	Pay period ending 8/31/2024	3,412.96	09/06/2024
3	Payroll Taxes	Pay period ending 8/24/2024	52,597.82	09/04/2024
4	Payroll Taxes	Pay period ending 8/31/2024	581.14	09/11/2024
Employee Benefits:				
1	TX Health Benefits	Health Insurance - September	87,240.42	09/03/2024
2	TMRS	Pension - August Payroll	127,939.87	09/12/2024
Investment Transfers (from Operating Account to Investment Account at Happy State Bank):				
1	Happy State Bank	Investment Transfer	750,000.00	08/23/2024
2	Happy State Bank	Investment Transfer	1,400,000.00	08/30/2024
3	Happy State Bank	Investment Transfer	600,000.00	09/06/2024
4	Happy State Bank	Investment Transfer	500,000.00	09/11/2024

I am happy to answer any questions regarding these transfers at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Amy Dozier". The signature is written in a cursive, flowing style.

Amy Dozier
Director of Finance

RESOLUTION NO. 24-16

A RESOLUTION OF THE KERRVILLE PUBLIC UTILITY BOARD CONFIRMING AND AUTHORIZING THE PAYMENTS OF INVOICES AS APPROVED AND PRESENTED BY THE DIRECTOR OF FINANCE AND GENERAL MANAGER / CEO.

WHEREAS, the providers of services or material have submitted invoices for payment;
and

WHEREAS, the Director of Finance or General Manager/CEO has reviewed the invoices and approved payments for services rendered or material received.

WHEREAS, the items marked "Paid" have been previously approved by the Board and are included in this Resolution for information; now, therefore,

BE IT RESOLVED BY THE KERRVILLE PUBLIC UTILITY BOARD THAT:

Section 1. That the Kerrville Public Utility Board review payment of the items set forth on the preceding Schedule.

Section 2. That the Kerrville Public Utility Board instructs the General Manager/CEO or his designee to make said payments and ratifies the payment of the items marked "Paid."

Section 3. This Resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED on this 18th day of September, 2024

Larry Howard, Chairman

ATTEST:

Glenn Andrew, Secretary

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: September 12, 2024

Re: Agenda Item No. 3C1 – Janitorial Services

In August 2024, our long-time janitor, Johnny Martinez, sustained an injury at home that led to his decision to retire. Our last janitorial request for proposal ("RFP") was completed in August 2019. Accordingly, we issued a new janitorial RFP on August 29, 2024. Proposals were due on September 10, 2024.

Terms outlined in the RFP include:

- Weekday cleaning of the main office and warehouse
- Twice weekly cleaning of the back up operations center on Stadium Dr.
- Background checks for employees
- Minimum insurance requirements for Worker's Compensation, General Liability and Automobile Liability with KPUB as a named insured
- A three-year contract term with 2% annual increases. Two optional one-year extensions, with price increases not to exceed the Consumer Price Index.
- Subject to annual appropriation by the KPUB Board
- Termination for convenience by KPUB at any time with 60 days written notice or at any time with cause

KPUB received four proposals. Clean and Shine, LLC submitted the lowest price proposal, with a monthly price of \$1,780 per month. Clean and Shine provided three local references. All references were contacted and provided positive feedback on Clean and Shine's services.

This contract is presented to the Board for consideration because the total contract amount would exceed \$100,000 if the contract remains in place for the full three-year term as well as the optional extensions. Management recommends authorizing the General Manager to sign a contract with Clean and Shine, LLC according to the terms outlined in this memo and following successful verification of background check and insurance requirements.

The bid tally sheet as well as proposals received are attached to this memo.

I am happy to answer any questions.

Sincerely,



Amy Dozier
Director of Finance



BID OPENING LOG SHEET

Reference Bid Document

Janitorial RFP-2024-08-19

Bid Opening Date & Time:

9-10-24 - 2:00

Company Name	Representative Signature	Bid Amount	Exceptions noted	Comments
<i>Superior Janitorial</i>		<i>\$3250/month</i>		<i>No quote on hourly</i>
<i>Clean & Shine</i>		<i>\$1780/month</i>		
<i>Davis Moving & Cleaning</i>		<i>\$3871/month</i>		
<i>Super Sterile Janitorial</i>		<i>\$2400/month \$75/hourly after hours</i>		

Witness:

Damon Richardson

Witness:

Taylor Düringer



PROPOSAL FORM

Note: this form can be used directly, or another document with equivalent information can be submitted

1. Provide a brief description of your company including name, location, number of years in business and number of employees.

Name: Clean And Shine LLC
Address: P.O. Box 290232 Kerrville, TX 78029
Years in Business: 22 years
Number of Employees: 4 fulltime - 2 parttime
Other information:

Many years in Commercial Clean Experience
Currently doing Residential & Construction
Cleaning w/ Few Commercial Accounts... Looking to Service
More Commercial PMs

2. References – Provide three (3) references that your company has provided custodial services for during the past 12 months.

a. Business Name: Turtle Creek Community Church

Contact Name: Richard

Address: Upper Turtle Creek Road

Phone Number or Email address: 830 377 0134

b. Business Name: Camp Camp Children's Camp

Contact Name: Nurse Dee / Sarah

Address: 515 Skyline Dr Centerpoint, Texas

Phone Number or Email address: 361 445 7673 / 210 818-4611

c. Business Name: Harper Community Library

Contact Name: Jane Canfield

Address: Main Street, Harper TX

Phone Number or Email address: 830-739-5536

More References if Needed

3. Proposed monthly price to provide all services listed in

Attachment A - Scope of Work

Monthly Price: _____

\$1780.⁰⁰

Hourly Rate for After Hours Call Out: Depending on Type of Work?

Will cleaning materials and supplies be provided by the vendor or provided by KPUB: Vendor will Supply All Cleaning Materials

4. Provide any other information that you feel is relevant to evaluating this proposal.

Thank You for Your Business... We
will do AN Excellent Job if chosen,

Alison Baker

Owner

830-370-7223

9-10-24 - 2:47
left message with
Richard.

He called back
left message.
all O.K.

9-10-24 2:48
left message with
361-445-7693

210-818-4611

Called both
second time

9-11-24 2:12

2:40 called back
all good

9-10-24 2:51

left message
with Jane

830-739-5536

Called second time

9-11-24 2:13

Called back 2:47
very good
rebecca



PROPOSAL FORM

Note: this form can be used directly, or another document with equivalent information can be submitted

1. Provide a brief description of your company including name, location, number of years in business and number of employees.

Name: Super Sterile Janitorial, LLC

Address: _____

Years in Business: 4

Number of Employees: 3

Other information:

Phone number (830) 377-7241

supersterilecleaning@gmail.com

2. References – Provide three (3) references that your company has provided custodial services for during the past 12 months.

a. Business Name: Connexa Energy

Contact Name: Candyece Shepard

Address: 147 US-87 Comfort, TX 78013

Phone Number or Email address: (210) 796-4004

b. Business Name: Fox Tanks

Contact Name: Dora Gonzalez

Address: 5263 Tx-27 Kerrville TX 78028

Phone Number or Email address: (830) 739-9172

c. Business Name: Estella Avery (James Avery)

Contact Name: Estella Avery

Address: _____

Phone Number or Email address: (210) 376-9763

3. Proposed monthly price to provide all services listed in Attachment A - Scope of Work.

Monthly Price: \$ 2400

Hourly Rate for After Hours Call Out: \$ 75

Will cleaning materials and supplies be provided by the vendor

or provided by KPUB: Super Sterile will provide cleaning products but will not provide toilet papers, soap, napkins or trash bags

4. Provide any other information that you feel is relevant to evaluating this proposal.

We would like to extend our heartfelt thanks for considering Super Sterile Janitorial Services for your cleaning needs. We appreciate the opportunity to collaborate with an organization dedicated to serving our community with excellence. Our team is committed to delivering the highest standards of cleanliness to ensure a safe and healthy environment for all.

Thank you for your trust in us, we look forward to the possibility of working together

Sincerely,

Andrew Marbury
Owner



PROPOSAL FORM

Note: this form can be used directly, or another document with equivalent information can be submitted

1. Provide a brief description of your company including name, location, number of years in business and number of employees.

Name: Superior Janitorial

Address: 2500 Memorial Blvd.

Years in Business: 16

Number of Employees: 14

Other information:

2. References – Provide three (3) references that your company has provided custodial services for during the past 12 months.

a. Business Name: Peterson Health

Contact Name: Charity Sanders

Address: 551 Hill Country Dr.

Phone Number or Email address: 830 928 9650

b. Business Name: Hill Country MHDD

Contact Name: Jennifer Hess

Address: 819 Water St. One Schreiner Bldg.

Phone Number or Email address: 830 928 5081

c. Business Name: DaVita Kidney Center

Contact Name: Stephen McCabe

Address: 716 Hill Country Dr.

Phone Number or Email address: 808 728 6184

3. Proposed monthly price to provide all services listed in Attachment A - Scope of Work.

Monthly Price:

\$ 3250⁰⁰

Hourly Rate for After Hours Call Out: None

Will cleaning materials and supplies be provided by the vendor or provided by KPUB: Provided by my company

4. Provide any other information that you feel is relevant to evaluating this proposal.

We operate 5 crews in the Kerrville area and take extreme pride in the work we do. We operate on our reputation and make it our mission to have no unhappy customers. We keep open lines of communication at all times and resolve any issues that arise immediately. We would love to provide services to your facility and we know it would be a great relationship. Please feel free to contact us with any questions.

Micah + Lesa Meader

(830) 955 1236

(830) 777 7860

Thank You!



KERRVILLE
PUBLIC
UTILITY
BOARD

PROPOSAL FORM

Note: this form can be used directly, or another document with equivalent information can be submitted

1. Provide a brief description of your company including name, location, number of years in business and number of employees.

Name: Davis Moving & Cleaning LLC
Address: 4047 Stahl Rd, Suite 10, San Antonio, TX, 78217
Years in Business: 8 years
Number of Employees: 15

Other information:

Primary Contact: Torre Davis
(210) 741-7777
Email: Info@moveandclean.com

2. References - Provide three (3) references that your company has provided custodial services for during the past 12 months.

- a. Business Name: Evolution Alignment (Starbucks)
Contact Name: Quentin Howard
Address: 2450 Louisiana St, Houston, TX, 77006
Phone Number or Email address: (832) 298-7858 // QHoward@eapprofessional services.com
- b. Business Name: City of Liberty Hill
Contact Name: Vince Perkins
Address: 2801 Ranch Rd, Liberty Hill, Texas, 78642
Phone Number or Email address: (512) 548-5546 // Vperkins@LibertyHilltx.gov
- c. Business Name: Heartstrong Sleep
Contact Name: Joshua Arterbury
Address: 2712 Bee Caves Rd #102, Austin, TX, 78746
Phone Number or Email address: (832) 770-3200 // Joshua@heartstrongsleep.com

3. Proposed monthly price to provide all services listed in Attachment A – Scope of Work.

Monthly Price: \$ 3,871.50

Hourly Rate for After Hours Call Out: \$ 28.00

Will cleaning materials and supplies be provided by the vendor or provided by KPUB: Cleaning Materials by Davis - Facility Supplies by KPUB

4. Provide any other information that you feel is relevant to evaluating this proposal.

Please see attached proposal.

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: September 12, 2024

Re: Agenda Item No. 4 – Financial Report

Attached please find financial statements for the month of August 2024.

Highlights include:

- **\$160K increase in net position** for the month, **\$1.1M increase** in net position on a year-to-date (YTD) basis, which is \$1.5M lower than budget.
- **\$4.5M in operating revenue** for the month, **\$39.2M** on a YTD basis.
 - Through August, operating revenue is 12.9% lower than expected due to a combination of lower purchased power cost as explained in the operating expense bullet below and lower than budget kWh sales (3.2% lower) due to mild weather in both the winter and summer.
- **\$4.6M in operating expense** for the month, **\$39.5M** on a YTD basis.
 - YTD operating expense is 7.8% lower than budget due primarily to low purchased power expenses resulting from low natural gas prices created by mild weather and excess storage. Other expense categories have smaller and offsetting variances.
- **\$7K in operating loss** for the month, **\$346K in operating loss** on a YTD basis.
- **\$97K in net nonoperating revenue** for the month, **\$913K** on a YTD basis.
 - Nonoperating revenue is \$790K better than budget for the year. The favorable performance is driven by interest income. Interest rates over 5.3% are higher than the budgeted 5.0% rate and our invested balance is higher than planned due to low power purchase costs.
- **\$18.8M in over collection of power cost adjustment** as of 8/31/2024, an **increase of \$358K** from the prior month.
- **\$48.8M invested** in investment pools and an investment account at Happy State Bank. The portfolio of investment accounts earned a blended rate of 5.32% in August.

