



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 *BRSt*

Date: April 3, 2019

Re: FY 2019/20 BUDGET MESSAGE AND DOCUMENT TRANSMITTAL

BUDGET MESSAGE

The District has embarked on a systematic strategy for the development of its groundwater resources in light of the significant future wholesale rate adjustments from the City of Portland. With the completion of a Groundwater Development Master Plan (GDMP) in spring 2019, the District will begin to exercise the findings within the plan to ensure the continued provision of safe, affordable water to its customers. The first step of the GDMP has already been put into play, the purchase of property where a high-production well can be developed, while at the same time take advantage of planned capital improvements to mitigate rate adjustments.

By anticipating need and response, the District will continue to find itself on solid financial ground despite having to address a projected 13.5% increase in wholesale water costs in the FY 2019/20 budget. With the adoption and implementation of the GDMP, the District will be able to plan for and schedule source development and water transmission projects ahead of our declaration to Portland before June 2021 of no or partial wholesale water purchases into the future beyond 2026.

Given the implementation of the GDMP, Fiscal Year 2019/20 is slated to be very busy in the areas of groundwater development and infrastructure replacement. The District's engineering effort under the guidance of Jeremy Hudson, PE has scheduled over \$3 million worth of improvements in groundwater production wells, \$1 million of aged water main replacement and \$1 million towards improvements to the Cascade Treatment Facility, the cost of which will be shared with the District's groundwater partner, the City of Gresham.

The District continues to update its aging fleet of heavy equipment and vehicles as well as planned technology replacements through the efforts outlined in the District's two comprehensive replacement plans for both Vehicle/Equipment and Technology. These two efforts managed by Kerry Aden, Andy Crocker, and Joey Schlosser will provide long range, proactive responses to aging District infrastructure upon which we depend.

The District's 2019 Finance Plan is equipped to handle all personnel, operations and maintenance, capital, debt service and technology expenditures being planned for Fiscal Year 2019/20.

To increase revenue stability and to anticipate implementation of the GDMP, the District is proposing to continue to adjust fixed and variable charges as was started last fiscal year. Next year's rate adjustment is presented to achieve an overall 5.75% 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 are anticipated to move the District's fixed revenue to 25% (from the current 23.7%) towards an ultimate goal of 35%-40% fixed revenue.

Fiscal Year 2019/20 will be hectic with the implementation of the GDMP, greater activity in building and equipment maintenance and building a quicker, more efficient response to operational challenges. The dedicated, professional staff of the District are ready and prepared to accept these challenges, continue to provide exemplary public service to District customers and serve the regional partnerships and community groups with whom the District interacts.

BUDGET INTRODUCTION

Included in this binder is information that will support and inform the development of the FY 2019/20 Budget for the District. It includes the following documents:

- **FY 2019/20 Budget Message**
- **Auditor's Communication to Governing Body on the FY 2017/18 Audit**
- **Calendar Year 2018 Statistics and Highlights**
- **2019 Financial Plan Update**
- **FY 2019/20 Budget Detail and Narrative**
- **FY 2019/20 Capital Improvement Plan**
- **Projected FY 2019/20 Fees and Charges**
- **2019 Strategic Plan**
- **Supplemental Information**
 - **2019 District Organization Chart**
 - **FY 2019/20 Five Year Budget Line Code Comparisons**
 - **2019 10 Year Vehicle/Equipment Replacement Plan**
 - **2019 10 Year Technology Replacement Plan**
 - **Wage Scales for All District Employees for FY 2019/20**
 - **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 2019/20

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 2019/20 BUDGET

The District has developed, through Murraysmith, a Groundwater Development Master Plan (GDMP) in FY 2018/19. This plan is intended to guide the District in the creation of a groundwater supply to achieve independence from wholesale purchases of water from Portland. Within the plan is an evaluation of the development of groundwater supplies, the individual District reservoir service zones, how groundwater might be introduced into and out of each zone, the relative demand pressure on individual reservoir service areas, groundwater delivery to reservoirs by gravity or pumping, and future build out demands within the District. The plan also provides a capital plan of improvements needed to obtain and deliver groundwater throughout the District prior to the end of the Portland Wholesale Water Purchase Contract ending June 2026.

Depending on the timing of completion of the plan by Murraysmith, the District's FY 2019/20 Capital Plan has \$1,000,000 set aside for projects specifically outlined in the GDMP. This will provide initial funding so that the District can notify Portland by June 30, 2021 of its decision to terminate wholesale water purchase, in part or in whole, and continue to advance efforts to achieve the goal of independence from wholesale water purchases by 2026.

To be successful in the implementation of a groundwater conversion, and to meet repair and replacement improvement pressures, the District has added a second person to our engineering team. The new member will increase the District's engineering capacity to manage its efforts related to successfully implementing the GDMP. The individual will also add to the District's ability to improve mapping, GIS data acquisition and project design and management. The position will be filled as an Associate Engineer and will require, at a minimum, an Engineer-In-Training (EIT) license and will report to the District Engineer for work assignment and oversight.

