



Rockwood Water
People's Utility District

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To: Budget Committee
Rockwood Water People's Utility District

From: Brian R. Stahl
General Manager/Budget Officer

Date: March 30, 2018

Re: FY 2018/19 BUDGET MESSAGE AND DOCUMENT TRANSMITTAL

BUDGET MESSAGE

The District continues to find itself on solid financial ground. With the wholesale water purchase cost from Portland remaining the largest District expense, District staff has done an excellent job controlling this cost by utilizing the District's joint groundwater system and making calculated adjustments to purchase requests from the Portland Water Bureau. For FY 2018/19, wholesale water costs are only expected to increase by 3.0% next year compared to the entire wholesale purchase average of 3.3%.

Fiscal Year 2018/19 is slated to be one of increased activity in the areas of groundwater development and infrastructure replacement. The District's engineering effort under the guidance of Jeremy Hudson, PE has scheduled over \$2.5 million worth of improvements ranging from groundwater test wells being drilled and 7,775 feet of aged water main replacement. The District will also be looking at an engineering evaluation of its Cascade Reservoir, the cost of which will be shared with the District's groundwater partner, the City of Gresham. The roof of this reservoir experiences significant exposure to corrosion given the moist environment within the tank and is in need of a detailed evaluation.

The District has also developed and refined two comprehensive replacement plans for both Vehicle/Equipment and Technology. These two efforts, spearheaded by Kerry Aden, Andy Crocker, and Joey Schlosser, will provide long range, proactive responses to aging District infrastructure upon which we depend. Last but not least, the District's billing system will continue to undergo evaluation by Cathy Middleton, Office Supervisor, and Daniel Zimmerman, Senior Accountant, to ensure that the system remains robust and reliable into the foreseeable future. The District is considering storing account data on the cloud with its billing system vendor and eliminating its AS400 computers rather than continuing with annual maintenance costs and future replacement exposure.

The District Finance Plan is equipped to handle all personnel, operations and maintenance, capital, debt service and technology expenditures being planned for Fiscal Year 2018/19. The District was able to perform a detailed Cost of Service Analysis on its service classification, cost centers and revenue streams. To increase stability in revenue, the District is proposing to adjust fixed and variable charges slightly different than prior years to achieve an overall 4.25% rate

adjustment for the average District user. Base meter charges will experience a slightly higher rate of adjustment to begin the process of generating more fixed, stable revenue for the District. The commodity sale (variable water sale revenue) will experience a slightly lower adjustment to offset the fixed revenue increase. These adjustments will begin to move the District's fixed revenue from the current 22% total fixed revenue towards an ultimate goal of 35%-40% revenue.

Fiscal Year 2018/19 continues to be an exciting time of transition within the District. Full implementation of the staffing plan has increased capacity in both field and office operations, greater capacity in building and equipment maintenance and quicker response to regulatory and operational challenges being experienced. It has also increased the opportunity for employees to grow and develop, take on new tasks and challenges, and provide career paths within the District. The dedicated, professional staff of the District have been able to make these adjustments seamlessly, continuing to provide exemplary public service to District customers and community groups with whom the District interfaces.

BUDGET INTRODUCTION

Included in this binder is information that will support and inform the development of the FY 2018/19 Budget for the District. It includes the following documents:

- **FY 2018/19 Budget Message**
- **Auditor's Communication to Governing Body on the FY 2016/17 Audit**
- **Calendar Year 2017 Statistics and Highlights**
- **2018 Financial Plan Update**
- **FY 2018/19 Budget Detail and Narrative**
- **FY 2018/19 Capital Improvement Plan**
- **Projected FY 2018/19 Fees and Charges**
- **2018 Strategic Plan**
- **Supplemental Information**
 - **2018 District Organization Chart**
 - **FY 2018/19 Five Year Budget Line Code Comparisons**
 - **2018 10 Year Vehicle/Equipment Replacement Plan**
 - **2018 10 Year Technology Replacement Plan**
 - **Wage Scales for All District Employees for FY 2018/19**
 - **Monthly Regional Bill Comparison**

FUND STRUCTURE

101 General Fund

Most operations occur in the General Fund.

201 System Development Fund-Reimbursement

This consists of SDCs paid by new customers, which can be spent on ordinary water system capital projects.

202 System Development Fund-Improvement

This consists of SDCs paid by new customers, which can be spent only on projects that expand the capacity of the water system.

301 Debt Reserve Fund

Money accumulates in this fund to pay annual debt service and meet Bond covenant reserve requirements.