In July, the billed rate was changed from \$102.50 to \$100.00 for 1,000 kWh of residential power. For the month, the overcollection account increased by \$358K, making the balance \$18.8M at the end of August. We continue to monitor prices closely and recommend keeping the rate at \$100.00.

I am happy to answer any questions regarding this report.

Sincerely,



Amy Dozier
Director of Finance

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended August 31, 2024
(Unaudited)

	Comparison to Budget				Comparison to Last Year		
	Current Month	Current Month Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Current Month Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 2,586,231	\$ 2,888,851	\$ (302,620)	-10.48%	\$ 2,445,050	\$ 141,181	5.77%
Commercial/Industrial	1,892,904	2,173,917	(281,014)	-12.93%	1,626,945	265,958	16.35%
Sales to Public Authorities	21,550	21,500	50	0.23%	21,642	(92)	-0.43%
Other	43,751	53,905	(10,154)	-18.84%	46,751	(3,000)	-6.42%
TOTAL OPERATING REVENUES	4,544,436	5,138,174	(593,737)	-11.56%	4,140,389	404,048	9.76%
OPERATING EXPENSES:							
Purchased Power	3,125,086	3,192,362	67,276	2.11%	2,634,687	(490,399)	-18.61%
Distribution	335,308	369,367	34,060	9.22%	305,052	(30,256)	-9.92%
Customer Accounts	57,799	66,502	8,703	13.09%	46,682	(11,117)	-23.82%
Customer Service, Informational & Sales	54,541	36,916	(17,625)	-47.74%	28,764	(25,777)	-89.62%
Administrative Expenses	603,343	458,347	(144,996)	-31.63%	120,663	(482,680)	-400.02%
Depreciation & Amortization	374,863	372,135	(2,729)	-0.73%	614,172	239,309	38.96%
TOTAL OPERATING EXPENSES	4,550,940	4,495,630	(55,311)	-1.23%	3,750,020	(800,920)	-21.36%
OPERATING INCOME (LOSS)	(6,504)	642,544	(649,048)	-101.01%	390,368	(396,872)	-101.67%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	225,562	135,417	90,145	66.57%	165,782	59,780	36.06%
Interest Income - City of Kerrville	10,714	10,714	(0)	0.00%	12,857	(2,143)	-16.67%
Interest Expense	(10,412)	(7,992)	(2,420)	-30.28%	(17,207)	6,795	39.49%
City of Kerrville - General Fund Transfer	(143,895)	(158,602)	14,707	9.27%	(135,014)	(8,881)	-6.58%
City of Ingram - Franchise Fee	(3,420)	(4,471)	1,051	23.51%	(4,158)	738	17.74%
Other - Net	18,843	2,417	16,427	679.72%	6,936	11,907	171.68%
TOTAL NONOPERATING REVENUES (EXP)	97,393	(22,517)	119,910	-532.54%	29,196	68,197	233.58%
INCOME BEFORE CONTRIBUTIONS	90,889	620,027	(529,138)	-85.34%	419,564	(328,675)	-78.34%
CAPITAL CONTRIBUTIONS	68,768	30,000	38,768	129.23%	41,362	27,406	66.26%
CHANGE IN NET POSITION	\$ 159,657	\$ 650,027	\$ (490,370)	-75.44%	\$ 460,926	\$ (301,269)	-65.36%
NET POSITION AT BEGINNING OF MONTH	\$ 79,278,018				\$ 75,705,700		
NET POSITION AT END OF MONTH	\$ 79,437,675				\$ 76,166,627		

Kerrville Public Utility Board
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Month Ended August 31, 2024
(Unaudited)

	Year to Date	Comparison to Budget			Comparison to Last Year		
		Year to Date Budget Amount	Variance Favorable (Unfavorable)	Percentage Variance	Year to Date Last Year Amount	Variance Favorable (Unfavorable)	Percentage Variance
OPERATING REVENUES:							
Residential	\$ 22,213,349	\$ 25,014,353	\$ (2,801,004)	-11.20%	\$ 23,042,798	\$ (829,448)	-3.60%
Commercial/Industrial	16,085,572	19,058,257	(2,972,685)	-15.60%	16,681,908	(596,336)	-3.57%
Sales to Public Authorities	238,971	236,500	2,471	1.04%	235,652	3,320	1.41%
Other	643,822	647,864	(4,042)	-0.62%	661,863	(18,041)	-2.73%
TOTAL OPERATING REVENUES	39,181,715	44,956,974	(5,775,259)	-12.85%	40,622,221	(1,440,506)	-3.55%
OPERATING EXPENSES:							
Purchased Power	25,374,371	28,383,756	3,009,385	10.60%	27,393,304	2,018,933	7.37%
Distribution	4,109,229	4,254,707	145,478	3.42%	3,202,015	(907,213)	-28.33%
Customer Accounts	655,169	731,525	76,357	10.44%	564,518	(90,650)	-16.06%
Customer Service, Informational & Sales	457,106	406,076	(51,030)	-12.57%	293,616	(163,490)	-55.68%
Administrative Expenses	4,868,110	5,080,737	212,627	4.18%	3,720,711	(1,147,398)	-30.84%
Depreciation & Amortization	4,064,067	3,999,390	(64,677)	-1.62%	3,843,680	(220,387)	-5.73%
TOTAL OPERATING EXPENSES	39,528,051	42,856,191	3,328,140	7.77%	39,017,845	(510,206)	-1.31%
OPERATING INCOME (LOSS)	(346,336)	2,100,783	(2,447,119)	116.49%	1,604,376	(1,950,712)	-121.59%
NONOPERATING REVENUES (EXP):							
Interest Income - Investments	2,295,742	1,489,583	806,159	54.12%	1,408,194	887,548	63.03%
Interest Income - City of Kerrville	132,858	132,857	0	0.00%	156,429	(23,571)	-15.07%
Interest Expense	(111,487)	(89,023)	(22,464)	-25.23%	(108,941)	(2,547)	-2.34%
City of Kerrville - General Fund Transfer	(1,250,147)	(1,398,180)	148,033	10.59%	(1,266,741)	16,594	1.31%
City of Ingram - Franchise Fee	(32,578)	(38,715)	6,138	15.85%	(32,535)	(42)	-0.13%
Other - Net	(121,356)	26,583	(147,939)	-556.51%	37,864	(159,220)	-420.51%
TOTAL NONOPERATING REVENUES (EXP)	913,032	123,106	789,927	641.67%	194,269	718,763	369.98%
INCOME BEFORE CONTRIBUTIONS	566,696	2,223,888	(1,657,192)	-74.52%	1,798,645	(1,231,949)	-68.49%
CAPITAL CONTRIBUTIONS	536,838	330,000	206,838	62.68%	394,280	142,558	36.16%
CHANGE IN NET POSITION	\$ 1,103,534	\$ 2,553,888	\$ (1,450,354)	-56.79%	\$ 2,192,925	\$ (1,089,391)	-49.68%
NET POSITION AT BEGINNING OF YEAR	\$ 78,334,141				\$ 73,973,702		
NET POSITION AT END OF MONTH	\$ 79,437,675				\$ 76,166,627		

Kerrville Public Utility Board
Balance Sheet
As of August 31, 2024

ASSETS & DEFERRED OUTFLOWS	August 31, 2024	September 30, 2023	LIABILITIES, DEFERRED INFLOWS & NET POSITION	August 31, 2024	September 30, 2023
CURRENT ASSETS			CURRENT LIABILITIES		
Revenue Fund:			Current Maturities of Long-Term Liabilities	\$ 727,073	\$ 633,226
Cash and Cash Equivalents	\$ 754,019	\$ 720,093	Accounts Payable - Purchased Power	10,947,696	9,426,795
Investments	36,957,921	30,433,641	Accounts Payable and Accrued Liabilities	932,035	1,427,823
Less: Customer Deposits	(536,895)	(518,082)	Over Collection of Power Cost Adjustment	18,791,880	12,516,345
Total Revenue Fund	37,175,045	30,635,652	TOTAL CURRENT LIABILITIES	\$ 31,398,685	\$ 24,004,189
Construction Fund:			NONCURRENT LIABILITIES		
Cash and Cash Equivalents	5,658	5,389	2013 Revenue Bonds, net of current portion	\$ 1,965,000	\$ 2,413,000
Investments	1,605,973	1,528,354	Lease Liability	50,126	84,352
Total Construction Fund	1,611,631	1,533,743	Subscription Liability	785,801	692,268
Rate Stabilization Fund:			Customer Deposits	536,895	518,082
Investments	2,113,456	2,011,309	Net Pension Liability	3,877,307	3,877,307
Total Rate Stabilization Fund	2,113,456	2,011,309	Total OPEB Liability	260,808	260,808
Long Term Rate Stabilization Fund:			TOTAL NONCURRENT LIABILITIES	\$ 7,475,937	\$ 7,845,817
Investments	3,786,593	2,421,198			
Total Rate Stabilization Fund	3,786,593	2,421,198	DEFERRED INFLOWS - PENSION AND OPEB	\$ 132,700	\$ 132,700
Customer Accounts Receivable, net of allowance	2,012,295	2,574,253	TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 39,007,322	\$ 31,982,706
Unbilled Revenue	2,319,589	2,319,589			
Materials and Supplies	997,834	1,233,153	TOTAL NET POSITION	\$ 79,437,675	\$ 78,334,141
Other Current Assets	1,402,997	888,455			
Current Portion - Advance to City of Kerrville	1,071,428	1,071,428			
TOTAL CURRENT ASSETS	\$ 52,490,868	\$ 44,688,780			
NONCURRENT ASSETS					
Customer Deposits	\$ 536,895	\$ 518,082			
Interest and Sinking Fund	391,633	440,861			
Emergency, Repair, Replace, Contingency Fund	3,951,696	3,760,703			
Advance to City of Kerrville, net of current portion	4,285,715	5,357,143			
Capital Assets, net of Accum Depreciation	52,578,968	51,570,688			
Right to Use Assets, Net of Accum Amortization	62,681	109,047			
Subscription Assets, Net of Accum Amortization	1,228,541	953,542			
TOTAL NONCURRENT ASSETS	\$ 63,036,129	\$ 62,710,068			
DEFERRED OUTFLOWS - PENSION AND OPEB	\$ 2,918,000	\$ 2,918,000			
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 118,444,997	\$ 110,316,847	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 118,444,997	\$ 110,316,847

Kerrville Public Utility Board
Invested Funds Detail
For the Month Ended August 31, 2024