After successfully converting the District's lead/copper testing program of high risk homes to an independent program after the dissolution of the Joint Monitoring Program with the City of Portland, the District's test results have allowed the program to be significantly reduced. The original requirement called for sampling 60 homes twice per year. The reduced program now calls for the testing of 30 homes, once per year, lowering annual costs from \$9,000 to \$2,250 (without labor)!

The District continues to implement technology to create efficiencies and effectiveness in operation. Two programs have been added during FY 2018/19 which will accomplish these goals. Formlink is a software platform that allows independent cross connection testers to create and log into their own accounts to enter their assembly testing data directly. Prior to implementing the program, District staff would receive paper copies of testing reports on the approximate 2,280 cross connection assemblies it tracks from testers and manually enter the information into a database to assure compliance with regulations and testing requirements. Added to this time-consuming effort, District staff would also have to generate annual letters notifying property owners of the need to test, if testing was delinquent, or if test results did not pass. With Formlink, the information is entered by the businesses themselves removing this burdensome task from District employees. With annual notification letters being computer generated, District staff can

focus on increasing routine inspections of current and future customers as well as contribute to groundwater operations and meter replacement efforts.

A second program called Dude Solutions is a work order software which allows real time communication between the front office and field personnel, task and work order creation and follow up job tracking so that real time information is available between customers, office personnel and field operations. The program provides immediate tracking of repair and maintenance efforts, new installations and developer contracted work. It removes the potential for delays in assignment, effort tracking, cost control, and billing for District work.

The District has tightened its peaking declarations to Portland to try to reduce cost and take advantage of its groundwater resources. However, even reducing its purchase requirements from the City of Portland, wholesale purchase costs for the District will increase by 13.5% for the upcoming fiscal year. The average cost increase for all wholesale customers is projected to be 12.0%. The explanation for the increase provided by Portland was improvements to their Columbia South Shore wells and completion of studies related to Corrosion Control Study, Supply System Master Plan and Internal Inspection Assessment of Conduits. The projected increase is particularly distressing in that the rate adjustment communicated to the District as recent as February 2018 discussed a 3% increase for FY 2019/20.

Balancing the conversion of the District Water Sales Revenue to a greater fixed revenue base, staff will be recommending a rate adjustment which will anticipate a 10.5% increase to base (fixed) charges with a 4.25% increase to volume (variable) charges. This represents an overall rate adjustment for average water users of ~5.75% for FY 2019/20. The rate adjustment is in line with the recommendations of the 2019 District Finance Model (5.75% overall for a Water Sales Revenue of \$9,041,182).

The District provides updates to both the Technology and Vehicle/Equipment Replacement Plans for review and approval as part of the FY 2019/20 budget process. The multi-year plans were approved by the Board in FY 2017/18 to allow for better planning, fiscal control, and orderly replacements. Future budgets will continue to be guided by the replacement schedule and approaches outlined in these plans.

The FY 2019/20 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 5-20-5460 Dues, Licenses, and Subscriptions was increased due to the addition of the Formlink (cross connection control) and Dude Solution (work order tracking) software (~\$20,600 annually for both). The narratives within the budget explain what the line code purchases are and any significant change from the prior fiscal year.

The following is an explanation of the FY 2019/20 budget line items and the proposed budget.

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

The revenue in this budget line is primarily from developers for main extensions and fire hydrants. It cannot be predicted with accuracy. This budget is increased to reflect growth.

3-40-4300 Other Service Income \$140,000

Most of this revenue is generated by selling meter reads to the cities of Gresham, Portland and Fairview. 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 is increased reflecting activity of the past year.

3-50-5100 Interest Income \$200,000

Annual anticipated earnings on our cash reserve account in the Oregon State Investment Pool and other small investments. The budget is increased to reflect significant growth related to consolidation of District's accounts, strategic money management and 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 \$28,000

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

3-60-6800 Gresham Utility Tax \$320,000

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. This budget shows a slight increase.

3-60-6900 Portland Utility Tax \$140,000

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. This budget shows a slight increase.

3-60-7000 Fairview Utility Tax \$10,000

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. This budget shows a slight increase.

3-90-9200 Transfers From Other Funds \$165,000

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 (\$65,000) which offsets personnel and associated costs involved with groundwater production. This budget shows a slight increase to cover personnel costs in groundwater production.

3-90-9300 Fixed Asset Disposition \$381,500

This code reflects the sale of surplus District assets in 2019. The amount reflects the sale of District property on 185th Street for \$334,000. It also includes receipt of ~\$47,500 for vehicle/equipment disposition per the 2019 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 \$1,018,500

These are contributions from the City of Gresham towards test/production well construction (\$1,000,000) and of participants to the Children's Clean Water Festival (\$18,500). The budget reflects anticipated program participation and contributions.