401 Debt Service Fund

Debt service payments are made from this fund.

501 Groundwater Production Fund

This fund handles the Gresham-District Groundwater partnership.

A budget is developed for each fund depicting how resources will be collected and expended during the fiscal year. This budget is provided for the Budget Committee and public's review and comment.

ROCKWOOD WATER PEOPLE'S UTILITY DISTRICT

ANNUAL BUDGET FISCAL YEAR 2018/19

The Rockwood Water People's Utility District budget is divided into six funds:

FUND 101 - GENERAL FUND

FUND 201 - SYSTEM DEVELOPMENT FUND-REIMBURSEMENT

FUND 202 - SYSTEM DEVELOPMENT FUND-IMPROVEMENT

FUND 301 - DEBT RESERVE FUND

FUND 401 - DEBT SERVICE FUND

FUND 501 - GROUNDWATER PRODUCTION FUND

The day-to-day operations of the District are handled primarily through Fund 101, General Fund. Income is generated mainly through the sale of water. This income funds the purchase of water for resale, customer service and business functions, and maintenance/repair/replacement of the water system. Expenditures in the fund are divided into three main categories - Personal Services, Materials and Services, and Capital Outlay.

Funds 201 and 202 are the District's System Development Charge Funds. System Development Charges or SDCs help pay for renewal, replacement and expansion of the water system. SDCs are charged to development for their new connections to the District's water system or for existing customers who want to increase their use of the system. The Reimbursement Fund 201 collects that portion of the SDC which reimburses the District for infrastructure already built and can be spent on regular system capital improvement projects. The Improvement Fund 202 collects that portion of the charge that contributes to future projects of the District and can only be spent on projects that increase the capacity of the water system.

Funds 301 and 401 are used to pay debt that has been taken on by the District. The Debt Reserve Fund 301 provides funding for the Debt Service Fund 401. Contributions to this restricted account are intended to accumulate enough cash to meet current debt service obligations and one year's reserve, as required by bond covenants to cover debt which has been taken on for capital improvements by the District.

The Debt Service Fund 401 provides the mechanism for the repayment of financed debt which was specifically used for the construction of the Cleveland Reservoir and Pump Station. The bonded debt will be repaid in 2031.

The Groundwater Production Fund 501 was established to manage operational costs in the production of groundwater for domestic drinking purposes. The Fund provides an accounting of costs associated with producing and pumping groundwater; costs are split between Rockwood and Gresham. Because the groundwater system is a joint partnership with the City of Gresham, the Fund allows for transparency in how revenue and costs of operation are managed for both partners.

CHANGES TO THE FISCAL YEAR 2018/19 BUDGET

The District has fully implemented the staffing plan that was reviewed and adopted by the Board last fiscal year. The District's team has been expanded to 24 full time employees from 21.5. The added employees increase the District's capacity to manage its efforts related to the increased local, state and federal regulatory pressures experienced by the District as well as increase its capacity to meet the daily demands of operating the utility providing excellent customer service and responsive system repair and maintenance.

The District was successful in recruiting 60 residences as sampling points for the lead/copper testing program of high risk homes after the dissolution of the Joint Monitoring Program with the City of Portland and other wholesale customers in Spring 2017. The District was pleased to report that its 90th percentile lead result was 10 parts per billion, well below the Federal Action Level of 15 parts per billion. In Spring 2018, the next round of sampling will occur. If the District's results remain below the Federal Action Level, it will be petitioning the Oregon Health Authority to reduce its sample requirement from 60 to 30 samples taken twice per year.

The District's adopted Technology Plan was also put into practice resulting in the installation of a central server with a robust firewall. The District is contracting with PavelComm LLC, its existing telephone vendor, to additionally provide 24/7 monitoring of District computers, program updates, and version control on all computers. In addition to increased security, the District also implemented an Office 365 work environment that allows employees to log into their desktop email accounts and calendars from anywhere outside the organization. Numerous District computers have been replaced to allow for more up-to-date versions of Microsoft Office and subsequent connection to the District's server and security. The District's wifi connections have been improved to allow for a dedicated wifi connection for District use as well as a public wifi access, both behind the District's firewall. The District's website has also been moved to a secure location and is currently undergoing review to assure compliance with current State and Federal access requirements.

The District continues to analyze and adjust its purchase requirements from the City of Portland which effectively resulted in a 3.0% increase in wholesale water purchase for the upcoming fiscal year compared to the overall 3.3% increase experienced by all wholesale customers. Because of prudent cost control, the District will project an overall 4.25% overall rate adjustment for average water users and in line with the 2018 District Finance Model.