		Restricted							
		Revenue Fund	Construction Fund	Rate Stabilization Fund	Long Term Rate Stabilization Fund	Debt Reserve Fund	Interest & Sinking Fund	Emergency Repair, Replacement & Contingency Fund	Total Funds Invested
Date									
Beginning Fund Balance		\$ 36,981,003	\$ 1,598,751	\$ 2,103,951	\$ 3,769,563	\$ -	\$ 347,975	\$ 3,933,923	\$ 48,735,165
Withdrawals:									
Happy Investment - TXHB	08/01/24	(85,209)							(85,209)
Happy Investment - LCRA	08/02/24	(698,886)							(698,886)
Happy Investment - TMRS	08/12/24	(90,534)							(90,534)
Happy Investment - ERCOT	08/14/24	(23)							(23)
Happy Investment - NextEra	08/19/24	(485,088)							(485,088)
Happy Investment - CPS	08/22/24	(1,397,030)							(1,397,030)
Happy Investment - DG Solar	08/23/24	(64,853)							(64,853)
Happy Investment - Concho Bluff	08/30/24	(43,437)							(43,437)
Happy Investment - Engie	08/30/24	(130,258)							(130,258)
Happy Investment - STEC	08/30/24	(100,000)							(100,000)
Investments:									
Happy Investment	08/09/24	800,000							800,000
Happy Investment	08/23/24	750,000							750,000
Happy Investment	08/30/24	1,400,000							1,400,000
Fund Balance after Withdrawals & Investments		36,835,686	1,598,751	2,103,951	3,769,563	-	347,975	3,933,923	48,589,848
Allocation of:									
Interest Income	08/31/24	164,315	7,223	9,505	17,030	-	1,578	17,773	217,424
Total Interest Allocation		164,315	7,223	9,505	17,030	-	1,578	17,773	217,424
Fund Balance After Allocations		37,000,001	1,605,973	2,113,456	3,786,593	-	349,553	3,951,696	48,807,272
Interfund Transfers :									
Debt Service Accrual	08/31/24	(42,080)					42,080		-
Ending Fund Balance		\$ 36,957,921	\$ 1,605,973	\$ 2,113,456	\$ 3,786,593	\$ -	\$ 391,633	\$ 3,951,696	\$ 48,807,272

Kerrville Public Utility Board
 Computation of the Monthly and Annual Debt Service Coverage
 For the Month Ended August 31, 2024

Description	Current Month	Fiscal Year	Previous 12 Months
CHANGE IN NET POSITION	\$ 159,657	\$ 1,103,534	\$ 3,271,048
PLUS:			
Interest Expense (net of amortizations)	10,412	111,487	129,845
Depreciation & Amortization Expense	374,863	4,064,067	4,305,500
Numerator	<u>544,932</u>	<u>5,279,088</u>	<u>7,706,393</u>
DIVIDED BY:			
Interest Expense (net of amortizations)	10,412	111,487	129,845
Principal Payment Due	52,769	580,458	633,227
Denominator	<u>\$ 63,181</u>	<u>\$ 691,945</u>	<u>\$ 763,071</u>
DEBT SERVICE COVERAGE RATIO	<u>8.62</u>	<u>7.63</u>	<u>10.10</u>
Minimum Requirement per Bond Covenant		1.35	times Debt Service
Minimum Requirement Established by KPUB Board for Good Business Practices		1.65	times Debt Service

MEMORANDUM

To: Larry Howard
Bill Thomas
Glenn Andrew
Rachel Johnston
Mayor Joe Herring, Jr.

From: Amy Dozier

Date: September 12, 2024

Re: Agenda Item No. 5 – FY2025 Budget

Management hereby submits the following FY2025 Annual Budget for approval.

Budget highlights include:

- \$48.1 million in operating revenues, down 3.2% from the FY2024 Budget
- \$32.0 million for purchased power expense, down 1.9% from the FY2024 Budget
- \$49.2 million in operating expenses, up 1.3% from the FY2024 Budget
- \$0.3 million decrease in net position
- The budget assumes that the monthly billed rate is left unchanged at \$100 for 1,000 kWh of residential power
- Operating expense increases include an average 5% merit increase for KPUB employees, and one new dispatch employee
- The capital budget includes \$7.4M in cash funded projects during FY2025

Since the Budget Workshop on August 28, 2024, the following changes have been made:

- The estimate for employee health insurance premiums was reduced by \$29,000 based on rate information for calendar year 2025 that was received in September 2024.
- A \$60,000 small vehicle purchase removed from the FY2025 capital budget. This amount was for a truck that was ordered in FY2024, but delivery was anticipated in FY2025. The truck was received in September 2024 and will be accounted for as a FY2024 purchase.
- Updates to FY2024 estimate numbers based on actual financial information through August 31, 2024.
- Changes to ending balances, ratios and change percentages based on the aforementioned changes.

Note that the budget being adopted covers the period from October 1, 2024 to September 30, 2025. Five-year projections are presented for information and discussion purposes only.

Sincerely,



Amy Dozier
Director of Finance



Fiscal Year 2025 Proposed Budget

September 12, 2024



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BUDGET MESSAGE



GENERAL MANAGER & CEO MESSAGE

August 22, 2024

Dear Kerrville Public Utility Board Members,

In accordance with Board Policy 49, attached please find my submission of KPUB's Fiscal Year 2025 (FY2025) proposed budget.

The proposed budget reflects KPUB's mission to be a responsive and efficient, locally-owned provider of safe and reliable utility service at the lowest responsible price.

It was developed over several months, incorporating input from staff, external experts and extensive research on items ranging from energy futures and economic forecasts to developments in Kerrville.

FY2024 was a productive and rewarding year. Significant accomplishments include:

- A banner year for KPUB accolades, including national awards from the American Public Power Association (APPA) for being a Reliable Public Power Provider (RP3), excelling in customer satisfaction, safety, and communications. KPUB was also recognized as a top workplace, earned a certificate of achievement for excellence in financial reporting, and was honored with the Kerrville Kindness award from Kerrville City Council for our support of community Christmas projects
- Multiple internal promotions, including three promotions from apprentice lineman to lineman, a promotion from lineman to service truck lead lineman, two promotions from lineman helper to apprentice lineman, and a promotion from senior IT tech to supervisor of IT services
- KPUB's general manager completed his 2nd term as president of the Texas Public Power Association
- Implemented new technology for personalized video bill messaging & online energy audits
- Implemented rate adjustments according to the final phase recommended in the 2018 Cost of Service study
- Developed a new customer-focused key accounts program
- Relaunched KPUB's in-person home energy audit program
- Completed our radio system upgrade project
- Resolved a backlog of work and released contracted resources for the pole inspection and replacement project
- Installed covered parking for on-call vehicles and equipment
- Completed aerial imagery updates to enhance GIS mapping functionality
- Submittal of two large funding requests through the Department of Energy for Grid Resiliency & the Texas Energy Fund



- Achieved 4+ years without a lost-time work injury and 5+ years without a preventable vehicle accident
- Transitioned to a new cloud-based phone payment system
- Restructured operations crews to staff a second service truck for improved response times and service to customers

FY2025 looks to be just as significant with the following items planned:

- Completion of multiple construction projects to increase capacity and improve reliability
- Receipt of a spare substation transformer to ensure reliability in light of continued supply chain issues
- Addition of a dispatch position to improve coverage and customer responsiveness (in anticipation of a transition to 24/7 dispatch to allow local control of load shedding events)
- Conversion to NISC's new iVUE Connect-Financials software for enhanced HR capabilities
- Implementation of outage management system (OMS) upgrades for customer facing outage map enhancements
- Ongoing reliability and system investments
- Addition of new services to KPUB's personalized video bill messaging, including winter and summer preparations and end-of-year energy usage summaries
- Wire barn weatherization improvements, including an enclosed tool room

Attracting and retaining staff in a highly competitive market continues to be a key focus for KPUB. Accordingly, the proposed budget includes a 5.0% average merit increase. Employee benefit levels are projected to stay the same, with health insurance premiums budgeted to rise by 4.0% in January 2025.

KPUB's rates remain some of the lowest here in Texas and across the United States. KPUB's overall rate was recently lowered from \$102.50 to \$100.00 for 1,000 kWh for residential customers, due to a reduction in the power cost adjustment factor as a result of lower power and natural gas costs. In addition, our financial metrics continue to be in line with or better than APPA metrics for utilities of similar size or in a similar area (see page 16).

Our financial position is currently strong, even amid a volatile energy market and continued supply chain issues. Increasing costs across many areas continues to be a challenge and the cost of service study planned for FY2025 will be an opportunity to review our operations and costs and benchmark across our industry to ensure that we continue to provide the service expected by our customers at responsible prices.

Power supply costs have always been our biggest expense and volatility in the ERCOT wholesale market is expected to continue. The projections in this budget assume that we will continue to renew load following power purchase agreements. However, we have applied for funding from the Texas Energy Fund (TEF) to build a natural gas fired peaking power plant to ensure stable and



BUDGET MESSAGE

competitive rates for our customers. This opportunity would be a huge transition for KPUB from power purchaser to generation owner, a move that is consistent with our mission to provide service at the lowest responsible price. *This will be the most significant decision made in our history since KPUB was established in 1987.*

As required by policy, the attached pages present summary and detailed information regarding our operating and capital budget for FY2025. In addition, five-year forecast information is less certain but presented for planning and discussion purposes. The five-year forecast calls for a relatively flat net position over the next five years. Based on our projections, this allows KPUB to cash fund \$35.5 million in capital projects over that period including a new substation. It is important to note that the five-year forecast does not include any additional financial impact from Winter Storm Uri. However, the final financial impact remains unknown, contingent on the outcome of litigation between KPUB's main power supplier and third parties.

The FY2025 proposed budget exemplifies discipline and a steadfast commitment to our mission. It provides the resources needed to maintain our competitive rates, deliver exceptional service, and invest in critical system improvements to ensure safe and reliable power. As always, I look forward to the board's input and strategic guidance in the upcoming fiscal year.

Regards,

Mike Wittler, P.E.
General Manager and CEO

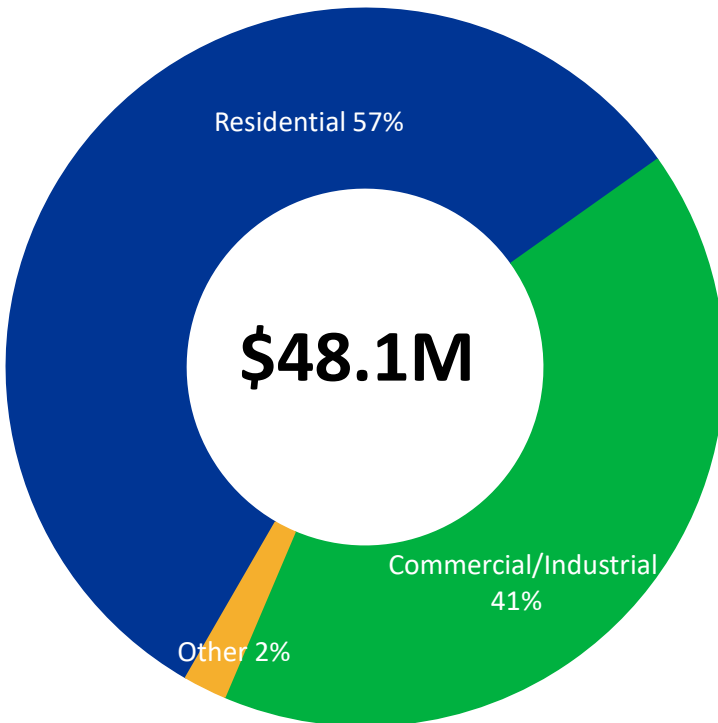


OPERATING BUDGET



BUDGET SUMMARY

KPUB's FY2025 proposed budget projects operating revenues of \$48.1M and operating expenses of \$49.2M. After adjustments for nonoperating items, the budget results in a \$0.3M decrease in net position.



OPERATING REVENUES - \$48.1M

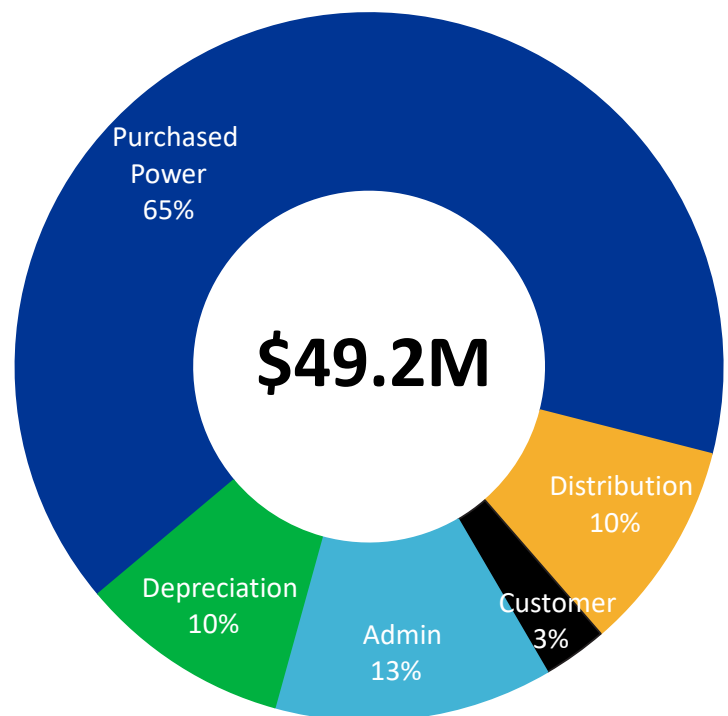
FY2025 operating revenues are projected to be 3.2% lower than the FY2024 budget due primarily to a lower cost of purchased power. The cost to purchase power is passed through to the customer and represents the largest component of the billing rate.

