

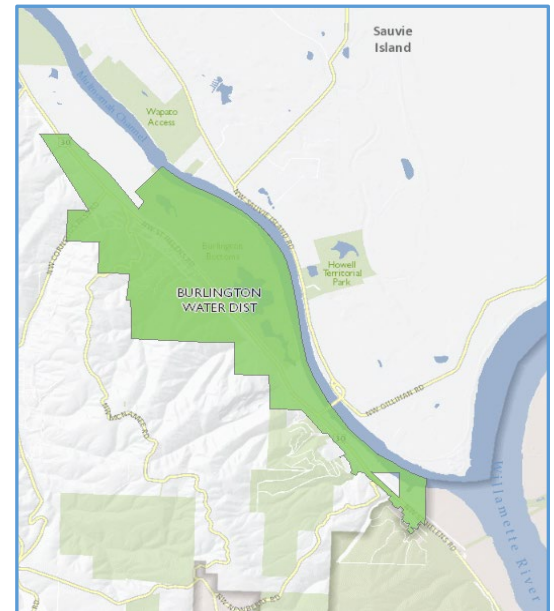
Budget Review 2023-24

Burlington Water District



HIGHLIGHTS

- The total FY 24 approved budget is \$1,051,563, an increase of \$129,680 or 35% over the current year's revised budget.
 - Beginning Fund balance increased due to a carryover of grant funds and loan proceeds for capital projects.
 - The projects were anticipated to be 80% complete by the end of the current fiscal year; however, they are only 20% finished due to supply issues.
- The cost of water from the Portland Water Bureau will increase.
 - Cost will increase from \$1.009 per ccf to \$1.289 per ccf.
 - To meet the Guaranteed Minimum Purchase (GPM), Burlington Water District's rate will be \$1.390 per ccf.
- Burlington Water District customers' water usage rate will increase in FY 24.
 - The usage rate charged to customers will increase by \$0.18 per ccf.
 - The previous increase was in FY22, when the rate increased by \$2.18 per ccf.
- The district will allocate \$372,868 in contingency
 - The district does not budget for an ending fund balance.
 - The district has ongoing capital projects with ever-changing supply prices and has contingency set aside for that purpose.



INTRODUCTION & BACKGROUND

Burlington Water is a small district northwest of Portland on State Highway 30. Sandwiched between Sauvie Island and Forest Park, its southern boundary is the community of Linnton.

Burlington Water District provides water and fire service to an unincorporated area of about two square miles that encompasses a mix of residential, commercial, and light industrial land uses. The district serves about 113 customers.

The district is governed by five board members elected to four-year terms, and serve without compensation.

Burlington Water District purchases water from the City of Portland through a pipeline tie-in it owns. The district stores and distributes that water through its system to its customers. They have a 20-year water purchase agreement with the city that will expire in 2031. The agreement provides for annual rate increases.

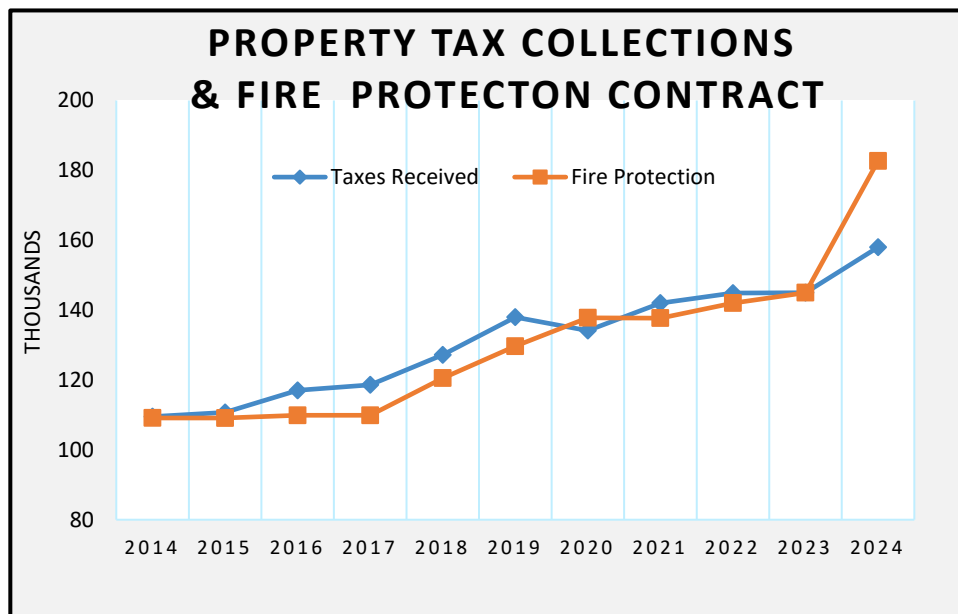
Burlington Water	2019-20	2020-21	2021-22	2022-23
Assessed Value in Millions	\$40.7	\$42.8	\$43.5	\$46.5
Real Market Value (M-5) in Millions	\$71.3	\$79.6	\$83.0	\$95.0
Property Tax Rate Extended: Operations	\$3.4269	\$3.4269	\$3.4269	\$3.4269