EXPENSE ACCOUNTS

PERSONAL SERVICES

5-10-4450 Salaries & Wages \$1,910,283

5-10-4500 to 5-10-4630 Other Personnel Expenses \$110,716

Anticipated costs for overtime (\$17,500), on-call pay (\$64,606), certification pay (\$12,610), employee bonus (\$1,000), and market-based wage adjustments (\$15,000).

5-10-4800 to 5-10-4920 Payroll Taxes & Employee Benefits \$1,119,089

Social Security (\$125,302), Medicare (\$29,304), Unemployment Insurance (\$2,021) Tri-Met (\$14,626), and Workers Compensation (\$24,358) 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 \$480,678. Health insurance renewal is \$442,800.

MATERIALS & SERVICES

5-20-5010 Water Purchased for Sale \$3,170,484

We will purchase 3.80 million CCF (2.85 BG) from the City of Portland under the water sales agreement. Our wholesale rate for FY 2019/20 is projected to be \$0.830 per CCF. This represents an increase of **13.5%** over FY 17/18 due to improvements to Portland's groundwater wells, an increase to Operation and Maintenance cost and an increase to the rate of return spread among all wholesale users.

5-20-5110 Contract Services \$84,190

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. PavelComm is the District's service provider for computer system monitoring, updates, and security. 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 \$23,000

This primarily funds the annual update of the Financial Plan and miscellaneous survey/consulting/technical assistance. This line item also funds specialty reviews regarding test well development and future land purchases.

5-20-5130 Auditing \$17,140

This is the third 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 \$30,600

This line code funds expenses related to office telephones, cellular service, data cards, tablet communication. It is not related to telemetry and SCADA control. Budget reflects slight decrease due to removal of data card charges.

5-20-5220 Sewer/Storm Water \$4,700

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 \$29,000

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 \$44,300

This category covers sending out bills, late notices and miscellaneous daily mailings. Budget reflects recent trend and to reduce the annual mailing of the District's Consumer Confidence Report which is being posted on the District's website.

5-20-5410 Conservation \$69,950

This line funds our Toilet Rebate programs (\$3,000 single family; \$3,000 multi-family, commercial and non-profit); Children's Clean Water Festival (\$35,600); School Programs (34 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 \$3,500

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

5-20-5430 General Insurance \$85,000

This covers all insurance related to District liability and property and does not include employee health benefits. Slight increase based on new premium and two deductible events.

5-20-5440 Safety Gear & Equipment \$23,000

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 increase based on experience.

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. Remains the same based on history.

5-20-5460 Dues, Licenses & Subscriptions \$87,220

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 addition of dues increase by Consortium, Form Link and Due Solution subscriptions, and Microsoft Office 365 licenses.

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

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

5-20-5510 Computer/Office Equipment Maintenance \$8,800

Maintenance of equipment including: copier, postage meter and miscellaneous small office equipment. Pavelcomm tech support was moved back to this line code for consistency from Line Code 5-20-5110 Contract Services

5-20-5520 Building & Grounds Maintenance \$74,320

Includes grounds maintenance, tree removal, building & window cleaning, area rugs, carpet, & rug cleaning, cleaning supplies, paper products, etc., and miscellaneous inspections and repairs. Slight increase to cover inflationary adjustments.

5-20-5530 Shop Equipment Maintenance \$10,000

Includes repairs and maintenance of non-office shop and building equipment. Slight decrease 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. Budget remains the same.

5-20-5550 Tires \$8,000

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

5-20-5560 Gasoline & Lubricants \$27,500

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

5-20-5570 Small Tools and Equipment \$10,000

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 \$250,000

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. Budget remains the same.

5-20-5625 Water Quality & Notices \$6,000

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. Slight increase.

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 \$40,000

Replacement of existing meters and related equipment due to age, declining reliability, and breakage; large meter asset management. Increased to reflect greater large meter maintenance activity.

5-20-5650 Fire Hydrant Maintenance \$2,500

Allowance for unexpected repairs. Budget level is increased slightly.

5-20-5660 Telemetry \$21,700

Telephone expense and other repairs throughout the telemetry system. Budget level is increased slightly to reflect inflation.

5-20-5670 Pumping \$43,300

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 \$8,000

Allows for regular Board meetings, consortium meetings, special meetings and MetroEast media expenses. 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. Budget remains unchanged.

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

Allowance for General Manager's miscellaneous expenditures relating directly to conducting District business. Budget remains unchanged.

5-20-5740 General Office \$62,400

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 \$320,000

This tax is charged by the City of Gresham.

5-20-5780 Portland Utility Tax \$140,000

This tax is charged by the City of Portland.

