

# Burlington Water District

## TSCC Budget Review 2020-21

### 1. Introduction to the District

Burlington Water District provides both water and fire service to an unincorporated area that lies 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.

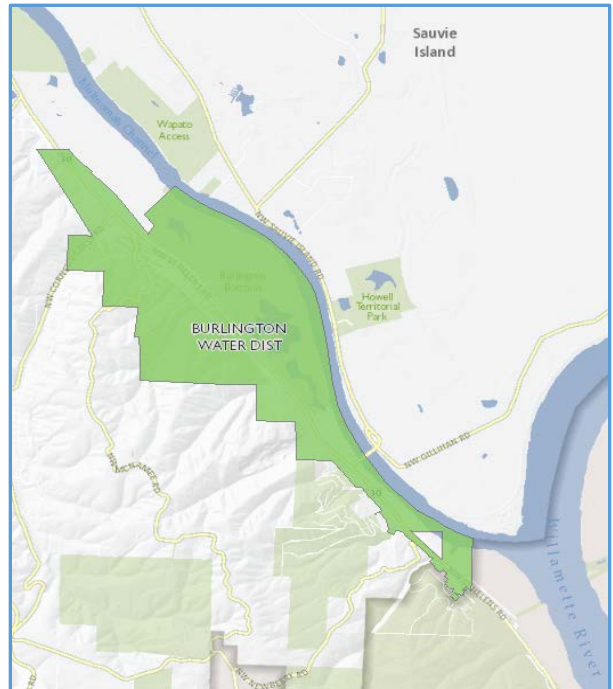
The District is governed by five board members elected to four-year terms who serve without compensation.

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 own system to its customers.

The District is half way through a 20-year water purchase agreement with the City. The agreement provides for annual rate increases.

The District contracts with City of Portland for fire protection service. This contract is renegotiated annually.

Water system costs are paid for by water rates. Fire protection services are paid for using property tax revenues.



<b>Burlington Water</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Assessed Value in Millions	\$36.0	\$38.7	\$40.5	\$40.7
Real Market Value (M-5) in Millions	\$57.8	\$64.1	\$70.4	\$71.3
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)	0.5	0.5	0	0

## 2. District History

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. Linnton was platted in 1843, incorporated in 1910, and most of it was annexed to Portland in 1915. The water district serves residential, commercial, and industrial customers.

The district's size and service delivery has been stable for many years. The recent history is limited to the District's capital improvements: locating and replacing water lines, rehabilitating and replacing pumps, installing wireless water system monitors and controls, and replacing the reservoir. Capital improvements have been funded by a \$1.6 million state loan, of which about a third was forgiven due to the District's qualification for income disadvantage subsidy.

## 3. 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.

With this budget, the district has concluded a 24-month transition period during which all board member positions turned over and both long-term employees resigned. The Board has contracted with a private water company to operate the system and handle the meter reading and water billing. It has also engaged an accountant to maintain the District's financial accounting system, prepare the annual budget, and perform office management duties.

## 4. Budget in Total

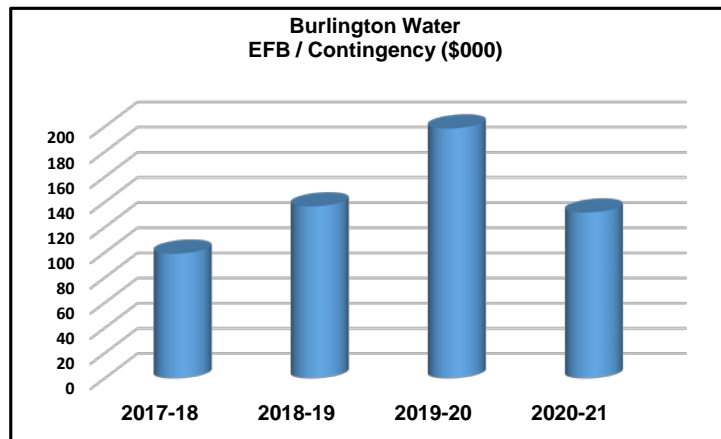
The FY21 budget is \$516,900, a decrease of \$12,100 (-2%).