BUDGET OVERVIEW

Burlington Water district uses property tax revenue to pay for fire protection contracted through the City of Portland. For water service provision, they use utility revenue for day-to-day expenditures and some capital projects. The more expensive capital expenditures rely on grants and loan proceeds.

The total FY 24 budget is \$1,240,563. The amount is 35% above the 2023 fiscal year's revised budget and 88% higher than the fiscal year 2022 actual budget. The main reason is that the district budgeted to complete 80% of the NW Riverview Drive Watermain Improvement Project in the current fiscal year and will only achieve 20% of the project. The unused funds will carry-over to FY 24 and the district anticipates completing the system improvements by the end of FY 24. Project delays are due to supply chain issues.

The cost of fire protection is increasing from \$145,000 to \$182,700 (a 26% increase) in this budget, and the district is concerned that property taxes will not keep pace with the rise in fire protection service costs. The chart below shows how property tax revenue aligns with fire protection expenditures. The numbers in this chart are actual revenue and expenses for FY 2017 through FY 2022. The FY 2023 and 2024 are budgeted numbers.



GENERAL FUND

Burlington Water records all activities in one fund, the General Fund. Utility revenue is the largest resource and is used for daily operations and supporting the capital projects needed to keep the system in working order. If the taxes do not keep pace with the rise in the cost of fire protection, the district will need to explore options for funding the services. The district's governing board has even mentioned seeking voter approval for a local option levy. That is not necessary now, but possibly in the future.

Revenue from water sales is increasing in this budget by 8% due in part to the increased rates charged to customers. The chart below shows how water usage rates have increased per hundred cubic feet (ccf) in the past four years.

Burlington Water District					
Customers' Water Rates (Per CCF)					
	FY20	FY22	FY24	Current Water Rate	
				\$ Increase	% Increase
Inside District Boundaries					
500	\$7.52	\$9.70	\$9.88	\$0.18	1.86%
501-1000	\$9.35	\$11.56	\$11.74	\$0.18	1.56%
1001-2000	\$11.31	\$13.98	\$14.16	\$0.18	1.29%
2001-3000	\$13.73	\$15.89	\$16.07	\$0.18	1.13%
over 3000	\$17.00	\$17.25	\$17.43	\$0.18	1.04%
Outside District Boundaries					
500	\$8.09	\$10.13	10.31	\$0.18	1.78%
501-1000	\$9.88	\$11.94	12.12	\$0.18	1.51%
1001-2000	\$11.69	\$14.15	14.33	\$0.18	1.27%
2001-3000	\$13.90	\$16.03	16.21	\$0.18	1.12%
over 3000	\$17.52	\$17.77	17.95	\$0.18	1.01%

In addition, the base rate will increase by \$8 per customer to \$74.18 inside the boundaries and \$92.81 outside district boundaries. These rates follow the original plan from the Oregon Association of Water Utilities rate study updated for the district in 2021.

RESOURCES

Property tax revenue is budgeted at \$158,000. In addition to the property tax and water sales revenue, the budget includes \$295,000 in debt proceeds from the State of Oregon. These funds will be used on the NW Riverview Drive Watermain Improvement Project. Other income, which includes grants and interest, increased over 89% to \$78,000.

The district will begin the fiscal year 2024 with a beginning fund balance of \$400,000. The amount increases by 128% over the current beginning fund balance. As stated earlier, this is partly due to the capital project being delayed in the current year and unused grant dollars and debt proceeds.