Two new multi-year plans are being presented to the Board in the new fiscal year to allow for better planning, fiscal control, and orderly replacements. Included in the FY 2018/19 Budget are 10-Year Vehicle & Equipment and Technology Replacement Plans. Future budgets will be guided by the replacement and approaches outlined in these plans.

The FY 2018/19 budget continues the practice of evaluating annual expenditures to make sure accurate line coding occurs for budget management and expenditure control. Budget line codes continue to show adjustments from prior years. Significant changes

(greater than 10%) will be noted in the budget line code descriptions following this discussion. As an example, Line Code 5-20-5120 Contract Services, this line code was significantly increased due to the addition of the central District server and 24/7 monitoring of the District's computers (\$36,000 annually). The narratives within the budget explain what the line code purchases and any significant change from the prior fiscal year.

The following is an explanation of the FY 2018/19 budget line items and the proposed budget.

**GENERAL FUND
Fund 101**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$8,363,057
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This estimate is based on actual figures year-to-date and anticipated income and expenses for the remainder of the current year. The balance between actual and projected revenues and projected expenses are shown here.

3-10-1100	Water Sales	\$8,465,350
	Base Meter Charge	\$2,004,521
	Commodity Charge	\$6,460,829

Estimated water sales revenue is based on projected sales of 2.64 million ccf. Water sales revenue has two components. The first is the base meter charge (a fixed charge based on meter size for ~13,400 accounts). The second is the commodity charge (the volume of water sold at \$2.45 per ccf). Water sales revenue anticipates an overall 4.25% increase to utility revenue. The rate for an average use customer of 7 ccf for FY 18/19: (~10.5 % to Base Meter and 2.5% to Commodity charges) is ~5%. The change also results in Fixed Revenue increasing to 23.7% (from 22.4%).

3-20-2100	Backflow Charges	\$29,000
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Oregon Administrative Rule 333-61-070 states, "Water suppliers shall undertake programs for controlling and eliminating cross-connections." Rockwood follows the Oregon State Health Division guidelines for monitoring this program. Subject accounts are charged a "per device" charge of approximately \$2 per billing cycle. The District monitors approximately 2,280 assemblies in the service area. This budget is increased to reflect some growth.

3-20-2200	Set-up Fees	\$30,000
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This one-time account set-up fee is charged to new customers in the District. The budget remains the same.

3-20-2300 Late Fees \$190,000

Service charges include late charges, door hanger charges, service off charges, dishonored check charges, etc. This budget remains the same.

3-40-4100 Service Installations \$110,000

Projected installations of new meters in the District. This includes all types and sizes of new service connections. This budget is increased to reflect some growth. We are cognizant of the fact that the level of this activity can be sporadic and difficult to predict.

3-40-4200 Sub-Division Project Income \$10,000

The revenue in this budget line is primarily from developers for main extensions and fire hydrants. It cannot be predicted with accuracy. Some money was collected in each of the last three fiscal years. This budget remains the same.

3-40-4300 Other Service Income \$120,000

Most of this revenue is generated by selling meter reads to the cities of Gresham and Portland. Some income is generated from repairs performed by our crews for other entities (e.g., Interlachen), rental of equipment (such as hydrant meters), and other miscellaneous income not directly related to service installations. This budget reflects activity of the past year.

3-50-5100 Interest Income \$80,000

Annual anticipated earnings on our cash reserve account in the Oregon State Investment Pool and other small investments. The budget is increased to reflect growth related to movement of the District's prior Sweep account into the LGPI Fund Pool and current interest rate growth.

3-50-5200 Rental Income \$49,680

This budget line is rental income received for our one cell site. The flat rate annual fee for the lease was increased on March 3, 2017 for the next 5-year period. The District charges \$4,140 per month lease. This budget remains the same.

3-60-6100 Scrap Metal Income \$10,000

To be a more sustainable organization, the District sells recyclable scrap metals throughout the year rather than throw the material away. This budget remains the same.

3-60-6600 Other Miscellaneous Income \$24,000

This includes such items as SAIF dividends, SDAO rebates, and collection agency revenue. This budget shows a slight increase due to a 2-year Longevity credit from SDIS.

3-60-6800 Gresham Utility Tax \$310,000

Rockwood Water is required to pay a 5% utility tax to the City of Gresham on accounts within its jurisdiction. This is a direct pass thru cost where the revenue collected will equal the amount spent.

