

BUDGET PROCESS SCHEDULE FOR THE FISCAL YEAR 2024/2025	
<i>Date</i>	<i>Action Item</i>
Wednesday, January 24 Regular Board Meeting	Establish budget calendar.
Tuesday, March 5	Application deadline for Budget Committee applicants.
Wednesday, March 20 Regular Board Meeting	<ul style="list-style-type: none"> Review Financial Plan Update Board appoints applicants to fill vacancies on the Budget Committee. It is recommended Budget Committee applicants be present for the appointment process.
Friday, March 22	Publication of first notice of Budget Committee meeting - <i>Gresham Outlook</i> and <i>Oregonian</i> .
Wednesday, April 3	Publication of second notice of Budget Committee meeting - <i>Gresham Outlook</i> and <i>Oregonian</i> .
Week of Monday, April 15	Budget process materials delivered to Budget Committee members.
Wednesday, April 24 After Regular Board Meeting	First Budget Committee Meeting - 6:00 p.m.
Wednesday, May 8	Second Budget Committee Meeting - 6:00 p.m. (if necessary).
Friday, May 31	Publish date of June Budget Hearing and Form LB1 in the <i>Gresham Outlook</i> and <i>Oregonian</i> .
Wednesday, June 26 Regular Board Meeting	Hold public hearing and adopt Budget at Regular Board meeting. Pass resolution for adopting budget and making appropriations.

**BUDGET COMMITTEE MEETING
ROCKWOOD WATER PEOPLE'S UTILITY DISTRICT
April 24, 2024
Following Regular Board Meeting
District Boardroom**

Zoom Video Conference

<https://us02web.zoom.us/j/87310847832?pwd=S3UxYmZFcXZpbHVyVzBncWhBaUU5UT09>

Webinar ID: 873 1084 7832

Passcode: 366411

PRELIMINARY AGENDA

1. Call to Order by President of the Board
2. Approval of Agenda - Action
3. Elect Budget Committee Officers - Action
4. President of the Board Defers to Budget Committee Chair
5. Budget Committee Chair Defers to Budget Officer, GM Duncan
6. Budget Officer Delivers Budget Message - GM Duncan
7. Public Comment
8. Overview of Budget Packet Contents - Budget Officer, GM Duncan
9. Discussion and Approval of Budget Items
10. Approve and Recommend to the Board of Directors the Proposed Budget - Action
11. Schedule Next Meeting (If Necessary) - Wednesday, May 8, 2024, 6:00 p.m.
12. Adjournment



Rockwood Water
People's Utility District

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MEMORANDUM

To: Budget Committee
Rockwood Water People's Utility District

From: Kari J. Duncan
General Manager/Budget Officer

Date: April 15, 2024

Re: **Fiscal Year (FY) 2024/2025 Budget Message and Document Transmittal**

BUDGET MESSAGE

I am pleased to present the FY 2024/2025 Budget message and proposal. The District made substantial progress in the construction and design of the Cascade Groundwater Development Projects, and continues in its progress to meet the June 2026 Portland Wholesale contract expiration date. The rate of inflation has stabilized, and some supply chain constraints have improved. This has enabled the District to maintain the Groundwater Development Budget established in 2023.

In FY 2023/2024, the District made significant progress in design and construction of the Cascade Groundwater Alliance water supply facilities, in partnership with the City of Gresham. The District has completed construction of the package 1 project that includes the new 6-million-gallon Cascade Reservoir #2, the transmission main for Cascade Well # 7 located near NE 202nd Ave, and has completed the Cascade Well #7 pumping facilities. The District has also successfully completed the Design for the remaining packages that the District is managing. These include package 4, the 25 + Million Gallon per Day (MGD) Cascade Water Treatment Plant and Pump Station, package 3, the 4.5 MGD 141st Ave Water Treatment Plant, Reservoir Replacement Pump Station improvements and package 2A, the Glendoveer Transmission Main. The District continues compliance with its WIFIA loan and Revenue Bond requirements, and plans to issue a second Revenue Bond, and a second WIFIA loan during FY 2024/2025 to fund the remaining portion of the project.

In FY 2024/2025, the District will construct the District only packages 2a and 3, which include a transmission line that will provide a backup water source from the main Bella Vista Pressure zone into the Glendoveer pressure zone, and 141st avenue improvements, including a pumping and treatment system for Well #8. The District will also continue construction on package 4 of the project which includes the 25 MGD pumping and treatment facility for the Cascade site. This project will be split 50/50 between the District and the City of Gresham. Gresham, in

partnership with Rockwood will continue construction on the package 2b transmission main to transport water from the Cascade WTP at the District headquarters to the Bella Vista and Grants Butte reservoirs. The City of Gresham is also managing the package 5 and 6 projects that include the development of Well #6 on NE 223rd Avenue and SE Stark Street, and the wellhouse for Cascade Well #9 at Kirk Park. The Kirk Park project began construction in 2023 and is expected to be completed during FY 2024/2025. Well #6 at 221st and Stark has been drilled and the design for the pumping and treatment facilities for this well is underway, however this project has experienced delays due to a challenging well drilling process, so may not be completed on the original schedule.

One substantial change implemented by the Board in FY 2023/2024 is the removal of funding in the debt reserve Fund (301). The District's current 2021 Bond and WIFIA loan do not require a designated debt reserve and it was determined that the District was accumulating significant positive arbitrage, or interest in excess of the Bond interest, that would result in a tax burden to the District. The District will budget for debt service payments by a direct transfer of funds from the General Fund (101) to the Debt Service Fund (401) in order to eliminate the risk of accumulating positive arbitrage. The budget packet includes the FY 2024/2025 Financial Rate Model, which by following, allows the District to remain financially stable and provide the greatest value to the ratepayers. The District is currently in excellent financial health and has established rate adjustments and a budget that allows the funding of substantial capital projects that the Board has committed to. The transition from a wholesale purchase agreement with Portland to a fully independent groundwater supply requires major investment and it is critical that we continue to plan and budget with sufficient contingency to maintain a stable economic future for the District.

In addition to the capital projects from the Cascade Groundwater Alliance Groundwater Development program, the budget and rate model include funding for one new full time employee (FTE), planned as a Water Worker in Training/Water Worker I in the Utilities department. This additional FTE was reviewed by the Board at the March meeting and is intended to assist with meter installation, and help the district prepare for full operation and maintenance of the Groundwater production and treatment systems. Also include in the budget is the Automated Metering Infrastructure (AMI) program approved by the Board in 2023. This consists of a 5-year program to replace all District meters with new meters that transmit water use data automatically. 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.

In the previous four FYs, the District implemented rate adjustments of 6.0% in July of 2023, 4.1% in July of 2022, 10.5% in July 2021, and 11.5% in July 2020. Staff have made substantial efforts to reduce and prioritize upcoming purchases and capital projects to smooth the future rate adjustments required to complete the CGA projects and maintain day to day Operations of the District. The proposed rate adjustment for the District in FY 2024/2025 is **5.0%, the impact to the average customer using 6 ccf or 4500 gallons of water per month is an additional \$1.69 per month.** It is recommended that an across the board 5% over both base meter charges and the variable water rate be implemented as the District is close to its goal of 30% fixed revenue and the impact will then be shared by users equally.

BUDGET INTRODUCTION

Included in this binder is information that will support the FY 2024/2025 Budget for the District. It includes the following documents:

- **FY 2024/2025 Budget Message**
- **Auditor’s Communication to Governing Body on the FY 2022/2023 Audit**
- **Calendar Year 2023 Statistics and Highlights**
 - **Conservation**
 - **Customer Service Year to Year Comparison**
 - **Calendar Year 2023 Field Services**
- **2024 Financial Plan Update**
- **FY 2024/2025 Budget Detail and Narrative**
- **5 Year Line-Item Budget**
- **FY 2024/2025 Capital Improvement Plan**
- **FY 2024/2025 Groundwater Development Capital Improvement Plan**
- **Projected FY 2024/2025 Fees and Charges**
- **2024 Strategic Plan**
- **Supplemental Information**
 - **2024 District Organization Chart**
 - **Monthly Regional Bill Comparison**
 - **Wage Scales for All District Employees for FY 2024/2025**

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	Previously used to reserve funds to pay annual debt service and meet previous bond covenant reserve requirements. The District does not currently reserve funds 301 as the current debt does not require a reserve.
401 Debt Service Fund	Debt service payments are made from this fund.
501 Groundwater Production Fund	This fund handles the Gresham-District groundwater partnership.
601 Groundwater Construction Fund	This fund handles the consulting, engineering, and construction of projects identified within the

Cascade Groundwater Alliance Groundwater
Development Master Plan.

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

**ROCKWOOD WATER PEOPLE'S UTILITY DISTRICT
MULTNOMAH COUNTY, OREGON**

COMMUNICATION TO THE GOVERNING BODY

FOR THE YEAR ENDED JUNE 30, 2023



**12700 SW 72nd Ave.
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December 14, 2023

To the Board of Directors
Rockwood Water People's Utility District
Multnomah County, Oregon

We have audited the basic financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Rockwood Water People's Utility District (PUD) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules
- Federal, State and other agency rules and regulations related to expenditures of federal awards

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities. Our engagement letter details our nonaudit services we provide; these services do not constitute an audit under Government Auditing Standards.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. . We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about compliance with the types of compliance requirements described in the OMB's Compliance Supplement applicable to each of the major federal programs for the purpose of expressing an opinion on compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on compliance with those requirements.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic

financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the Rockwood Water People's Utility District and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Rockwood Water PUD or to acts by management or employees acting on behalf of the Rockwood Water PUD. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.
4. Federal Awards - We found no issues of non-compliance and no questioned costs. We have responsibility to review these programs and give our opinion on the schedule of expenditures of federal awards, and tests of the internal control system, compliance with laws and regulations, and general and specific requirements mandated by the various awards.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023, except for the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates in the financial statements are the actuarial estimate of the District's portion of the statewide Net Pension Liability (or Asset) and Other Post Employment Benefits which are based on actuarial assumptions. Other sensitive estimate(s) affecting the basic financial statements were Management's estimate of Accounts Receivable, Capital Asset Depreciation, and the fair value of investments, which are based on estimated collectability of receivables, useful lives of assets, and active market values or significant observable inputs, respectively. We have evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the basic financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the listing of Board Members, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 99 – OMNIBUS 2022

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, Public-Private and Public-Public Partnership (PPP)'s, and Subscription-Based Information Technology Arrangement (SBITA)'s are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB 100 – ACCOUNTING CHANGES AND ERROR CORRECTIONS – an amendment of GASB 62

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable,

relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB 101 – COMPENSATED ABSENCES

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Best Practices – Not Significant Deficiencies

1. Segregation of Duties

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. We noted that the Senior Accountant and Office Supervisor have the ability to input information into the accounting system and have access to the check stock, check printer, and signature stamp. This could allow for the issuance of an unauthorized check which may not be detected within a reasonable time period. We recommend that the Board continually monitor the financial activities to mitigate this risk and consider obtaining additional fidelity (employee honesty) insurance coverage to compensate for this risk.

2. Accounting for Capital Assets

During our audit testing we found that there were duplicate entries in the Capital Asset register. Procedures should be implemented and documented to assist in the tracking of acquisition, disposal, and depreciation of capital assets to ensure assets are not counted twice. We noted that staff has in the past maintained the capital asset register in excel and continues to maintain an excel listing for fully depreciated assets with the implementation of a new capital asset register. Using excel for this process is prone to formula errors and other problems. We recommend utilization of an off the shelf fixed asset system to account for capital assets.

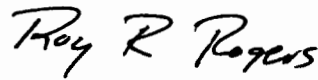
3. Utility Billings Batch Deposits

During our testing of utility billing receipts, we found that while all individual tested receipts were traceable to a cash receipt batch, not all of the batches were easily traceable to deposits on the bank statements. This can make it difficult to verify that all receipts are included in the actual bank deposits. We recommend the District implement a cleaner tracking system to show how each cash receipt batch is included in the bank deposits, by either depositing each cash receipt batch individually, or documenting which batches make up each deposit reported on the bank statements.

Pauly, Rogers and Co., P.C.

included in the bank deposits, by either depositing each cash receipt batch individually, or documenting which batches make up each deposit reported on the bank statements.

This information is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

MEMORANDUM

To: Budget Committee
Rockwood Water People's Utility District

From: Kari J. Duncan, General Manager/Budget Officer

Date: April 15, 2024

Re: Calendar Year 2023 District Highlights

The following reports include year-to-year comparisons of the District activities in Customer Services, Field Operations and Water Conservation between January and December 2023. In 2023, key activities demonstrate normal status in the fourth year after the COVID-19 Pandemic.

The Water Conservation and Public Outreach program demonstrated notable increases in the number of conservation kits that were given out. However, due to the closure of a school assembly program provider, this service was not able to be returned to district schools.

Customer service year to year shows a trend in decreasing late notices, door hangers and turn offs, which is a positive indicator that customers are paying their bills on time. The use of the bill assistance program has decreased significantly, and this will require some follow up by District staff. It is possible that the reason for the lower use of this program is not decreasing need for bill assistance, but customer constraints to accessing the assistance program which is provided by a third party to the District. Meter reading estimates have increased each year due to staffing constraints, weather and software issues and AMI will help resolve these constraints in future years.

Field Operations trends show a decrease in total service calls, with declines in emergency repairs, water services and utility locates.

Conservation

Data is from January 1 through December 31 for each year.					
	2020*	2021	2022**	2023	Year / Year Comparison
Outdoor Conservation Kits	13	19	77	226	34.1%
Indoor Conservation Kits	5	15	38	72	52.8%
Toilet Rebates	36	32	19	16	-18.0%
School Assembly Programs	0	0	0	0	0.0%
Festivals and Events	0	0	2	1	-50.0%
Emergency Water Storage Bags	0	0	0	75	0.0%
*As of March 2020, the District office was closed to the public and all events were cancelled due to the COVID-19 pandemic.					

Customer Service Year to Year Comparison

Data is from 1/1 to 12/31 of each year.

	2020	2021	2022	2023	Change
Meter Reads	79,666	81,013	82,045	78,708	-4.07%
Estimates	3,466	2,444	5,866	6,379	8.75%
Bills	77,532	84,281	85,767	87,489	2.01%
Late Notices	13,676	14,615	16,223	14,794	-8.81%
Door Hangers	2,647	5,977	5,834	5,060	-13.27%
Turn Offs	437	997	1,011	932	-7.81%
Final Reads	1,042	1,100	820	1,118	36.34%
New Accts	1,208	1,318	765	1,060	38.56%
Bill Assistance	404	343	168	71	-57.74%
Collection Agency	200	148	190	197	3.68%
Leak Adjustments	205	220	238	300	26.05%
Phone Calls	29,913	27,490	30,875	27,186	-11.95%
Walk Ins	1,266	2,951	7,175	7,455	3.90%
Work Orders	284	307	475	467	-1.68%
Misreads	171	152	35	4	-88.57%
Found Ons	1	3	0	2	0.00%
Meters Pulled	0	1	0	0	0.00%

Due to Covid, we estimated part of a zone in March 2020 and we halted door hangers and offs between March 2020 and October 2020. Our doors were closed to the public between March 2020 and June 2021.

Due to the weather we had to estimate reads February 2021.

Due to the new system, staffing issues, and weather, we had more estimated reads this past year.

Due to software issues, weather, and staff issues, we had to estimate reads.

	2020	2021	2022	2023	Change
E-bills	1,618	1,854	1,903	2,433	21.78%
On Line Payments	34,168	37,682	39,875	38,299	-4.11%

	Calendar Year 2023 Field Services							
	Data is from January 1, 2023 to December 31, 2023							
	Activity	2021	2022	2023	Change from Prior Year			
	Leak Repairs	15	13	12	-7.69%			
	Emergency Repairs	29	20	14	-30.00%			
	Emergency Calls	55	46	30	-34.78%			
	Hydrant Repairs	28	25	24	-4.00%			
	Blow Off Repairs	11	12	14	16.67%			
	NR and Meter Ugrades	199	150	135	-10.00%			
	Meter Boxes Replaced	83	84	87	3.57%			
	Water Services Installed	41	33	12	-63.64%			
	Fire Services Installed	11	10	4	-60.00%			
	Hydrants Installed	2	7	5	-28.57%			
	Utility Locates	4,031	4,324	3,423	-20.84%			
	System Sampling	947	950	950	0.00%			
		5,452	5,674	4,710				

Technical Memorandum DRAFT

Date: 4/12/2024
Client: Rockwood Water People's Utility District
Project: 2024 Financial Plan Update
To: Kari Duncan, *General Manager – RWPUD*
From: Josiah Close, *Senior Financial Analyst – HDR*

Introduction

HDR Engineering Inc. (HDR) has been assisting Rockwood Water People's Utility District (District) providing technical and financial assistance for the last ten years. Typically, HDR has worked with the District in the development and update of the annual financial plan to assist the District in developing water rate projections for the upcoming fiscal year and beyond. The annual financial plan update helps to inform the District's Board of Directors (Board) of anticipated future rate impacts, based on current projections and information.

For the District's 2024 financial plan update (2024 Update), the District retained HDR to perform a review and update of the water financial rate model which is used to establish the District's revenue requirement and ultimately, setting the water rates for the next fiscal year (FY 2025). Over that last several years, the annual updates have been heavily influenced by the transition of the District's source of supply from Portland Water Bureau to local groundwater. The move has been made possible by a joint venture with the City of Gresham to develop the local groundwater sources of water which is guided by the 2020 Groundwater Development Master Plan (GDMP). The GDMP identifies the needed capital improvements including reservoirs, pump stations, transmission lines, and treatment facilities - among others - in order to implement utilization of the system for the District and the City of Gresham source of water supply.

The 2024 Update - as summarized in this Technical Memorandum (Memo) - includes the revenue requirement analysis (operating and maintenance, capital, and financial policy related expenses) for FY 2024 through FY 2044. As part of the revenue requirement analysis, a capital funding plan was developed to summarize the District's identified funding sources for the planned capital improvements. The capital funding plan utilizes a mix of rate revenues, available reserves, long-term borrowing, and system development charges in order to fully fund capital projects. For long-term borrowing, the District utilized revenue bonds as well as the Water Infrastructure Finance and Innovation Act (WIFIA) as funding sources for the capital funding plan. Once the revenue requirement has been established, a rate transition plan can be developed that fully funds the District's operations and maintenance (O&M) expenses and prudently funds the capital improvement needs as well as meeting key financial metrics (e.g., target ending reserve balances, debt service coverage ratios). The rate transition plan details are then presented to the District's

Board which then provides feedback to District staff which is incorporated into the budget for the next fiscal year, in this case FY 2025.

Assumptions

HDR collaborated with District staff to develop, review, and refine the assumptions used as inputs in the 2024 Update. These assumptions are identified in general terms in Table 1.

Table 1
Key Financial Plan Assumptions

- | | |
|------------------------------------|----------------------|
| • Operations and Maintenance (O&M) | • Taxes |
| • Capital Improvement Plan (CIP) | • SDC Revenues |
| • Rate and Non-Rate Revenues | • Reserve Funds |
| • Long-Term Debt | • Escalation Factors |

The assumptions identified above in Table 1 had been reviewed and updated with information from historical trends and knowledge of future impacts, for example, the Portland Water Bureau rate schedule. The results presented in the Memo are based on the latest expense assumptions which were reviewed and updated with District staff. The goal in developing the revenue requirement is to generate sufficient rate revenue to fund the District's expenses – both capital and operating - maintain prudent reserve fund balances and achieve strong debt service coverage (DSC) ratios over the projected time period. The model also aims to provide the overall funding level in a smoothed revenue transition plan while still meeting the financial parameters. The model, as developed, is one of many tools available for the District to prudently and sufficiently fund the operating and capital needs of the water utility. The projections from the model will aid the District in making long-term decisions as impacts can be modeled and reviewed with the Board. It is important to note that - regardless of whether the District is able to control them or not - should the assumption inputs change, the results provided in this Memo would also change.