Burlington Water District (\$000)						
	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Change \$ %	
<b>Resources</b>						
Beginning Fund Balance	139	102	130	130	0	0.0%
Property Taxes	127	138	138	136	-2	-1.5%
Utilities	199	218	260	250	-10	-3.8%
Other Income	2	6	1	1	0	0.0%
<b>Total Resources</b>	<b>468</b>	<b>464</b>	<b>529</b>	<b>517</b>	<b>-12</b>	<b>-2.3%</b>
<b>Requirments by Object</b>						
Personnel Services	65	0	0	0	0	0.0%
Materials & Services	235	256	262	316	55	20.9%
Debt Service	69	69	69	69	0	0.0%
Fund Transfers	0	3	0	0	0	0.0%
Contingencies	0	0	110	110	0	0.0%
Ending Fund Balance	99	137	88	22	-67	-75.5%
<b>Total Requirements</b>	<b>468</b>	<b>464</b>	<b>529</b>	<b>517</b>	<b>-12</b>	<b>-2.3%</b>
<b>Expenditure by Program</b>						
Public Safety	121	130	138	136	-2	-1.5%
Public Utilities Water System	180	126	124	181	57	-1.5%
Debt Service	69	69	69	69	0	-1.5%
<b>Total Expenditures</b>	<b>369</b>	<b>325</b>	<b>331</b>	<b>385</b>	<b>55</b>	<b>-1.5%</b>

The changes in the budget are in the Water Utility function and the Contingency and ending fund balance. Water Utility budget changes are shown in the following chart. They reflect the change to contracted management and the priority to improve system maintenance and upgrade the system.

<b>Burlington Water District</b>					
Year-Over-Year Water Utility Budget Changes					
		<b>FY20 Bud</b>		<b>FY21 Bud</b>	<b>Change</b>
Water Purchases	\$	50,000	\$	40,000	\$ (10,000)
Administrative charges		50,000		66,000	16,000
System Maintenance		6,000		15,000	9,000
Consultants		-		9,000	9,000
All other M&S		17,800		20,620	2,820
	\$	123,800	\$	150,620	\$ 26,820
Capital Outlay	\$	-	\$	30,000	\$ 30,000

Burlington Water District will increase customer water rates and other charges in July, 2020. But Revenue from water sales does not show an increase in the budget as the district's current year budget overstates water revenues.



**6. Debt Status:**

The District has two loans. Both are infrastructure financing loans from the State of Oregon. The proceeds have been expended. Utility rate revenue is used to pay debt service. The outstanding balance on the loans was \$1,203,473 as of June 30, 2020. Level debt service payments of \$69K annually are scheduled for the next 12 years.

**7. Is the Budget in sync with Strategic Plan/Performance Objectives?**

The district's plan this year is to carry forward with the new organizational structure and to begin fine tuning the water system. Both priorities are reflected in the budget.

The new board of directors and contract staff are also trying to provide more information about the system and its finances and improve transparency to it customers. The detail budget pages reflect that with the addition of multiple line items showing the new contractual relationships.

**8. Local Budget Law Compliance**

Yes	No	Compliance Issue
x		1. Did district meet publication requirements?
x		2. Do resources equal requirements in every fund?
N/A		3. Does the G.O. Debt Service Fund show only principle and Interest payments
x		4. Are contingencies shown only in operating funds?
x		5. Did budget committee approve the budget?
?		6. <a href="#">Did Budget committee set the levy?</a>
x		7. Does audit show the district was in compliance with budget law?

District has not documented Budget Committee action to approve the property tax rate for FY21, so staff is withholding certification recommendation until district provides that documentation.