3-60-6900 Portland Utility Tax \$135,000

Rockwood Water is required to pay a 5% utility tax to the City of Portland on accounts within its jurisdiction. This is a direct pass thru cost where the revenue collected will equal the amount spent.

3-60-7000 Fairview Utility Tax \$8,500

Rockwood Water is required to pay a 5% utility tax to the City of Fairview on accounts within its jurisdiction for water billings only. This is a direct pass thru cost where the revenue collected will equal the amount spent.

3-90-9200 Transfers From Other Funds \$145,000

This line code reflects the transfer of money to the General Fund from the SDC Reimbursement Fund 201 towards Capital Replacement Projects (\$100,000) and the Groundwater Production Fund 501 (\$45,000) which offsets personnel costs involved with groundwater production.

3-90-9300 Fixed Asset Disposition \$250,000

This code reflects the sale of two residential properties on Clinton Street declared surplus by the District in 2017. The amount is decreased from last year where District property on Grant Butte was sold for \$383,278. It also includes receipt of \$30,000 for vehicle/equipment disposition per the 2018 10 Year Vehicle/Equipment Replacement Plan. These funds will be earmarked for future land and current equipment/vehicle purchases by the District.

3-90-9500 Other Government Agencies \$18,500

These are contributions of participants to the Children's Clean Water Festival. The budget reflects slight program participation and contributions.

EXPENSE ACCOUNTS

PERSONAL SERVICES

5-10-4450 Salaries & Wages \$1,719,334

5-10-4500 to 5-10-4630 Other Personnel Expenses \$103,723

Anticipated costs for overtime (\$20,000), on-call pay (\$55,723), certification pay (\$12,000), employee bonus (\$1,000), and market-based wage adjustments (\$15,000).

5-10-4800 to 5-10-4920 Payroll Taxes & Employee Benefits \$1,031,449

Social Security (\$110,448), Medicare (\$25,831), Unemployment Insurance (\$1,778) Tri-Met (\$12,870), and Workers Compensation (\$33,300) are covered in this line item. Employees' Retirement is through the Public Employee Retirement System (PERS). PERS premiums are projected to increase in FY 2017/19 biennium and PERS is budgeted this year at \$385,634. Health insurance renewal is \$461,588.

MATERIALS & SERVICES

5-20-5010 Water Purchased for Sale \$2,794,108

We will purchase 3.80 million CCF (2.85 BG) from the City of Portland under the water sales agreement. Our wholesale rate is \$0.733 per CCF. This represents an increase of 3.0% over FY 17/18 due to depreciation and increase on the rate of return spread among all wholesale users.

5-20-5110 Contract Services \$75,240

This represents the annual contract for billing and support services. Chaves Consulting provides the District's billing service and will also be hosting billing information offsite. This approach will remove the need to maintain the existing IBM AS400 and avoid its future replacement costs. PavelComm is the District's new service provider for computer system monitoring, updates, and security. The new contract with PavelComm for this service, monitoring, maintenance and support, is the single largest increase to this line code at \$36,000. Contract paving, miscellaneous consulting, daily off-site data storage (replication) and website maintenance is also added to this line code.

5-20-5120 Technical & Consulting \$22,000

This primarily funds the annual update of the Financial Plan and miscellaneous survey/consulting/technical assistance. This is an increase of \$16,000 to cover specialty reviews regarding test well development and future land purchases.

5-20-5130 Auditing \$15,500

This is the second year of the three-year contract with Pauly, Rogers and Co., PC, the District's independent financial audit firm. This code also includes the annual fee to the State of Oregon for review of our financial reports (\$500).

5-20-5140 Legal Services \$100,000

The proposed level is the same as the current fiscal year. The amount represents legal services for General Counsel and employment related matters.

5-20-5210 Telephone/Cell Phone \$33,900

This line code has been updated and the budget level decreased. All previous telemetry and SCADA charges to this code have been moved to better reflect costs specifically related to this activity. SCADA and Telemetry charges are now found in Budget Line code 5660 which is increased due to the change.

5-20-5220 Sewer/Storm Water \$7,500

5-20-5230 Heating/Electricity \$25,000

5-20-5310 Engineering Supplies \$500

Supplies specific to the engineering department are included here. Special paper, plotter pens, truck maps, large plots, etc.

5-20-5320 Office Supplies \$36,500

All office supplies are included in this budget line. Examples are: billing supplies, late notices, door hangers, envelopes, stationery, computer supplies, printer supplies, copier supplies, fax supplies, green bar computer paper, pens, tablets, pencils, paper clips, rubber bands, storage boxes, mailing supplies. This line code provides funds for District water conservation brochures, lead/copper notices and District's Consumer Confidence Report.