Revenue Requirement Analysis

The overall financial planning strategy for the District's water utility is based on a "cash-flow" approach, also known as the "cash basis" approach or methodology. The cash basis approach is a generally accepted methodology, as outlined in the American Water Works Association (AWWA) M1 Manual Principles of Water Rates, Fees, and Charges. This approach compares revenues to expenses on an annual basis so that, over the planning period, revenue will be equal to the water utility's expenses. Table 2, below, provides a summary of the cash basis approach used to develop the water revenue requirement for the District's 2024 Update.

Table 2
Overview of the “Cash Basis” Methodology

+	Operations and Maintenance Expenses
+	Taxes / Transfer Payments
+	Rate Funded Capital Projects
+	Debt Service Payments (P + I)
=	Total Revenue Requirement
-	Miscellaneous Revenues
=	Net Total Revenue Requirement

Provided below is a detailed discussion of the steps and key assumptions contained within the development of the District’s water utility revenue requirement analysis for the 2024 Update.

Rate Revenue

The District receives revenue for the water utility from two primary sources: water (user) rates and miscellaneous, or non-rate revenue. Water rate revenues are based on the current water rate structure and collected on a bi-monthly basis. Miscellaneous or other revenue includes items such as licenses, permits, late fees, and other miscellaneous revenues.

The first step in developing the revenue requirement was to develop a projection of water rate revenues. The FY 2024 year end estimated rate revenue figure of \$13.1 million was used as the starting place for the projection of rate revenues. Future customer growth within the District is expected to be flat or 0.0%, annually, during the financial planning period. This is a conservative level of growth as development and growth – primarily in the form of infill or redevelopment – is difficult to project, at this time. The 2024 Update assumes that the only increase in water rate revenues will be due to proposed water rate adjustments. Based on the assumed level of growth, it is projected that the District will receive approximately \$13.1 million in FY 2044, absent the proposed rate adjustments.

Miscellaneous Revenue

The District also collects a variety of other revenues that can offset the overall rate revenue needed. The other revenue sources include non-rate revenue, system development charges, and interest revenue.

Non-Rate Revenue

Non-rate revenue includes backflow charges, set-up fees, late fees, scrap metal income, service installations, other service income, rental income, miscellaneous income, other government income, general fund interest earnings, fixed asset disposition, and utility tax offsets. Total non-rate revenues are anticipated to be approximately \$2.4 million in FY 2024. Incorporating the assumptions on the changes in non-rate revenues, the District is projected to receive \$2.3 million in FY 2044.

System Development Charges

In FY 2024, the District has projected that approximately \$330,000 - including the reimbursement and improvement components - in revenues from the water SDC will be collected. Currently, it is assumed that the District will have 59 connections per year for FY 2024 and FY 2025 but that future SDC collections would decrease slightly to 45 connections per year in FY 2026 and then remain consistent at that level over time. This conservative assumption is important as the overreliance on growth related fees for rate setting purposes may result in the need for additional rate adjustments, or deferral of growth related capital projects, in the future should growth not occur at the projected levels.

Operations and Maintenance Expenses

The first expense component of the revenue requirement is the operations and maintenance (O&M) expense. O&M expenses are those related to running the day-to-day operations of the District's water utility. O&M expenses include labor, benefits, insurance, purchased water, utilities, etc. The District's projected year end FY 2024 budget and proposed FY 2025 budget were used as the starting point for the revenue requirement analysis. Starting with the proposed FY 2025 budget, O&M costs were projected based on annual inflationary factors which are specific to each line item based on known changes or assumed general inflationary rates. Details of individual O&M cost escalation factors are shown in Table 3.

Table 3 O&M Cost Escalation Factors		
Expense Category	Escalation Percentage	Notes
General	3.0%	
PERS-Related Costs	10.0%	<i>Bi-annually, starting in FY 2025</i>
Materials & Services	3.5%	
Purchased Water	Variable	Based on PWB projections
Insurance	10.0%	
All others	3.0%	

Based on the District's budgets, known future changes, and the cost escalation assumptions described in Table 3, the total annual O&M is expected to increase from approximately \$10.1 million in FY 2024 to \$20.1 million by FY 2044. Two major components that impact the total O&M expenses during this period are the purchased water costs to the Portland Water Bureau (Bureau) and groundwater production O&M. Full purchased water costs end in FY 2026. The groundwater production O&M is anticipated to start in FY 2027 at around \$1.8 million and increases annually at 3.5% per year reaching \$3.2 million in FY 2044.

Capital Improvement Plan

The capital improvement plan (CIP) consists of the major additions to the District's water utility infrastructure that is oftentimes infrequent and can occur at irregular intervals. Capital

improvement projects are designed to fulfill a number of different needs, but typically there are four main types:

1. Renewal and replacement of the existing system to maintain service levels
2. Compliance with new state and/or federal regulations
3. Enhancement of the level and reliability of the service provided
4. Meet ongoing demands of system growth and economic development

A major component of the District's capital improvement plan is the capital projects related to implementing the GDMP. In discussion of the capital related to the GDMP, it is really a suite of projects comprising a number of smaller projects or packages of projects which the District will complete over several years (FY 2024 – FY 2026). At the completion of the GDMP projects, the District will transition the drinking water source from the Portland Water Bureau to 100% groundwater. It is assumed that the GDMP includes the capital improvements needed for this transition and outlines the scope, cost, and timing of the projects. It is important to note that the capital costs have increased historically as compared to the original estimate from 2020 which is very common for estimates that were made before the unprecedented inflation from COVID-19 impacts. In discussion with the District, it does appear that the inflation impacts experienced by the District have returned to more historical, or normal, levels. Capital costs were increased by 5.0% in FY 2025, 4.0% in FY 2026, and then 3.0% annually in FY 2027 and after in order to recognize and incorporate the cost increases due to current inflationary pressures.

A summary of the District's current CIP over the 20-year review period is shown below in Table 5. This long-term approach to capital planning will further help the District plan for future years and place the water utility in position to adequately fund renewal and replacements while minimizing rate impacts. All amounts shown in Table 4 include the effects of estimated cost escalation, as mentioned above. From FY 2024 through FY 2044, the District's CIP includes \$143.2 million in total capital improvement projects which includes those related to the GDMP and the advanced metering infrastructure (AMI) project which are significant capital investments as well as other capital projects on the District's water system.

Table 4
Summary of the District's Capital Improvement Plan (\$000s)

Year	Total Capital Cost	Funding Assumptions			
		General Fund Reserves	601 Reserves (WIFIA, Grants, Contributions)	Long-Term Debt Issuance	Rate Funded Capital
FY 2024	\$13,995	\$0	\$12,338	\$0	\$1,657
FY 2025	50,308	556	48,126	0	1,625
FY 2026	15,215	1,291	13,499	0	425
FY 2027	2,900	0	0	0	2,900
FY 2028	2,400	0	0	0	2,400
FY 2029	5,966	1,491	0	2,000	2,475
FY 2030	2,872	407	0	0	2,465
FY 2031	2,575	0	0	0	2,575
FY 2032	3,230	455	0	0	2,775
FY 2033	2,500	0	0	0	2,500
FY 2034	4,686	111	0	1,500	3,075
FY 2035	3,050	0	0	0	3,050
FY 2036	3,150	0	0	0	3,150
FY 2037	3,250	0	0	0	3,250
FY 2038	3,400	0	0	0	3,400
FY 2039	3,450	0	0	0	3,450
FY 2040	3,600	0	0	0	3,600
FY 2041	3,650	0	0	0	3,650
FY 2042	4,300	0	0	0	4,300
FY 2043	4,300	0	0	0	4,300
FY 2044	4,400	0	0	0	4,400

As can be seen in Table 4, the level of capital projects for the District may vary from year to year and the impact of the GDMP projects totaling \$74.0 million can be seen in FY 2024 through FY 2026 as the District moves to transition from Portland Water Bureau water purchases to groundwater by FY 2026. Another significant capital program is the advanced metering infrastructure (AMI) project that will be implemented in FY 2024 through FY 2029 and totals \$5.8 million. The model that is developed for the 2024 Update is designed to smooth the impacts from any one year as well as start planning to fund years with larger expenditures earlier thereby minimizing rate impacts to customers and maintaining a smooth rate transition. This creates a more predictable bill for customers and aides District management in making informed decisions and at the same time to continue to be good stewards of the District customers' resources.

Debt Service Costs

The next component of the District's water revenue requirement is long-term debt service. Debt service relates to the District's annual debt repayment obligations, both principal and interest, incurred when capital projects are financed with long-term borrowing. Utilities frequently finance major capital improvement - such as the GDMP program of capital projects - by issuing long-term debt and there are two primary reasons for this. First, the financial resources required for these types of projects typically exceed the utility's available resources from the normal level

of capital investment in the water system. Second, spreading the debt service costs for the project over the repayment period effectively spreads the financial burden of financing large improvements to both existing and future users of the system. This burden sharing allows the utility to align the cost of improvements more closely with those customers benefiting from the improvements.

Currently, the District has two outstanding long-term debt issues: the 2021 Revenue Bond and the 2022 WIFIA Loan. The 2021 revenue bond is a refunding of the 2011 Revenue Bond as well as providing the initial funding source for the GDMP package of capital projects. It is important to note that the WIFIA loan is only the interest portion until after substantial project completion. The District's total annual debt service payment is \$1.9 million in FY 2024 and increases to a maximum of \$5.8 million in FY 2041 before the 2021 revenue bond is retired.

The District will continue to complete substantial water system improvements and developments with the GDMP through FY 2026 as well as the AMI program through FY 2029. The District has identified, through the development of the 2024 Update, that additional long-term debt will need to be issued. At this time, the District's has identified a mix of WIFIA and revenue bonds. It is assumed that the District will have additional WIFIA loan withdrawals in FY 2024 and FY 2025 and then issue a revenue bond in FY 2025 to fund the remainder of capital projects not funded by the 2021 Revenue Bond or the first WIFIA loan proceeds. The District is also applying for funding through the State Drinking Water Revolving Loan Fund and the Bipartisan Infrastructure Bill. To be conservative, this funding was not included in the rate model, but if some or all of the request is approved it may reduce future rate adjustments.

The District Board and staff continue to prioritize maintaining a pay-as-you-go approach in order to minimize the need of additional long-term debt issuances. It is because of this long standing approach that the District now has the financial flexibility to incur long-term debt and still remain fiscally sound while also limiting rate impacts. Table 5 below shows the existing and future projected annual debt service for the District's water utility.

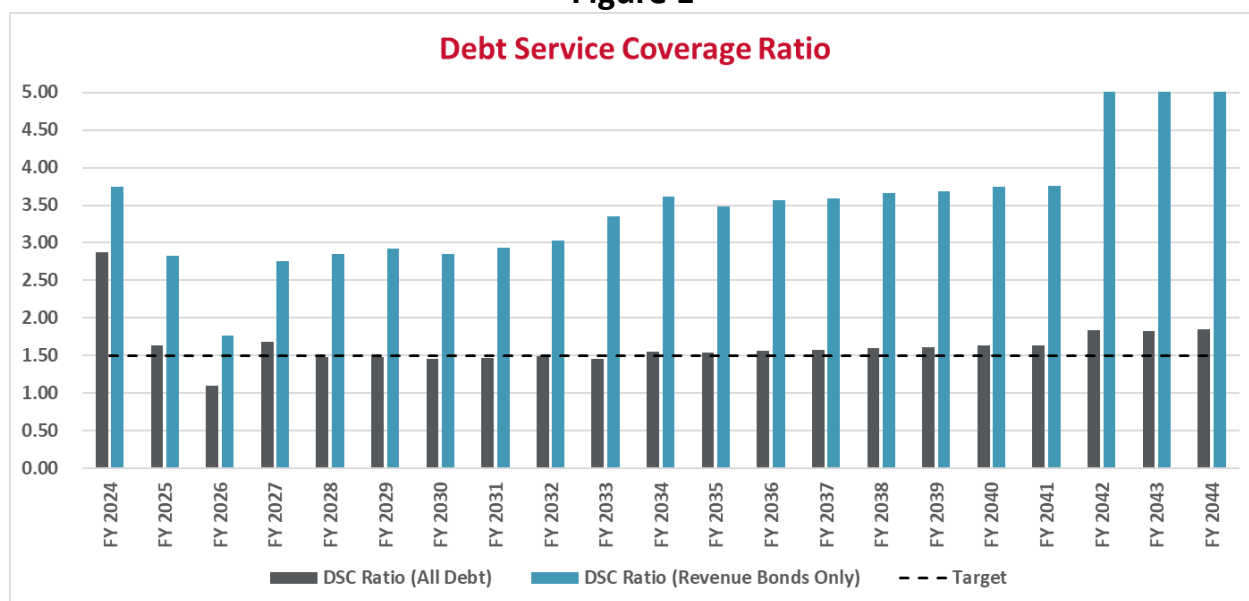
Table 5
Summary of the District's Debt Service Payments (\$000s)

Year	2021 Rev Bond	WIFIA	New Rev Bond	New WIFIA	Total
FY 2024	\$1,440	\$440	\$0	\$0	\$1,880
FY 2025	1,437	679	0	369	2,485
FY 2026	1,433	788	1,151	794	4,165
FY 2027	1,437	788	1,151	850	4,226
FY 2028	1,435	1,183	1,151	1,214	4,982
FY 2029	1,437	1,296	1,151	1,214	5,097
FY 2030	1,437	1,406	1,311	1,214	5,367
FY 2031	1,435	1,512	1,311	1,214	5,472
FY 2032	1,432	1,615	1,311	1,214	5,572
FY 2033	1,077	1,888	1,311	1,214	5,490
FY 2034	1,075	1,956	1,311	1,214	5,555
FY 2035	1,076	1,971	1,432	1,214	5,693
FY 2036	1,075	1,986	1,432	1,214	5,706
FY 2037	1,078	1,999	1,432	1,214	5,722
FY 2038	1,075	2,011	1,432	1,214	5,731
FY 2039	1,076	2,021	1,432	1,214	5,743
FY 2040	1,077	2,030	1,432	1,214	5,753
FY 2041	1,076	2,038	1,432	1,214	5,760
FY 2042	0	2,552	1,432	1,214	5,197
FY 2043	0	2,551	1,432	1,214	5,196
FY 2044	0	2,551	1,432	1,214	5,196

It should be noted that as part of this planning process HDR is not acting as the District's municipal advisor related to debt financing terms. The initial WIFIA terms have been determined but the future WIFIA and debt service payments for the "cleanup" revenue bond issuance were estimated based on assumed terms as they are not determined yet but were agreed upon by the District.

An important metric for the District to evaluate and maintain is the debt service coverage ratio (DSC). The DSC ratio shows the ability of a utility to pay back outstanding debt issuances after O&M expenses have been paid for. Typically, a utility will target at least 1.30 as a DSC ratio calculation which means that the agency is able to cover the debt and has 30% of the debt service remaining to go towards other needs of the utility such as capital investment or reserve fund enhancement. For the District, the target DSC ratio is stronger at 1.50. The graphic below in Figure 1 shows the District's water utility calculated DSC ratio after the proposed rate adjustments.

Figure 1



As can be seen in the Figure 1, the District is maintaining a prudent debt service coverage ratio over the 20 year period. As the District's annual debt service increases substantially, the DSC ratio is maintained at a strong level of at around 1.50 for all debt. Two DSC ratio tests were performed one on all debt and one on the revenue bonds only. That is because the WIFIA related debt does not have a minimum where revenue bonds will often have a minimum DSC ratio within the covenants. It is important to note that the timing of debt service for future issuances is not known yet and it was attempted to present a conservative estimate for prudent financial planning purposes.

Revenue Requirement Summery

After all of the expense components, as discussed above, have been determined, a comparison to the existing water rate revenues of the District can be made. The results are shown as a balance or deficiency of funds. Shown in Table 6 below is a summary of the District's water utility revenue requirement for the preliminary FY 2025 budget and projected through FY 2044.

Table 6
Revenue Requirement Summary (\$000s)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Revenue										
Rate Revenues	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118
Non-Operating Rev	<u>1,776</u>	<u>1,754</u>	<u>1,783</u>	<u>1,810</u>	<u>1,821</u>	<u>1,844</u>	<u>1,874</u>	<u>1,898</u>	<u>1,928</u>	<u>1,957</u>
Total Revenues	\$14,893	\$14,872	\$14,901	\$14,927	\$14,939	\$14,962	\$14,992	\$15,016	\$15,045	\$15,074
Expenses										
O & M	\$11,479	\$11,502	\$9,564	\$9,927	\$10,369	\$10,769	\$11,259	\$11,701	\$12,247	\$12,737
Net Debt Service	2,444	4,135	4,195	4,952	5,066	5,337	5,442	5,542	5,460	5,525
Rate Funded Capital	1,625	425	2,900	2,400	2,475	2,465	2,575	2,775	2,500	3,075
Reserve Funding	<u>1</u>	<u>17</u>	<u>21</u>	<u>25</u>	<u>24</u>	<u>31</u>	<u>26</u>	<u>5</u>	<u>31</u>	<u>35</u>
Total Expenses	\$15,549	\$16,078	\$16,681	\$17,303	\$17,934	\$18,602	\$19,302	\$20,023	\$20,237	\$21,373
Bal/(Def.) of Funds	(\$656)	(\$1,207)	(\$1,780)	(\$2,376)	(\$2,995)	(\$3,640)	(\$4,310)	(\$5,007)	(\$5,192)	(\$6,298)
As a % of Rate Rev.	5.0%	9.2%	13.6%	18.1%	22.8%	27.7%	32.9%	38.2%	39.6%	48.0%
Proposed Rate Adj.	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%
Add'l Revenue from Adj.	\$656	\$1,207	\$1,780	\$2,376	\$2,995	\$3,640	\$4,310	\$5,007	\$5,192	\$6,298
Total Bal/(Def.) of Funds	0	0	0	0	(0)	0	0	0	0	0
	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044
Revenue										
Rate Revenues	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118	\$13,118
Non-Operating Rev	<u>1,988</u>	<u>2,020</u>	<u>2,053</u>	<u>2,088</u>	<u>2,123</u>	<u>2,160</u>	<u>2,199</u>	<u>2,240</u>	<u>2,284</u>	<u>2,331</u>
Total Revenues	\$15,105	\$15,138	\$15,171	\$15,205	\$15,240	\$15,277	\$15,316	\$15,358	\$15,402	\$15,448
Expenses										
O & M	\$13,345	\$13,891	\$14,571	\$15,181	\$15,942	\$16,626	\$17,482	\$18,252	\$19,217	\$20,086
Net Debt Service	5,662	5,675	5,692	5,700	5,712	5,722	5,729	5,166	5,166	5,166
Rate Funded Capital	3,050	3,150	3,250	3,400	3,450	3,600	3,650	4,300	4,300	4,400
Reserve Funding	<u>26</u>	<u>102</u>	<u>68</u>	<u>86</u>	<u>78</u>	<u>194</u>	<u>279</u>	<u>461</u>	<u>578</u>	<u>735</u>
Total Expenses	\$22,083	\$22,819	\$23,580	\$24,368	\$25,183	\$26,142	\$27,140	\$28,180	\$29,261	\$30,387
Bal/(Def.) of Funds	(\$6,978)	(\$7,681)	(\$8,409)	(\$9,163)	(\$9,942)	(\$10,865)	(\$11,824)	(\$12,822)	(\$13,859)	(\$14,938)
As a % of Rate Rev.	53.2%	58.6%	64.1%	69.8%	75.8%	82.8%	90.1%	97.7%	105.7%	113.9%
Proposed Rate Adj.	3.5%	3.5%	3.5%	3.5%	3.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Add'l Revenue from Adj.	\$6,978	\$7,681	\$8,409	\$9,163	\$9,942	\$10,865	\$11,824	\$12,822	\$13,859	\$14,938
Total Bal/(Def.) of Funds	0	0	0	0	0	0	0	0	0	0

Table 6 provides the results of the revenue requirement developed for the District's water utility over the review period. As can be seen, the deficiency – absent the proposed rate adjustments – ranges from \$656,000 in FY 2025 to \$14.9 million by FY 2044. The proposed rate adjustments provide the additional revenue to fund the costs of operating and maintaining the existing water infrastructure as well as the capital improvements necessary to maintain service to the District's customers. A key cost in the revenue requirement is the long-term debt service related to funding the GDMP capital projects as well as maintaining a strong debt service coverage ratio. The rate adjustments also help to maintain other prudent financial planning criteria and achieving strong key financial metrics such as healthy reserve fund balances.