5-20-5790 Fairview Utility Tax \$10,000

This tax is charged by the City of Fairview.

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

Participation in the program remained steady in 18/19. Budget remains the same.

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 \$5,043,160

This line item covers the following capital improvement projects:

| | <u>Projects</u> | |
|----------------------|-----------------|-------------|
| Test/Production Well | | \$3,000,000 |
| GDMP Projects | | \$1,000,000 |

| | |
|---|-----------|
| Steel 30, Phase 2: 4,817 lf to 6" ductile | \$578,040 |
| Fire Flow 20: ductile iron pipe | \$108,320 |
| Steel 6: ductile iron pipe | \$60,800 |
| Steel 7 & 8: ductile iron pipe | \$271,000 |
| 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 is unchanged.

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

This is for unanticipated replacement of equipment. Budget is unchanged.

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

This will fund unidentified items of equipment. Budget is unchanged.

5-40-6130 Automotive/Equipment \$186,020

The 2019 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 \$25,000

Budget includes engineering file backup and replacement of four computers and monitors.

5-40-6210 Buildings \$10,000

This is for plans for routine building upgrades. Budget is decreased.

5-40-6220 Land \$700,000

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

5-60-7110 Transfer to Other Funds \$648,925

This is the amount necessary to transfer to the Debt Reserve Fund (\$468,925) and the Groundwater Production Fund (\$180,000).

| | | |
|------------------|--------------------|--------------------|
| 5-70-7210 | Contingency | \$1,350,000 |
|------------------|--------------------|--------------------|

This represents at least two months (60 days) of operating expenses (Personnel and Materials & Services) in keeping with policy established in the Financial Plan.

| | | |
|------------------|----------------------------|--------------------|
| 5-90-8010 | Ending Fund Balance | \$5,818,422 |
|------------------|----------------------------|--------------------|

The ending fund balance is projected by adding the beginning fund balance to anticipated revenues and subtracting anticipated expenditures for the upcoming fiscal year. The Ending Fund Balance plus Contingency provides approximately 319 days of operation (Personnel and Materials & Services).

**SYSTEM DEVELOPMENT FUND-REIMBURSEMENT
Fund 201**

INCOME ACCOUNTS

| | | |
|------------------|--------------------------------|------------------|
| 3-01-0101 | Beginning Fund Balance | \$473,792 |
| 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 | \$10,000 |
|------------------|------------------------|-----------------|

Anticipated earnings on investments.

EXPENSE ACCOUNTS

| | | |
|------------------|-------------------------------|------------------|
| 5-60-7110 | Transfer to Other Fund | \$100,000 |
|------------------|-------------------------------|------------------|

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 | \$458,792 |
|------------------|----------------------------|------------------|

**SYSTEM DEVELOPMENT FUND-IMPROVEMENT
Fund 202**

INCOME ACCOUNTS

| | | |
|------------------|--------------------------------|-----------------|
| 3-01-0101 | Beginning Fund Balance | \$61,347 |
| 3-40-4500 | System Development Fees | \$12,500 |
| 3-50-5100 | Interest Income | \$750 |

Anticipated earnings on investments.

EXPENSE ACCOUNTS

| | | |
|------------------|-------------------------------|------------|
| 5-60-7110 | Transfer to Other Fund | \$0 |
|------------------|-------------------------------|------------|

Improvement SDCs will be transferred when the identified projects are scheduled to be built.

| | | |
|------------------|----------------------------|-----------------|
| 5-90-8010 | Ending Fund Balance | \$74,597 |
|------------------|----------------------------|-----------------|

**DEBT RESERVE FUND
Fund 301**

INCOME ACCOUNTS

| | | |
|------------------|-------------------------------|------------------|
| 3-01-0101 | Beginning Fund Balance | \$532,991 |
|------------------|-------------------------------|------------------|

This is the estimated beginning fund balance.

| | | |
|------------------|------------------------|----------------|
| 3-50-5100 | Interest Income | \$9,000 |
|------------------|------------------------|----------------|

| | | |
|------------------|----------------------------------|------------------|
| 3-90-9200 | Transfer from Other Funds | \$468,925 |
|------------------|----------------------------------|------------------|

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 | \$468,925 |
|------------------|--------------------------------------|------------------|

| | | |
|------------------|----------------------------|------------------|
| 5-90-8010 | Ending Fund Balance | \$541,991 |
|------------------|----------------------------|------------------|

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 | \$468,925 |
|------------------|---------------------------------|------------------|

This is a transfer from the Debt Reserve Fund to make principal and interest payments.

EXPENSE ACCOUNTS

| | | |
|------------------|------------------------------|------------------|
| 5-50-7050 | Payments on Financing | \$280,000 |
|------------------|------------------------------|------------------|

| | | |
|------------------|------------------------------|------------------|
| 5-50-7070 | Interest on Financing | \$188,925 |
|------------------|------------------------------|------------------|

Payments will be made according to the Bond Amortization Schedule.