5-20-5330 Postage \$48,000

This category covers sending out bills, late notices and miscellaneous daily mailings. Budget is increased to reflect recent trend and to include the annual mailing (\$4,000) of lead/copper mailings required by regulation.

5-20-5410 Conservation \$63,350

This line funds our Toilet Rebate programs (\$4,000 single family; \$6,000 multi-family, commercial and non-profit); Children's Clean Water Festival (\$25,000); School Programs (32 assemblies \$11,000); conservation devices/brochures/supplies (\$9,000); emergency preparedness (\$5,000); school grants (\$2,250); and District events, donations and meetings (\$1,100).

5-20-5420 Elections & Legal Advertising \$4,000

This budget will cover a variety of ads: bids, proposal solicitations, personnel recruitments, Board meetings, budget hearings, lead/copper outreach and newspaper ads. Unchanged.

5-20-5430 General Insurance \$80,000

This covers all insurance related to District liability and property and does not include employee health benefits. Slight increase based on new premium, cyber-crime coverage and the addition of two deductible events.

5-20-5440 Safety Gear & Equipment \$18,000

Safety equipment and supplies required by OSHA including such things as gloves, eye protection, respiratory masks, ear protection, first aid supplies, foot protection, hard hats, shoring and safety vests. Slight decrease with pre-employment and CDL testing moved to Line Code 5-20-5110 Contract Services.

5-20-5450 Training & Education \$31,500

This budget line includes attending the AWWA conference, AWWA/PNWS conference, SDAO conference, OGFOA conference, OSHA safety conferences, OPUDA conference, Short School for field personnel, and miscellaneous seminars for computer training, customer service training, etc. Increased for added attendance at PNWS regional conference for field crew.

5-20-5460 Dues, Licenses & Subscriptions \$57,600

Includes membership dues to Regional Water Providers Consortium, SDAO, Metro Data, OPUDA, OGFOA, LGPI, GA, AWWA and PNWS subsection dues. In addition, subscriptions to the *Daily Journal of Commerce*, the *Gresham Outlook*, and the *Oregonian*. Increase due to new firewall subscription, Microsoft Office 365, and VPN license for remote access to server.

5-20-5470 Office Equipment \$7,500

This line will pay for office equipment replacements costing less than \$5,000 each.

5-20-5510 Office Equipment Maintenance \$5,200

Maintenance of equipment including: copier, postage meter and miscellaneous small office equipment. Slight decrease with movement of tech support cost to Line Code 5-20-5110 Contract Services

5-20-5520 Building & Grounds Maintenance \$72,200

Includes grounds maintenance, tree removal, building & window cleaning, area rugs, carpet, & rug cleaning, cleaning supplies, paper products, etc., and miscellaneous inspections and repairs. Increased for additional waste management fees and emergency generator recurring maintenance.

5-20-5530 Shop Equipment Maintenance \$12,000

Includes repairs and maintenance of non-office shop and building equipment. Slight increase due to experience.

5-20-5540 Vehicle Maintenance \$35,000

General maintenance and repairs to our vehicles, including heavy equipment such as backhoes and dump trucks. Expenditure pattern is sporadic, although preventive maintenance can be anticipated. Slight increase due to experience.

5-20-5550 Tires \$7,000

Anticipated cost of tires for all rolling stock. Slight decrease due to anticipated needs.

5-20-5560 Gasoline & Lubricants \$27,000

Anticipated cost to fuel equipment and vehicles. Slight increase due to current expenditures.

5-20-5570 Small Equipment \$6,500

This line will pay for equipment items costing less than \$5,000 each. Slight increase due to current expenditures.

5-20-5610 Utility Operating Supplies \$220,000

Parts, pipe and materials for system repair and maintenance. Increased slightly to reflect recent history.

5-20-5620 Water Testing & Other EPA Requirements \$23,000

Expense of water testing and samples as mandated by the federal government. Slight increase to reflect the District's lead/copper monitoring program.

5-20-5625 Water Quality & Notices \$5,000

This line item covers the Consumer Confidence Report and lead/copper brochure. We will do all work on these documents in-house. This includes CCR postcard mailing, which enables us to do an electronic CCR. Unchanged.

5-20-5630 Reservoir Maintenance \$10,000

This includes basic repairs of pumps and valves or any other unanticipated expense. Unchanged.