Reserve Funds

Reserves funds play a critical role in the prudent financial management of the District's water utility and healthy reserve levels provide many benefits. These benefits may become much more apparent when embarking on a significant capital improvement program like the District has planned over the next few years. Having healthy reserve balances in this capital intensive environment will provide the District with an additional buffer should capital costs come in higher than anticipated or some interruption of revenues occur. Another benefit is that adequate reserve levels can provide the District with necessary funding during an emergency capital need or in times of a natural disaster. These scenarios show how adequate reserve levels would help in minimizing the impacts to rates in the short-term. In the longer term, they can help provide a slow and steady approach to rate revenue adjustments which is beneficial to the District's customers.

The District has a number of different reserves which service various purposes and include:

- General Fund
- Groundwater Construction Fund (601)
- Reimbursement SDC Account (201)
- Improvement SDC Account (202)
- Groundwater Production Fund (501)

Not every reserve has a target minimum but the District Financial Management Policy targets 365 days of O&M expenses as the minimum for the General Fund of the water utility. Based on the analysis and assumptions contained in the Memo, overall the District will meet this minimum target reserve level. Shown in Figure 2 below is a summary of the General Fund and Figure 3 shows the total reserve levels over the review period.

Figure 2

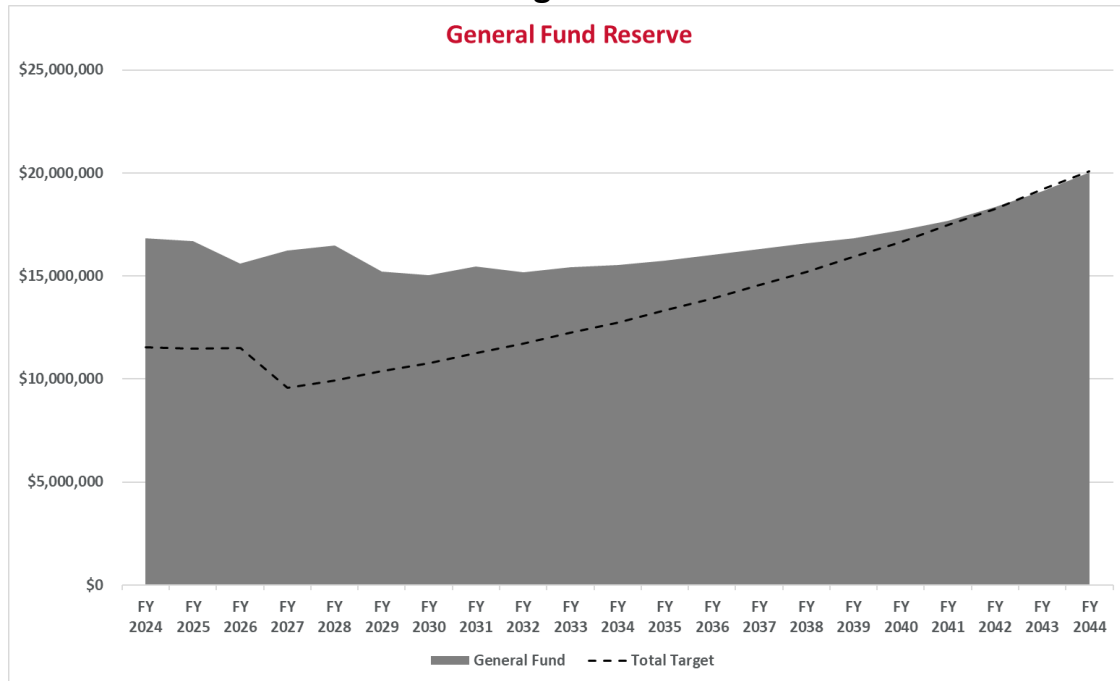
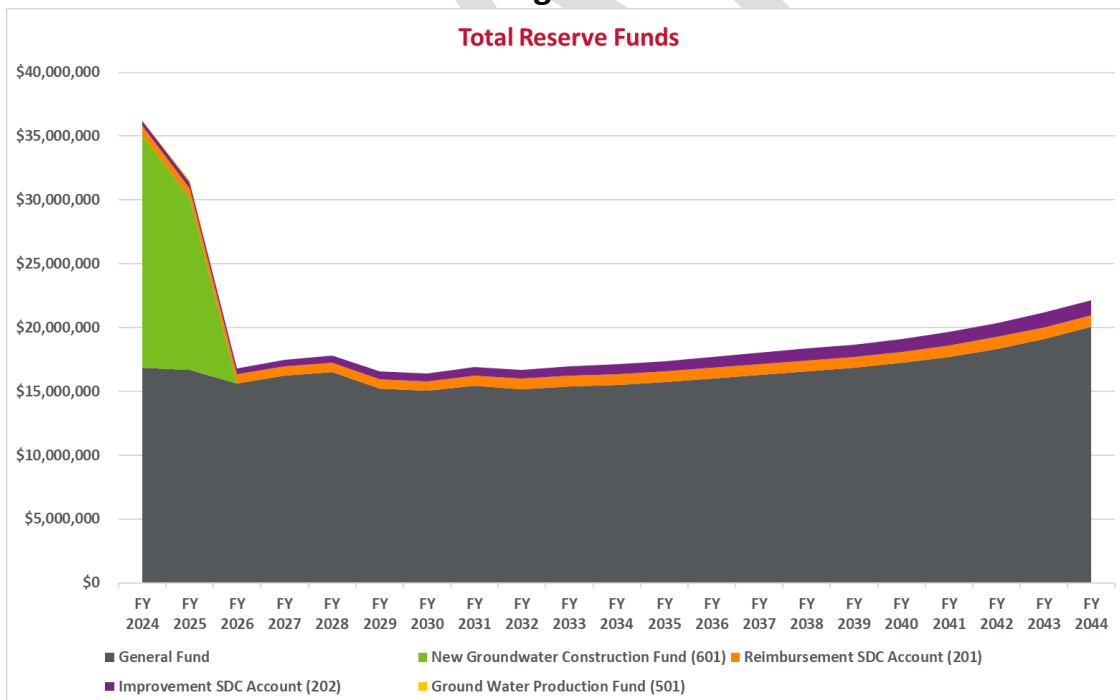


Figure 3



Utilities may establish multiple reserve funds with target minimum policies that serve a variety of different purposes. These can include – but are not limited to – a capital fund, a rate stabilization fund, and an emergency fund. A capital fund is typically established to maintain funds for future capital improvement projects. These can be for a specific project, or general

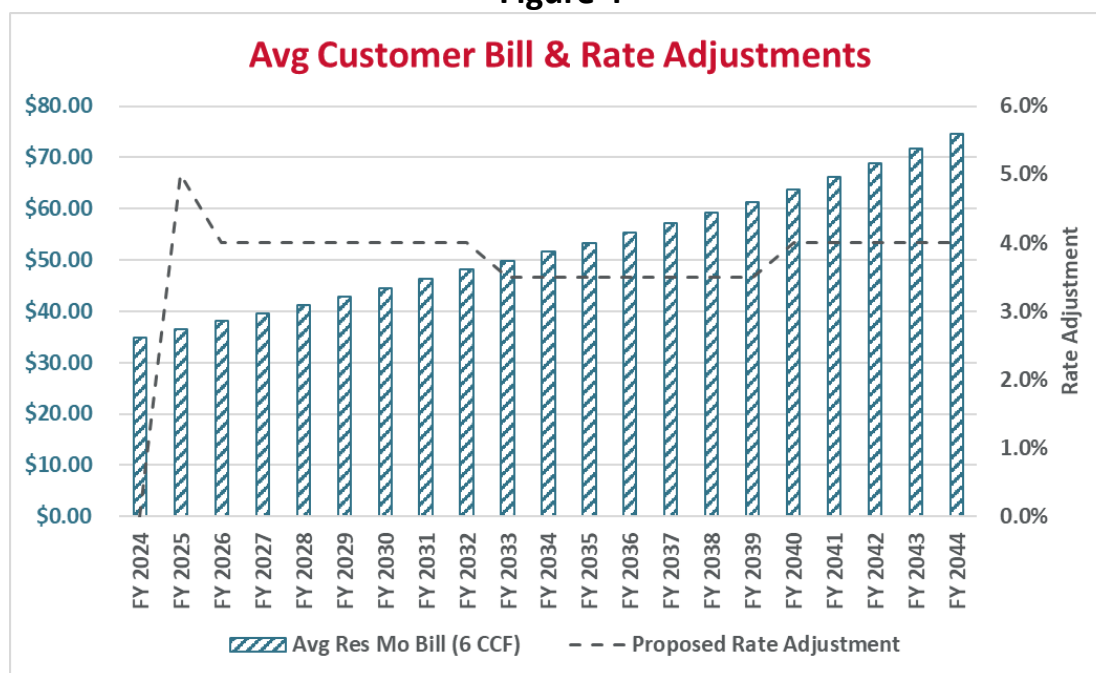
capital improvements that will need funding greater than what annual rates can provide. In this way, the capital reserve can “store funds” from one year to save for a large capital improvement project in future years. Next, a rate stabilization fund allows the utility to save surplus revenues in years where water sales are above projections in order to be used at a future time when, perhaps, rate revenues are less than anticipated. The rate stabilization funds can then be used to “fill the gap” and make the District whole, eliminating, or reducing, the need for current or possible future rate adjustments. Finally, an emergency fund, as the name suggests, is a fund that is set aside to aid in funding a major infrastructure emergency. This could be a major main break, pump failure, or storage failure. These funds can then be used in the short-term to meet financial obligations in an emergency situation. Although the District does not have a separate reserve for all of the purposes outlined above, the general fund aims to accomplish all of these reserve needs and uses. Over the review period, the general fund appears to be healthy and sufficient.

Summary of the Results of the 2024 Financial Plan Update

The revenue requirement analysis that was developed as part of the 2024 Financial Plan Update and detailed above has calculated the necessary rate revenue adjustments. These rate revenue adjustments have been developed to fund the District’s O&M and capital requirements – including the GDMP related projects – over the review period (FY 2024 – FY 2044). As part of the analysis, careful attention was given to maintaining adequate funding of the water utility’s O&M expenses as well as sufficiently funding capital improvement projects. As was mentioned previously, the District aims to couple this prudent financial planning with minimizing long-term rate impacts to its customers while providing a high level of service. An example of this is the migration from purchased water from Portland Water Bureau water to the District’s owned groundwater supply. This transition - over the long-term –should provide significant financial savings as well as flexibility to the District’s customers. Additionally, the District will have local control over policy decisions and addressing issues that customers will be impacted by. These goals were also targeted with the goal of maintaining key financial planning metrics such as adequate reserve levels and strong debt service coverage.

The financial model developed as part of the 2024 Update for the District aims to produce level rate adjustments over the review period, as can be seen in Table 6 (Revenue Requirement Summary), above. The average monthly bill for a residential customer with a 5/8” meter and consuming 6 hundred cubic feet (CCF) of water would be increased from \$34.85 per month, currently, to \$74.53 over the next 20 years. Figure 4, below, shows the annual rate adjustments and the average bill impact to customers over the review period. The rate impacts from the projected rate adjustments are summarized below. The rate transition plan that was developed is then used to calculate the average customer bill impact (for a 5/8” meter with 6 CCF / month of water usage). It is important to note that the projection of bill impacts does not take into account any adjustments to the fixed / variable revenue generation of the rates and simply calculates the impact of an ‘across the board’ rate adjustment implementation.

Figure 4



Rate Design

Currently, the District has a single rate structure for all customers. The customers are charged a fixed meter charge on a bi-monthly basis that varies based on the size of the service meter. Customers are also charged a uniform volumetric rate for water consumption on a dollar per CCF basis. Recently, the District has placed a greater importance on the revenue stability of the District's revenue stream while maintaining cost-based rates through the fixed / variable components of the rate structure. This is due in part to recent trends in customer water consumption characteristics (i.e., the decline in per capita use over the last few decades). The other factor that can play into this thought process is the fact that, in the short term, the fixed costs of a utility are generally 80% - 90% of the total costs. It is important to note that, when considering various rate designs, there are always tradeoffs, and no one rate design can meet all rate design goals and objectives. As a result, each rate structure will have advantages and disadvantages and it is a balancing of these which will help develop rates that best meet the District's goals and objectives. For example, a high level of revenues from the variable charge may incentivize additional conservation, the drawback is that the water utility is left vulnerable to swings in revenues due to how customers are using water.

Conclusion of the Financial Planning Analysis

This concludes the 2024 Update to the District's financial planning model. The model results shown have been predicated on numerous assumptions used in the analysis. The results of the model are dynamic in nature and can shift and move if one assumption is adjusted. For this reason, the financial model is best described as a long-range financial planning model for the District and the actual results for the end of the review period may vary from what the District

realizes in the future. However, based on the assumptions and results of this analysis, HDR determined that the District could meet its near-term water utility financial targets with rate revenue adjustments averaging approximately 3.9% over the next 20 years. It is important to note that the District will need higher than average rate increases in the near term such as an 5.0% in FY 2025 and then 4.0% in FY 2026 in order to transition rates to a level that adequately funds the anticipated long-term debt service related to the GDMP. The results of the analysis enable the District to maintain prudent financial management of the utility by providing adequate funding of O&M. Additionally, the rate revenues generated should provide sufficient levels of rate funding for capital projects – namely, the GDMP projects and AMI implementation – as well as meeting debt service coverage ratios and target reserve levels that are in accordance with Board policy. When combined, these attributes give the District both a stable financial footing going forward as well as enough flexibility to overcome any obstacles that might arise and all while minimizing the rate impacts to its customers.

ROCKWOOD WATER PEOPLE'S UTILITY DISTRICT

ANNUAL BUDGET FISCAL YEAR (FY) 2024/2025

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

FUND 601 - GROUNDWATER CONSTRUCTION FUND

The day-to-day operations of the District are handled through Fund 101, General Fund. The primary income for the District is through the sale of water. This income funds the purchase of water for resale, customer service, business functions and the maintenance, repair, and replacement of the water system. Expenditures in the General 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 (SDC) Funds. SDCs help pay for renewal, replacement, and expansion of the water system. SDCs are charged to developers for their new connections to the District's water system or for existing customers who want to increase their use by installing a larger service connection. 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 has historically provided funding for the Debt Service Fund 401. In FY 2023/2024, the District's Bond Counsel and Arbitrage advisor recommended that the District no longer maintain an account exclusively for Debt reserve due to the accumulation of positive arbitrage. This fund will remain in the budget but will no longer be used, and Fund 401 will be directly funded by the General Fund 101.

The Debt Service Fund 401 provides the mechanism for the repayment of financed debt. This includes the 2021 Bond, and 2022 federal Water Infrastructure Finance and Innovation Act (WIFIA) Loan which fund the construction of the Cascade Groundwater Development Projects. The bonded debt will be repaid in 2041 and the WIFIA loan will be repaid in 2047.

The Groundwater Production Fund 501 was established to manage operational costs in the production of groundwater for domestic drinking water purposes. The fund provides an accounting of costs associated with producing and pumping groundwater; costs are

split between the District and the City of Gresham. Because the groundwater system is a partnership with the City of Gresham, the fund allows for transparency in how revenue and costs of operation are managed for both partners.

The Groundwater Construction Fund 601 was created in 2020 to receive and track all revenue received by the District from the issuance of revenue bonds or other financial instruments, governmental transfers through partnership with the City of Gresham, and interest received from investments. The fund provides transparency in how such revenue is spent related to the development of groundwater. The District is in the middle of a significant groundwater development project in order to avoid significant future wholesale water purchase costs from the City of Portland. With Portland's construction of the Bull Run Water Treatment Plant, costs will be shared by Portland and any wholesale customers continuing to purchase water from Portland. Wholesale water costs are expected to increase substantially by 2030 if the District remains on the wholesale purchase contract. Through the development of an independent water supply system, the District is anticipating mitigating these increases and controlling costs directly to our customers into the future.

CHANGES TO THE FY 2024/2025 BUDGET

The District and the City of Gresham are well into the Design and Construction of the projects defined in the 2020 Groundwater Development Master Plan (GDMP). Based on the 2020 GDMP and 2023 Budget updates based on inflation and supply chain disruptions, the projected cost of the groundwater development facilities is \$165.3 million, and Rockwood's share of the program is \$89.3 million. The partnership with the City of Gresham for water supply, outlined in the IGA 5794 and named the Cascade Groundwater Alliance (CGA), provide the District and the City of Gresham greater resiliency and a way to share costs for the groundwater supply system construction and operation. In FY 2023/2024, the District has completed construction of the 6 million gallon Cascade Reservoir No. 2, Cascade Well 7 pumping and transmission mains, and the rehabilitation and roof replacement of Cascade Reservoir. The District completed the design of Package 2a, the Glendoveer transmission line, Package 3, the Well 8 Treatment, Pumping and Reservoir Facilities located at 141st Ave, and Package 4 the Cascade Water Treatment Plant, Pump Station and Equipment Storage Facility located at the District Headquarters. These Packages will proceed to the Construction phase at the end of FY 2023/2024. FY 2024/2025 will continue with substantial construction activities throughout the District as multiple packages will be under construction concurrently

Design and Construction of the CGA projects will allow the District to supply treated groundwater to all customers prior to the end of the Portland Wholesale Water Purchase Contract in June 2026. A Memorandum of Understanding between Portland and its wholesale customers describes a plan to sunset the existing contract and develop a new contract. The District has notified Portland that it is developing groundwater as its primary source and will not continue to purchase wholesale water after June of 2026, with the exception of a potential emergency intertie.

The District staff maintain both the Technology and Vehicle/Equipment Replacement Plans for projecting expenditures. The multi-year plans were approved by the Board in FY 2017/2018 to allow for better planning, fiscal control, and orderly replacements.

The recommended budget and rate adjustment is targeted to maintain the debt service coverage for the District Bonds and Loans required to finance the Cascade Groundwater Alliance Projects, and to keep up with the rate of inflation. The recommended rate adjustment for FY 2024/2025 is 5% based on the 2024 model. The rate adjustment results conservatively to an overall Water Sales Revenue of \$12,700,657 based on average of water demands. The recommendation is to implement a 5% adjustment to both fixed and variable charges.

The following is an explanation of the FY 2024/2025 budget line items and the proposed budget.

**GENERAL FUND
Fund 101**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$17,166,693
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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 reflects a substantial increase of \$5,158,705 from the previous year due to the Board approved transfer of the Debt Reserve Funds (Fund 301) into the general Fund to prevent the accumulation of positive arbitrage from the funds in debt reserve. The balance between actual and projected revenues and projected expenses are shown here.