**GROUNDWATER PRODUCTION FUND
Fund 501**

INCOME ACCOUNTS

| | | |
|------------------|-------------------------------|------------------|
| 3-01-0101 | Beginning Fund Balance | \$240,531 |
| 3-50-5100 | Interest Income | \$3,000 |
| 3-90-9200 | Inter-fund Transfer | \$180,000 |

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 | \$180,000 |
|------------------|------------------------|------------------|

The City of Gresham will pay for half the cost of operation of the groundwater treatment facility.

EXPENSE ACCOUNTS

| | | |
|------------------|------------------------------|------------------|
| 5-20-5530 | Equipment Maintenance | \$125,000 |
|------------------|------------------------------|------------------|

This line will cover the cost to maintain the treatment and booster pump facility. Increased to begin improvements identified in Groundwater Development Master Plan.

| | | |
|------------------|---------------------------|-----------------|
| 5-20-5610 | Operating Supplies | \$25,000 |
|------------------|---------------------------|-----------------|

This line will cover the cost of all supplies, including chlorine and ammonia, for the treatment facility. No change.

| | | |
|------------------|----------------------------|-----------------|
| 5-20-5615 | Wellhead Protection | \$70,000 |
|------------------|----------------------------|-----------------|

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 will increase business surveillance activities.

| | | |
|------------------|----------------|----------------|
| 5-20-5620 | Testing | \$5,000 |
|------------------|----------------|----------------|

Pays for all testing of the treated water leaving the facility. No change.

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

This will fund routine annual maintenance of the Cascade reservoir.

| | | |
|------------------|----------------|------------------|
| 5-20-5670 | Pumping | \$200,000 |
|------------------|----------------|------------------|

This pays for all groundwater pumping costs. No change.

| | | |
|------------------|---------------------------------|-----------------|
| 5-60-7110 | Transfer to General Fund | \$65,000 |
|------------------|---------------------------------|-----------------|

This line offsets personnel operating costs and the cost of the groundwater SCADA upgrade. Increase based on effort.

| | | |
|------------------|----------------------------|------------------|
| 5-90-8010 | Ending Fund Balance | \$108,531 |
|------------------|----------------------------|------------------|