5-20-5640 Meter Maintenance \$30,000

Replacement of existing meters and related equipment due to age, declining reliability, and breakage; large meter asset management. Slight increase for large meter maintenance activity.

5-20-5650 Fire Hydrant Maintenance \$2,000

Allowance for unexpected repairs. Budget level is unchanged.

5-20-5660 Telemetry \$21,450

Telephone expense and other repairs throughout the telemetry system. Budget level is increased to reflect segregation of costs specifically related to SCADA and telemetry from Line Code 5-20-5210 Telephone/Cell Phone.

5-20-5670 Pumping \$40,450

This is electrical expense for pumping at all sites except groundwater activity which is tracked separately. Budget is increased to reflect current levels of expenditures.

5-20-5710 Board Meeting Fees \$7,800

Allows for regular Board meetings, consortium meetings, and several special meetings. MetroEast media expenses were also added. Budget is slightly increased.

5-20-5720 Directors' Expense \$28,000

Miscellaneous expenses directly related to the Board of Directors, including attendance at conferences such as AWWA and SDAO. Slight increase.

5-20-5730 Manager's Expense \$3,000

Allowance for General Manager's miscellaneous expenditures relating directly to conducting District business. Slight increase.

5-20-5740 General Office \$61,700

This line code funds annual bond administration costs, bank card and credit card fees, Veri-check, AMEX and pool fees. The budget is increased to reflect recent history.

5-20-5760 Debt Collection Expense \$35,000

This budgeted amount is adjusted at year-end based on current and historical financial information. This budget is unchanged and reflects history.

5-20-5770 Gresham Utility Tax \$310,000

This tax is charged by the City of Gresham.

5-20-5780 Portland Utility Tax \$135,000

This tax is charged by the City of Portland.

5-20-5790 Fairview Utility Tax \$8,500

This tax is charged by the City of Fairview.

5-20-5800 Customer Assistance \$35,000

Participation in the program remained steady in 17/18. Budget is increased to allow for more assistance during base meter charge increases.

5-20-5820 Taxes & Assessments \$3,100

This is for Multnomah County Drainage District #1 property taxes for District properties along Sandy Boulevard.

CAPITAL EXPENDITURES & TRANSFERS

5-40-6010 Water System \$2,509,375

This line item covers the following capital improvement projects:

	<u>Projects</u>	
Test Well		\$1,515,973
Steel 30, Phase 2: 4,817 lf to 6" ductile		\$578,040
Steel 22: 625 LF to 6" ductile iron pipe		\$75,000
Steel 23: 773 lf. To 6" ductile iron pipe		\$92,760
Steel 25: 675 lf to 6" ductile iron pipe		\$81,000
Fire Flow 17: 885 lf. to 8" ductile iron pipe		\$141,600
Specialty surveys and engineering		\$25,000

5-40-6020 Meters \$20,000

Meters for new service installations. Budget is unchanged.

5-40-6030 Meter Upgrades \$8,000

Upgrade all meters as schedule and time dictate. Budget shows slight increase.

5-40-6110 Meter Equipment \$5,000

This is for unanticipated replacement of equipment. Budget reflects need.

5-40-6120 Shop Equipment \$5,000

This will fund unidentified items of equipment. Budget shows slight increase.

5-40-6130 Automotive/Equipment \$90,715

The 10 Year Vehicle and Equipment Replacement Plan has now established a replacement schedule for new and aging vehicles and rolling stock in the District. The plan will anticipate the orderly and planned vehicle and equipment upgrades maximizing the longevity of use and trade-in value.

5-40-6140 Computer & Office Equipment \$53,000

Budget includes \$30,000 for the final major SCADA upgrades begun in FY 15/16. Also included is technology and computer replacements (\$15,000). A full-scale plotter/scanner is also included for large format engineering drawings (\$8,000).

5-40-6210 Buildings \$25,000

This is for plans for premises lighting upgrades. Budget shows slight increase

5-40-6220 Land \$500,000

We would like to consider land purchase in close proximity to District reservoirs. Budget is the same as last year.

5-60-7110 Transfer to Other Funds \$648,125

This is the amount necessary to transfer to the Debt Reserve Fund (\$463,125 and the Groundwater Production Fund (\$170,000).

5-70-7210 Contingency \$1,200,000

This represents two months of operating expenses in keeping with policy established in the Financial Plan.

5-90-8010 Ending Fund Balance \$5,865,268

The ending fund balance is projected by adding the beginning fund balance to anticipated revenues and subtracting anticipated expenditures for the upcoming fiscal year.