3-10-1100	Water Sales	\$12,700,657
	Base Meter Charge	\$3,687,273
	Commodity Charge	\$9,013,384

Estimated water sales revenue is based on projected sales of **2.65 million ccf** (ccf = hundred cubic feet). Water sales revenue has two components; the first is the base meter charge (a fixed charge based on meter size for **~13,752 accounts**) and the second is the commodity charge (the cost per volume of water sold per hundred cubic feet or ccf). The water rate adjustment proposed is \$1.37 for the bimonthly base meter charge (increase of 5.0%) and the volume charge increased by \$0.17 per ccf (increase of 5.0%). The change results in Fixed Revenue of 28% and Variable Revenue of 72%. **The overall water rate adjustment proposed for the average District customer (6 ccf per month) is 5%, the average monthly bill of \$35.48, and increase of \$1.69 per month over the previous year.**

3-20-2100	Backflow Charges	\$40,000
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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 Public Health Division guidelines for monitoring this program. Water

accounts with assemblies 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 the same as the previous year.

3-20-2200 Set-up Fees \$20,000

This one-time account set-up fee is charged to new customers in the District. This budget is the same as the past year.

3-20-2300 Late Fees \$290,000

Service charges include late charges, door hanger charges, service off charges, dishonored check charges, etc. This budget is the same as the past year.

3-40-4100 Service Installations \$250,000

Projected installations of new meters in the District. This includes all types and sizes of new service connections. This budget is the same as the past year.

3-40-4200 Sub-Division Project Income \$50,000

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 the same as the past year.

3-40-4300 Other Service Income \$150,000

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 the same as 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 the same as the past year despite higher than budgeted income in the previous year in anticipation of the use of bond and loan funds for construction that accumulated interest in FY 2023/2024.

3-50-5200 Rental Income \$0

This budget line is rental income received. Due to the groundwater construction activities, the previously rented Residential property next to the 141st reservoir and pump station will not be rented in anticipation of construction in FY 2024/2025.

3-60-6100 Scrap Metal Income \$7,500

3-60-6600	Other Miscellaneous Income	\$40,000
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3-60-6800	Gresham Utility Tax	\$476,253
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3-60-6900	Portland Utility Tax	\$218,043
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3-60-7000	Fairview Utility Tax	\$15,608
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3-90-9200	Interfund Transfers	\$435,000
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3-90-9300	Fixed Asset Disposition	\$500,000
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3-90-9500	Other Government Agencies	\$18,500
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EXPENSE ACCOUNTS

PERSONAL SERVICES

5-10-4450 Salaries & Wages \$2,690,000

This fund represents salaries and wages for 26 full time employees at the District, including one additional FTE and the current 25 FTE. This also includes a temporary employee in Engineering to assist with the Groundwater Development Project. The budget incorporates all planned step increases for some staff and the cost of living adjustment for all staff of 3.8% based on the CPI (Consumer Price Index) for calendar year 2023 and article 11 of the Union Contract.

5-10-4500 to 5-10-4630 Other Personnel Expenses \$136,600

Anticipated costs for PTO payout (\$8,600) office and field overtime (\$21,000), on-call pay (\$75,500), certification pay (\$16,000), employee bonus (\$1,000), and market-based wage adjustments (\$15,000). Budget decreased slightly.

5-10-4800 to 5-10-4920 Payroll Taxes & Employee Benefits \$1,693,800

Social Security (\$163,000), Medicare (\$38,000), Unemployment Insurance (\$2,500), Tri-Met (\$21,300), and Workers Compensation (\$26,500) are covered in this line item. Employees' Retirement is through the Public Employee Retirement System (PERS). PERS premiums increased for FY 2023/2024 and PERS is budgeted this year at \$767,000. Health insurance renewal is budgeted at \$665,000, and the new Oregon Paid Leave Law is budgeted at \$10,500.

MATERIALS & SERVICES

5-20-5010 Water Purchased for Sale \$3,925,195

We will purchase 3.80 million ccf (2.85 billion gallons) from the City of Portland under the water sales agreement. Our wholesale rate for FY 2024/2025 is projected to be approximately \$1.03per ccf. The budgeted value represents an increase of 4.4% from the FY 2023/2024 wholesale rate.

5-20-5110 Contract Services \$170,675

This represents the annual contract for billing and support services. Includes the annual service cost for the District's Billing system, Tyler Incode and online payment and credit card fees associated with the system. Contract paying, miscellaneous consulting, daily off-site data storage (replication) and website maintenance is also included in this line code. Represents a \$40,000increase from last year largely due to online payment fees and expenses to incorporate AMI into the Tyler system.

5-20-5120 Technical & Consulting \$30,000

5-20-5130	Auditing	\$24,500
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5-20-5140	Legal Services	\$100,000
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5-20-5210	Telephone/Cell Phone	\$46,480
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5-20-5220	Sewer/Storm Water	\$15,000
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5-20-5230	Heating/Electricity	\$25,000
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5-20-5310	Engineering Supplies	\$1,500
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5-20-5320	Office Supplies	\$36,500
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5-20-5330	Postage	\$49,850
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This line funds our Toilet Rebate programs (\$4,500), Children's Clean Water Festival (\$22,000); School Programs (\$11,000); conservation devices/brochures/supplies (\$4,500); emergency preparedness (\$5,000); school grants (\$2,250); and District events, donations, and meetings (\$1,100). Budget remains the same.

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

This covers all insurance related to District liability and property and does not include employee health benefits. Insurance expenses have increased as the District adds the newly constructed Groundwater Assets to its inventory, and due to increasing rates. Budget has increased by \$22,000.

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. Budget has decreased by \$3,000.

This budget line includes attending the AWWA conference, AWWA/PNWS conference, SDAO conference, OGFOA conference, OSHA safety conferences, OPUDA conference, Tyler (billing system) and Neptune (AMI system) training and Short School for field personnel, miscellaneous seminars for computer training, customer service training, etc. Budget has increased by \$9,500 in order to prioritize training, certification and professional development for the District.

Includes membership dues to Regional Water Providers Consortium, OHA, SDAO, Metro Data, OPUDA, OGFOA, LGPI, GA, Water ISAC, AWWA and PNWS subsection dues. In addition, subscriptions to the *Daily Journal of Commerce*, the *Gresham Outlook*, and the *Oregonian*. It also includes computer program licenses. Budget has increased by \$2,000.

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

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5-20-5520	Building & Grounds Maintenance	\$86,000
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5-20-5530	Shop Equipment Maintenance	\$10,000
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5-20-5540	Vehicle Maintenance	\$35,000
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5-20-5550	Tires	\$10,000
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5-20-5560	Gasoline & Lubricants	\$45,000
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5-20-5570	Small Tools & Equipment	\$20,000
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5-20-5610	Utility Operating Supplies	\$300,000
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5-20-5620	Water Sampling and Testing	\$54,000
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5-20-5625	Water Quality and Notices	\$9,500
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This line item covers the CCR and lead/copper brochure. All work will be completed in house for these documents. This includes CCR postcard mailing, which enables us to do an electronic CCR. Budget has increased by \$1,500.

5-20-5630 Reservoir and Pumpstation Maintenance \$30,000

This includes basic repairs of pumps and valves or any other unanticipated expense. Budget has increased by \$10,000 due to additional maintenance needs.

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

Replacement of existing meters and related equipment due to age, declining reliability, and breakage; large meter asset management. Budget has decreased by \$15,000 while the District implements Advanced Metering Infrastructure (AMI), which is budgeted in 5-40-6010.

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

Allowance for unexpected repairs. Budget remains the same.

5-20-5660 Telemetry \$15,200

Telephone expense and other repairs throughout the telemetry system. Budget increased slightly.

5-20-5670 Pumping \$75,000

This is an electrical expense for pumping at all sites except groundwater activity which is tracked separately. Budget has increased by \$10,000 due to increased electrical rates.

5-20-5710 Board Meeting Fees \$4,000

Allows for regular Board meetings, consortium meetings, special meetings and Metro East media expenses. Budget decreased slightly.

5-20-5720 Directors' Expense \$24,000

Miscellaneous expenses directly related to the Board of Directors, including attendance at conferences such as AWWA and SDAO, or consulting fees for Board activities. Budget remains unchanged.

5-20-5730 Manager's Expense \$10,000

Allowance for General Manager's miscellaneous expenditures relating directly to conducting District business. Budget increased to include training expense.

5-20-5740 General Office \$181,500

5-20-5760	Bad Debt Collection Expense	\$40,000
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5-20-5770	Gresham Utility Tax	\$480,833
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5-20-5780	Portland Utility Tax	\$220,140
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5-20-5790	Fairview Utility Tax	\$15,757
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5-20-5800	Customer Assistance	\$60,000
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5-20-5820	Taxes & Assessments	\$7,000
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CAPITAL EXPENDITURES AND TRANSFERS

5-40-6010 Water System \$1,025,000

This line item covers the following capital improvement projects:

	<u>Projects</u>	
AMI Project		\$1,000,000
Specialty surveys and engineering		\$ 25,000

5-40-6020 New Meters \$65,000

Meters for new service installations. Budget is unchanged.

5-40-6030 Meter Upgrades \$1,000

Upgrade all meters as schedule and time dictates. Budget reduced due to AMI project.

5-40-6110 Meter/Field Equipment \$56,000

This is for replacement of equipment. Budget has increased by \$44,500 due to planned water quality sample station installations. .

5-40-6120 Shop Equipment \$8,000

This will fund unidentified items of equipment. Budget has decreased slightly.

5-40-6130 Automotive/Equipment \$497,000

The 10 Year Vehicle and Equipment Replacement Plan has established a replacement schedule for new and aging vehicles and rolling stock in the District. The plan will anticipate vehicle and equipment upgrades maximizing the longevity of use and trade-in value. Budget has increased by \$227,000 due to a deferred delivery of part of the FY 2023/2024 service vehicle (\$169,000) and \$328,000 for the purchase of 4, 4WD pick-ups to enable better emergency response during snow and ice storms.

5-40-6140 Computer and Office Equipment \$17,500

Budget includes replacement of SCADA system equipment. Previously used for the Technology Replacement Plan but this was moved to O&M. Budget has decreased by 11,500.

5-40-6210 Buildings \$80,000

This budget includes \$5,000 for routine building upgrades, \$00,000 for security upgrades at the Cleveland and Bella Vista sites, \$22,000 for the replacement of the failing rooftop heating unit, and \$33,000 for garage door upgrades. The Budget has increased by \$10,000.

5-40-6220	Land	\$500,000
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Budget considers land purchase for production wells. Budget remains unchanged.

5-60-7110	Transfer to Other Funds	\$2,515,188
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This is the amount necessary to transfer to the Debt Service Fund 401 (\$2,115,188) and the Groundwater Production Fund 501 (\$400,000). The Debt Reserve Fund is no longer in use per Resolution RWPUD 2023/24-005. Groundwater production costs have increased due to higher water production and demand and increasing costs for electricity.

5-70-7210	Contingency	\$1,830,000
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This represents at least two months (60 days) of operating expenses (Personnel and Materials & Services) in keeping with the policy established in the Financial Plan. Budget has increased.

5-90-8010	Ending Fund Balance	\$16,752,187
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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 553 days of operation (Personnel and Materials & Services). Balance reflects a substantial increase due to the transfer of the Debt Service Reserves (Fund 301) into the General Fund (Fund 101).

**SYSTEM DEVELOPMENT FUND-REIMBURSEMENT
Fund 201**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$658,315
3-40-4500	System Development Fees	\$250,000

In FY 2020/2021 the District conducted a system development charge (SDC) analysis that resulted in an increase of the SDC rates. 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
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Anticipated earnings on investments.

EXPENSE ACCOUNTS

5-60-7110	Transfer to Other Fund	\$300,000
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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	\$618,315
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**SYSTEM DEVELOPMENT FUND-IMPROVEMENT
Fund 202**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$418,370
3-40-4500	System Development Fees	\$80,000
3-50-5100	Interest Income	\$1,200

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	\$499,570
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**DEBT RESERVE FUND
Fund 301**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$0
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In FY 2023/2024, the Board passed a resolution to transfer the Debt Reserve into the General Fund due to the accumulation of positive arbitrage. Funds will go directly from General Fund (101) to the Debt Service Fund (401) starting FY 2024/2025.

3-50-5100	Interest Income	\$0
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3-90-9200	Transfer from Other Funds	\$0
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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	\$0
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5-90-8010	Ending Fund Balance	\$0
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**DEBT SERVICE FUND
Fund 401**

INCOME ACCOUNTS

3-90-9200	Transfer from Other Fund	\$2,115,188
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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	\$1,436,350
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5-50-7070	Interest on Financing	\$678,838
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Payments will be made according to the Bond and WIFIA Amortization Schedule.

**GROUNDWATER PRODUCTION FUND
Fund 501**

INCOME ACCOUNTS

3-01-0101 Beginning Fund Balance \$44,728

The beginning and ending fund balance for this fund has decreased from FY 2021/2022 because the fund was rebalanced in the previous year to account for a historical overpayment by the District into the fund.

3-50-5100 Interest Income

Interest income is no longer reflected in this fund, all interest income is reflected in the General Fund.

3-90-9200 Inter-fund Transfer \$400,000

The District's contribution for the cost of operation of the groundwater treatment facility from General Fund 101 Line code 5-60-7110. Contribution has increased due to higher water use and electrical rates, and to prepare for the transition away from the wholesale purchase contract with Portland.

3-90-9400 City of Gresham \$500,000

The City of Gresham will pay for half the cost of operation of the groundwater treatment facility. Contribution has increased by \$225,000 to true up previous years shortfalls and prepare fund for future increasing costs as the District transitions away from the wholesale water purchase.

EXPENSE ACCOUNTS

5-20-5530 Equipment Maintenance \$74,000

This line will cover the cost to maintain the treatment and booster pump facility. Increased to begin improvements identified in the Groundwater Development Master Plan. Budget has increased to install an HVAC system for well 5 to prevent hot weather failures.

5-20-5610 Operating Supplies \$43,000

This line will cover the cost of all supplies, including chlorine and ammonia, for the treatment facility. Slight increase in the budget.

5-20-5615	Wellhead Protection	\$70,000
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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 7, 8, and 9 wells, which will increase business surveillance activities.

5-20-5620	Testing	\$9,000
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Pays for all testing of the treated water leaving the facility. Increased due to PFAS/PFOA testing as part of the unregulated contaminant monitoring rule (UCMR5).

5-20-5630	Reservoir Maintenance	\$5,000
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This will fund routine annual maintenance of the Cascade Reservoirs.

5-20-5670	Pumping	\$400,000
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This pays for all groundwater pumping costs. Budget has increased by \$65,000 due to with the addition of Cascade Well 7&9 and increased PGE rates.

5-60-7110	Transfer to General Fund	\$65,000
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This line offsets personnel operating costs and a true-up of contributions to the fund for groundwater operation and use. Budget unchanged.

5-90-8010	Ending Fund Balance	\$278,228
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**GROUNDWATER CONSTRUCTION FUND
Fund 601**

INCOME ACCOUNTS

3-01-0101	Beginning Fund Balance	\$9,651,239
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3-90-9600	Bond Proceeds	\$14,339,811
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A revenue Bond in the amount of \$22,036,894 was taken out in FY 2020/2021 to fund the GDMP in FY 2021/2022 and to refinance the existing Bond. An additional revenue bond of \$14,339,811 is planned for the end of FY 2024/2025 to complete the project.

3-90-9650	WIFIA Loan Proceeds	\$33,156,000
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The 2022 WIFIA (Water Infrastructure Finance and Innovation Act) Loan Will be fully utilized by the end of FY 2024/2025 and a second loan in the amount of \$20,736,063 will be issued to complete the project.

3-50-5100	Interest Income	\$0
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3-90-9200	Inter-fund Transfer	\$0
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The District's contribution for the construction of the joint and independent groundwater supply system from General Fund 101 Line code 5-60-7110.

3-90-9400	City of Gresham	\$15,000,000
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The City of Gresham will fund part of the design and construction of the joint groundwater supply system.

EXPENSE ACCOUNTS

5-20-5110	Contracting Services	\$240,000
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This line will cover the cost for Bond Counsel and SDAO Advisor (\$110,000) services and reporting requirements related to the revenue bonds, WIFIA loan fees (\$100,000), and additional contracting services to support the management of the CGA Projects.

5-20-5120	Engineering Services	\$13,735,386
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This line will cover the cost of engineering, administration, and permitting services for Package 1, 2A, 3 and 4 of the CGA Projects and will cover the costs of Gresham-managed projects for the CGA.

5-40-6035	Groundwater Construction	\$49,390,740
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This line will pay for the construction contracts associated with the CGA Projects, which will include construction for Packages 2A, 3 and 4.

5-40-6220	Land	\$0
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Pays for the purchase of property(s) related to the GDMP.

5-60-7110	Transfer to Other Funds	\$140,000
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This line offsets personnel operating costs in the management and supervision of the CGA Projects. Funding is planned for temporary staff that will assist Engineering and Operations with the project.

5-90-8010	Ending Fund Balance	\$10,140,924
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Rockwood Water PUD
Fiscal Year 2024/25 Multi Year Line Code Comparisons
Budget Adoption - June 2024

				FY19/20	FY 20/21	FY 21/22	FY 22/23	FY23/24	FY23/24 End of Year Projection	FY24/25	% Change
				Actual	Actual	Actual	Actual	Budget		Proposed	FY23/24 vs FY24/25
ACCOUNT DESCRIPTION											
FUND 101 - GENERAL FUND											
INCOME ACCOUNTS									Audited		
3	1	101	Beginning Fund Balance	\$10,112,444	\$8,800,467	\$8,379,197	\$9,242,178	\$11,494,340	\$11,304,732	\$17,166,693	49.3%
3	10	1100	Water Sales	8,865,870	10,422,569	11,321,016	12,612,997	12,095,864	12,095,864	12,700,657	5.0%
3	20	2100	Backflow Charges	33,939	36,985	39,252	39,281	40,000	40,000	40,000	0.0%
		2200	Set-up Fees	23,378	25,870	26,661	15,170	20,000	15,000	20,000	0.0%
		2300	Late Fees	257,897	240,458	306,971	267,885	290,000	263,386	290,000	0.0%
3	40	4100	Service Installations	343,614	283,038	180,648	187,484	250,000	180,000	250,000	0.0%
		4200	Sub-Divison Projects	61,394	10,927	6,160	22,746	50,000	20,000	50,000	0.0%
		4300	Other Service income	133,948	144,755	148,250	136,476	150,000	150,000	150,000	0.0%
3	50	5100	Interest Income	173,818	54,242	127,428	500,331	200,000	1,033,004	200,000	0.0%
		5200	Rental Income	80,725	74,921	69,926	13,884	16,000	10,000	-	-100.0%
3	60	6100	Scrap Metal Sales	7,048	11,968	30,896	8,801	7,500	2,000	7,500	0.0%
		6200	Construction Plan Sales	-	-	-	0	-	-	-	
		6600	Other Misc. Income	45,135	46,134	58,234	30,105	40,000	12,268	40,000	0.0%
		6800	Gresham Utility Tax	302,289	362,127	410,047	447,081	457,936	480,000	476,253	4.0%
		6900	Portland Utility Tax	157,893	161,451	197,128	183,862	209,657	200,000	218,043	4.0%
		7000	Fairview Utility Tax	10,330	11,191	12,699	13,858	15,007	15,000	15,608	4.0%
3	90	9200	Interfund Transfers	165,000	498,328	365,000	365,000	505,000	4,116,942	435,000	-13.9%
		9300	Fixed Asset Disposition	23,312	31,150	125	0	500,000	-	500,000	0.0%
		9500	Other Government Agencies	353,302	906,544	263,453	124,260	18,500	18,500	18,500	0.0%
Revenue				21,151,336	22,123,125	21,943,091	24,211,397	26,359,805	29,956,696	32,578,254	23.6%
EXPENSE ACCOUNTS											
5	10	4450	Salaries/Wages	1,870,049	1,956,608	2,002,967	2,124,086	2,500,000	2,287,000	2,690,000	7.6%
		4450	PTO Payout				0	11,660	13,000	8,600	
		4500	Office Overtime	804			168	1,000	300	1,000	0.0%
		4550	Field Overtime	13,654	15,857	16,779	19,059	18,000	24,000	20,000	11.1%
		4600	On Call Pay	54,315	55,793	52,912	61,805	80,100	60,000	75,000	-6.4%
		4610	Water Certifications	14,152	15,018	13,917	15,270	13,000	16,000	16,000	23.1%
		4620	Employee Bonus	0	0	0	0	1,000	0	1,000	0.0%
		4630	Market Based Wage Adjustment	0	0	0	0	15,000	0	15,000	0.0%
		4800	Social Security	117,577	120,193	127,875	149,919	152,000	150,000	163,000	7.2%
		4810	Medicare	28,159	28,845	29,930	31,508	36,000	34,000	38,000	5.6%