| Rockwood Water PUD | | Fiscal Year 2019/20 Five Year Line Code Comparisons | | | | | | | | | | | | | |
|--------------------|----------------------------|---|-------------|-------------|-------------|-------------|-------------|-----------------------|--------------|------------|--|--|--|--|--|
| | | FY13/14 | FY14/15 | FY15/16 | FY16/17 | FY17/18 | FY18/19 | FY18/19 | FY19/20 | FY18/19 vs | | | | | |
| | ACCOUNT DESCRIPTION | Actual | Actual | Actual | Actual | Actual | Budget | End of Year | Proposed | % Change | | | | | |
| | FUND 101 - GENERAL FUND | Expenses | Expenses | Expenses | Expenses | Expenses | | Projections | | FY19/20 | | | | | |
| | INCOME ACCOUNTS | | | | | | | | | | | | | | |
| 3 | 101 Beginning Fund Balance | \$4,286,295 | \$3,968,106 | \$5,586,013 | \$6,503,637 | \$7,617,479 | \$9,236,316 | Audit \$10,153,575 | \$10,086,957 | 9.2% | | | | | |
| 3 | 10 | 1100 Water Sales | 6,724,955 | 7,241,157 | 7,558,483 | 7,750,088 | 8,465,350 | 8,549,732 | 9,041,182 | 5.75% | | | | | |
| 3 | 20 | 2100 Backflow Charges | 26,462 | 26,626 | 27,052 | 27,433 | 29,000 | 29,000 | 30,000 | 3.4% | | | | | |
| | | 2300 Set-up Fees | 23,500 | 23,625 | 27,775 | 26,000 | 30,000 | 30,000 | 30,000 | 0.0% | | | | | |
| | | 2300 Late Fees | 211,337 | 194,333 | 187,313 | 183,050 | 190,000 | 200,000 | 200,000 | 5.3% | | | | | |
| 3 | 40 | 4100 Service Installations | 60,520 | 156,317 | 108,882 | 101,312 | 110,000 | 110,000 | 120,000 | 9.1% | | | | | |
| | | 4200 Sub-Divison Projects | 5,430 | 8,104 | 21,596 | 11,817 | 10,000 | 45,000 | 40,000 | 300.0% | | | | | |
| | | 4300 Other Service Income | 95,223 | 100,270 | 136,892 | 101,687 | 120,000 | 130,000 | 140,000 | 16.7% | | | | | |
| 3 | 50 | 5100 Interest Income | 13,118 | 14,524 | 25,495 | 50,835 | 80,000 | 200,000 | 200,000 | 150.0% | | | | | |
| | | 5200 Rental Income | 39,240 | 39,240 | 35,970 | 42,664 | 49,680 | 49,680 | 49,680 | 0.0% | | | | | |
| 3 | 60 | 6100 Scrap Metal Sales | 10,051 | 15,115 | 6,360 | 5,762 | 10,000 | 9,000 | 10,000 | 0.0% | | | | | |
| | | 6200 Construction Plan Sales | 105 | 240 | 105 | 0 | - | 0 | - | | | | | | |
| | | 6600 Other Misc. Income | 14,423 | 17,803 | 17,016 | 39,885 | 24,000 | 28,000 | 28,000 | 16.7% | | | | | |
| | | 6800 Gresham Utility Tax | 256,857 | 257,525 | 286,547 | 283,406 | 310,000 | 310,000 | 320,000 | 3.2% | | | | | |
| | | 6900 Portland Utility Tax | 90,934 | 113,149 | 107,517 | 112,157 | 135,000 | 135,000 | 140,000 | 3.7% | | | | | |
| | | 7000 Fairview Utility Tax | 4,635 | 5,350 | 5,949 | 5,482 | 8,500 | 9,500 | 10,000 | 17.6% | | | | | |
| 3 | 90 | 9200 Interfund Transfers | 307,000 | 2,044,670 | 132,000 | 47,920 | 145,000 | 145,000 | 165,000 | 13.8% | | | | | |
| | | 9300 Fixed Asset Disposition | 0 | 33,900 | 0 | 17,500 | 230,000 | 25,000 | 381,500 | 65.9% | | | | | |
| | | 9500 Other Government Agencies | 15,000 | 17,500 | 20,000 | 17,500 | 1,518,500 | 26,000 | 1,018,500 | -32.9% | | | | | |
| | | Revenue | 12,185,085 | 14,277,554 | 14,290,965 | 15,310,635 | 17,815,800 | 20,701,346 | 22,010,819 | 6.3% | | | | | |
| | | EXPENSE ACCOUNTS | | | | | | | | | | | | | |
| 5 | 10 | 4450 Salaries/Wages | 1,349,322 | 1,350,453 | 1,453,008 | 1,498,425 | 1,719,334 | 1,700,000 | 1,910,283 | 11.1% | | | | | |
| | | 4500 Office Overtime | 449 | 331 | 111 | 573 | 1,000 | 1,400 | 1,500 | 50.0% | | | | | |
| | | 4550 Field Overtime | 14,094 | 15,680 | 15,429 | 17,605 | 19,000 | 14,500 | 16,000 | -15.8% | | | | | |
| | | 4600 On Call Pay | 7,283 | 19,450 | 36,286 | 52,767 | 55,723 | 54,500 | 64,606 | 15.9% | | | | | |
| | | 4610 Water Certifications | 7,276 | 10,247 | 10,653 | 13,584 | 12,000 | 12,000 | 12,610 | 5.1% | | | | | |
| | | 4620 Employee Bonus | - | - | - | - | 1,000 | 0 | 1,000 | 0.0% | | | | | |
| | | 4630 Market Based Wage Adjustment | - | - | - | - | 15,000 | 0 | 15,000 | 0.0% | | | | | |
| | | 4800 Social Security | 84,928 | 82,950 | 90,278 | 97,426 | 110,448 | 105,500 | 125,302 | 13.4% | | | | | |
| | | 4810 Medicare | 20,190 | 20,344 | 22,169 | 23,082 | 25,831 | 26,000 | 29,304 | 13.4% | | | | | |
| | | 4820 Unemployment Insurance | 15,316 | 5,653 | 3,088 | 3,091 | 1,778 | 1,700 | 2,021 | 13.7% | | | | | |
| | | 4830 Tri-Met Payroll Tax | 10,006 | 10,142 | 11,130 | 8,698 | 12,870 | 12,500 | 14,626 | 13.6% | | | | | |
| | | 4840 Workers Compensation | 16,951 | 23,207 | 32,694 | 16,746 | 33,300 | 22,000 | 24,358 | -26.9% | | | | | |
| | | 4900 P.E.R.S | 195,594 | 187,964 | 240,902 | 274,593 | 385,634 | 375,000 | 480,678 | 24.6% | | | | | |
| | | 4920 Employee Insurance Expense | 387,804 | 367,430 | 332,356 | 335,130 | 461,588 | 380,000 | 442,800 | -4.1% | | | | | |
| | | Personnel Services | 2,109,213 | 2,093,851 | 2,248,105 | 2,341,720 | 2,516,482 | 2,854,506 | 3,140,088 | 10.0% | | | | | |
| 5 | 20 | 5010 Water Purchase from Port | 2,027,092 | 2,149,325 | 2,472,176 | 2,697,837 | 2,794,108 | 2,795,000 | 3,170,484 | 13.5% | | | | | |
| | | 5110 Contract Services | 14,327 | 31,752 | 36,476 | 59,826 | 75,240 | 80,000 | 84,190 | 11.9% | | | | | |
| | | 5120 Technical & Consulting | 52,916 | 40,706 | 42,049 | 19,716 | 22,000 | 10,000 | 23,000 | 4.5% | | | | | |
| | | 5130 Auditing | 8,050 | 18,390 | 13,235 | 14,646 | 15,500 | 15,500 | 17,140 | 10.6% | | | | | |
| | | 5140 Legal Services | 54,552 | 82,128 | 27,506 | 22,861 | 100,000 | 25,000 | 100,000 | 0.0% | | | | | |