**9. Highlights of the 2020-21 Budget to be published in TSCC Annual Report:**

- The FY21 budget is \$516,900, a decrease of \$12,100 (-2%) as the district aligns the water utility budget with the actual revenue and expenditures.
- Burlington Water District will increase customer’s water rates 20% at the beginning of FY21

**10. Local Budget Law Compliance:**

The 2020-21 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

**11. Certification Letter Recommendations and Objections:**

Pending receipt of budget committee action on property tax levy, staff recommends certification with no recommendations or objections.

# Burlington Water District

## Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Property Tax Breakdown:</b>					
Permanent Rate Property Taxes	127,202	137,996	137,800	135,700	-2%
<b>Total Property Taxes</b>	<b>127,202</b>	<b>137,996</b>	<b>137,800</b>	<b>135,700</b>	<b>-2%</b>
<b>Resources:</b>					
Beginning Fund Balance	139,344	102,033	130,000	130,000	0%
Property Taxes	127,202	137,996	137,800	135,700	-2%
Utilities	199,225	218,341	260,000	250,000	-4%
Other Income	2,234	2,898	1,200	1,200	0%
Transfers In	0	3,076	0	0	0%
<b>TOTAL RESOURCES</b>	<b>468,005</b>	<b>464,344</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>Requirements by Function:</b>					
Public Safety	120,546	129,662	137,800	135,700	-2%
Public Utilities Water System	179,580	126,109	123,800	171,620	39%
Debt Service	68,921	68,921	68,925	68,925	0%
Transfers Out	0	3,076	0	0	0%
Contingencies	0	0	110,000	110,000	0%
Ending Fund Balance	98,958	136,576	88,475	30,655	-65%
<b>TOTAL REQUIREMENTS</b>	<b>468,005</b>	<b>464,344</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>Requirements by Object:</b>					
Personnel Services	64,949	0	0	0	0%
Materials & Services	235,177	255,771	261,600	307,320	17%
Debt Service	68,921	68,921	68,925	68,925	0%
Fund Transfers	0	3,076	0	0	0%
Contingencies	0	0	110,000	110,000	0%
Ending Fund Balance	98,958	136,576	88,475	30,655	-65%
<b>TOTAL REQUIREMENTS</b>	<b>468,005</b>	<b>464,344</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	468,005	461,268	529,000	516,900	-2%
Fire Protection Fund	0	3,076	0	0	0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>468,005</b>	<b>464,344</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>DETAIL OF GENERAL FUND</b>					
<b>Resources:</b>					
Beginning Fund Balance	139,344	98,957	130,000	130,000	0%
Property Tax	127,202	137,996	137,800	135,700	-2%
Utilities	199,225	218,341	260,000	250,000	-4%
Other Income	2,234	2,898	1,200	1,200	0%
Transfers In	0	3,076	0	0	0%
<b>TOTAL FUND RESOURCES</b>	<b>468,005</b>	<b>461,268</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>Requirements:</b>					
Public Safety	120,546	129,662	137,800	135,700	-2%
Public Utilities Water System	179,580	126,109	123,800	171,620	39%
Debt Service	68,921	68,921	68,925	68,925	0%
Contingencies	0	0	110,000	110,000	0%
Ending Fund Balance	98,958	136,576	88,475	30,655	-65%
<b>TOTAL FUND REQUIREMENTS</b>	<b>468,005</b>	<b>461,268</b>	<b>529,000</b>	<b>516,900</b>	<b>-2%</b>
<b>BALANCE SHEET AS OF JUNE 30 EACH YEAR</b>					
	<b>2017-18</b>	<b>2018-19</b>			
<b>Assets:</b>					
Cash & Investments	102,034	136,577			
Fixed Assets	2,541,258	2,453,211			
<b>TOTAL ASSETS</b>	<b>2,643,292</b>	<b>2,589,788</b>			
<b>Liabilities and Equity:</b>					
Liabilities	1,315,563	1,259,797			
Equity	1,327,729	1,329,991			
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,643,292</b>	<b>2,589,788</b>			