4820 Unemployment Insurance	1,984	2,183	1,950	3,547	2,500	2,500	2,500	0.0%
4830 Tri-Met Payroll Tax	14,926	15,498	15,160	18,276	17,800	18,000	21,300	19.7%
4840 Workers Compensation	16,292	15,539	16,168	20,229	29,600	25,500	26,500	-10.5%
4900 P.E.R.S	501,050	484,867	561,266	644,360	715,000	715,000	767,000	7.3%
4920 Employee Insurance Expense	441,426	491,772	489,703	524,464	583,000	590,000	665,000	14.1%
4930 Oregon Paid Leave Law				-2,533	9,850	9,850	10,500	6.6%

* Personnel Services	3,074,388	3,202,172	3,328,627	3,610,158	4,185,510	3,945,150	4,520,400	8.0%
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5	20	5010 Water Purchase from Portland	3,167,838	3,113,709	2,908,551	3,083,977	3,761,530	3,761,350	3,925,195	4.4%
		5110 Contract Services	81,227	71,612	166,390	101,044	130,180	130,000	170,675	31.1%
		5120 Technical & Consulting	4,937	21,884	3,563	25,000	30,000	19,235	30,000	0.0%
		5130 Auditing	10,300	17,820	19,375	12,225	24,500	24,500	24,500	0.0%
		5140 Legal Services	43,097	78,152	16,874	11,742	100,000	25,000	100,000	0.0%
		5210 Telephone/Cell Phone	35,880	35,595	38,133	38,251	44,880	44,812	46,480	3.6%
		5220 Sewer/Storm	6,382	9,384	10,783	13,400	12,000	12,000	15,000	25.0%
		5230 Heating/Electricity	22,345	21,895	21,695	27,331	22,000	24,000	25,000	13.6%
		5310 Engineering Supplies	-	600	335	971	1,500	1,000	1,500	0.0%
		5320 Office Supplies	32,463	26,403	37,114	41,806	40,000	45,000	36,500	-8.8%
		5330 Postage	41,152	40,005	42,330	45,146	45,300	45,000	49,850	10.0%
		5410 Conservation	21,846	26,941	14,225	29,507	50,350	23,200	50,350	0.0%
		5420 Elections/Legal Advertising	2,631	3,087	2,608	3,996	3,000	3,000	3,000	0.0%
		5430 Insurance General	74,039	80,287	93,525	104,020	117,270	117,270	139,000	18.5%
		5440 Safety Gear and Equipment	25,052	22,920	22,197	22,695	23,000	22,000	20,000	-13.0%
		5450 Training and Education	19,365	6,745	27,498	44,308	36,500	39,800	46,000	26.0%
		5460 Dues, License and Subscriptions	87,040	111,634	85,003	94,758	100,969	100,000	103,000	2.0%
		5470 Office Equipment	324	1,047	1,007	0	2,000	1,500	2,000	0.0%
		5510 Computer/Office Equipment Mai	119	980	2,510	7,203	10,760	10,760	10,000	-7.1%
		5520 Building & Grounds Maintenance	65,111	96,140	72,474	59,481	75,160	70,000	86,000	14.4%
		5530 Shop Equipment Maint.	6,412	9,054	5,650	3,196	10,000	4,000	10,000	0.0%
		5540 Vehicle Maintenance	33,199	30,229	40,692	17,793	35,000	20,000	35,000	0.0%
		5550 Tires	7,423	6,554	7,835	10,999	10,000	8,000	10,000	0.0%
		5560 Gas, Lubricants, Disposal	28,180	24,997	38,159	36,334	45,000	36,000	45,000	0.0%
		5570 Small Tools and Equipment	10,544	8,956	11,862	9,536	15,000	15,000	20,000	33.3%
		5610 Utility Operating Supply	229,442	252,090	221,100	237,008	300,000	250,000	300,000	0.0%
		5620 Water Sampling and Testing	36,239	26,956	23,770	64,120	67,300	49,000	54,000	-19.8%
		5625 Water Quality and Notices	7,023	6,393	0	0	8,000	9,423	9,500	18.8%
		5630 Reservoir Maintenance	8,688	4,710	12,365	61	20,000	21,000	30,000	50.0%
		5640 Meter Maintenance	30,892	10,020	13,853	38,410	20,000	10,000	5,000	-75.0%
		5650 Hydrant Maintenance	2,695	3,883	3,278	3,239	5,000	5,000	5,000	0.0%
		5660 Telemetry	13,890	21,921	20,923	11,505	15,192	15,000	15,200	0.1%
		5670 Pumping	35,961	44,003	45,503	52,207	65,150	53,081	75,000	15.1%

	5710 Board Meeting Fees	3,475	3,750	3,463	3,101	5,800	4,000	4,000	-31.0%
	5720 Director's Expense	9,043	3,130	10,068	8,775	24,000	15,000	24,000	0.0%
	5730 Manager's Expense	7,404	761	1,266	4,966	7,000	5,000	10,000	42.9%
	5740 General Office	46,724	63,211	80,709	144,023	94,900	100,000	181,500	91.3%
	5750 Cash Over/Short	-	-	24	15	-	20	-	
	5760 Bad Debt Expense	18,856	25,232	30,500	52,497	25,000	40,000	40,000	60.0%
	5770 Gresham Utility Tax	316,603	382,342	409,502	445,110	457,936	457,936	480,833	5.0%
	5780 Portland Utility Tax	143,245	160,961	196,795	238,703	209,657	209,657	220,140	5.0%
	5790 Fairview Utility Tax	10,023	11,162	12,699	13,859	15,007	15,007	15,757	5.0%
	5800 Customer Assistance	22,115	23,199	25,018	12,653	60,000	30,000	60,000	0.0%
	5820 Taxes and Assessments	10,256	6,045	6,933	8,748	9,300	6,500	7,000	-24.7%
	Material and Services	4,779,480	4,916,400	4,808,157	5,183,720	6,155,141	5,898,050	6,540,980	6.3%
5	40 6010 Water System	3,456,947	2,530,254	872,411	768092.58	1,139,820	812,000	1,025,000	-10.1%
	6020 New Services	90,984	115,968	63,094	75220.86	65,000	70,000	65,000	0.0%
	6030 Meter Upgrades	48,830	44,805	41,565	16234.38	50,000	50,000	1,000	-98.0%
	6110 Field Equipment	835	16,681	9,787	1441	11,500	11,500	56,000	387.0%
	6120 Shop Equipment	5,414	2,499	0	2475.8	8,000	11,000	8,000	0.0%
	6130 Automotive/Equipment	224,108	237,177	199,994	226748.24	270,000	100,000	497,000	84.1%
	6140 Computer/Office Equipment	20,960	73,729	111,210	26677.06	29,000	30,000	17,500	-39.7%
	6210 Buildings	-	-	48,778	59368.16	75,000	75,000	80,000	6.7%
	6220 Land	-	21,243	-	0	500,000	-	500,000	0.0%
	* Capital Outlay	3,848,078	3,042,354	1,346,839	1,176,258	2,148,320	1,159,500	2,249,500	4.7%
5	60 7110 Transfers to Other Funds - *Debt	468,925	2,403,000	3,017,291	3219125	2,006,150	1,662,302	2,115,188	5.4%
	*Groundwater Operations	180,000	180,000	200,000		325,000	275,000	400,000	23.1%
	Fund 601 Groundwater Construction					0	0	0	
	*Rate Stabilization	0	0			0	0	0	
	* Transfers	648,925	2,583,000	3,217,291	3,219,125	2,331,150	1,937,302	2,515,188	7.9%
5	70 7210 Contingency	-	-	-	150000	1,700,000	-	1,830,000	7.6%
	* Contingency	-			150000	1,700,000	-	1,830,000	7.6%
5	90 8010 Unapprop. Ending Fund Balance	8,800,465	8,379,198	9,242,177	10,872,136	9,839,683	17,016,693	14,922,187	51.7%
	* Ending Fund Balance	8,800,465	8,379,198	9,242,177	11,022,136	11,539,683	17,016,693	16,752,187	45.2%

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Total Personnel Service	3,074,388	3,202,172	3,328,627	3,610,158	4,185,510	3,945,150	4,520,400	8.0%
Total Material and Services	4,779,480	4,916,400	4,808,157	5,183,720	6,155,142	5,898,050	6,540,980	6.3%
Total Capital Outlay	3,848,078	3,042,354	1,346,839	1,176,258	2,148,320	1,159,500	2,249,500	4.7%
Total All other Uses	648,925	2,583,000	3,217,291	3,219,125	2,331,150	1,937,302	2,515,188	7.9%
Contingency	0	0	0	150,000	1,700,000	0	1,830,000	7.6%
Unapp. Ending Fund Balance	8,800,465	8,379,198	9,242,177	11,022,136	9,839,683	17,016,693	14,922,187	51.7%
	21,151,336	22,123,125	21,943,091	24,361,397	26,359,805	29,956,696	32,578,254	23.6%
Ending Balance w/Contingency	8,800,465	8,379,198	9,242,177	11,022,136	11,539,683	17,016,693	16,752,187	45.2%

**FUND 201 - SYSTEM DEVELOPMENT FUND - REIMBURSEMENT
INCOME ACCOUNTS**

3	1	101	Beginning Fund Balance	\$512,492	\$735,763	\$853,220	\$759,355	\$745,546	\$698,315	\$658,315	-11.7%
3	40	4500	System Development Fees	305,019	407,672	197,305	187,227	250,000	250,000	250,000	0.0%
3	50	5100	Interest Income	18,252	9,785	8,830	51,732	10,000	10,000	10,000	0.0%
			Revenue	835,763	1,153,220	1,059,355	998,315	1,005,546	958,315	918,315	-8.7%

EXPENSE ACCOUNTS

5	60	7110	Transfers to Other Funds	100,000	300,000	300,000	300,000	300,000	300,000	300,000	0.0%
5	90	8010	Ending Fund Balance	735,763	853,220	759,355	698,315	705,546	658,315	618,315	-12.4%

**FUND 202 - SYSTEM DEVELOPMENT FUND - IMPROVEMENT
INCOME ACCOUNTS**

3	1	101	Beginning Fund Balance	\$66,052	\$118,246	\$231,275	\$291,716	\$540,669	\$357,170	\$418,370	-22.6%
3	40	4500	System Development Fees	50,284	111,703	58,936	55,925	80,000	60,000	80,000	0.0%
3	50	5100	Interest Income	1,910	1,326	1,505	9,530	1,200	1,200	1,200	0.0%
			Revenue	118,246	231,275	291,716	357,170	621,869	418,370	499,570	-19.7%

EXPENSE ACCOUNTS

5	60	7110	Transfers to Other Funds	0	0	0	0	0	0	0	
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5	90	8010	Ending Fund Balance	118,246	231,275	291,716	357,170	621,869	418,370	499,570	-19.7%
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**FUND 301 - DEBT RESERVE FUND
INCOME ACCOUNTS**

3	1	101	Beginning Fund Balance	\$537,563	\$549,330	\$553,753	\$1,959,518	\$2,240,016	\$3,388,567	\$0	-100.0%
3	50	5100	Interest Income	11,767	4,423	3,110	16,274	6,000	6,000	-	-100.0%
3	90	9200	Transfers from Other Funds	468,925	463,000	2,817,291	2,849,125	307,375	307,375	-	-100.0%
Revenue				1,018,255	1,016,753	3,374,154	4,824,917	2,553,391	3,701,942	0	-100.0%

EXPENSE ACCOUNTS

5	60	7110	Transfer to Debt Serv Fund 401	468,925	463,000	1,414,636	1,436,350	2,553,391	3,701,942	-	-100.0%
5	90	8010	Ending Fund Balance	549,330	553,753	1,959,518	3,388,567	0	0	-	-100.0%

**FUND 401 - DEBT SERVICE FUND
INCOME ACCOUNTS**

3	1	101	Beginning Fund Balance	\$0	\$0	\$0	0	\$0	\$0	\$0	
3	90	9200	Transfer from Fund 301	468,925	463,000	1,414,636	1,436,350	2,006,150	2,006,150	2,115,188	5.4%
Revenue				468,925	463,000	1,414,636	1,436,350	2,006,150	2,006,150	2,115,188	5.4%

EXPENSE ACCOUNTS

5	50	7050	Payments on Financing	280,000	285,000	755,000	790,000	1,436,350	1,436,350	1,436,350	0.0%
5	50	7070	Interest on Financing	188,925	178,000	659,636	646,350	569,800	569,800	678,838	19.1%
5	90	8010	Ending Fund Balance	-	-	-	0	-	-	-	

**FUND 501 - GROUNDWATER PRODUCTION FUND
INCOME ACCOUNTS**

3	1	101 Beginning Fund Balance	\$225,295	\$282,849	\$74,796	36735	\$71,285	\$45,728	\$44,728	-37.3%
3	50	5100 Interest Income	1,776	969	-	0		-	-	#DIV/0!
3	90	9200 Interfund Transfer - Fund 100	180,000	180,000	200,000	370000	325,000	275,000	400,000	23.1%
3	90	9400 City of Gresham	180,000	165,602	200,000	200000	275,000	275,000	500,000	81.8%
Revenue			587,071	629,420	474,796	606,735	671,285	595,728	944,728	40.7%
EXPENSE ACCOUNTS										
5	20	5530 Equipment Maintenance	11,284	16,539	6,523	19825.07	26,000	26,000	74,500	186.5%
		5610 Operating Supplies	7,170	29,561	40,121	37870.17	42,000	45,000	43,000	2.4%
		5615 Wellhead Protection	70,000	70,000	70,000	70000	70,000	70,000	70,000	0.0%
		5620 Testing	5,486	1,863	1,979	5147.39	5,000	5,000	9,000	80.0%
		5630 Reservoir Maintenance	-	-	503	6345.44	5,000	5,000	5,000	0.0%
		5670 Pumping	145,282	238,333	253,935	356818.61	385,000	335,000	400,000	3.9%
5	60	7110 Transfer to General Fund 101	65,000	198,328	65,000	65000	65,000	65,000	65,000	0.0%
Expense			304,222	554,624	438,061	561,007	598,000	551,000	666,500	11.5%
5	90	8010 Ending Fund Balance	282,849	74,796	36,735	45,728	73,285	44,728	278,228	279.7%

FUND 601 - GROUNDWATER CONSTRUCTION FUND

INCOME ACCOUNTS

3	1	101 Beginning Fund Balance	\$0	\$18,491,356	\$9,675,013	\$4,265,470	\$4,043,769	\$9,651,239	126.3%
3	90	9600 Bond Proceeds	18,531,702	-		10,000,000	-	14,339,811	43.4%
3	90	9650 WIFIA Loan Proceeds	-	-		20,419,935	18,000,000	33,156,000	62.4%
		BIL Funding Grant						1,500,000	
3	50	5100 Interest Income	-	-		-	-	-	
3	90	9200 Interfund Transfer - Fund 100	1,940,000			-	-	-	
3	90	9400 City of Gresham		4,777,380	3,998,061	11,950,000	5,548,457	15,000,000	25.5%
Revenue			20,471,702	23,268,736	13,673,074	46,635,405	27,592,226	73,647,050	57.9%

EXPENSE ACCOUNTS

5	20	5110 Contracting Services		285952	11,500	150,000	25,000	240,000	60.0%
		5120 Groundwater Eng and PM	1,980,346	1439243	4,991,014	15,100,000	8,789,073	13,735,386	-9.0%
5	40	6035 Groundwater Construction		11,868,528	4,626,791	29,000,000	9,096,914	49,390,740	70.3%
		6220 Land				-	-	-	

5	60	7110	Transfer to Other Funds				140,000	30,000	140,000	0.0%
			Expense	1,980,346	13,593,723	9,629,305	44,390,000	17,940,987	63,506,126	43.1%
5	90	8010	Ending Fund Balance	18,491,356	9,675,013	4,043,769	2,245,405	9,651,239	10,140,924	

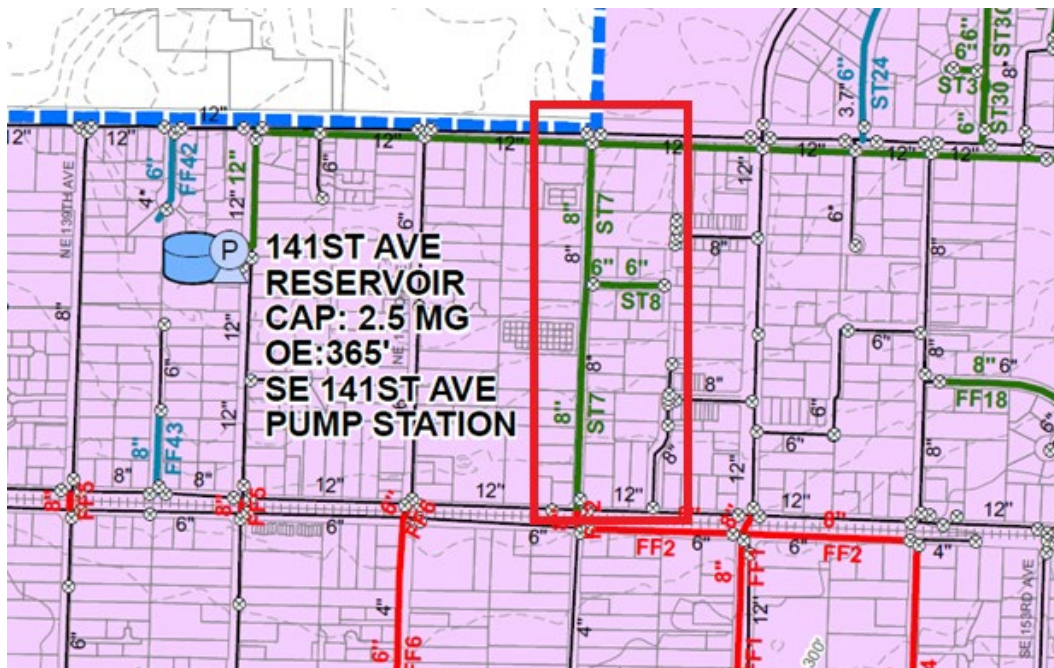


Rockwood Water
People's Utility District

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www.rwpud.org

The Current Fiscal Year (FY) 2023/2024 Capital Improvement Projects (CIP)

ST7 & ST8 – These projects are located on NE 146th Avenue from NE Glisan Street to E Burnside Street, and NE Everett Street from NE 146th Avenue to the dead-end to the east. These replace 1,460 feet of 8" diameter with 8" ductile iron and 312 feet of 4" diameter pipe with 6" ductile iron pipe.



An updated 20-year Water Master Plan is underway. The last Master Plan was completed in 2013. Significant changes have occurred since then for water demands, source water and estimated project costs. This update will accompany the 2020 Groundwater Development Master Plan (GDMP) in planning upcoming projects for the next 20 years and should be updated every 7-10 years.

The Upcoming Fiscal Year (FY) 2024/2025 Capital Improvement Projects

Specialty Surveys and Engineering Consulting – This item covers any unknown survey and engineering related consulting work needed throughout the year.