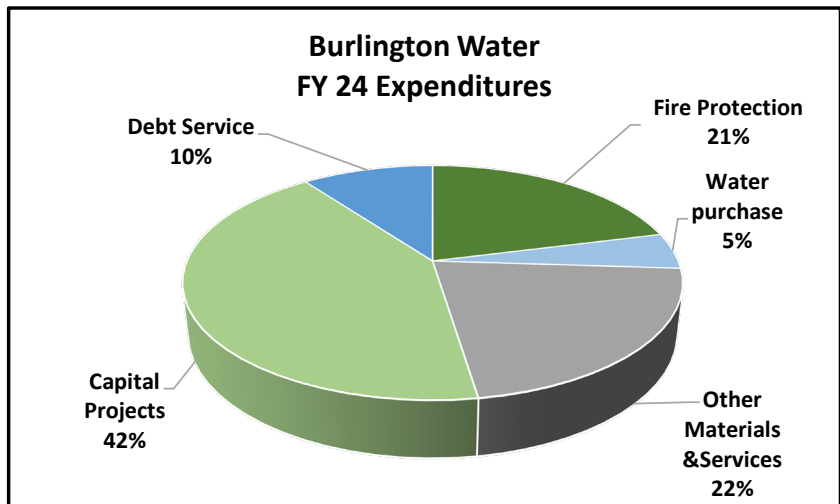
REQUIREMENTS

Personnel Services

Burlington Water district has no employees. The board has transitioned all operations and management to a private water company. They also engaged an accountant to maintain the district's financial accounting system, prepare the annual budget, and perform office management duties.

Materials & Services

Materials & services spending will increase by \$92,220 (31%) over the current year's expenditures. The line item increasing the most was engineering, as the district moved the Master Plan preparation from a capital expenditure to contracted engineering services. This action raised that line item by \$40,000. In addition, water purchases are increasing by \$8,000, operations management is up just over \$5,000, and almost every line item driven higher by inflation makes up the rest.



Capital Expenditures

The Riverview Watermain Improvement Project is the big-ticket item for capital expenditures. The project will complete the installation of 2,100 feet of new 8-inch water mains and four hydrants and connect 17 residential customers to the system. Burlington Water district will pay for these improvements through a loan from the Oregon Infrastructure Finance Authority OBDD.

Another project planned for fiscal 2024 is the replacement of meters. This upgrade will be financed through loan proceeds and is anticipated to be completed in the 2024 fiscal year.

DEBT STATUS

In April 2022, the district entered into a 30-year loan agreement with the Oregon Infrastructure Finance Authority for \$314,650 to finance the Riverview Water Main replacement. This low-interest loan is distributed on a reimbursement basis. As of June 30, 2022, the district had not received any loan proceeds. The district anticipates receiving reimbursements in FY 23 as the Riverview Water Main replacement project moves forward.

Burlington Water District has two other Oregon Infrastructure Financing loans. Utility rate revenue is used to support all debt service. The district's outstanding obligation as of June 30, 2023 is \$1,089,133.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
x		Did the district meet publication requirements? <i>Mailed to each resident</i>
x		Do resources equal requirements in every fund?
NA.		Does the GO Debt Service Fund show only principal and interest payments?
x		Are contingencies shown only in operating funds?
x		Did the budget committee approve the budget?

x	Did the budget committee set the levy?
x	Does the audit show the district complied with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2023-24 Budget substantially complies with local budget law. Estimates were judged to be reasonable for the purpose shown. The audit report for the fiscal year ending 6-30-2022 does not note any budget law violations.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2023-24 budget or budget process and we suggest the Certification Letter contain no recommendations or objections.

Burlington Water District					
TSCC Dist. #47					
Budget Summary					
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
	Actual	Actual	Revised	Approved	Change
<u>SUMMARY OF ALL FUNDS</u>					
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	142,024	144,888	145,000	158,000	9.0%
TOTAL PROPERTY TAX	142,024	144,888	145,000	158,000	9.0%
RESOURCES:					
Beginning Fund Balance	161,168	216,942	175,000	400,000	128.6%
Property Taxes	142,024	144,888	145,000	158,000	9.0%
Utilities	245,643	279,123	286,000	309,563	8.2%
Other Income	1,555	19,082	41,200	78,000	89.3%
Debt Proceeds	0	0	274,650	295,000	7.4%
TOTAL RESOURCES	550,390	660,035	921,850	1,240,563	34.6%
REQUIREMENTS BY FUNCTION:					
Public Safety (Fire Protection)	135,700	142,008	145,000	182,700	26.0%
Public Utilities Water System	128,827	116,502	484,200	597,070	23.3%
Debt Service	68,921	68,921	78,425	87,925	12.1%
Contingencies	0	0	214,225	372,868	74.1%
Ending Fund Balance	216,942	332,604	0	0	0.0%
TOTAL REQUIREMENTS BY FUNCTION	550,390	660,035	921,850	1,240,563	34.6%
REQUIREMENTS BY OBJECT:					
Materials & Services	264,527	258,510	314,550	412,770	31.2%
Capital Outlay	0	0	314,650	367,000	16.6%
Debt Service	68,921	68,921	78,425	87,925	12.1%
Contingencies	0	0	214,225	372,868	74.1%
Ending Fund Balance	216,942	332,604	0	0	0.0%

TOTAL REQUIREMENTS BY OBJECT

550,390	660,035	921,850	1,240,563	34.6%
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