| | | | | | | | | | | |
|------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| 5210 | Telephone/Cell Phone | 30,355 | 31,423 | 36,847 | 41,863 | 44,197 | 33,900 | 34,000 | 30,600 | -9.7% |
| 5220 | Sewer/Storm | 6,195 | 6,043 | 6,203 | 5,410 | 3,474 | 7,500 | 4,500 | 4,700 | -37.3% |
| 5230 | Heating/Electricity | 21,034 | 17,270 | 17,761 | 21,079 | 17,891 | 25,000 | 20,000 | 25,000 | 0.0% |
| 5310 | Engineering Supplies | 239 | 661 | 190 | 550 | 368 | 500 | - | 500 | 0.0% |
| 5320 | Office Supplies | 30,601 | 28,093 | 21,906 | 26,423 | 29,010 | 36,500 | 36,500 | 29,000 | -20.5% |
| 5330 | Postage | 41,252 | 42,533 | 41,495 | 40,279 | 40,399 | 48,000 | 45,000 | 44,300 | -7.7% |
| 5410 | Conservation | 70,549 | 72,054 | 61,855 | 61,885 | 39,882 | 63,350 | 45,000 | 69,950 | 10.4% |
| 5420 | Elections/Legal Advertisement | 2,396 | 2,627 | 7,081 | 6,668 | 3,111 | 4,000 | 1,000 | 3,500 | -12.5% |
| 5430 | Insurance General | 30,591 | 59,329 | 58,822 | 60,268 | 74,328 | 80,000 | 70,000 | 85,000 | 6.3% |
| 5440 | Safety Gear and Equipment | 14,183 | 14,075 | 10,159 | 13,435 | 19,249 | 18,000 | 24,000 | 23,000 | 27.8% |
| 5450 | Training and Education | 18,552 | 20,566 | 18,700 | 27,090 | 30,511 | 31,500 | 28,000 | 31,500 | 0.0% |
| 5460 | Dues, License and Subscriptions | 10,841 | 17,664 | 16,111 | 19,367 | 55,895 | 57,600 | 72,000 | 87,220 | 51.4% |
| 5470 | Office Equipment | 5,663 | 10,944 | 3,002 | 6,668 | 1,876 | 7,500 | 2,000 | 7,500 | 0.0% |
| 5510 | Computer/Office Equipment | 22,540 | 2,844 | 3,088 | 3,719 | 6,076 | 5,200 | 5,200 | 8,800 | 69.2% |
| 5520 | Building & Grounds Maintenance | 50,179 | 47,375 | 57,896 | 58,197 | 57,564 | 72,200 | 65,000 | 74,320 | 2.9% |
| 5530 | Shop Equipment | 15,208 | 9,137 | 11,091 | 6,983 | 8,731 | 12,000 | 9,500 | 10,000 | -16.7% |
| 5540 | Vehicle Maintenance | 16,054 | 20,117 | 33,896 | 29,050 | 47,475 | 35,000 | 35,000 | 35,000 | 0.0% |
| 5550 | Tires | 4,760 | 452 | 5,552 | 5,307 | 7,854 | 7,000 | 7,000 | 8,000 | 14.3% |
| 5560 | Gas, Lubricants, Disposal | 33,760 | 28,149 | 19,303 | 23,028 | 28,741 | 27,000 | 27,000 | 27,500 | 1.9% |
| 5570 | Small tools and Equipment | 7,553 | 6,236 | 7,202 | 3,711 | 13,738 | 6,500 | 10,000 | 10,000 | 53.8% |
| 5610 | Utility Operations Supply | 150,034 | 160,979 | 148,208 | 234,651 | 214,630 | 220,000 | 220,000 | 250,000 | 13.6% |
| 5620 | Water Sampling and Testing | 19,671 | 25,306 | 23,271 | 22,803 | 29,952 | 23,000 | 18,000 | 23,000 | 0.0% |
| 5625 | Water Quality & Notices | 1,262 | 244 | - | 6,950 | 5,565 | 5,000 | 5,000 | 6,000 | 20.0% |
| 5630 | Reservoir Maintenance | 2,350 | 2,341 | 9,889 | 11,658 | 6,526 | 10,000 | 8,000 | 10,000 | 0.0% |
| 5640 | Meter Maintenance | 21,201 | 10,854 | 9,666 | 16,368 | 14,695 | 30,000 | 40,000 | 40,000 | 33.3% |