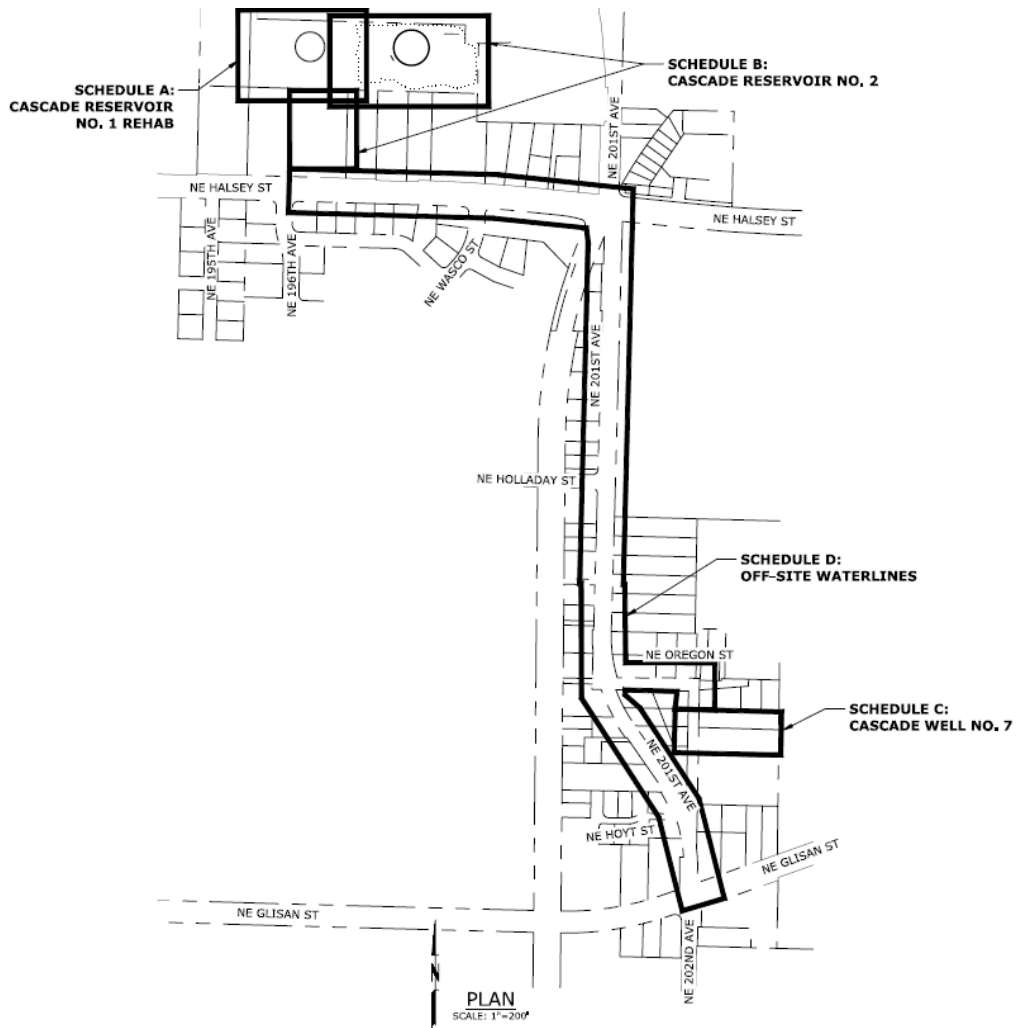
Advanced Metering Infrastructure (AMI) – The District issued a competitive request for proposals for an AMI system in 2023/24 and selected a system out of six proposals. The AMI installation to in FY 2023/24, and will continue in this current FY with a budget of \$1,000,000 per year through 2028/2029

The Upcoming Fiscal Year (FY) 2024/2025 Groundwater Development Improvement Projects

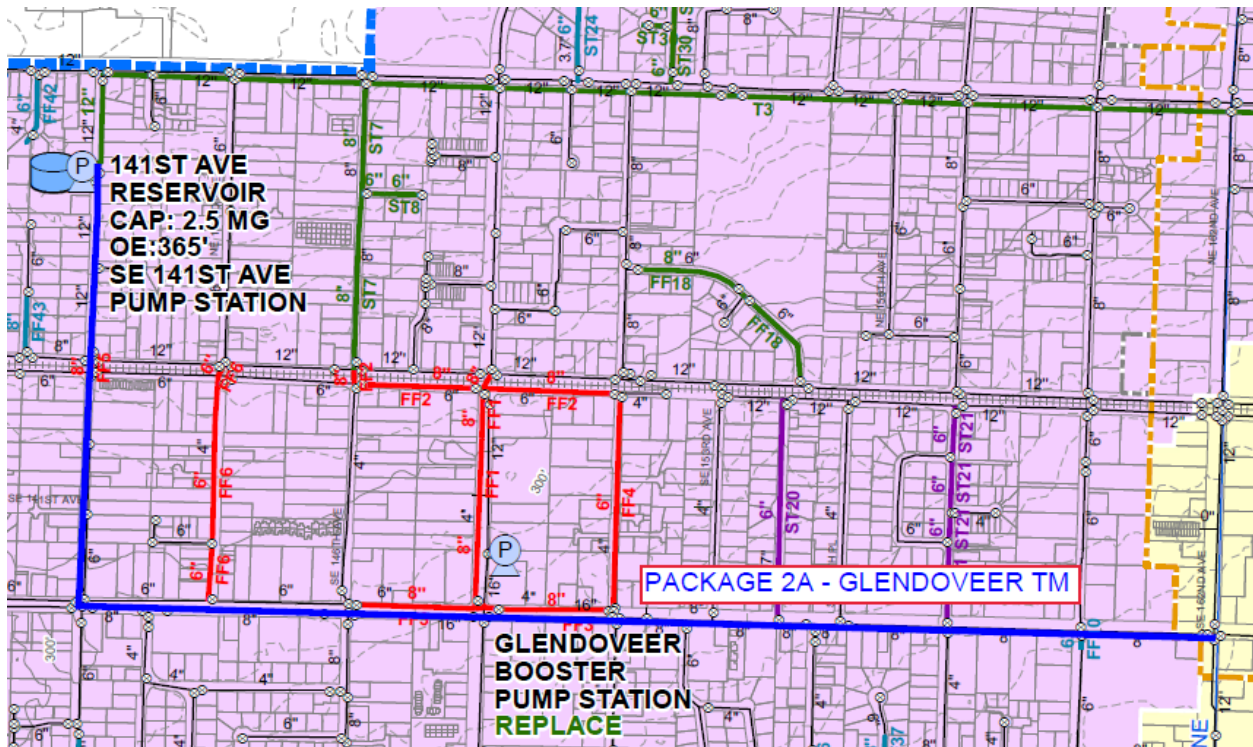
The Groundwater Development Master Plan (GDMP) for the District and City of Gresham identified 9 packages to be completed by 2026 to make the transition to an independent water system. Some of these packages benefit the District and City, and some benefit only the District or City. The packages that only benefit one partner will be managed by that entity. Project Management for the packages that are shared will be managed by one entity or the other. The description of packages that will be active this coming fiscal year (FY) are below.

Package No. 1, Cascade Reservoir Improvements – Construction began in June of 2021 and will continue into the third quarter of 2024. This package includes the rehabilitation of the existing 4 million gallon (MG) Cascade Reservoir 1, a new 6 MG Cascade Reservoir 2, a Cascade 7 wellhouse and transmission main, and construction of approximately 3,600 linear feet (lf) of 36" Cascade to Bella Vista/Grant Butte transmission main (Package 2B). Also included in part of this project due to the proximity of the pipeline construction is the District Capital Improvement Project (CIP) ST4 identified in the 2013 Master Plan. This project is complete with the rehabilitation for Cascade Reservoir 1 remaining. The coatings are all that remains for this project. This is a shared project with Gresham that the District is managing. The total estimated project cost for Package 1 is \$22,630,000 split 55:45 between the District and the City of Gresham.

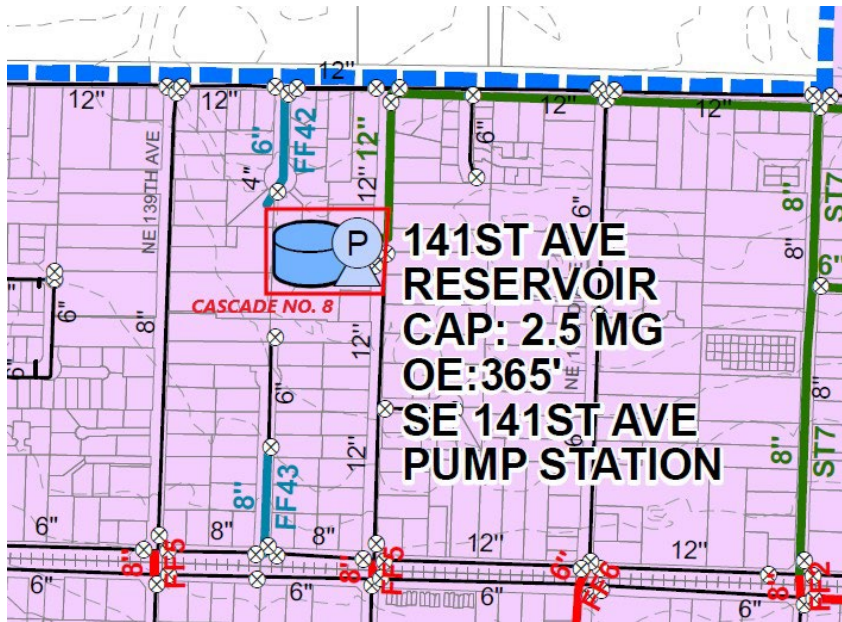




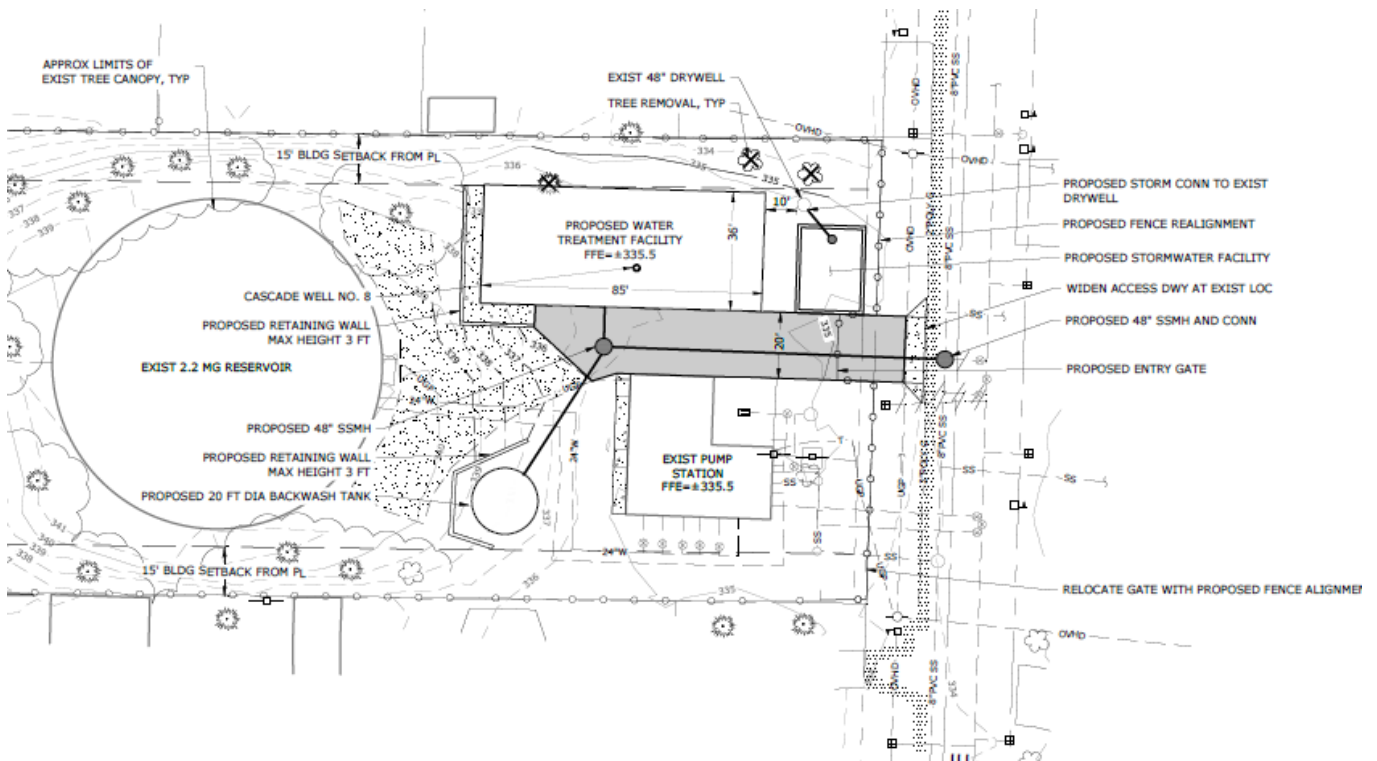
Package No. 2A, Glendoveer Pressure Zone (PZ) Transmission Main (TM) – This project provides a transmission main to move water between an expanded Glendoveer PZ and Main Zone. The TM will be installed on SE Stark Street from 162nd to 141st and then north to the District's 141st Avenue reservoir and pump station. Design are complete and construction to begin in June of 2024. The majority of the construction to be completed during the FY 2024/2025. The removal of a below-grade vault/PS will be in FY 2025/2026, after the completion of Package 3. This is a District-only project. The total projected cost for this project is \$10,700,000 and the planned expenditure in FY 2024/2025 is \$9,390,740.



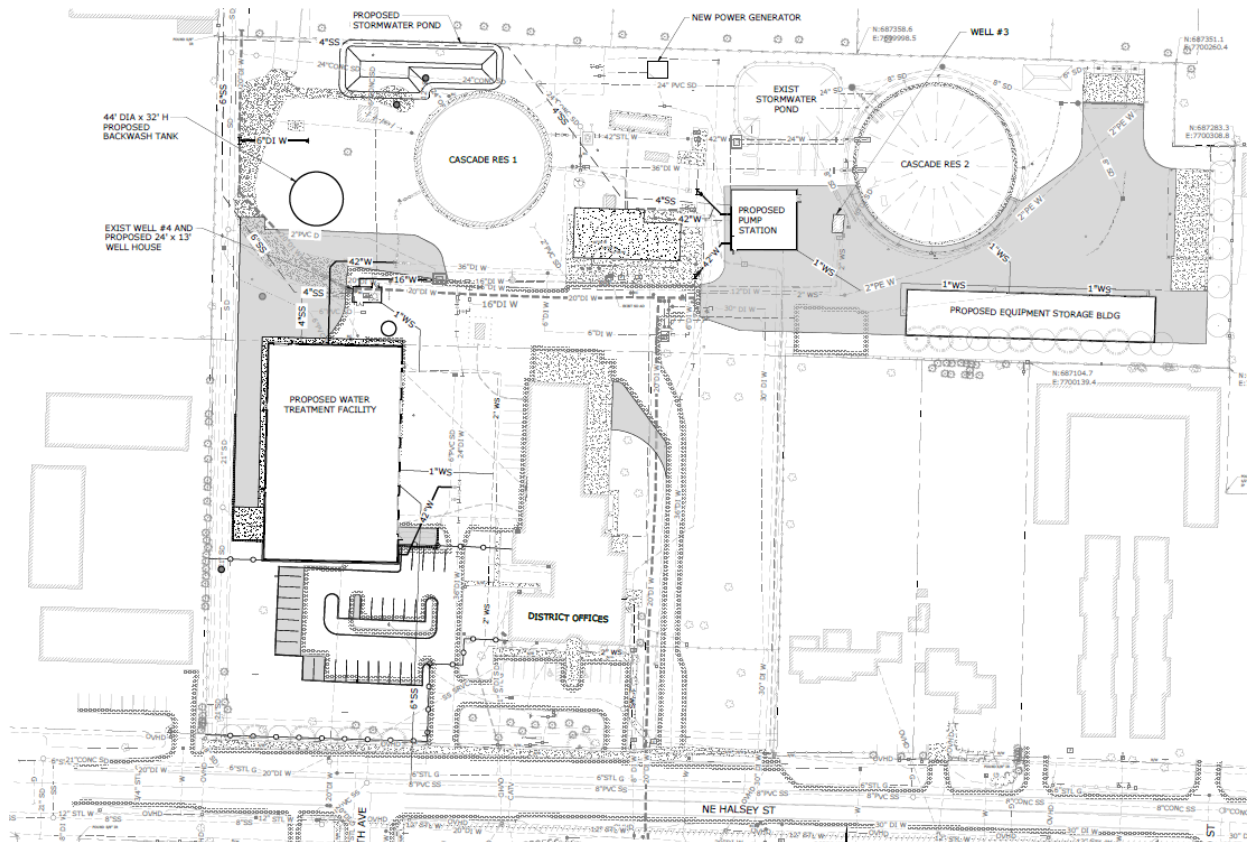
Package No. 2B, Cascade to Bella Vista/Grant Butte Transmission Main – A second TM is needed to move the expanded groundwater capacity from the Cascade site to the District’s Bella Vista and Gresham’s Grant Butte reservoirs. A portion (3,600 lf) of this TM was constructed in Package 1. The remainder is approximately 15,400 linear feet of fully restrained 24” and 36” diameter ductile iron (DI) lines. Construction began early in 2024 and will be completed by June of 2025. This is a shared project the City of Gresham is managing. The total estimated cost for Package 2B is \$24,040,464 split approximately 50:50 between Gresham and the District and the planned expenditure for the District in FY 2024/2025 is \$5,796,758.



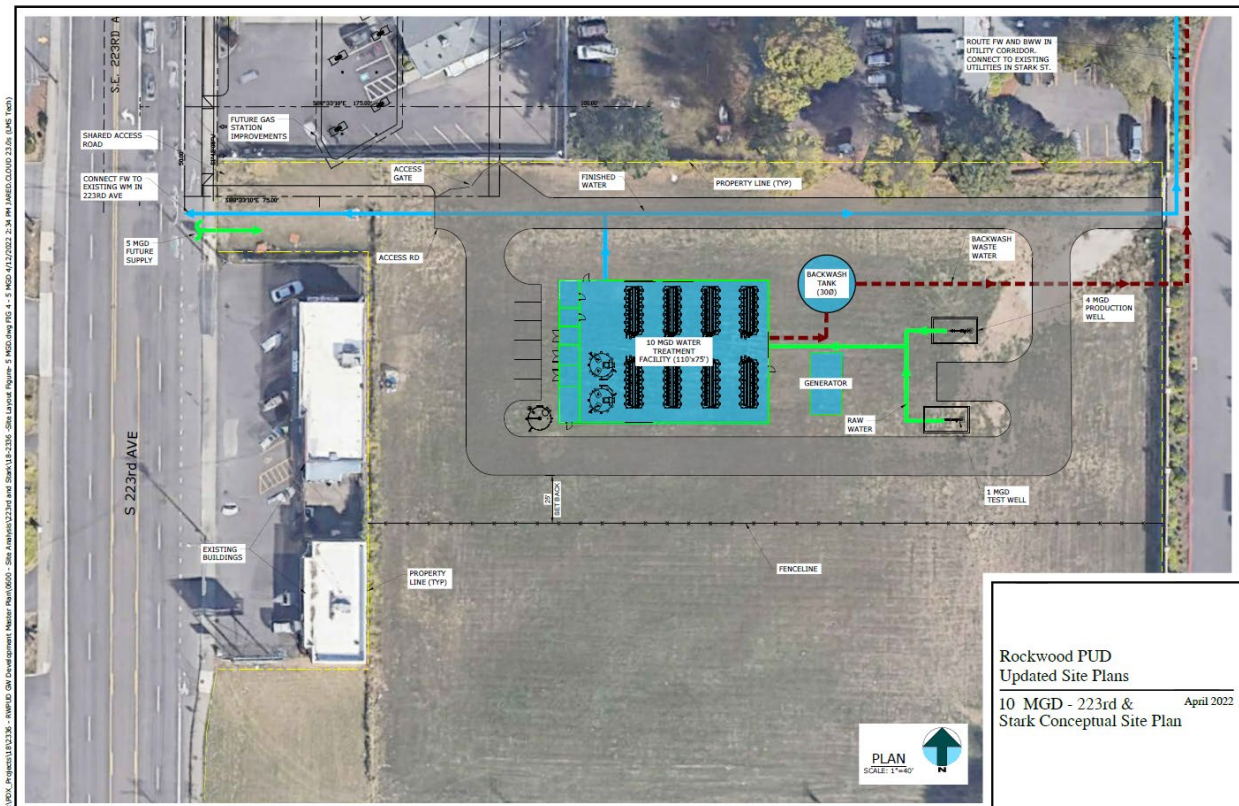
Package No. 3, 141st Avenue Site Improvements – Designs began in FY 2022/2023 and were completed in April 2024. This project is for improvements of the existing 141st PS and Reservoir site, which includes a groundwater wellhouse for Cascade Well 8, seismic retrofitting the existing reservoir and a 4 MGD water treatment facility. The project will be advertised for construction bids in May 2024. This is a District-only project. The total estimated cost for Package 3 is \$16,391,577 and the planned expenditure in FY 2024/2025 is \$10,000,000.



