

# Budget Review 2022-23

## Mid-Multnomah County Street Lighting Service District



### INTRODUCTION & BACKGROUND

Mid-Multnomah County Street Lighting Service District provides street lighting to the unincorporated areas of Multnomah County and the cities of Fairview, Maywood Park and Troutdale. The district operates as an enterprise fund, whereby it must generate revenues for operations by charging rates to recover all costs of providing services. This is accomplished through annual property assessments included on property tax bills.

The Multnomah County Board of Commissioners, who govern the district, established Mid-Multnomah County Street Lighting Service District. The district was organized in 1967 as Tulip Acres Lighting District. This district provides street lighting to the unincorporated urban areas of the county and cities of Maywood Park, Troutdale, and Fairview.

Mid-Multnomah County Street Lighting CSD	2018-19	2019-20	2020-21	2021-22
Assessment Per Year	\$60	\$60	\$60	\$70
Connections	7,929	7,934	7,895	7,885
Special Assessment Taxes Imposed	\$470,348	\$470,224	\$469,687	\$547,202

### STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The district does not report a strategic plan. However, they are investing resources to improve safety through street lighting in critical corridors within the east county communities they serve. Adequate lighting is paramount to making the streets safe for transportation.

### BUDGET OVERVIEW

Multnomah County's Department of Community Services manages the district's administration. The district has only the General Fund, budgeted at \$1,158,000, up by 12% from the current year. The increase results from funds carried forward due to unused capital funding and the construction of the 257<sup>th</sup> Avenue lighting project. These funds increased the beginning fund balance by 18%, or \$92,000 over the current year. Revenue for FY 23 will increase with the bump in tax assessments as the district builds capital resources to address planned current and future capital work. The Mid-Multnomah County Street Lighting District has set aside \$540,000 for design and construction activities to replace street lighting along 257<sup>th</sup>. Included in this budget is \$338,000 to support daily district operations.

### GENERAL FUND

#### RESOURCES

Special assessment taxes are the primary source of the district's revenue. With this budget the district increased annual taxes assessed from \$70 to \$75 per property. The agency is experiencing inflationary pressure, and this 7% increase is necessary to meet operational and capital needs. The growth is expected to net \$36,000 additional revenue and ensure the district can continue to deliver the same level of services. Total income expected from tax assessments is \$551,000. Other resources include beginning fund balance, interest on investments, and previous years' taxes. Total revenue of \$558,000 and a fund balance of \$600,000 will equal the requirements to balance the budget.