Operating revenues are projected to be 10.3% higher than estimated FY2024 revenues. The increase is due primarily to power purchase prices that are expected to be higher than the FY2024 estimate due to higher natural gas prices. In addition, FY2025 will have a full year of new customer charge and distribution rates implemented in November 2023.

OPERATING EXPENSES - \$49.2M

FY2025 operating expenses are projected to be 1.3% higher than the FY2024 budget due to increases in multiple operating expense categories including a 5.0% average merit increase for personnel, a new dispatch position, a 4% health insurance increase, a cost of service study planned for FY2025 and enhanced energy savings programs for customers offset by a 1.9% decrease in purchased power.

Operating expenses are projected to be 12.4% higher than FY2024 estimated costs due primarily to a 12.8% increase in purchased power reduced by smaller increases in other categories. Purchased power is forecast using natural gas futures as a primary input. The futures market is projecting that natural gas prices will remain low, but will be higher than FY2024.





OPERATING BUDGET

Kerrville Public Utility Board Statement of Revenues, Expenses and Changes in Fund Net Position FY2025 Budget

	FY2025 Budget	FY2024 Budget	% change	FY2024 Estimate	% change
OPERATING REVENUES:					
Residential	\$ 27,351,571	\$ 27,653,932	-1.1%	\$ 24,713,349	10.7%
Commercial/Industrial	19,836,441	21,117,660	-6.1%	17,985,572	10.3%
Sales to Public Authorities	258,000	258,000	0.0%	260,421	-0.9%
Other	671,000	695,500	-3.5%	680,071	-1.3%
TOTAL OPERATING REVENUES	48,117,012	49,725,092	-3.2%	43,639,413	10.3%
OPERATING EXPENSES:					
Purchased Power	32,010,592	32,631,482	-1.9%	28,374,371	12.8%
Distribution	4,787,774	4,624,074	3.5%	4,490,416	6.6%
Customer Accounts	842,341	798,028	5.6%	758,668	11.0%
Customer Service, Informational & Sales	632,113	442,992	42.7%	509,165	24.1%
Administrative Expenses	6,201,050	5,689,084	9.0%	5,163,327	20.1%
Depreciation & Amortization	4,702,251	4,372,411	7.5%	4,439,203	5.9%
TOTAL OPERATING EXPENSES	49,176,121	48,558,071	1.3%	43,735,150	12.4%
OPERATING INCOME (LOSS)	(1,059,109)	1,167,021	-190.8%	(95,736)	1006.3%
NONOPERATING REVENUES (EXPENSES):					
Interest Income - Investments	1,732,500	1,625,000	6.6%	2,505,180	-30.8%
Interest Income - City of Kerrville	117,857	143,571	-17.9%	143,571	-17.9%
Interest Expense	(135,854)	(97,014)	40.0%	(115,676)	17.4%
City of Kerrville - General Fund Transfer	(1,500,191)	(1,545,680)	-2.9%	(1,388,645)	8.0%
City of Ingram - Franchise Fee	(41,396)	(42,801)	-3.3%	(36,157)	14.5%
Other - Net	39,000	29,000	34.5%	(137,999)	-128.3%
TOTAL NONOPERATING REVENUES (EXP)	211,917	112,077	-89.1%	970,274	-78.2%
INCOME BEFORE CONTRIBUTIONS	(847,192)	1,279,098	166.2%	874,538	-196.9%
CAPITAL CONTRIBUTIONS	500,000	360,000	38.9%	508,070	-1.6%
CHANGE IN NET POSITION	\$ (347,192)	\$ 1,639,098	121.2%	\$ 1,382,608	-125.1%
NET POSITION AT BEGINNING OF YEAR	\$ 79,716,749	\$ 78,334,141		\$ 78,334,141	
NET POSITION AT END OF YEAR	\$ 79,369,556	\$ 79,973,239		\$ 79,716,749	



REVENUE HIGHLIGHTS

Electric Residential Bill Comparison

■ Municipally Owned
■ Cooperative

City of Fredericksburg	■	\$98.99
Kerrville Public Utility Board	■	\$100.00
Central Texas Electric Co-op	■	\$110.70
San Marcos Electric Utility	■	\$111.83
Bluebonnet Electric Co-op (Bastrop)	■	\$118.48
Pedernales Electric Co-op (Johnson City)	■	\$122.36
CPS Energy (San Antonio)	■	\$128.48
Bandera Electric Co-op	■	\$128.79
Guadalupe Valley Electric Co-op	■	\$133.82
Austin Energy	■	\$140.68
New Braunfels Utilities	■	\$142.74
City of Boerne	■	\$144.75

Comparison based on 1,000 kWh usage.

**residential rate comparison of surrounding area utilities in July 2024*

BILLED RATES

KPUB changed its power cost adjustment factor in July 2024 due to low rates for purchased power in FY2024. Our budget anticipates leaving the residential billed rate at \$100.00 per 1,000 kWh of monthly usage. However, our current rates are not expected to cover KPUB's operating expenses for distribution and customer costs. We have a cost of service study planned in FY2025. KPUB's last cost of service study was completed in 2018. Costs for labor, services and materials have increased significantly since 2020. KPUB's customer base has seen continued slow growth during this time, but inflation has outpaced the benefit of spreading some costs over a larger customer base. We anticipate the need to adjust the customer charge and distribution charge portion of KPUB's rate based on the findings of this study. Proposed changes will be presented to the KPUB Board and Kerrville City Council following the conclusion of the cost of service study.

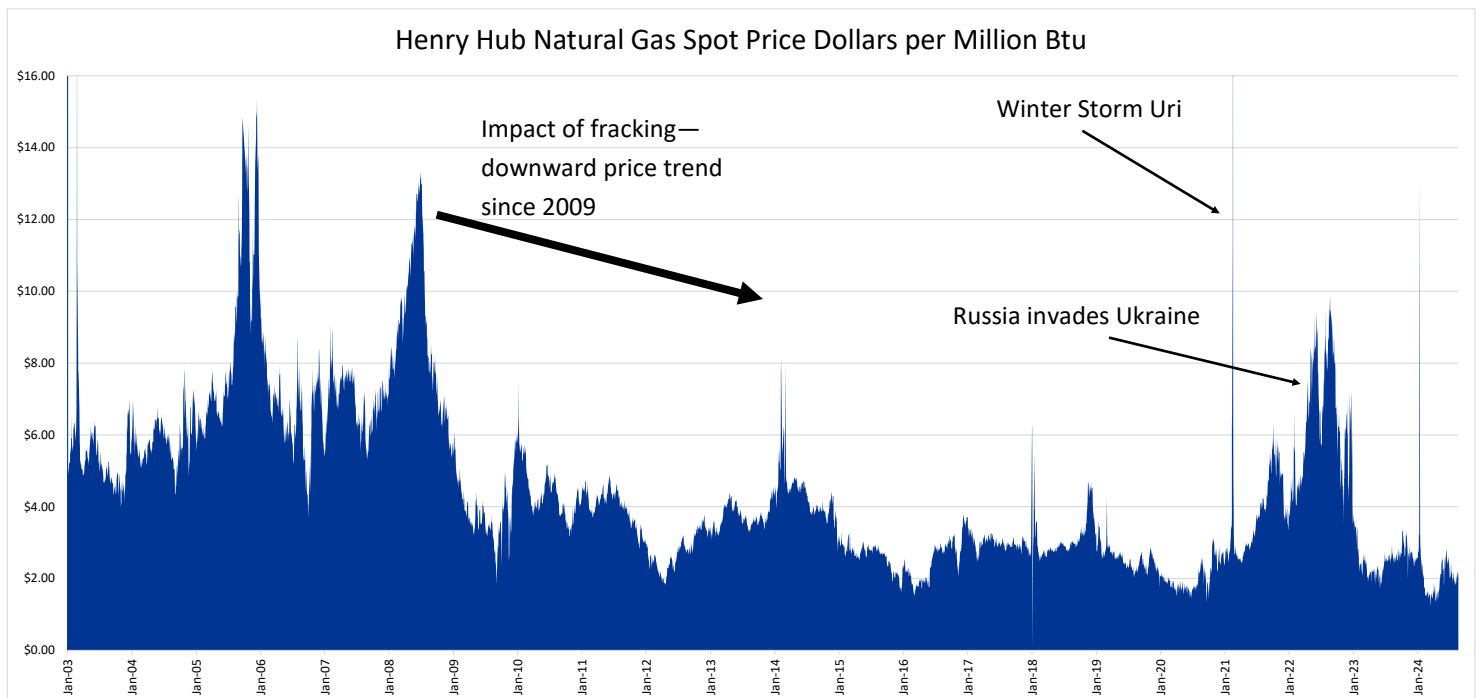
Residential Charge for 1,000 kWh

Customer Charge	\$	15.25
Distribution Charge		16.80
Power Supply Charge		
Fixed Rate	40.60	
Power Cost Adjustment	27.35	
Total Power Supply		67.95
TOTAL BILL	\$	100.00



NATURAL GAS PRICES

KPUB purchases most of its power from CPS Energy via a load following power purchase agreement. The agreement pricing is based on the cost of natural gas. Accordingly, assumptions about the price of natural gas are a primary input to KPUB's budget model. KPUB uses Henry Hub natural gas futures prices as the best available data to forecast the cost of power for the next budget year. The chart below shows actual gas prices going back to 2003. This illustrates the volatility of gas prices as well as the general downward pressure on price created by the expansion of fracking. In addition, global events, such as Russia's invasion of Ukraine in 2022, can significantly impact price.



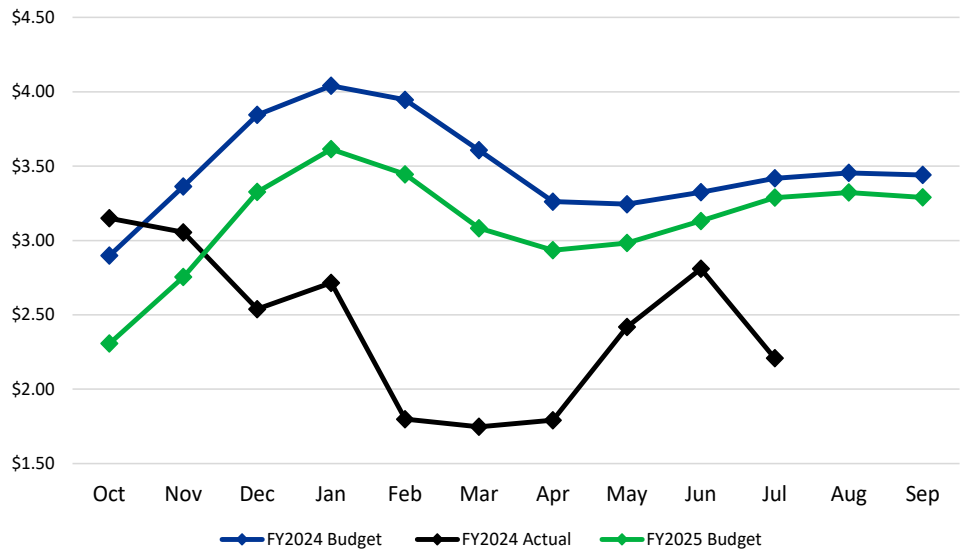
Source: US Energy Information Administration



NATURAL GAS PRICES

The blue and green lines on the graph to the right show futures prices that follow the same curve in both FY2024 and FY2025. The black line shows actual prices in FY2024, which have been significantly lower than the futures market predicted when the FY2024 budget was built in August 2023. Low prices were driven by mild weather in both the winter and summer, which resulted in excess natural gas supply. Natural gas supply also increased due to issues impacting the operation of liquified natural gas (LNG) processing plants that limited LNG exports.