**SYSTEM DEVELOPMENT FUND-REIMBURSEMENT
Fund 201**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$421,229
3-40-4500	System Development Fees	\$75,000

Because of the updated SDC methodology that went into place in FY 2015/16, the District budgets and accounts for Reimbursement and Improvement SDCs separately. Reimbursement SDCs will be used for normal capital replacement.

3-50-5100	Interest Income	\$7,000
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Anticipated earnings on investments.

EXPENSE ACCOUNTS

5-60-7110	Transfer to Other Fund	\$100,000
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Money transferred to the General Fund for reimbursement towards applicable capital replacement projects identified in Capital Line code 5-40-6010.

5-90-8010	Ending Fund Balance	\$403,229
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**SYSTEM DEVELOPMENT FUND-IMPROVEMENT
Fund 202**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$36,728
3-40-4500	System Development Fees	\$12,500
3-50-5100	Interest Income	\$500

Anticipated earnings on investments.

EXPENSE ACCOUNTS

5-60-7110	Transfer to Other Fund	\$0
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Improvement SDCs will be transferred when the identified projects are scheduled to be built.

5-90-8010	Ending Fund Balance	\$49,728
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**DEBT RESERVE FUND
Fund 301**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$517,879
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This is the estimated beginning fund balance.

3-50-5100	Interest Income	\$7,500
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3-90-9200	Transfer from Other Funds	\$463,125
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This figure represents an amount necessary to provide for an adequate reserve balance. At least one year's payment on bonded debt must be held here.

EXPENSE ACCOUNTS

5-60-7110	Transfer to Debt Service Fund	\$463,125
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5-90-8010	Ending Fund Balance	\$525,379
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The Ending Fund Balance will serve as our Bond Reserve to ensure adequate funds for payment of the principal and interest portion of long term debt due in the fiscal year. It provides a balance adequate to cover current obligations and provide a one-year cushion of funds available for future payments.

**DEBT SERVICE FUND
Fund 401**

INCOME ACCOUNTS

3-90-9200	Transfer from Other Fund	\$463,125
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This is a transfer from the Debt Reserve Fund to make principal and interest payments.

EXPENSE ACCOUNTS

5-50-7050	Payments on Financing	\$265,000
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5-50-7070	Interest on Financing	\$198,125
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Payments will be made according to the Bond Amortization Schedule.

**GROUNDWATER PRODUCTION FUND
Fund 501**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$173,675
3-50-5100	Interest Income	\$2,500
3-90-9200	Inter-fund Transfer	\$185,000

Rockwood Water PUD's contribution for the cost of operation of the groundwater treatment facility from General Fund 101 Line code 5-60-7110.

3-90-9400	City of Gresham	\$185,000
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The City of Gresham will pay for half the cost of operation of the groundwater treatment facility.

EXPENSE ACCOUNTS

5-20-5530	Equipment Maintenance	\$25,000
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This line will cover the cost to maintain the treatment and booster pump facility. No change.

5-20-5610	Operating Supplies	\$25,000
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This line will cover the cost of all supplies, including chlorine and ammonia, for the treatment facility. No change.

5-20-5615	Wellhead Protection	\$60,000
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This line will pay for a portion of the Wellhead Protection Program administered by the City of Gresham. The Well Field Protection Area was expanded with the delineation of the future Cascade #6 well which increased effort by \$10,000.

5-20-5620	Testing	\$5,000
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Pays for all testing of the treated water leaving the facility. No change.

5-20-5630	Reservoir Maintenance	\$55,000
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This will fund annual maintenance of the Cascade reservoir and is increased to provide a structural evaluation of the roof struts and ceilings affected by corrosion.

5-20-5670	Pumping	\$200,000
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This pays for all groundwater pumping costs. No change.

5-60-7110	Transfer to General Fund	\$45,000
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This line offsets personnel operating costs and the cost of the groundwater SCADA upgrade. Slight decrease based on effort.