Package No. 4 – Design are completed and construction has begun for a 28-32 MGD water treatment facility, pump station replacement and a new equipment building, located at the District office location. Construction to take place in FY 2023/2024 and into FY 2025/2026. This is a shared project the District is managing. The total estimated cost for Package 4 is \$50,055,245 and the expenditure planned for the District in FY 2024/2025 is \$15,000,000.



Package No. 5, Cascade Well No. 6 – Currently a test well is located at SE 223rd Avenue and SE Stark Street, and the drilling of the production well is almost complete. In FY 2023/2024 design for a future wellhouse, a water treatment plant, onsite piping and a transmission main began. Construction is planned to start at the end of FY 2024/2025. The production well is estimated to produce 4 MGD. The City of Gresham also plans to treat water from a nearby Gresham-only well at this site, increasing the water treatment plant buildout capacity to 10 MGD. This is a shared project the City of Gresham will manage. Total estimated cost for this project is \$20,714,268 split 50:50, with the exception of the additional treatment needed for the Gresham-only well. The planned cost for the District in FY 2024/2025 is \$5,000,000.



Package No. 6, Cascade Well No. 9 – Located at the City of Gresham’s Kirk Park, on NE 188th Avenue, South of Halsey Street. The well has been drilled and the yield is 4 MGD. Construction has begun for site improvements of a wellhouse, onsite piping and transmission piping to bring the water back to the Cascade water treatment facility. The construction contract was issued in FY 2022/2023 and construction will be completed in FY 2023/2024. This is a shared project the City of Gresham will manage. The total cost estimate for this project is \$10,176,146 split 50:50 and the planned cost for the District in FY 2024/2025 is \$2,938,627.



CURRENT WATER RATES
Effective July 1, 2023⁴

METER CHARGE (bi-monthly by meter size):	
Size in Inches	Charge
5/8	\$29.49 \$30.96
3/4	44.25 \$46.46
1	73.74 \$77.43
1 1/2	147.40 \$154.77
2	235.84 \$247.63
3	515.93 \$541.73
4	884.41 \$928.63
6	1,842.47 \$1,934.59
8	2,653.15 \$2,785.81
10	4,274.49 \$4,488.21
Fire meters charged 5/8 inch meter size rate.	
Partial billing periods are prorated.	
Two (or three) separate buildings on the same meter (2-user or 3-user) shall be charged twice (or three times) the meter charge.	

WATER CHARGE:
Rate per 100 cf (one hundred cubic feet): \$3.35 \$3.52
Users outside the District pay a fifty percent (50%) surcharge for water.

CHARGES AND FEES
EFFECTIVE JULY 1, 2023

Late Notice	\$10.00
48-Hour Door Hanger	20.00
Turn Meter Off for Nonpayment	30.40
Turn Meter on weekdays (4:30 p.m. - 5:00 p.m.)	15.00
Pull Meter/Reinstall	65.87 \$69.16
Move in/Found on Meter	32.93 \$34.58
Broken Curb Stop	131.67 \$138.25
Dishonored Payment	32.93 \$34.58
Cut off at Main	Time and Materials
Broken Lock	30.39 \$31.91
Inspection (turn off/on)	32.93 \$34.58
Repeat Service Calls	32.93 \$34.58
Nonemergency turn on outside of normal working hours	118.52 \$124.45
Backflow Fee	1.41 \$1.48/month
Meter Testing Fee* (at customer site) 5/8" - 1" 1.5" and Over Meter Testing Fee* (at Meter Shop) 5/8" 3/4" 1" 1.5" 2"	<p>67.16 134.33\$260.43</p> <p>135.52\$340.34 163.31\$379.14 214.61\$440.24 559.97 760.97</p> <p>*If meter is not reading accurately per AWWA standards, no fee is charged.</p>
Set-up Fee – New Account	32.22 \$52.00
Late Payment Charge	Bills issued to vendors by District which remain unpaid for over 30 days may be subject to a Late Payment Charge of 1.5% and compounded monthly on the unpaid balance.
Contract Backflow Test	At Cost
Hydrant Use Permit	<p>1 month - 31.58\$33.16 2 - 6 months – 63.15\$66.31 7 - 12 months – 126.32\$132.64</p>
Credit Card Use	Credit cards may be used by District customers to pay for all District related transactions. Credit card use over \$5,000 will be subject to a 5% surcharge fee.
Fines for Unpermitted Hydrant Use	<p>First Offense - 175.00* Second Offense - 350.00 Third Offense - 600.00</p> <p>*This may be waived if arrangements are</p>

	made with the District within 24 hours of notice of violation.
Additional labor, material and equipment charges may be assessed for special circumstances (i.e., meters in vault, safety and security issues, counting coins, etc.)	

DEPOSITS
<p>The minimum amount of deposit is fifty dollars (\$50). A greater deposit is required on accounts where the usage is known to be higher than a single family dwelling, such as an apartment complex or industrial user. A greater deposit may also be required if there is a high usage history of six months or longer.</p> <p>The deposit shall be calculated as follows: Three to six (3 - 6) bimonthly bills are averaged, and that amount is multiplied by 1.75. The amount is rounded to the nearest five dollars (\$5). The basis for this calculation is that by the time an account has been terminated for non-payment, one (1) entire billing period and three-quarters (3/4) of the next billing period have passed without payment.</p>

PRIVILEGE TAX		
City of Portland	Effective 8/15/94	5.2635%
City of Fairview	Effective 7/1/00	5%
City of Gresham	Effective 7/1/03	5%

HYDRANT METER RENTAL CHARGES

~~\$13.30~~ **\$13.65** for the first day.

~~\$6.65~~ **\$7.00** per day thereafter - up to two (2) weeks.

~~\$3.30~~ **\$3.50** per day thereafter - up to one (1) month.

(Seven [7]-day week computation),

plus current volumetric charge as adjusted by the Board.

For Contractors' uses in excess of thirty (30) days: ~~\$13.30~~ **\$13.65** for the first day, ~~\$6.65~~ **\$7.00** per day for the next fourteen (14) days, weekends excluded, ~~\$3.30~~ **\$3.50** for the balance of the month, weekends excluded, thence ~~\$3.30~~ **\$3.50** per day for as many months as they retain it, weekends excluded; plus current volumetric charge as adjusted by the Board.

For religious, fraternal and charitable organizations using a meter for a legitimate fund-raising activity, the applicable fee shall be exactly one half (1/2) of the fee for the usual, customary residential use.

APPROVED BACKFLOW PREVENTION DEVICE

Rental rate:

Two-inch (2") double check valve:

First three (3) days or part thereof ~~\$29.80~~ **\$31.30**

Each additional day or part thereof ~~9.95~~ **\$10.45**

Two-inch (2") combination meter and backflow device:

First three (3) days or part thereof ~~\$44.70~~ **\$46.95**

Each additional day or part thereof ~~\$14.90~~ **\$15.65**

Deposit (refundable):

Meter ~~\$311.70~~ **\$327.30**

Backflow ~~\$155.90~~ **\$163.70**

Combination Device ~~\$435.00~~ **\$456.75**

SYSTEM DEVELOPMENT CHARGES (NO CHANGE)			
Meter Size	Maximum Gallons Per Minute	ERU Equivalent	Total SDC Charge
5/8 inch	20	1	\$ 3,741
3/4 inch	30	1.5	5,611
1.0 inch	50	2.5	9,352
1.5 inch	100	5	18,704
2.0 inch	160	8	29,926
3.0 inch	350	17.5	65,464
4.0 inch	600	30	112,224
6.0 inch	1,250	62.5	233,800
8.0 inch	1,800	90	336,672
10.0 inch	3,900	145	542,416

DISCLOSURE OF RECORDS

General. All requests for disclosure of public records shall be handled in accordance with ORS 192.410-192-505. These statutes require disclosure of public records upon request and at a reasonable time and place.

Definition. "Public Records" are defined as "a document, book, paper, photograph, file, sound recording, machine readable electronic record or other material, such as court files, mortgage and deed records, regardless of physical form or characteristics, made, received, filed or recorded in pursuance of law or in connection with the transaction of public business, whether or not confidential or restricted in use. 'Public Records' include correspondence, public records made by photocopying and public writings." (ORS 192.005[5].)

Procedure.

1. Requests for disclosure of public records must be made by filling out a Request for Disclosure of Public Records Form and submit to the District's Custodian of Records (General Manager) or designee.
2. The request must specify the records and time period sought.
3. Upon receipt of the request, the Custodian will review it to determine whether the requested records are statutorily exempt from disclosure. The Custodian may need to inquire as to the propriety of the request with legal counsel.
4. If the records are to be disclosed, the Custodian will contact the requester to arrange a mutually convenient time for examination of the records. The examination will take place at the District's offices and will be made only in the presence of a representative of the District.
5. Copies of the records will be made available for a fee as set forth on the attached schedule.
6. Electronically stored data may be printed and will be charged per page according to the attached schedule.

Interpretation. Questions about the intent or interpretation of this policy shall be referred to the Custodian of Records or District Counsel.

RECORDS FEE SCHEDULE

Photocopies.

Up to and including 11" x 17" per page or double-sided

(First five pages free)

Black and White

~~\$0.30~~ \$0.35

Color

~~\$1.10~~ \$1.15

Oversize

Black and White

~~\$0.30~~ \$0.35 per square

foot

Color

~~\$1.25~~ \$1.30 per square

foot

Electronic Data.

Cost of storage device and/or reproduction cost

Copies Requiring Scanning

~~\$0.25~~ \$0.25 per page

Delivery Method.

Shipping

Actual cost

Fax

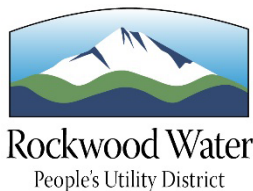
~~\$1.25~~ \$1.25 per page

Email

No charge

Search Time.

Any request for records requiring more than one half (1/2) hour of staff time to search for and assemble shall be charged at the District's standard hourly rate for the employee(s) involved.



19601 NE Halsey Street
Portland, OR 97230-7430
503-665-4179 – Phone
503-667-5108 – Fax
www.rwpud.org

***For office use:**

Permit Fees -

☐ Up to 1 Month ~~\$31.58~~ **\$33.16**

☐ 2 - 6 Months ~~\$63.15~~ **\$66.31**

☐ 7 - 12 Months ~~\$126.32~~ **\$132.64**

* Calendar Months

Permit Open Date: _____

Permit Expiration Date: _____

Permit Fee: _____

Hydrant Equip. Deposit (if applicable): _____

Total Deposit = _____

HYDRANT USE PERMIT

Contact Name: _____ Phone No.: _____

Company Address: _____

CCB#: _____ License Plate No.*: _____

**Please list the main vehicle that will be used. See page 2 to list additional license plates if more than one vehicle will be used.*

Backflow Protection Requirements

An approved Air Gap is the only authorized method for filling holding tanks.

Air gaps must be inspected by District personnel before connecting to District hydrants.

Connections to holding tanks without an approved Air Gap are not authorized in Rockwood Water District. If your tanker is not equipped with an approved Air Gap, you cannot connect them directly to Rockwood Water P.U.D hydrants.

Permit must be returned by the permit expiration date or additional charges may apply.

Use of a site-specific hydrant in the district requires a Hydrant Permit and a Hydrant Meter. If a meter is not available, you will be provided a hydrant valve and charged the meter rental rate. You will be required to track your consumption on the back of the permit.

SITE SPECIFIC HYDRANT USE / EQUIPMENT RENTAL

A **Deposit of ~~\$344.70~~ **\$327.30**** is required to use site specific district hydrants. The deposit less any final charges for the permit, rented equipment, water consumption and taxes will be refunded within 30 days of the permit expiration and any equipment being returned.

Hydrant Meters and equipment must be returned by the permit expiration date or additional charges may apply.

All equipment rented must be returned in the condition in which it was checked out. The cost of replacing missing or damaged equipment will be billed to the customer in addition to other accrued charges.

You will have 10 business days to return the hydrant meter and/or related equipment after the permit expires

If you do not call in to extend your permit, the permit will be closed, and you will be billed the full replacement cost of the meter, fittings, valves and any other equipment checked out.

☐ I have read and understand the hydrant use and rental policy.

Hydrant Meter #: _____ Read: _____ Chapman valve: Yes No

Wrench: Yes No Other equipment: _____

Read upon return: _____ Date: _____

Location of Work: _____

Authorized hydrant/s: _____

PURPOSE OF HYDRANT USE
(I.E. FILLING TANK, SPRAY
DOWN) _____

ONLY AUTHORIZED HYDRANTS CAN BE USED. Field inspections will be performed by District Staff. Keep this permit readily available. Do not copy this permit. **Date of Inspection:** _____ Staff: _____ OK'd: Y / N

Company authorized signature: _____ Date: _____

Print Name: _____

Rockwood Water authorized signature: _____ Date: _____

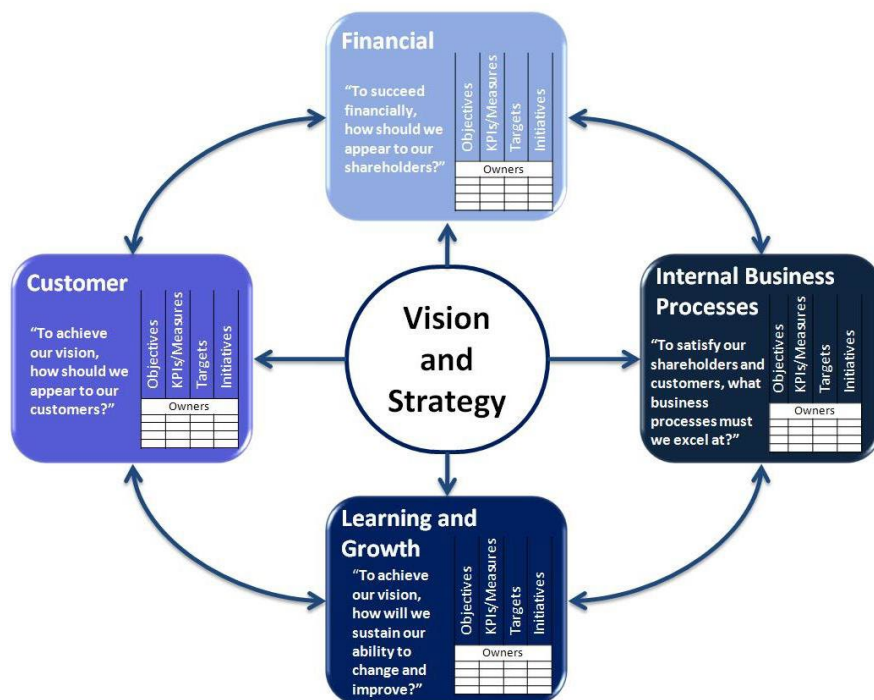
Print Name: _____

If more than one vehicle will be used, please list additional license plates here:

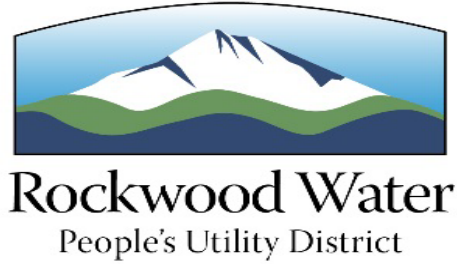


Rockwood Water
People's Utility District

2024 STRATEGIC PLAN



Rockwood Water People's Utility District
19601 NE Halsey Street
Portland, OR 97230-7430
rwpud.org



STRATEGIC PLAN 2024

To: Interested Parties

From: Rockwood Water People's Utility District Board of Directors

The purpose of this Plan is communicating to our customers and all stakeholders the following:

Our Mission: What we exist to do.

Our Values: How our actions are guided.

Our Strengths, Weaknesses, Opportunities and Threats: The environment in which we operate.

Our Objectives: What we strive to achieve for our customers and all stakeholders.

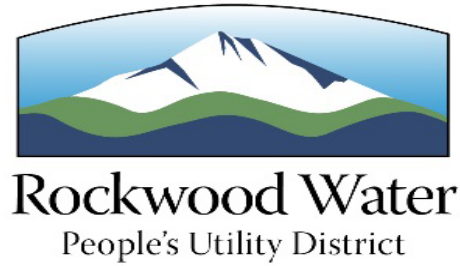
Our Activities: What we do in order to meet our objectives.

Our Key Performance Indicators: What we monitor, track and evaluate to determine how well we are meeting our objectives.



Table of Contents

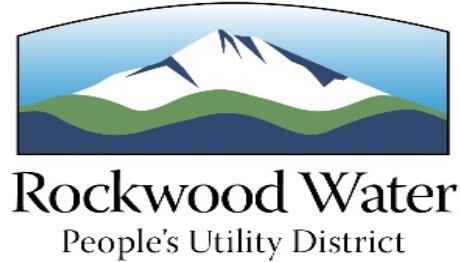
1. Our Mission Statement
2. Our Values
3. Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis
4. Objectives, Activities, Key Performance Indicators



OUR MISSION STATEMENT

To strive for total customer satisfaction by providing the safest and highest quality water at the most responsible price.

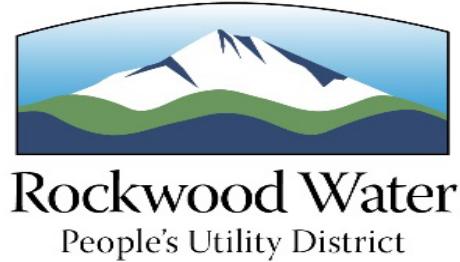
To professionally manage Rockwood Water to assure its financial health for the ongoing protection of our customers.



OUR VALUES

These are the values of the Rockwood Water People's Utility District. They guide us on a daily basis.

Quality	We are committed to providing the highest quality product and service to our customers.
Stewardship	We are exceptional stewards of all District resources (water, money, water system) and the natural environment, and will ensure the District's ability to provide service into the future.
Diversity	We will strive to foster diversity, equity and inclusion in the District and among our staff.
Resilience	We will plan and prepare for emergencies and natural disasters and respond quickly and effectively to unforeseen or unpredictable events.
Community	We are an integral part of the community we serve and are dedicated to serving it and our customers.
Integrity	We are honest, transparent, and have strong moral principles.
Professionalism	We have the skills and competence to provide excellent service to our customers in a way that is reliable and accountable.
Innovation	We continuously strive to implement new processes in order to improve productivity and performance.
Efficiency	We competently perform all District functions and business in a cost-efficient manner.



STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS ANALYSIS

STRENGTHS

- Competent, able staff; efficient and effective service provision
- Informed and engaged Board; members represent multi-year continuity and fresh perspectives
- Informed and engaged Budget Committee members
- Healthy work culture and environment
- Natural monopoly; no competition for customers
- Strong brand name; good reputation; respected service provider
- Organizational structure that allows upward mobility for staff
- Developing water supply independence and self-sufficiency
- Water rights are sufficient for future needs of both Rockwood and Gresham
- Strong partnership with Gresham, Cascade Groundwater Alliance (joint well development, Groundwater Protection Program, operational problem solving, system interconnections)
- 99 years of experience as a water utility; **34 years as a People's Utility District**
- Affordable water rates
- Regionally active leader with partners (e.g., Regional Water Providers Consortium, AWWA, SDAO)

- Solid conservation and environmental stewardship ethic and program
- Good management systems in place (e.g., production reporting, productivity analysis, business process re-engineering, asset management, staff development, financial planning and management)
- Solid multi-year Financial Plan, Capital Improvement Plan, Master Plan, and Water Management and Conservation Plan
- Strong communications protocols internally and with customers (including customer outreach, informative website, newsletters, bill stuffers, history project, social media, involvement with neighborhood associations)

WEAKNESSES

- Potential for increased costs and delays in the Cascade Groundwater Development projects
- Aging infrastructure
- Non-revenue water, or water loss, is higher than desired
- Rate increases required to prepare the District for Debt Service related to construction of the Cascade Groundwater Development Project.
- Inflation

OPPORTUNITIES

- Partnership with Gresham through the Cascade Groundwater Alliance to develop an independent groundwater supply.
- Automated Metering Infrastructure (AMI) Installation
- Service opportunities with smaller neighboring water utilities: Fairview, Wood Village, Interlachen, Corbett Water
- Partnership with community organizations to promote DEI objectives and better serve our community
- Economic development with improving economy
- Substantial capacity for growth to saturation

- Sustain improved organization health and culture
- Enhanced focus on safety and security
- Continue public involvement and presence in the community
- 100% Groundwater supply by 2026, no dependence on wholesale water

THREATS

- Competitive job market for staff
- New regulations requiring expensive infrastructure: Manganese, Lead, Portland treatment decisions
- Revenue collection issues
- Security breaches/terrorism/cybersecurity
- Localized crime, theft, and staff safety
- Loss of a water source (Bull Run forest fire, groundwater contamination)
- Loss of a large customer (Note: Microchip represents 14% of water sales)
- Natural disaster (e.g., forest fire, earthquake, flood)
- Potential cost increases (e.g., purchased water, health insurance, PERS)
- New federal or state fees on water providers (e.g., taxes/fees on water rights; per capita or per meter fees to fund state agencies)



OBJECTIVES, ACTIVITIES AND KEY PERFORMANCE INDICATORS

FINANCE

Objectives:

- Improve and sustain the financial operating performance and health of the District
- Operate a safe and high performance water utility for the lowest possible cost
- Ensure long-term rate stability and revenue adequacy

Activities:

- Annually update the 20-year Financial and Capital Improvement Plans
- Raise rates and manage finances in accordance with the Financial Plan
- Develop and report against an adopted annual Financial Plan

Key Performance Indicators:

- Actual vs. planned budget performance
- Debt service coverage, operating ratio, other Moody's medians for comparison
- Review and adjust rates and charges annually
- Actual rate increases compared to the Financial Plan
- Percent of bills written off
- Average monthly water bill compared to utilities in metro area

CUSTOMER

Objectives:

- Provide outstanding customer service and promote engagement with the community
- Improve customer satisfaction and constituents' perceptions of the District by providing effective and responsive customer care

Activities:

- Employ best customer service management practices and procedures
- Promote a customer service ethic on an ongoing basis
- Participate in neighborhood associations and other community events
- Communicate with customers continually via website, printed material and social media
- Offer assistance for ESL customers when possible
- Offer multiple bill pay options
- Keep website current and accessible, including ADA compliance and language translation features

Key Performance Indicators:

- Percent of bills mailed per schedule
- Percent of bills based on actual meter read
- Percent of billing done by email
- Percent of bills paid through home banking accounts and financial institutions
- Number of neighborhood and community events participated in
- Number of newsletters, CCRs and other informational documents published and distributed
- Customer feedback (by phone, in writing, survey)
- Website hits
- Number of engagements and followers on Facebook
- Google Reviews ratings

BUSINESS OPERATIONS

Objectives:

- Produce and deliver high quality water to customers
- Improve maintenance of aging water system infrastructure by making effective and efficient capital investments in an Asset Management Program context
- Meet or exceed all federal and state water quality and other regulations
- Continuously undertake multi-year planning
- Ensure continuity of service in the event of an emergency
- Be a good steward of the environment
- Ensure the adequacy of water supply and pressure for fire-fighting
- Support economic development by ensuring the availability of required water supply
- Operate and maintain the water system to ensure uninterrupted service

Activities and Key Performance Indicators:

a) Water Quality and Regulatory Compliance Activities:

- Perform required compliance water sampling and activities
- Continue financial support of Gresham's Cascade Groundwater Protection Program
- Uni-directionally flush one half of the District each year
- Continuously monitor water quality parameters

Key Performance Indicators:

- Percent of planned samples completed
- Annual payment to Gresham for Groundwater Protection Program
- 1/2 of District flushed per year
- 100% of water quality regulations met 100% of the time
- Water quality report published annually per EPA regulations

b) System O&M and Construction Activities:

- Develop and utilize work order system in Tyler
- Implement Capital Improvement Program
- Plan, schedule, monitor and report preventative and corrective maintenance work
- Ensure employees are appropriately trained, resourced and certified
- Continue ongoing O&M and initiatives (e.g., Valve and Hydrant Programs, leak detection, meter repair and replacement)

Key Performance Indicators:

- Tracking of work orders completed in Tyler
- Construction of planned Capital Improvement Projects (CIPs)
- Status of employee training and certifications
- Status of initiatives (e.g., valves and hydrants, leak detection)

c) Water Supply Reliability Activities:

- Provide multiple sources of supply
- Complete groundwater supply expansion all water by 2026)
- Maintain partnership with Gresham for groundwater development and O&M
- Protect and preserve the District's water rights through compliance with the Water Management and Conservation Plan goals
- Actively locate and repair leaks via O&M and capital projects

Key Performance Indicators:

- Scope, schedule and budget of the Cascade Groundwater Expansion Project
- Negotiate emergency supply agreement with Portland
- Maintain compliance with water rights
- Leak detection and repairs tracked and reported monthly

d) Planning Activities:

- Update Master Plan and Water Management and Conservation Plan every five years or as otherwise mandated
- Complete Groundwater Development Master Plan Projects by 2026
- Update SWOT analysis annually during the budget process
- Update the Financial Plan annually
- Review operational plans annually
- Actively participate at policy and technical levels of the Regional Water Providers Consortium

Key Performance Indicators:

- Implementation of recommendations derived from the Groundwater Development Master Plan, updating Finance Model to include capital investments, and adjust rates to assure adequate financial resources
- Status of Master Plan and Water Management and Conservation Plan updates
- SWOT updated as part of the budget development process
- Financial Plan updated annually
- Status of review of operational plans
- Status of involvement with the Regional Water Providers Consortium

e) Emergency Preparedness Activities:

- Keep the Emergency Response Plan (ERP) current
- Ensure availability of resources
- Educate and train staff on responsibilities and SOPs
- Enter mutual aid agreements with responsible parties

Key Performance Indicators:

- ERP is current and updated annually (5 year update of Risk and Resiliency Plan due in 2025)
- Appropriation of funds for emergency preparedness and response

- Familiarization of staff with ERP responsibilities and SOPs
- Status of mutual aid agreements with others

f) Environmental Stewardship Activities:

- Continue to offer a robust conservation program as a District and as a member of the Regional Water Providers Consortium
- Include renewable energy analysis in the Groundwater facility design and planning
- Evaluate and plan for Electric fleet options where feasible
- Comply with all Groundwater Protection Zone requirements and regulations

Key Performance Indicators:

- Status of conservation programs (funding and other resources)
- Status of energy efficiency and renewable energy projects
- Status of compliance with the Groundwater Protection Zone regulations

g) Public Safety Activities:

- Build all Fire Flow projects identified in the CIP (see System O&M)

Key Performance Indicators:

- Status of implementation of planned Fire Flow CIPS

h) Economic Development Activities:

- Respond to all requests for new service in a timely and responsive manner
- Institute compliant and equitable System Development Charges (SDCs)
- Implement actions itemized elsewhere to ensure water supply availability
- Keep Developer Handbook up to date and accessible on the website

Key Performance Indicators:

- Status of response to requests for new services
- Equitability of SDCs and compliance with Oregon State Law
- Developer Manual up to date and available on the website and in the office

LEARNING AND GROWTH

Objectives:

- Invest in recruiting, retraining and developing a knowledgeable, multi-skilled and culturally competent workforce by improving knowledge, skills and abilities
- Enhance work force safety and satisfaction of employees
- Improve awareness of diversity and inclusion issues in the workplace

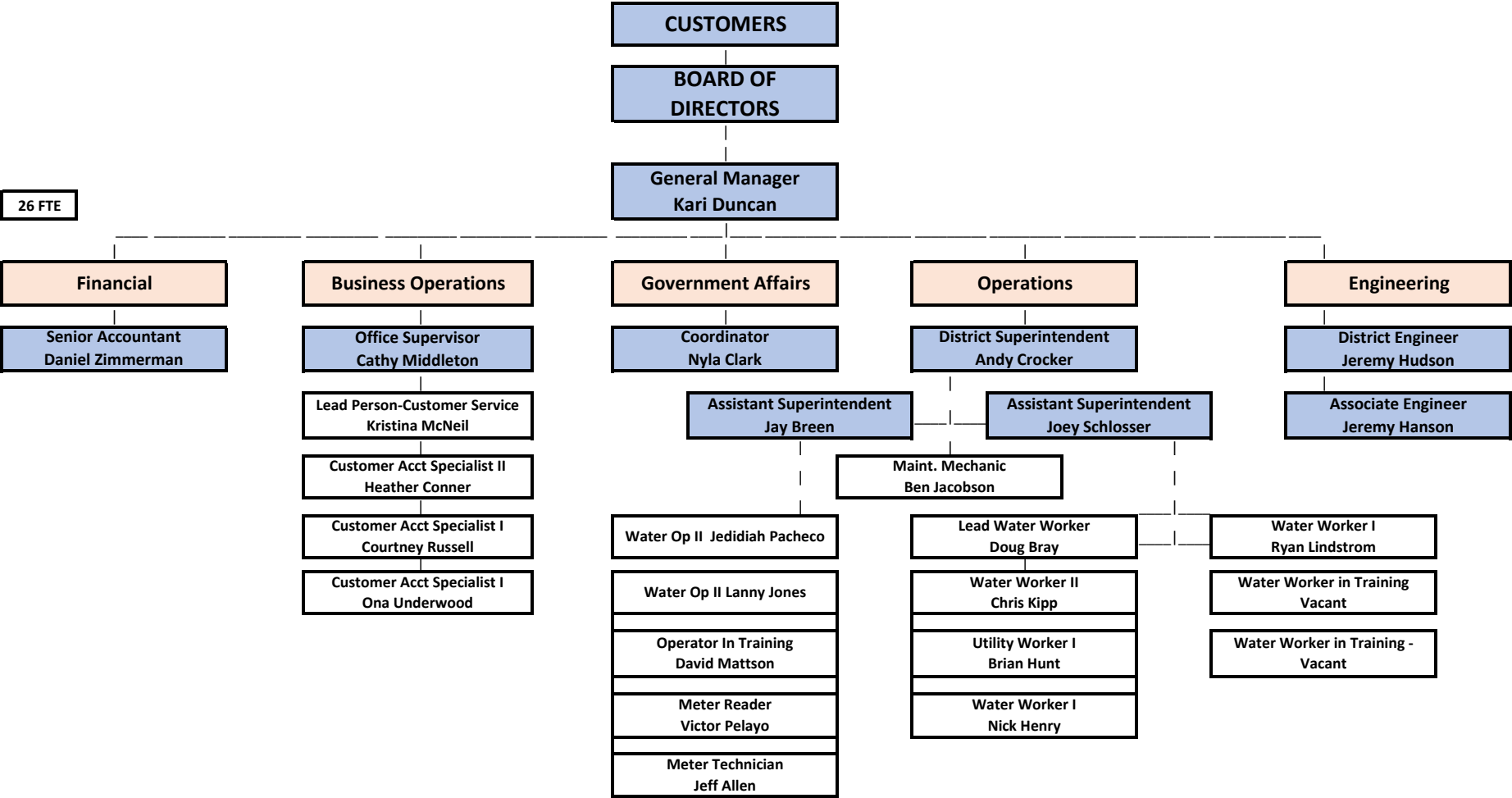
Activities:

- Provide employee growth and training opportunities
- Maintain safety program and monitor and report implementation
- Monitor and report safety incidents, develop corrective action plans for all deficiencies.
- Develop strategies to recruit talent from diverse backgrounds

Key Performance Indicators:

- Employee training and tracking
- Status of safety meetings and compliance
- Status of daily monitoring and reporting accidents

**Rockwood Water PUD
2024 Organization Chart**



Bill Comparisons between CURRENT FY 23-24 Charges and FY 24-25 Estimated Charges

		FY23-24 Current	Projected FY24-25				
		Bi-Monthly Bill	Flat % Increase			Alternative (base/per unit)	
			5%/5%			5.8%	4.4%
5/8 Inch	Base	\$29.49	\$30.96			\$31.20	
	Per Unit	\$3.35	\$3.52			\$3.50	
			% Change			% Change	
Monthly							
		Monthly Bill	Monthly Bill	Diff.		Monthly Bill	Diff.
Use in ccf/mo	1	\$18.09	\$19.00	\$0.90	5.0%	\$19.10	\$1.00
	2	\$21.44	\$22.52	\$1.07		\$22.59	\$1.15
	3	\$24.79	\$26.03	\$1.24		\$26.09	\$1.30
	4	\$28.14	\$29.55	\$1.41		\$29.59	\$1.44
	5	\$31.49	\$33.07	\$1.57		\$33.09	\$1.59
	6	\$34.84	\$36.59	\$1.74	5.0%	\$36.58	\$1.74
	7	\$38.19	\$40.10	\$1.91		\$40.08	\$1.89
Bi-Monthly							
		Bi-Monthly Bill	Bi-Monthly Bill	Diff.		Bi-Monthly Bill	Diff.
Use in ccf/2x mc	1	\$36.19	\$38.00	\$1.81	5.0%	\$38.19	\$2.00
	2	\$42.89	\$45.03	\$2.14		\$45.19	\$2.30
	4	\$56.29	\$59.10	\$2.81		\$59.18	\$2.89
	6	\$69.69	\$73.17	\$3.48		\$73.17	\$3.48
	8	\$83.09	\$87.24	\$4.15		\$87.15	\$4.07
	10	\$96.49	\$101.31	\$4.82		\$101.14	\$4.66
	12	\$109.89	\$115.38	\$5.49		\$115.13	\$5.25
	14	\$123.29	\$129.45	\$6.16		\$129.12	\$5.84
	16	\$136.69	\$143.52	\$6.83		\$143.11	\$6.43
24	\$190.29	\$199.80	\$9.51	5.0%	\$199.07	\$8.79	

Monthly Regional Bill Comparison
FY 2023/24 Utility Total Monthly Charge

(comparisons are adjusted to 6ccf or 4,500 gallons per month)

	Utility Name	Meter Size	Monthly charge	Per ccf	1000 gals	6 ccf	Monthly Total Charge
FY 23/24	Troutdale	5/8"	0		\$5.50	\$24.75	\$24.75
	Oak Lodge	5/8"	\$23.48	1.56/2.09	tier	\$9.36	\$32.84
	Raleigh	5/8"	\$18.23	\$2.29		\$13.74	\$31.97
	Tualatin	5/8"	\$11.00	\$3.90		\$23.40	\$34.40
	Fairview	5/8"	\$19.97	\$2.29		\$13.74	\$33.71
	Wood Village	5/8"	\$29.84	\$2.13	tier	\$12.78	\$42.62
	Rockwood PUD	5/8"	\$14.74	\$3.35		\$20.10	\$34.84
	Wilsonville	5/8"	\$18.13	\$4.23		\$16.92	\$35.05
	Milwaukee	5/8"	\$9.25	\$4.38		\$26.28	\$35.53
	Forest Grove	3/4"	\$27.23		\$2.06	\$9.27	\$36.50
5% FY 24/25	Rockwood PUD	5/8"	\$15.48	\$3.52		\$21.12	\$36.60
	Sunrise	5/8"	\$20.83	\$2.89	tier	\$17.34	\$38.17
	Sandy	5/8"	\$15.78	\$6.01		\$36.06	\$51.84
	Hillsboro	5/8"	\$21.94	\$3.55	tier	\$21.30	\$43.24
	Gladstone	3/4"	\$32.46	\$1.83	tier	\$10.98	\$43.44
	Gresham	5/8"	\$25.77	\$3.67		\$22.02	\$47.79
	Cornelius	5/8"	\$24.41		\$4.55	\$20.48	\$44.89
	Lake Oswego	5/8"	\$30.56	\$3.21		\$19.26	\$49.82
	CRW	3/4"	\$32.12	2.74/3.04/3.63	tier	\$18.24	\$50.36
	Newberg	3/4"	\$23.53	\$4.43		26.58	\$50.11
	Sherwood	5/8"	\$22.84		tier	\$31.86	\$54.70
	Beaverton	5/8"	\$21.50	\$5.90		\$35.40	\$56.90
	Portland	5/8"	\$21.18	\$7.00		\$42.00	\$63.18
	West Slope	5/8"	\$20.52	\$7.18		\$43.08	\$63.60
	Tigard	5/8"	\$32.95	\$4.59		\$27.54	\$60.49
	TVWD	5/8"	\$25.93	\$8.58		\$51.48	\$77.41
	TVWD	5/8"	\$30.47	\$10.08		\$60.48	\$90.95

*** A COLA of 3.8% has been assigned to the salary scales according to the results of the CPI.*

FY 2024/25 Budget

REPRESENTED EMPLOYEES

Position	Minimum	Maximum
Customer Account Specialist I	\$ 4,602	\$ 5,594
Customer Account Specialist II	\$ 5,265	\$ 6,400
Lead Person - Field	\$ 6,603	\$ 8,026
Lead Person - Front	\$ 6,603	\$ 8,026
Maintenance Mechanic	\$ 5,906	\$ 7,179
Meter Reader	\$ 4,942	\$ 6,007
Meter Technician	\$ 5,671	\$ 6,894
Operator 1	\$ 5,271	\$ 6,407
Operator 2	\$ 6,396	\$ 7,774
Operator in Training	\$ 4,905	\$ 5,150
Utility Worker I	\$ 5,271	\$ 6,407
Utility Worker II	\$ 5,625	\$ 6,837
Water Worker I	\$ 5,271	\$ 6,407
Water Worker II	\$ 5,625	\$ 6,837
Water Worker in Training	\$ 4,905	\$ 5,150

NON-REPRESENTED EMPLOYEES

Position	Minimum	Maximum
Associate Engineer	\$8,319	\$10,112
Asst District Superintendent - Field	\$8,303	\$10,092
Asst District Superintendent - Operations	\$8,303	\$10,092
Business Office Supervisor	\$8,625	\$10,484
District Engineer	\$10,666	\$12,964
District Superintendent	\$9,523	\$11,575
General Manager	N/A	\$15,303
Governmental Affairs Coordinator	\$7,098	\$8,627
Senior Accountant	\$8,004	\$9,729