Budget vs. Actual - Natural Gas Prices



PURCHASED POWER

Purchased power is KPUB's largest expense, accounting for 65% of operating expenses. The change in this expense from the FY2024 budget and FY2024 estimate is due to:

1. Volume - due to KPUB's slow growth and a relatively average usage year, only a small change in volume is expected in FY2025 compared to both the FY2024 budget and the FY2024 estimate.
2. Rate - the chart above shows that gas futures are approximately 10% lower than the futures prices that were included in the FY2024 Budget. That decrease equates to a 0.1% decrease in the overall cost per kWh purchased due to the fixed rates charged for KPUB's non-CPS Energy power as well as transmission charges billed at fixed rates. Additionally, KPUB began a contract extension with CPS Energy in January 2024. Increased rates in the new contract only impact 9 months in FY2024, but will impact a full year in FY2025.

In comparison to the FY2024 estimate, the cost per kWh's purchased is expected to be 12.8% higher as gas prices are expected to normalize at an average price of \$3.12 in FY2025, which is higher than the unusually low prices seen in FY2024 created by mild weather and excess storage.

Metric	FY2025 Budget	FY2024 Budget	% change	FY2024 Estimate	% change
Purchased Power	\$ 32,010,592	\$ 32,631,482	-1.9%	\$ 28,374,371	12.8%
kWh Purchased	552,538,860	562,436,705	-1.8%	552,355,469	0.0%
Cost per kWh - purchased	\$ 0.0579	\$ 0.0580	-0.1%	\$ 0.0514	12.8%



EXPENSE HIGHLIGHTS

OTHER OPERATING EXPENSES

Metric	FY2025 Budget	FY2024 Budget	% change	FY2024 Estimate	% change
Distribution	4,787,774	4,624,074	3.5%	4,490,416	6.6%
Customer Accounts	842,341	798,028	5.6%	758,668	11.0%
Customer Service, Information	632,113	442,992	42.7%	509,165	24.1%
Administrative Expenses	6,201,050	5,689,084	9.5%	5,163,327	20.0%
TOTAL	12,463,279	11,554,178	7.9%	10,921,575	14.1%

Other operating expenses shown here are the expenses that KPUB pays for personnel, maintenance and operation of our system. These expenses do not include purchased power or depreciation. Personnel is the largest category of expense, but it is allocated between many accounts. Accordingly, the table below show explanations for the major variances in total. Note that these expenses are spread between the categories shown above.

KPUB capitalizes a portion of its labor expense. The split between capital and operating expense is fairly stable, but more of payroll was assumed to be capitalized in the FY2024 budget. For FY2025, we are assuming a more historical average split, which has the impact of increasing operating expenses.

Description	Change from FY2024 Budget (000)	Change from FY2024 Estimate (000)
Personnel		
Change in capitalization assumption	\$304	
New position	51	51
Full year of previous partial year positions	122	
Full staffing of vacant positions		361
Change in sick leave budgeting	(170)	
5% merit increase	239	226
Realigned position	(46)	(39)
Employee Benefits - rate increases	226	226
Employee Benefits - full staffing		50
Employee Benefits - pension actuarial adjustment		150
Cost of Service Study	100	100
Radio Purchase in FY2024	(221)	(204)
Enhanced Customer Energy Saving Programs	124	35
Additional tree trimming		90
Material cost increases		46
Additional travel and training		42
Additional LCRA Scheduled Maintenance		32
Additional KPUB Insurance		32
Additional Building Maintenance		32
Additional IT Equipment		28
Additional Utilities		22
Small changes in multiple accounts	180	262
Total Change	\$909	\$1,542

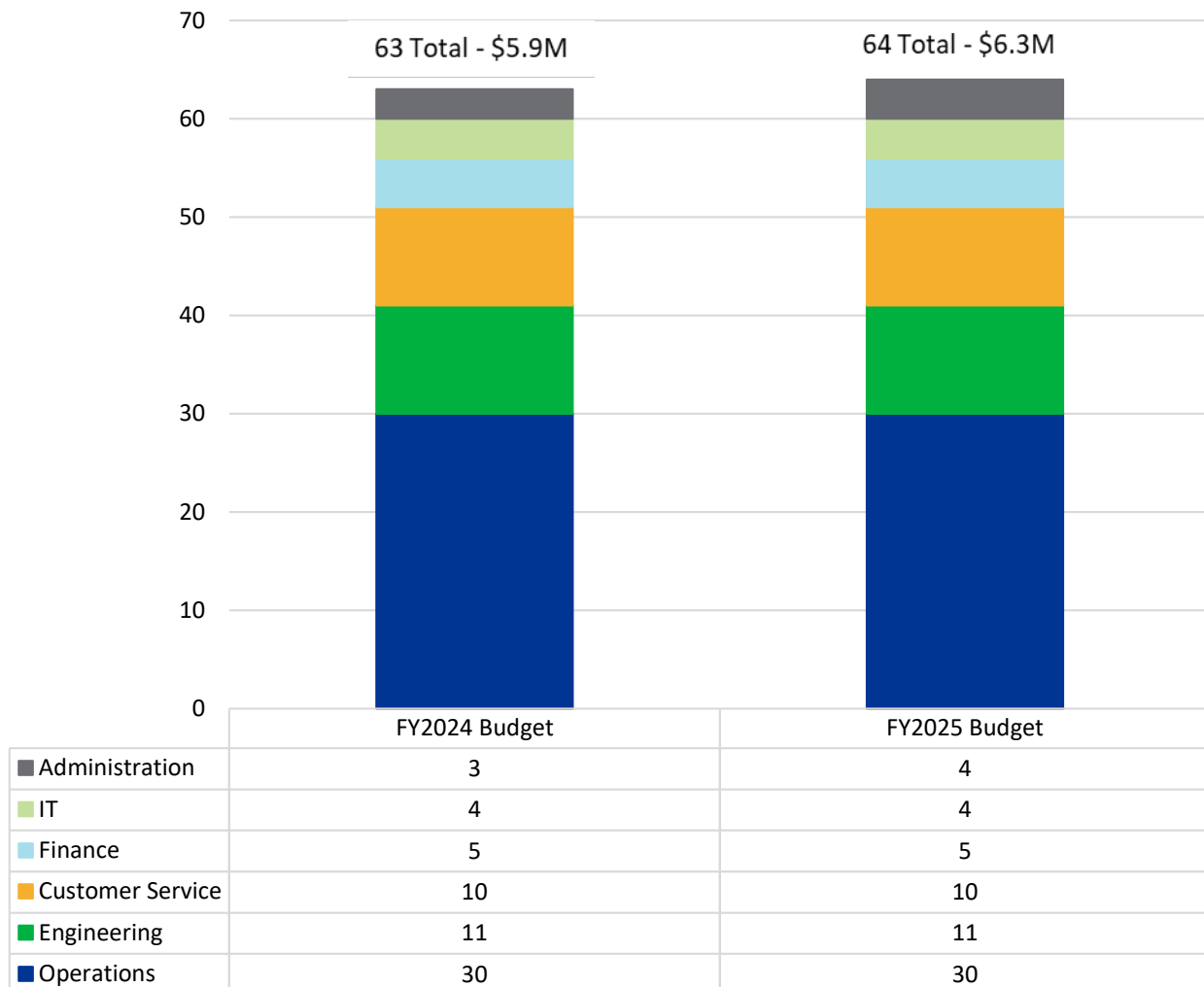


PERSONNEL BUDGET

The FY2025 personnel budget totals \$6.3M and is 6.1% higher than the FY2024 budget. The increase is due to:

- A 5% average merit increase for all employees
- The addition of 1 position - a 3rd Dispatcher is added for better coverage and availability
- A full year's salary for the Director of Engineering, HR Assistant and Lineman position that were budgeted for eight months in FY2024
- An Engineering Project Manager was budgeted as an Engineering Supervisor for eight months in FY2024 and is budgeted with a different title for nine months in FY2025. The position is vacant.
- The Director of Operations position will be realigned as a Director of Human Resources position
- Three lineman apprentices were promoted to lineman in FY2024
- The FY2025 budget includes four lineman apprentices that will receive step promotions as training requirements are met in FY2025

Employees by Department





INDUSTRY COMPARISON

Kerrville Public Utility Board Industry Comparison Metrics FY2025 Budget

	KPUB FY2024 Estimate	KPUB FY2025 Budget	APPA - 20,000 to 50,000 customers (2024 report based on 2021 data)	APPA - Southwest (2024 report based on 2021 data)	APPA - No Generation (2024 report based on 2021 data)
1 Operating Ratio (Op Expense / Op Revenue)	1.002	1.022	0.857	0.865	0.877
2 O&M per kWh sales	\$ 0.077	\$ 0.085	\$ 0.081	\$ 0.083	\$ 0.091
3 O&M per customer (excluding power supply)	\$ 450.67	\$ 507.26	\$ 551.00	\$ 610.00	n/a
4 Distribution per customer	\$ 185.29	\$ 194.86	\$ 188.00	\$ 185.00	n/a
5 Customer Accts, Service, Sales per customer	\$ 52.32	\$ 60.01	\$ 68.00	\$ 55.00	n/a
6 Administrative & General per customer	\$ 213.06	\$ 252.38	\$ 172.00	\$ 238.00	n/a
7 Capital Expenditures to depreciation expense	1.00	1.66	1.10	1.21	1.20

	KPUB FY2025 Budget	APPA - 2022 Public Power Average	APPA - 2022 Cooperative Average	APPA 2022 Investor-Owned Utility Average
8 Residential Rate per 1,000 kWh usage	\$100.00	\$138.86	\$130.70	\$153.21



OPERATIONS & MAINTENANCE DETAIL

Kerrville Public Utility Board Operations & Maintenance Detail FY2025 Budget

	FY2025 Budget	FY2024 Budget	% change	FY2024 Estimate	% change
DISTRIBUTION EXPENSE					
OPERATION EXPENSE					
580 Operation Supervision & Engineering	\$ -	\$ 42,427	-100.0%	\$ 38,875	-100.0%
582 Station Expense	124,202	75,421	64.7%	107,647	15.4%
583 Overhead Line Expense	5,250	10,000	-47.5%	2,947	78.2%
584 Underground Line Expense	1,000	1,000	0.0%	164	508.1%
585 Street Lighting & Signal Expense	500	-		6,387	-92.2%
586 Meter Expense	146,811	196,928	-25.4%	118,977	23.4%
588 Misc. Distribution Expense	899,618	1,106,741	-18.7%	943,235	-4.6%
Total Operation Expense	1,177,380	1,432,517	-17.8%	1,218,232	-3.4%
MAINTENANCE EXPENSE					
590 Maintenance Supervision & Engineering	158,184	126,478	25.1%	62,245	154.1%
592 Maintenance of Station Equipment	584,396	437,150	33.7%	552,417	5.8%
593 Maintenance of Overhead Lines	2,594,271	2,434,810	6.5%	2,370,610	9.4%
594 Maintenance of Underground Lines	164,251	143,277	14.6%	170,175	-3.5%
595 Maintenance of Line Transformers	4,000	2,150	86.0%	5,786	-30.9%
596 Maintenance of Street Lights & Signals	-	-		1,497	-100.0%
597 Maintenance of Meters	95,792	37,043	158.6%	90,547	5.8%
598 Miscellaneous Maintenance Expense	9,500	10,650	-10.8%	18,908	-49.8%
Total Maintenance Expense	3,610,395	3,191,557	13.1%	3,272,184	10.3%
Total Distribution Expense	4,787,774	4,624,074	3.5%	4,490,416	6.6%
CUSTOMER ACCOUNTS EXPENSE					
901 Supervision	45,378	44,955	0.9%	41,915	8.3%
902 Meter Reading	53,946	2,400	2147.7%	50,536	6.7%
903 Customer Records & Collection	693,018	675,673	2.6%	625,641	10.8%
904 Uncollectible Accounts	50,000	75,000	-33.3%	40,576	23.2%
Total Customer Accounts Expense	842,341	798,028	5.6%	758,668	11.0%
CUSTOMER SERVICE, INFORMATIONAL & SALES EXPENSE					
907 Supervision	71,058	68,441	3.8%	68,659	3.5%
908 Customer Assistance	346,798	164,126	111.3%	255,774	35.6%
909 Informational & Instructional	39,222	35,951	9.1%	30,949	26.7%
912 Demonstrating & Selling Expense	400	410	-2.4%	-	
913 Advertising	174,635	174,065	0.3%	153,783	13.6%
Total CS, Informational & Sales Expense	632,113	442,992	42.7%	509,165	24.1%