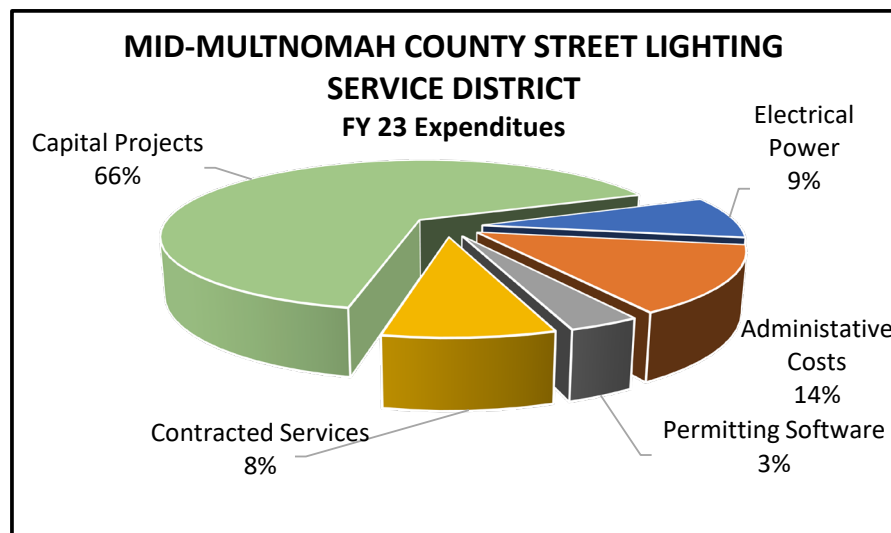
**REQUIREMENTS**

**Materials & Services and Capital Expenditures**

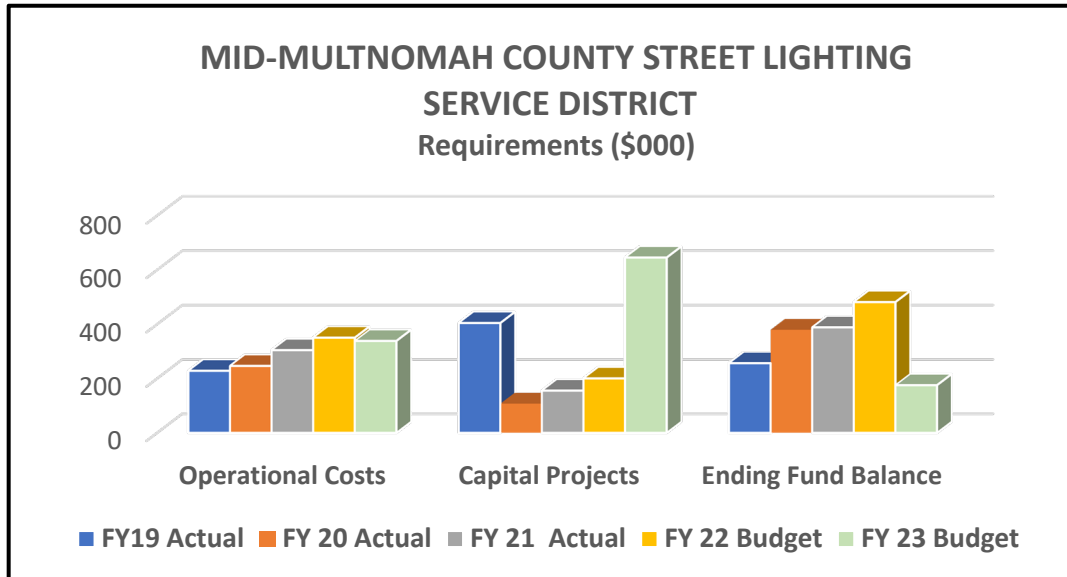
<b>MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT</b>					
<b>Requirements (\$000)</b>					
	<b>FY19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
Electrical Power	105	88	82	82	85
Administrative Costs	86	125	116	125	135
Permitting Software	0	0	17	45	35
Contracted Services	37	33	89	98	83
<b>Operational Costs</b>	<b>228</b>	<b>246</b>	<b>304</b>	<b>350</b>	<b>338</b>
Capital Projects	404	107	155	200	645
<b>Total Expenditures</b>	<b>632</b>	<b>353</b>	<b>459</b>	<b>550</b>	<b>983</b>
Ending Fund Balance	256	379	388	481	175
<b>Total Requirements</b>	<b>888</b>	<b>732</b>	<b>847</b>	<b>1031</b>	<b>1158</b>

Expenditures for operations are all **materials and services** since the district does not have employees but contracts with Multnomah County for the agency's administration.

The district has fundamentally changed its operations budget over the last six years. Originally the district owned the poles and street lights and contracted with PGE to provide energy and pole maintenance. In 2016, when the district started the conversion to LED street lights they also took over maintenance. Now PGE's only role is providing the electric power. The conversion project resulted in substantial savings in the cost of power. In 2017 the district paid \$114,000 for electricity. As shown above, this dropped to \$82,000 in FY 21 actual expenditures. Still, other costs increase as the district takes over responsibility (from Portland General Electric) for outage response, maintenance, and power pole knockdowns. In addition, administrative costs have increased from the "Pre-LED Project" years. The rise is due to the district's expanded role in managing the streetlights.



With complete ownership of the system, the district continues making improvements. For example, labels on each street light pole will make it easy for residents to report outages. In addition, the new permitting software will enhance maintenance and incident tracking, identifying problem areas.



The district has set aside \$545,000 to support the design and construction activities for street light enhancements along SW 257<sup>th</sup> Avenue. The service district will accomplish this in two phases. Phase One of this project will increase lighting levels just west of Columbia River Highway to SW Cherry Park Road. This phase started in October 2021 and is projected to be completed in 2024. Phase two will pick up at SW Cherry Park Road and extend to SW Stark Avenue. Mid-Multnomah County Lighting District will be working with the Multnomah County Department of Transportation and will be focused solely on street lighting and improving public safety.