5-90-8010	Ending Fund Balance	\$131,175
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				2,109,213	2,093,851	2,248,105	2,341,720	2,739,320	1,248,158	2,854,506	2,854,506
*											
5	20	Personnel Services									
		5010 Water Purchase from Port		2,027,092		2,472,176	2,697,837	2,728,338			
		5110 Contract Services		14,327	31,752	36,476	59,826	40,000	1,066,873	2,794,108	2,794,108
		5120 Technical & Consulting		52,916	40,706	42,049	19,716	21,000	24,344	75,240	75,240
		5130 Auditing		8,050	18,390	13,235	14,646	15,100	23,395	22,000	22,000
		5140 Legal Services		54,552	82,128	27,506	22,861	100,000	10,300	15,500	15,500
		5210 Telephone/Cell Phone		30,355	31,423	36,847	41,863	35,200	7,389	100,000	100,000
		5220 Sewer/Storm		6,195	6,043	6,203	5,410	7,500	21,214	33,900	33,900
		5230 Heating/Electricity		21,034	17,270	17,761	21,079	25,000	2,374	7,500	7,500
		5310 Engineering Supplies		239	661	190	550	200	8,045	25,000	25,000
		5320 Office Supplies		30,601	28,093	21,906	26,423	32,500	369	500	500
		5330 Postage		41,252	42,533	41,495	40,279	48,000	19,219	36,500	36,500
		5410 Conservation		70,549	72,054	61,855	61,885	59,430	16,776	48,000	48,000
		5420 Elections/Legal Advertisement		2,396	2,627	7,081	2,551	4,000	14,345	63,350	63,350
		5430 Insurance General		30,591	59,329	58,822	60,268	67,000	190	4,000	4,000
		5440 Safety Gear and Equipment		14,183	14,075	10,159	13,435	20,000	33,104	80,000	80,000
		5450 Training and Education		18,552	20,566	18,700	27,090	25,000	9,705	18,000	18,000
		5460 Dues, License and Subscriptions		10,841	17,664	16,111	19,367	45,605	4,665	31,500	31,500
		5470 Office Equipment		5,663	10,944	3,002	6,668	5,000	42,145	57,600	57,600
		5510 Computer/Office Equipment		22,540	2,844	3,088	3,719	7,700	1,211	7,500	7,500
		5520 Building & Grounds Maintenance		50,179	47,375	57,896	58,197	61,500	4,138	5,200	5,200
		5530 Shop Equipment		15,208	9,137	11,091	6,983	10,000	24,588	72,200	72,200
		5540 Vehicle Maintenance		16,054	20,117	33,896	29,050	30,000	5,910	12,000	12,000
		5550 Tires		4,760	452	5,552	5,307	10,000	12,480	35,000	35,000
		5560 Gas, Lubricants, Disposal		33,760	28,149	19,303	23,028	25,000	1,510	7,000	7,000
		5570 Small Equipment		7,553	6,236	7,202	3,711	6,000	8,899	27,000	27,000
		5610 Utility Operations Supply		150,034	160,979	148,208	234,651	211,500	7,484	6,500	6,500
		5620 Water Sampling and Testing		19,671	25,306	23,271	22,803	26,000	40,258	220,000	220,000
		5625 Water Quality & Notices		1,262	244	-	6,950	5,000	13,900	23,000	23,000
		5630 Reservoir Maintenance		2,350	2,341	9,889	11,658	10,000	-	5,000	5,000
		5640 Meter Maintenance		21,201	10,854	9,666	16,368	25,000	-	10,000	10,000
		5650 Hydrant Maintenance		2,736	4,129	1,026	1,880	2,000	14,613	30,000	30,000
		5660 Telemetry		7,526	1,828	1,803	11,658	10,200	-	2,000	2,000
		5670 Pumping		29,158	24,338	29,377	35,222	29,850	393	21,450	21,450
		5710 Board Meeting Fees		3,250	3,250	3,550	3,800	6,500	17,721	40,450	40,450
		5720 Director's Expense		13,447	12,793	12,553	12,536	26,200	1,550	7,800	7,800
		5730 Manager's Expense		986	1,034	1,584	1,203	2,000	155	28,000	28,000
		5740 General Office		40,003	40,676	46,359	52,046	46,690	1,857	3,000	3,000
		5750 Cash Over/Short		25	38	23	43	0	25,515	61,700	61,700
		5760 Bad Debt Expense		32,886	32,337	29,022	21,471	35,000	5	0	0
		5770 Gresham Utility Tax		256,415	256,271	285,902	282,824	308,600	261	35,000	35,000
		5780 Portland Utility Tax		97,243	112,433	106,663	111,624	131,500	66,573	310,000	310,000
		5790 Fairview Utility Tax		4,627	5,350	5,943	5,481	8,100	43,427	135,000	135,000
		5800 Customer Assistance		11,396	12,191	28,177	25,956	30,000	2,238	8,500	8,500
		5820 Taxes and Assessments		-	-	-	2,943	2,990	10,436	35,000	35,000
									2,725	3,100	3,100