OPERATIONS & MAINTENANCE DETAIL

Kerrville Public Utility Board
Operations & Maintenance Detail
FY2025 Budget

	FY2025 Budget	FY2024 Budget	% change	FY2024 Estimate	% change
ADMINISTRATIVE & GENERAL EXPENSE					
920 Administrative & General Salaries	1,417,870	1,222,957	15.9%	1,115,129	27.1%
921 Office Supplies & Expenses	883,685	871,245	1.4%	754,499	17.1%
923 Outside Services Employed	712,400	609,300	16.9%	659,987	7.9%
924 Property Insurance	90,000	65,000	38.5%	58,225	54.6%
925 Injuries & Damages	190,797	209,031	-8.7%	158,954	20.0%
926 Employee Pensions & Benefits	2,573,848	2,388,980	7.7%	2,126,387	21.0%
930 Miscellaneous General Expenses	218,851	206,921	5.8%	219,884	-0.5%
935 Maintenance of General Plant	113,600	115,650	-1.8%	70,262	61.7%
Total Administrative & General Expense	\$ 6,201,050	\$ 5,689,084	9.0%	\$ 5,163,327	20.1%

Community Support Detail

Account 930 - Miscellaneous General Expenses:

Kerrville Economic Development Corp	\$ 68,750
Community Support Sponsorships	55,000
Community Support Projects - Labor & OH	48,601
Community Support Projects - Fleet & Inventory	20,000
Scholarships	13,000
Community Event Meters	2,000
Other Supplies & Materials	11,500
Total 930 - Miscellaneous General Expenses	\$ 218,851



FIVE-YEAR FORECAST



FIVE-YEAR FORECAST

Kerrville Public Utility Board Statement of Revenues, Expenses and Changes in Fund Net Position Five-Year Forecast

	FY2024 Estimate	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
OPERATING REVENUES:						
Residential	\$ 24,713,349	\$ 27,351,571	\$ 31,970,448	\$ 34,955,015	\$ 35,895,895	\$ 37,397,699
Commercial/Industrial	17,985,572	19,836,441	23,970,094	25,602,706	26,265,694	27,285,786
Sales to Public Authorities	260,421	258,000	263,160	268,423	273,792	279,267
Other	680,071	671,000	684,420	698,108	712,071	712,071
TOTAL OPERATING REVENUES	43,639,413	48,117,012	56,888,122	61,524,252	63,147,451	65,674,823
OPERATING EXPENSES:						
Purchased Power	28,374,371	32,010,592	38,197,149	42,227,162	43,023,062	44,754,889
Distribution	4,490,416	4,787,774	4,979,285	5,178,457	5,385,595	5,601,019
Customer Accounts	758,668	842,341	876,035	911,076	947,519	985,420
Customer Service, Informational & Sales	509,165	632,113	657,398	683,694	711,041	739,483
Administrative Expenses	5,163,327	6,201,050	6,449,092	6,707,056	6,975,338	7,254,352
Depreciation & Amortization	4,439,203	4,702,251	4,937,363	5,184,232	5,443,443	5,715,615
TOTAL OPERATING EXPENSES	43,735,150	49,176,121	56,096,322	60,891,675	62,485,998	65,050,777
OPERATING INCOME (LOSS)	(95,736)	(1,059,109)	791,801	632,577	661,453	624,046
NONOPERATING REVENUES (EXP):						
Interest Income - Investments	2,505,180	1,732,500	800,000	562,500	412,500	412,500
Interest Income - City of Kerrville	143,571	117,857	92,143	66,428	40,714	15,000
Interest Expense	(115,676)	(135,854)	(117,041)	(100,000)	(81,276)	(60,738)
City of Kerrville - General Fund Transfer	(1,388,645)	(1,500,191)	(1,734,308)	(1,865,495)	(1,908,920)	(1,983,970)
City of Ingram - Franchise Fee	(36,157)	(41,396)	(48,942)	(52,930)	(54,327)	(56,501)
Other - Net	(137,999)	39,000	30,000	30,000	30,000	30,000
TOTAL NONOPERATING REVENUES (EXP)	970,274	211,917	(978,148)	(1,359,498)	(1,561,309)	(1,643,709)
INCOME BEFORE CONTRIBUTIONS	874,538	(847,192)	(186,347)	(726,920)	(899,856)	(1,019,663)
CAPITAL CONTRIBUTIONS	508,070	500,000	550,000	600,000	625,000	650,000
CHANGE IN NET POSITION	\$ 1,382,608	\$ (347,192)	\$ 363,653	\$ (126,920)	\$ (274,856)	\$ (369,663)
NET POSITION AT BEGINNING OF YEAR	\$ 78,334,141	\$ 79,716,749	\$ 79,369,556	\$ 79,733,209	\$ 79,606,289	\$ 79,331,434
NET POSITION AT END OF YEAR	\$ 79,716,749	\$ 79,369,556	\$ 79,733,209	\$ 79,606,289	\$ 79,331,434	\$ 78,961,771



FORECAST ASSUMPTIONS

Kerrville Public Utility Board Forecast Assumptions Five-Year Forecast

Operating Revenues

- * Customer growth of 1.5% for residential and commercial.
- * Scheduled rate increases for the customer charge and distribution portion of the rate.
10% in FY2026, 5% in FY2027, 3% annually afterwards
- * Power cost adjustment increases according to power cost projection
- * Billed residential rate increases to \$122.00 in FY2029
- * Even with rate increases and purchased power adjustments, rates remain below
2022 APPA survey averages (based on 2021 data) and July 2024 rates for area utilities.

Purchased Power

- * Assumes a 20% increase in natural gas futures in FY2026.
- * Assumes SEnergy's base case load following cost for FY2027 to FY2029
- * Assumes a 7% annual increase in LCRA transmission costs based on historical averages.

Other Operating Expenses

- * Assumes full staffing.
- * 64 full-time employees
- * 4% average merit increase for FY2026 to FY2029
- * 4% increase in other costs in FY2026 to FY2029.

Nonoperating Revenues and Expenses

- * Interest income at 4.5% in FY2025, 4.0% in FY2026 and 3.75% after that.
- * City of Kerrville transfer is 3% of gross revenues.
- * City of Ingram franchise fee is 2% of Ingram revenues.



KWH SALES FORECAST

Kerrville Public Utility Board

kWh Sales

Five-Year Forecast

	FY2024 Estimate	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
RESIDENTIAL	288,397,744	298,132,000	302,658,000	307,184,000	311,856,000	316,528,000
COMMERCIAL:						
Small Commercial	161,524,792	162,782,513	165,224,251	167,702,615	170,218,154	172,771,426
Large Commercial-Primary	13,749,330	14,111,137	14,322,804	14,537,646	14,755,710	14,977,046
Large Commercial-Secondary	47,181,921	48,451,350	49,178,120	49,915,792	50,664,529	51,424,497
COMMERCIAL	222,456,044	225,345,000	228,725,175	232,156,053	235,638,393	239,172,969
STREET & SECURITY LIGHT	1,189,605	1,200,000	1,202,400	1,204,805	1,207,214	1,209,629
TOTAL SALES	512,043,393	524,677,000	532,585,575	540,544,857	548,701,608	556,910,598
% CHANGE		2.5%	1.5%	1.5%	1.5%	1.5%



PURCHASED POWER METRICS

Kerrville Public Utility Board Purchased Power Metrics Five-Year Forecast

		FY2024 Estimate	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
1	Total Customers	24,234	24,570	24,942	25,315	25,700	26,085
2	kWh Sales	512,043,393	524,677,000	532,585,575	540,544,857	548,701,608	556,910,598
3	Ratio of Unsold kWh Purchases	7%	5%	6%	6%	6%	6%
4	kWh Purchased	552,355,469	552,538,860	566,580,399	575,047,721	583,725,115	592,458,083
5	Purchased Power Cost	\$ 28,374,371	\$ 32,010,592	\$ 38,197,149	\$ 42,227,162	\$ 43,023,062	\$ 44,754,889
6	Cost per kWh - purchased	0.05137	0.05793	0.06742	0.07343	0.07370	0.07554
7	Cost per kWh - sold	0.05541	0.06101	0.07172	0.07812	0.07841	0.08036
8	Power Cost Adjustment Factor	1.3962	1.5372	1.8070	1.9682	1.9755	2.0248
9	Neutral Residential Rate - 1,000 kWh	\$ 88.73	\$ 94.46	\$ 108.62	\$ 116.93	\$ 118.33	\$ 121.48
10	Billed Residential Rate - 1,000 kWh	\$ 100.00	\$ 100.00	\$ 110.00	\$ 118.00	\$ 120.00	\$ 122.00
11	% Change - Power Cost		12.8%	19.3%	10.6%	1.9%	4.0%
12	% Change - Cost per kWh - purchased		12.8%	16.4%	8.9%	0.4%	2.5%
13	% Change - Cost per kWh - sold		10.1%	17.6%	8.9%	0.4%	2.5%
14	% Change - Residential Rate		6.5%	15.0%	7.6%	1.2%	2.7%
15	% Change - Billed Residential Rate		0.0%	10.0%	7.3%	1.7%	1.7%



CAPITAL BUDGET



CAPITAL BUDGET

Kerrville Public Utility Board Capital Budget Five-Year Forecast

	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
METERS					
Existing AMR Systems	\$ 100,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Total Meters	100,000	75,000	75,000	75,000	75,000
LINE CONSTRUCTION					
Ordinary Replacements	115,971	118,870	121,842	125,497	125,000
Customer Extensions	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
System Improvements	400,000	400,000	400,000	400,000	400,000
Furman - New Feeder to Reduce Harper Load	-	240,000	-	-	-
Barker - Express Feed for Redundancy	552,000	-	-	-	-
Harper to Furman Transmission Underbuild	350,000	-	-	-	-
Single to Three Phase Conversion (HR30 & ST60)	360,000	-	-	-	-
Pole Inspection Replacements	450,000	450,000	450,000	450,000	450,000
Power Factor Improvement	45,002	46,127	47,280	48,226	50,000
Contingency	120,000	120,000	120,000	120,000	120,000
Padmount Refurbish & Replacements	200,000	200,000	200,000	200,000	200,000
Street Lights	75,000	75,000	75,000	75,000	75,000
New Substation Feeders	-	-	3,105,900	-	-
Total Line Construction	4,167,973	3,149,997	6,020,022	2,918,723	2,920,000
Bucket/Derrick Truck	325,000	340,000	325,000	340,000	330,000
Small Vehicles	224,824	50,000	145,000	120,000	90,000
Total Heavy Equipment & Vehicles	549,824	390,000	470,000	460,000	420,000
Normal IT	25,000	25,000	25,000	25,000	25,000
Major IT	95,000	205,000	195,000	310,000	220,000
Aerial Imagery	-	-	14,000	14,000	14,000
FiberOptic Communications	60,000	60,000	60,000	60,000	60,000
Facilities Improvements	50,000	50,000	50,000	50,000	50,000
Wire Barn Improvements	25,000	-	-	-	-
EV Charging	50,000	50,000	50,000	50,000	50,000
Capital Tools	25,000	25,000	25,000	25,000	25,000
Total General Plant / Other	330,000	415,000	419,000	534,000	444,000
SUBSTATIONS					
Furman T2 Transformer and Construction	467,000	3,222,032	-	-	-
New Spare Virginia Transformer	638,368	-	-	-	-
New Transformer for Ingram Substation	-	-	-	-	372,154
New Substation	1,000,000	-	5,060,000	-	-
Minor Improvements	100,000	100,000	100,000	100,000	190,000
Distributed Automation Equipment Deployment	15,000	15,000	15,000	15,000	15,000
Total Substations	2,220,368	3,337,032	5,175,000	151,000	577,154
TOTAL CAPITAL BUDGET	\$ 7,368,165	\$ 7,367,029	\$ 12,159,022	\$ 4,138,723	\$ 4,436,154
CASH FLOW FOR CAPITALIZED LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS					
	\$ 424,035	\$ 424,528	\$ 374,773	\$ 461,783	\$ 449,702



