

Budget Review 2022-23

Burlington Water District



INTRODUCTION & BACKGROUND

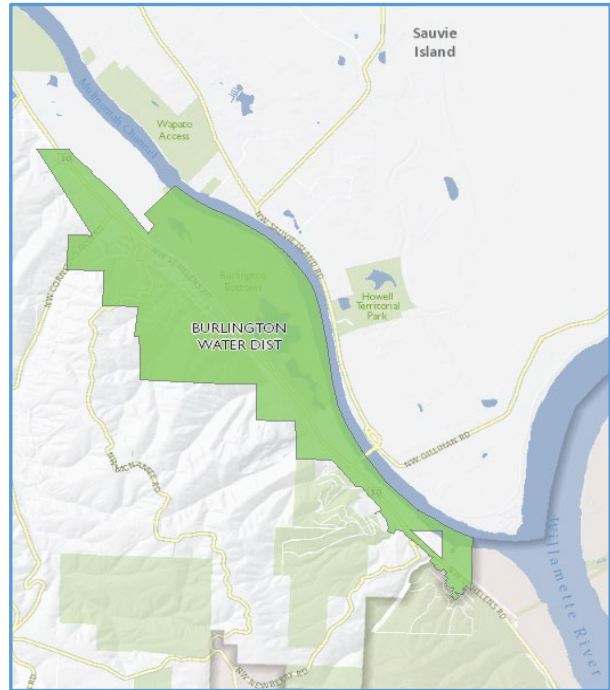
Burlington Water is a small district northwest of Portland on State Highway 30. Sandwiched between Sauvie Island and Forest Park, its southern boundary is the community of Linnton. The district serves residential, commercial, and industrial customers.

Burlington Water District provides water and fire service to an unincorporated area along Highway 30 between Forest Park and the Multnomah Channel. It is an area of about two square miles that encompasses a mix of residential, commercial and light industrial land uses. The district serves 113 customers.

The district is governed by five board members elected to four-year terms, which 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. The district has a 20-year water purchase agreement with the city that will expire in 2031. The agreement provides for annual rate increases. Water rates pay for water system costs and will not increase in FY 2022-23.

In 2020 the district entered into a 10-year contract with the City of Portland to provide Fire Protection service. Property tax revenue covers the fire protection services.



Burlington Water	2018-19	2019-20	2020-21	2021-22
Assessed Value in Millions	\$40.5	\$40.7	\$42.8	\$43.5
Real Market Value (M-5) in Millions	\$70.4	\$71.3	\$79.6	\$83.0
Property Tax Rate Extended: Operations	\$3.4269	\$3.4269	\$3.4269	\$3.4269
Measure 5 Loss	\$0	\$0	\$0	\$0
Number of Employees (FTE's)	0	0	0	0

STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The district has completed its water system upgrades and is now turning its attention to fine-tuning the system: addressing leaks and maintaining controls. This is a priority, given that the City of Portland plans substantial future increases in wholesale water rates.

The fire protection function requires minimal attention as all services are contracted out to the City of Portland.

The 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. The district has set about improving finances, access to public records, and transparency and accessibility to their customers. The Burlington Water website allows unlimited public access to information regarding meetings, ordinances/resolutions, fees, policies, budget and financial documents, and emergency notifications.

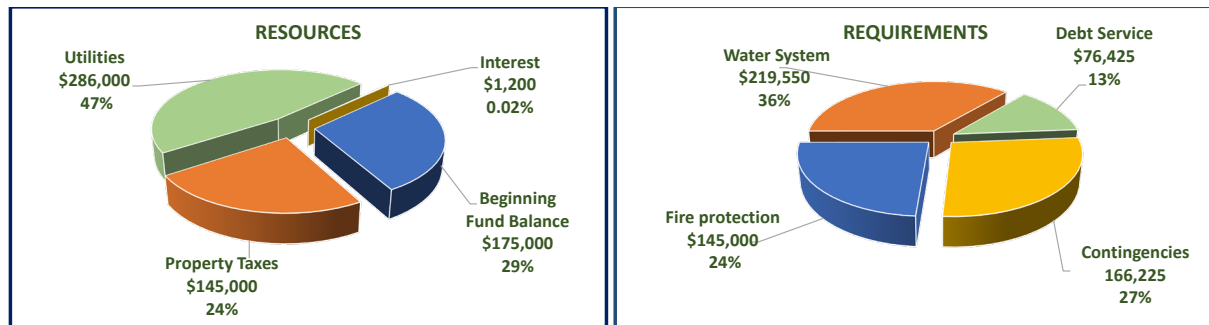
BUDGET OVERVIEW

This \$607,000 budget will cover the cost of water purchased, fire protection and the district's debt service. The district's budget committee decided to move the proposed \$50,225 ending fund balance into contingency so it would be available if needed for unexpected capital expenses, so contingency is budget at \$166,225. FY 22-23 Approved Budget is almost \$320,000 less than the current year's budget because the FY 21-22 included \$150,000 each in loan proceeds and grant dollars for repairs to the system. The district anticipates these repairs to be completed in the current fiscal year.