| 5650 | Hydrant Maintenance | 2,736 | 4,129 | 1,026 | 1,880 | 0 | 2,000 | - | 2,500 | 25.0% |
| 5660 | Telemetry | 7,526 | 1,828 | 1,803 | 11,658 | 1,748 | 21,450 | 18,000 | 21,700 | 1.2% |
| 5670 | Pumping | 29,158 | 24,338 | 29,377 | 35,222 | 43,935 | 40,450 | 45,000 | 43,300 | 7.0% |
| 5710 | Board Meeting Fees | 3,250 | 3,250 | 3,550 | 3,800 | 3,979 | 7,800 | 4,000 | 8,000 | 2.6% |
| 5720 | Director's Expense | 13,447 | 12,793 | 12,553 | 12,536 | 23,956 | 28,000 | 25,000 | 28,000 | 0.0% |
| 5730 | Manager's Expense | 986 | 1,034 | 1,584 | 1,203 | 2,877 | 3,000 | 2,500 | 3,000 | 0.0% |
| 5740 | General Office | 40,003 | 40,676 | 46,359 | 52,046 | 51,368 | 61,700 | 54,000 | 62,400 | 1.1% |
| 5750 | Cash Over/Short | 25 | 38 | 23 | 43 | 34 | 0 | 2 | - | - |
| 5760 | Bad Debt Expense | 32,886 | 32,337 | 29,022 | 21,471 | 10,729 | 35,000 | 15,000 | 35,000 | 0.0% |
| 5770 | Gresham Utility Tax | 256,415 | 256,271 | 285,902 | 282,824 | 294,745 | 310,000 | 310,000 | 320,000 | 3.2% |
| 5780 | Portland Utility Tax | 97,243 | 112,433 | 106,663 | 111,624 | 121,393 | 135,000 | 135,000 | 140,000 | 3.7% |
| 5790 | Fairview Utility Tax | 4,627 | 5,350 | 5,943 | 5,481 | 10,198 | 8,500 | 8,500 | 10,000 | 17.6% |
| 5800 | Customer Assistance | 11,396 | 12,191 | 28,177 | 25,956 | 20,128 | 35,000 | 25,000 | 35,000 | 0.0% |
| 5820 | Taxes and Assessments | - | - | - | 2,943 | 2,725 | 3,100 | 3,100 | 3,100 | 0.0% |
| | Material and Services | 3,283,658 | 3,466,285 | 3,772,618 | 4,132,866 | 4,232,364 | 4,564,098 | 4,402,302 | 5,051,204 | 10.7% |
| 5 40 | 6010 Water System | 2,017,686 | 2,342,989 | 904,310 | 439,476 | 175,171 | 4,675,034 | 1,485,120 | 5,043,160 | 7.9% |
| | 6020 Meters | 23,499 | 26,297 | 56,442 | 20,000 | 15,364 | 20,000 | 18,000 | 20,000 | -60.0% |
| | 6030 Meter Upgrades | 4,754 | 4,631 | 6,787 | 7,676 | 7,769 | 8,000 | 8,000 | 8,000 | 0.0% |
| | 6110 Meter Equipment | - | 4,402 | - | - | 0 | 5,000 | 5,000 | 5,000 | 0.0% |
| | 6120 Shop Equipment | - | 18,742 | - | - | 4,395 | 5,000 | 5,000 | 5,000 | 0.0% |
| | 6130 Automotive/Equipment | 67,555 | 47,226 | 9,400 | - | 0 | 90,715 | 96,495 | 186,020 | 105.1% |
| | 6140 Computer/Office Equipment | 20,410 | 42,292 | 73,025 | 80,662 | 55,985 | 53,000 | 53,000 | 25,000 | -52.8% |
| | 6210 Buildings | 44,878 | 19,253 | 91,527 | 11,739 | 19,244 | 25,000 | 25,000 | 10,000 | -60.0% |
| | 6220 Land | - | - | - | - | - | 700,000 | 650,000 | 700,000 | 0.0% |
| | * Capital Outlay | 2,178,782 | 2,505,832 | 1,141,491 | 559,553 | 277,928 | 5,581,749 | 2,345,615 | 6,002,180 | 7.5% |
| 5 60 | 7110 Transfers to Other Funds - *Debt | 485,325 | 465,575 | 465,113 | 463,925 | 461,450 | 463,125 | 463,125 | 468,925 | 1.3% |
| | *Groundwater | 160,000 | 160,000 | 160,000 | 160,000 | 170,000 | 185,000 | 181,388 | 180,000 | -2.7% |