CASH FLOW FORECAST



CASH FLOW FORECAST

Kerrville Public Utility Board Cash Flow Forecast Five-Year Forecast

	FY2024 Estimate	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
BALANCE AT BEGINNING OF YEAR	\$ 40,596,067	\$ 44,505,804	\$ 42,658,469	\$ 40,588,536	\$ 33,167,271	\$ 33,576,035
CASH INFLOWS:						
Cash from Operations	5,937,487	4,490,912	5,418,057	5,157,311	5,249,864	5,406,690
Pension Adjustment (noncash)	100,000	100,000	100,000	100,000	100,000	100,000
Capital Contributions	508,070	500,000	550,000	600,000	625,000	650,000
Advance to City of Kerrville	1,244,999	1,193,571	1,167,858	1,142,143	1,116,429	1,090,715
Interest Income	2,505,180	1,732,500	800,000	562,500	412,500	412,500
Total Inflows	10,295,736	8,016,983	8,035,915	7,561,954	7,503,793	7,659,905
CASH OUTFLOWS:						
Winter Storm Uri			TBD			
Transfer & Franchise Fee	1,424,802	1,541,587	1,783,250	1,918,426	1,963,247	2,040,471
Debt Repayment	531,197	530,531	531,041	530,999	531,276	530,738
Cash for Capitalized Agreements	330,000	424,035	424,528	374,773	461,783	449,702
Capital Spending	4,100,000	7,368,165	7,367,029	12,159,022	4,138,723	4,436,154
Total Outflows	6,385,999	9,864,318	10,105,848	14,983,219	7,095,029	7,457,065
NET CHANGE IN CASH	3,909,737	(1,847,335)	(2,069,933)	(7,421,265)	408,764	202,840
BALANCE AT END OF YEAR	\$ 44,505,804	\$ 42,658,469	\$ 40,588,536	\$ 33,167,271	\$ 33,576,035	\$ 33,778,876



PAYABLE AND RECEIVABLE SCHEDULE

Kerrville Public Utility Board
Bonds Payable and Advance Receivable Schedules
As of September 2024

Bonds Payable:

Series 2013 Revenue Bonds
Original Principal: \$6,300,000
Interest Rate: 1.01% to 4.13%, overall 3.16%
Semiannual Payments on May 1 and November 1
Maturity: 11/1/2028

Maturity Schedule:

Fiscal Year		Principal		Interest		Total
FY2025	\$	448,000	\$	82,531	\$	530,531
FY2026		464,000		67,041		531,041
FY2027		481,000		49,999		530,999
FY2028		500,000		31,276		531,276
FY2029		520,000		10,738		530,738
TOTAL	\$	2,413,000	\$	241,585	\$	2,654,585

Advance Receivable:

City of Kerrville
Original Principal: \$7,500,000
Interest Rate: 2.4%
Semiannual Payments on February 1 and August 1
Maturity: 8/1/2029

Maturity Schedule:

Fiscal Year		Principal		Interest		Total
FY2025	\$	1,071,428	\$	122,143	\$	1,193,571
FY2026		1,071,429		96,429		1,167,858
FY2027		1,071,429		70,714		1,142,143
FY2028		1,071,429		45,000		1,116,429
FY2029		1,071,429		19,286		1,090,715
TOTAL	\$	5,357,144	\$	353,572	\$	5,710,716



DEBT SERVICE COVERAGE



DEBT SERVICE COVERAGE

Kerrville Public Utility Board Debt Service Coverage Five-Year Forecast

	FY2024 Estimate	FY2025 Budget	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
CHANGE IN NET POSITION	\$ 1,670,687	\$ (347,192)	\$ 363,653	\$ (126,920)	\$ (274,856)	\$ (369,663)
PLUS:						
Interest Expense (net of amortizations)	115,676	135,854	117,041	100,000	81,276	60,738
Depreciation Expense	4,439,203	4,702,251	4,937,363	5,184,232	5,443,443	5,715,615
Numerator	6,225,566	4,490,912	5,418,057	5,157,311	5,249,864	5,406,690
DIVIDED BY:						
Interest Expense (net of amortizations)	115,676	135,854	117,041	100,000	81,276	60,738
Principal Payment Due	446,833	462,667	479,583	498,417	518,333	43,333
Denominator	\$ 562,509	\$ 598,520	\$ 596,624	\$ 598,417	\$ 599,609	\$ 104,071
DEBT SERVICE COVERAGE RATIO	11.07	7.50	9.08	8.62	8.76	51.95

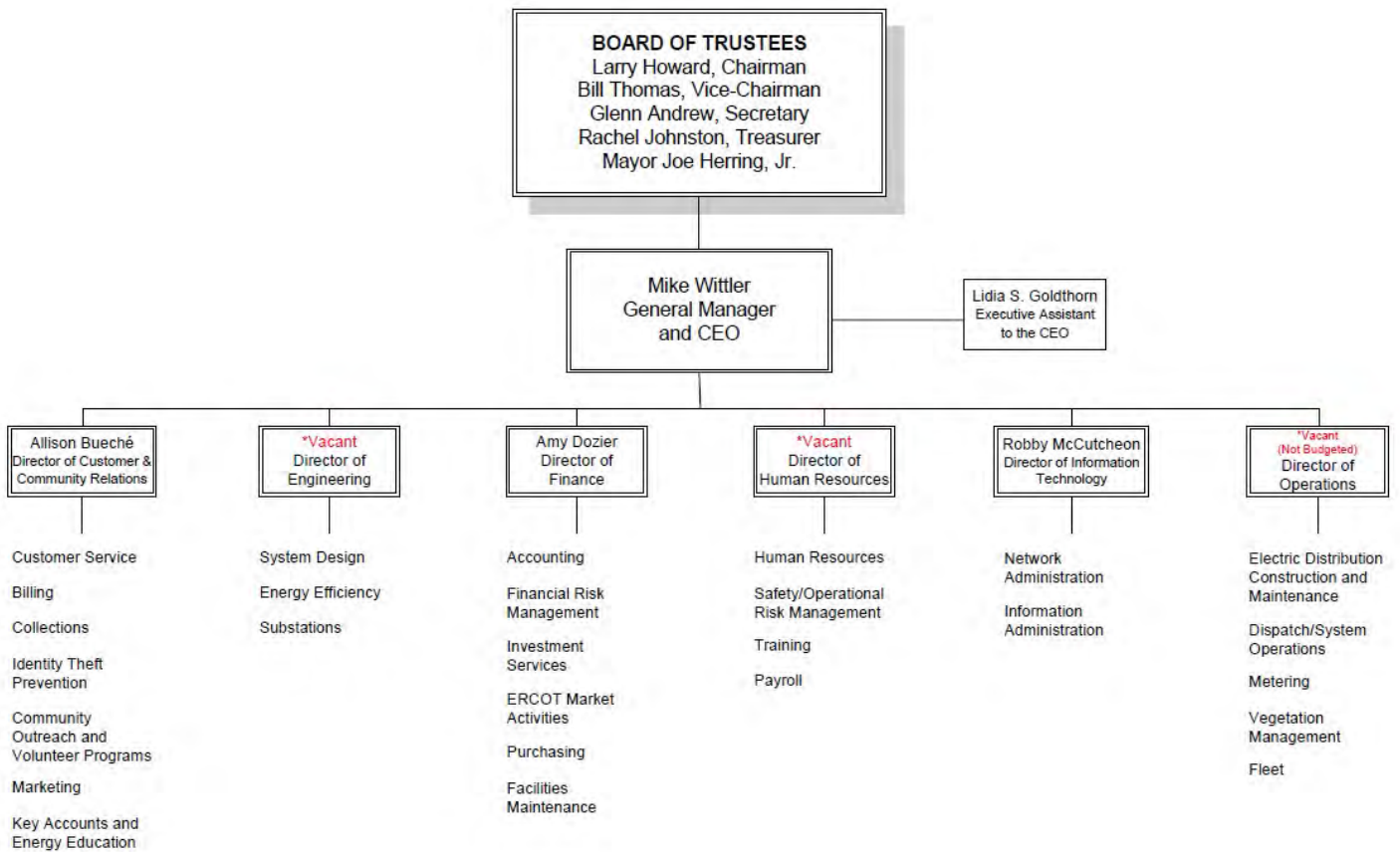


ORGANIZATION CHARTS



ORGANIZATION CHART

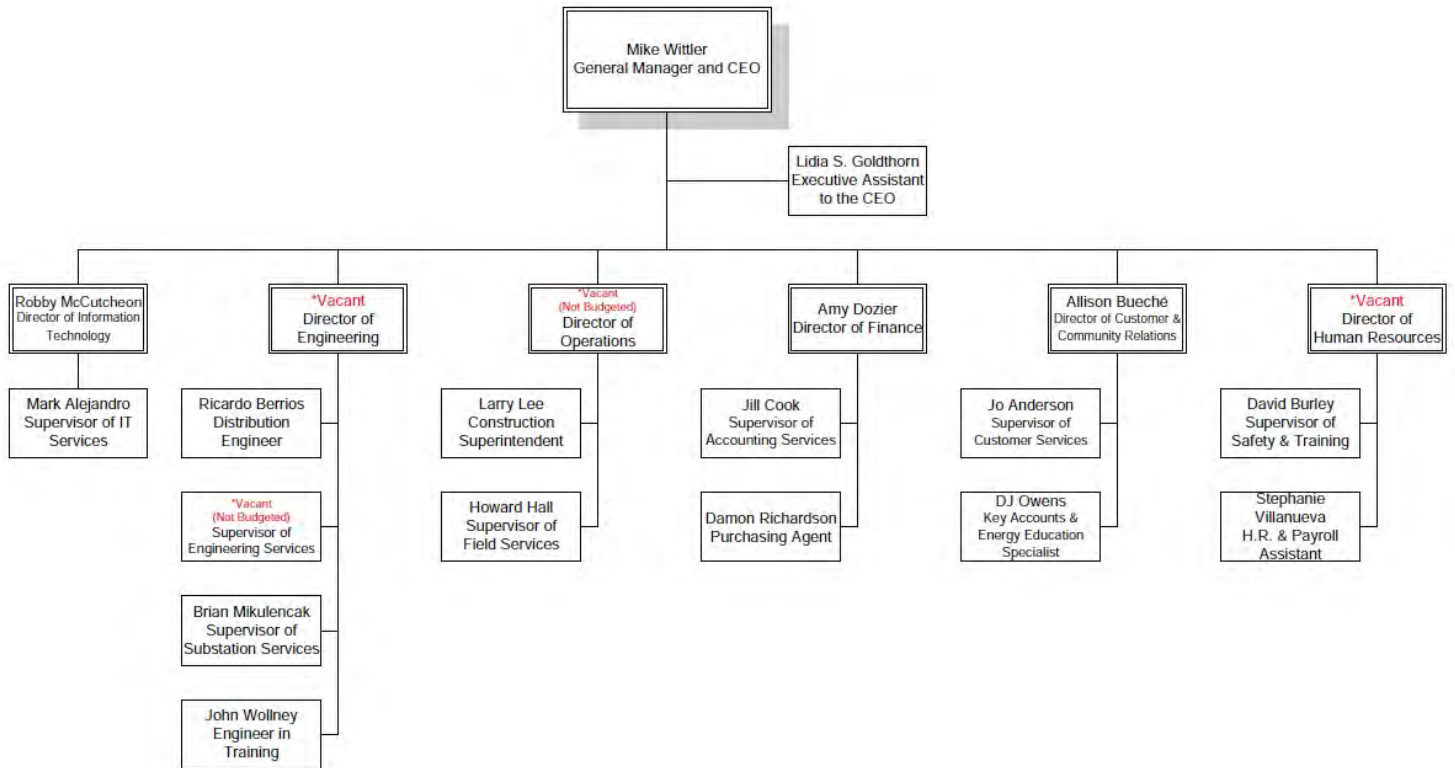
Kerrville Public Utility Board 2024 Board Organization Chart August 31, 2024