Due to knockdown and equipment failures, the agency recognized \$100,000 to accommodate replacement poles, circuits, and lighting equipment.

The ending fund balance decreases 64% from \$481,000 to \$175,000 as the district spends down its reserves on the 257<sup>th</sup> Avenue streetlighting enhancements. This project is estimated to cost another \$100,000 in FY24.

**DEBT STATUS**

The district has no outstanding debt.

**BUDGET/STRATEGIC PLAN ALIGNMENT**

The district has no strategic plan/performance objectives but uses resources to help improve safety in the communities it serves through upgrades to street lighting in critical corridors.

## HIGHLIGHTS

- The total budget, consisting of only a General Fund, increased by \$127,000 or 12% to \$1,158,000 due to the increase in the fund balance carried forward from the current year and tax revenue.
- The annual property assessment for street lighting will increase from \$70 to \$75 per property allowing the district to meet the capital maintenance needs.
- Capital Projects in FY 23 will include \$545,000 for Phase One of the SW 257<sup>th</sup> Avenue Lighting Enhancement project.
- The district set aside \$100,000 in capital funds to support the replacement of poles, circuits, and lighting equipment due to knockdown or equipment failure and to address pole placement that has reached the end of usefulness.
- The ending fund balance is \$175,000. This amount is \$306,000 less (-64%) than the current year's ending balance as the district spends reserves to continue the 257<sup>th</sup> Avenue project.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
x		Did the district meet publication requirements?
x		Do resources equal requirements in every fund?
N/A		Does the GO Debt Service Fund show only principal and interest payments?
N/A		Are contingencies shown only in operating funds?
x		Did the budget committee approve the budget?
x		Did the budget committee approved the assessment?
x		Does the audit show the district was in compliance with budget law?

## LOCAL BUDGET LAW COMPLIANCE

The 2021-23 Budget is in substantial compliance with local budget law.

The audit report for the fiscal year 2020-2021 notes no exceptions.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2022-2023 budget or budget process, and we recommend the Certification Letter contain no recommendations or objections.

# Mid-County Lighting

## Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Resources:</b>					
Beginning Fund Balance	256,138	379,235	508,000	600,000	18%
Other Taxes	454,812	453,965	519,000	555,000	7%
Fees and Charges	1,614	2,192	0	0	0%
Other Income	20,331	10,968	4,000	3,000	-25%
<b>TOTAL RESOURCES</b>	<b>732,895</b>	<b>846,360</b>	<b>1,031,000</b>	<b>1,158,000</b>	<b>12%</b>
<b>Requirements by Function:</b>					
Streets Transportation and Parking	353,660	458,250	550,000	983,000	79%
Ending Fund Balance	379,235	388,110	481,000	175,000	-64%
<b>TOTAL REQUIREMENTS</b>	<b>732,895</b>	<b>846,360</b>	<b>1,031,000</b>	<b>1,158,000</b>	<b>12%</b>
<b>Requirements by Object:</b>					
Materials & Services	246,212	303,202	350,000	338,000	-3%
Capital Outlay	107,448	155,048	200,000	645,000	223%
Ending Fund Balance	379,235	388,110	481,000	175,000	-64%
<b>TOTAL REQUIREMENTS</b>	<b>732,895</b>	<b>846,360</b>	<b>1,031,000</b>	<b>1,158,000</b>	<b>12%</b>
<b>DETAIL OF GENERAL FUND</b>					
<b>Resources:</b>					
Beginning Fund Balance	256,138	379,235	508,000	600,000	18%
Other Taxes	454,812	453,965	519,000	555,000	7%
Fees and Charges	1,614	2,192	0	0	0%
Other Income	20,331	10,968	4,000	3,000	-25%
<b>TOTAL FUND RESOURCES</b>	<b>732,895</b>	<b>846,360</b>	<b>1,031,000</b>	<b>1,158,000</b>	<b>12%</b>
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