GENERAL FUND

GENERAL FUND RESOURCES

The district has only one fund, the General Fund. In preparation for capital projects, a possible increase in debt service payments, and the future increase in the cost of water from the City of Portland, the district is building its contingency and ending fund balance as a reserve. Revenue from the sale of water is decreasing 14% as the district aligns the budget with the change in consumption over the past years. The current year was considerably less than anticipated in the Adopted Budget. Even though water usage rates are not increasing in FY 23, the base rate will increase by \$6.00 to a total of \$66.18 for customers within the district and \$84.71 out-of-district. These rates follow the original plan from the Oregon Association of Water Utilities rate study updated for the district in 2021.



GENERAL FUND REQUIREMENTS

Personnel Services

The district has no employees, so they have no personnel service expenditures.

Materials & Services

The district will spend a less on materials & services in the upcoming budget year since they will see a \$15,000 reduction in the cost of water purchased. The decrease is due to the Portland Water Bureau’s decision to change the rate structures based on geographic considerations. The restructuring has reduced future water purchase costs for Burlington Water District. Water rates will still increase over time but far less dramatically than projected in earlier estimates. Other materials and services line items will remain close to last year’s estimates.

Capital Expenditures

With the winding down of the repair project on Riverview Drive, Burlington Water set aside only \$50,000 for capital expenditures. This budget item will cover meter replacement costs when the repair project is completed.

DEBT STATUS

In FY 21-22, the district acquired a \$270,000 low-interest loan from the Safe Drinking Water Revolving Loan Fund for the Riverview Drive repair project. Burlington Water District has two other State of Oregon loans, both infrastructure financing loans. Utility rate revenue is used to support debt service. The district’s outstanding obligation as of June 30, 2022, is \$1,089,133.

BUDGET/STRATEGIC PLAN ALIGNMENT

The district focuses on repairing the aging system and keeping pace with the increased cost of purchasing water from the City of Portland. Both priorities are reflected in the budget.

The board of directors and contract staff are trying to provide more information about the system and its finances and improve transparency to its customers. This is very apparent when visiting their website.

HIGHLIGHTS

- The budget is \$607,200, a decrease of \$319,680 or 34% since capital projects in the current year were much higher for pipe repair.
- The cost of water from the Portland Water Bureau will decrease \$0.575 per ccf due to the change in the PWB’s rate structure mapping.
- Since the district will be paying less for water purchased, Burlington Water District’s water usage rate will not increase in FY 2022-23.
- The district will allocate \$166,225 in contingency allowing it to be used if necessary for unexpected repairs. What is not used will be carried into FY 2023-24.

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 2022-23 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 6-30-2021 does not note any budget law violations.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2022-23 budget or budget process and we suggest the Certification Letter contain no recommendations or objections.

Burlington Water District

Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	134,129	142,024	142,000	145,000	2%
Total Property Taxes	134,129	142,024	142,000	145,000	2%
Resources:					
Beginning Fund Balance	136,577	161,168	150,000	175,000	17%
Property Taxes	134,129	142,024	142,000	145,000	2%
Utilities	205,259	245,643	333,680	286,000	-14%
Other Income	24,760	1,555	151,200	1,200	-99%
Debt Proceeds	0	0	150,000	0	-100%
TOTAL RESOURCES	500,725	550,390	926,880	607,200	-34%
Requirements by Function:					
Public Safety	136,891	135,700	142,000	145,000	2%
Public Utilities Water System	133,745	128,827	478,650	219,550	-54%
Debt Service	68,922	68,921	76,425	76,425	0%
Contingencies	0	0	110,000	166,225	51%
Ending Fund Balance	161,167	216,942	119,805	0	-100%
TOTAL REQUIREMENTS	500,725	550,390	926,880	607,200	-34%
Requirements by Object:					
Materials & Services	270,636	264,527	320,650	314,550	-2%
Capital Outlay	0	0	300,000	50,000	-83%
Debt Service	68,922	68,921	76,425	76,425	0%
Contingencies	0	0	110,000	166,225	51%
Ending Fund Balance	161,167	216,942	119,805	0	-100%
TOTAL REQUIREMENTS	500,725	550,390	926,880	607,200	-34%
SUMMARY OF BUDGET - BY FUND					
General Fund	500,725	550,390	926,880	607,200	-34%
GRAND TOTAL ALL FUNDS	500,725	550,390	926,880	607,200	-34%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	136,577	161,168	150,000	175,000	17%
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