ORGANIZATION CHART

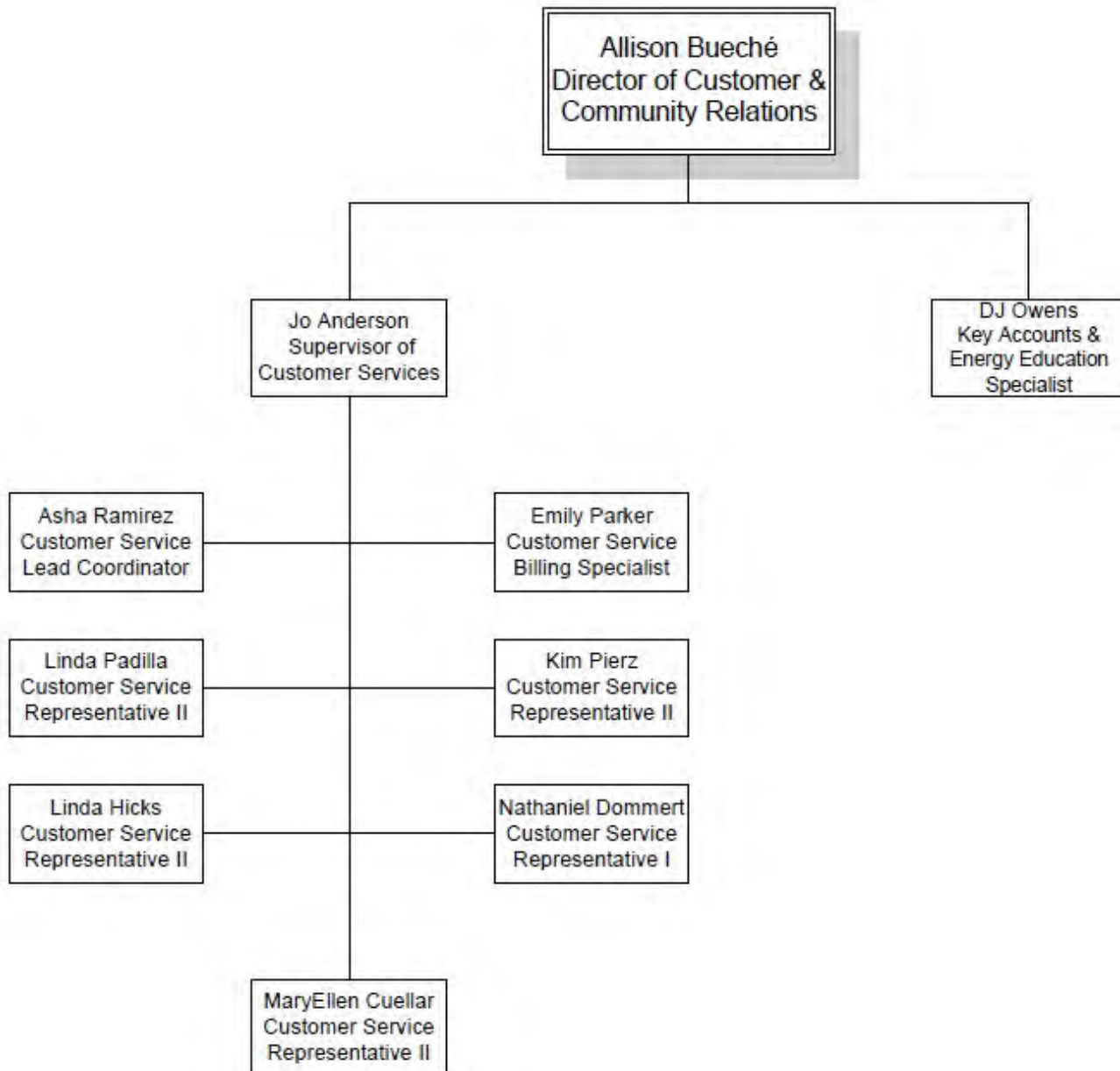
Kerrville Public Utility Board 2024 Organization Chart August 31, 2024





ORGANIZATION CHART

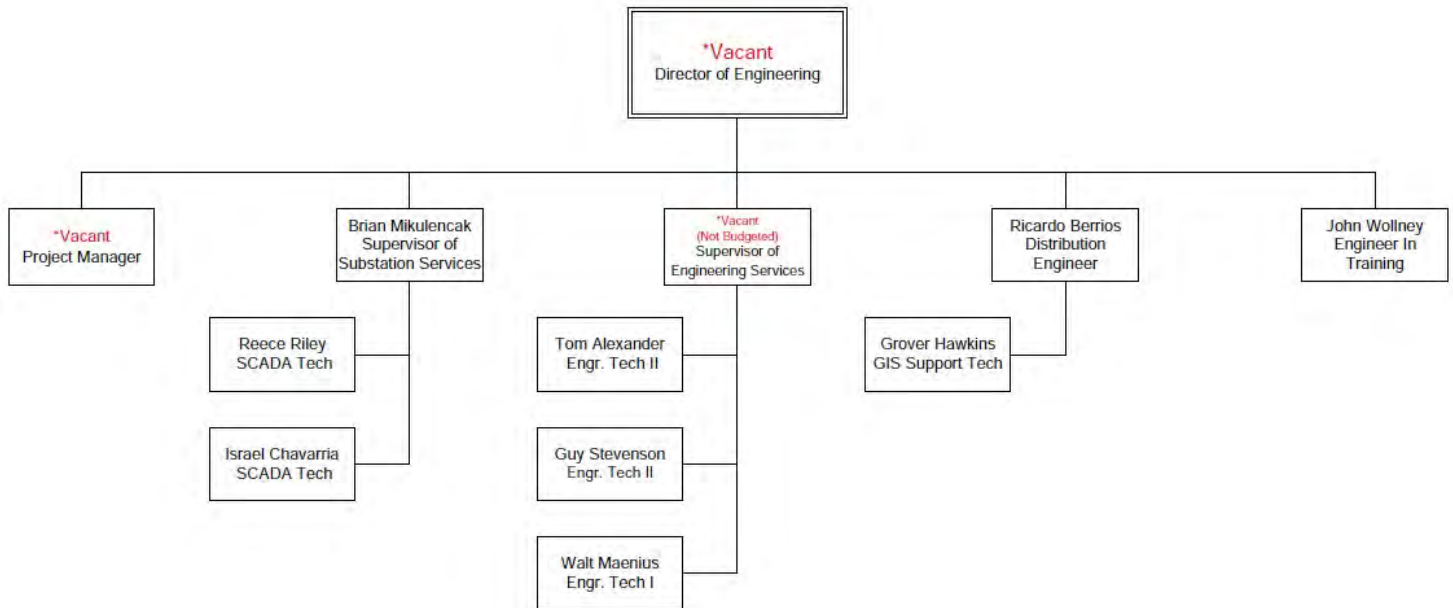
Kerrville Public Utility Board Customer & Community Relations August 31, 2024





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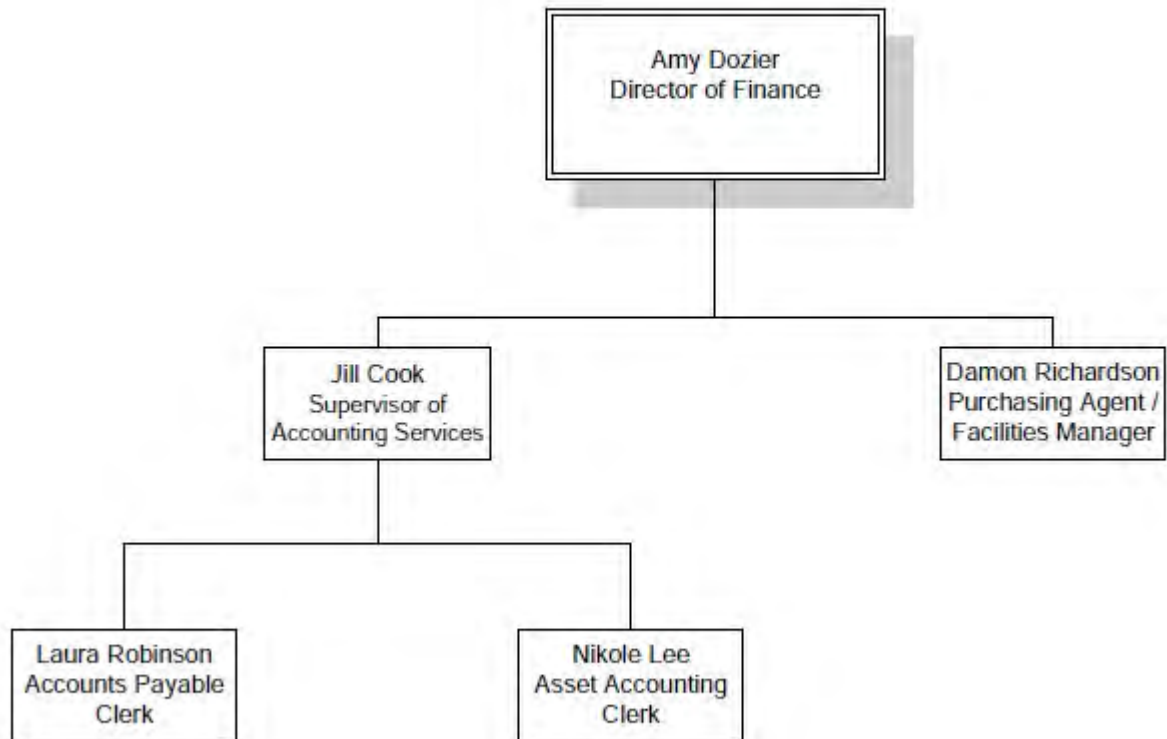
Kerrville Public Utility Board
Engineering
August 31, 2024





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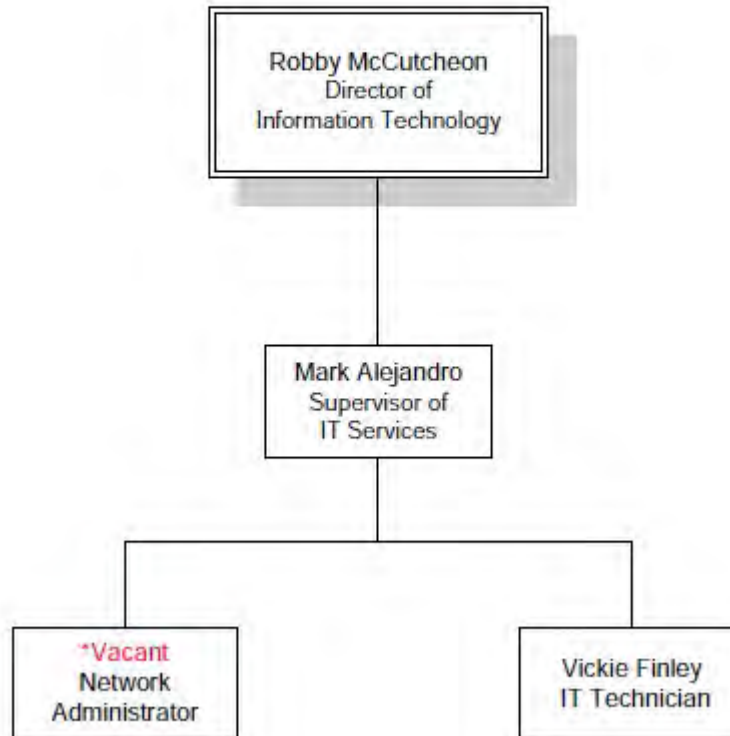
Kerrville Public Utility Board
Finance
August 31, 2024





ORGANIZATION CHART

Kerrville Public Utility Board
Information Technology
August 31, 2024





ORGANIZATION CHART

Kerrville Public Utility Board
Operations
August 31, 2024

