

Budget Review 2024-25

Mid-Multnomah County Street Lighting Service District



BUDGET HIGHLIGHTS

- The total budget, consisting of only a General Fund, increased by \$257,000 or 17.7% to \$1,750,000 due to the fund balance carried forward from the current year.
- The annual property assessment for street lighting will remain at \$75 a year per property, allowing the district to meet operational and capital maintenance needs.
- Capital Projects in FY 25 will include \$650,000 for the construction phase of the SW 257th 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 \$595,000, up 32.8% from current year, as the district builds up reserves for future capital projects.
- The district had an error in the FY 22-23 actuals in their budget; this does not impact any of the analysis in the review but staff is recommending a note in the certification letter (see Budget Law Compliance section for details).

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 service costs. 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. The 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	2020-21	2021-22	2022-23	2023-24
Assessment Per Year	\$60	\$70	\$75	\$75
Connections	7,895	7,885	7,876	7,876
Special Assessment Taxes Imposed	\$469,687	\$547,202	\$585,888	\$591,027

BUDGET OVERVIEW

Multnomah County's Department of Community Services manages the district's administration. The district has only the General Fund, budgeted at \$1,705,000, up 17.7% from the current year. The increase results from funds carried forward due to unused capital funding. The funds increased the beginning fund balance by 29.1%, or \$257K, over the current year. The district moves into the construction phase with \$650,000 budgeted for the street light replacement projects on SW 25th Avenue. Included in this budget is \$360K to support daily district operations.

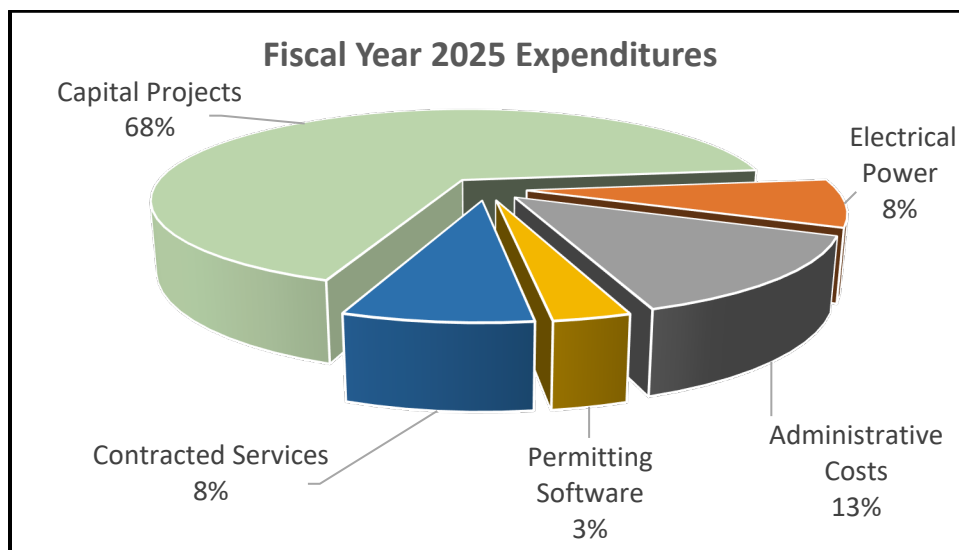
GENERAL FUND
RESOURCES

Special assessment taxes are the primary source of the district's revenue. With this budget, the district tax assessments remain flat at \$555K since the annual rate will stay the same as in the current year, \$75 per property. The current rate still provides ample revenue so the district can continue delivering the same services. Other resources include beginning fund balance, interest on investments, and previous years' taxes. Total revenue of \$565,000 and a fund balance of \$1.14 million equal the requirements and balance the budget.

REQUIREMENTS

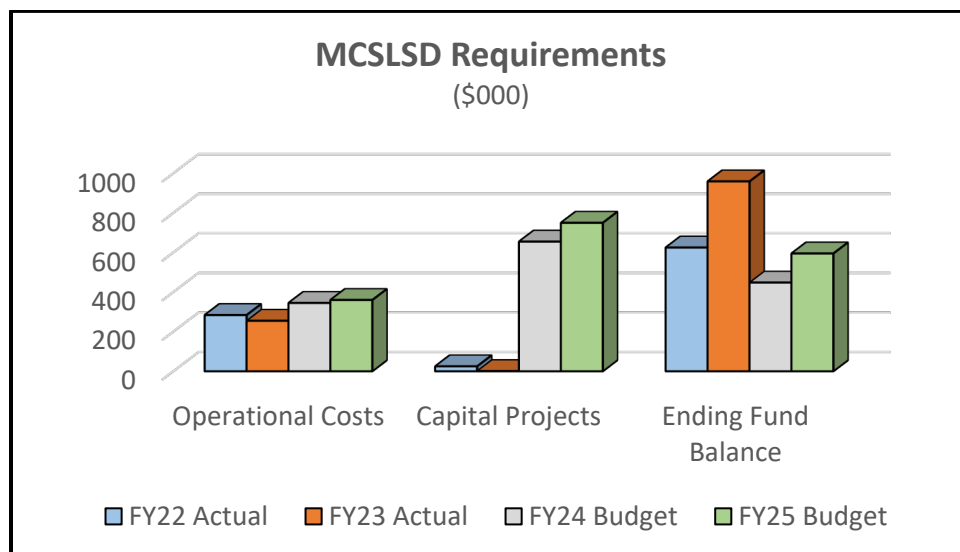
Mid-Multnomah County Street Lighting Service District						
	Total Requirements (\$000)					
	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
	Actual	Actual	Actual	Actual	Budget	Budget
Electrical Power	88	82	82	80	85	90
Administrative Costs	125	116	159	122	135	150
Permitting Software	0	17	17	18	42	35
Contracted Services	33	89	26	36	83	85
Operational Costs	246	304	284	255	345	360
Capital Projects	107	155	25	1	655	750
Total Expenditures	353	459	309	256	1,000	1,110
Ending Fund Balance	379	388	625	959	448	595
Total Requirements	732	847	934	1,215	1,448	1,705

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



The Mid-Multnomah County Street Lighting Service District has fundamentally changed its operations budget over the last seven years. Initially, the district owned the poles and street lights and contracted with PGE for energy and pole maintenance. In 2016, when the service district converted to LED street lights, they also took over maintenance. Now PGE's only role is to provide electric power. The conversion project resulted in substantial savings in the cost of energy. In 2017 the district paid \$114,000 for electricity. As shown in the table on the previous page, this dropped to \$82,000 in FY 21 actual expenditures for power. 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 permitting software enhances incident tracking and identifying problem areas.



The district has set aside \$650,000 to support construction activities for street light enhancements along SW 257th 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 was projected to be completed in 2024; the district anticipates work will be completed by the end of FY 2025. Phase two will pick up at SW Cherry Park Road and extend to SW Stark Avenue. Mid-Multnomah County Lighting District will work with the Multnomah County Department of Transportation and focus solely on street lighting and improving public safety.

Due to knockdown and equipment failures, the agency budgeted \$100,000 to accommodate replacement poles, circuits, and lighting equipment, just as they had in current year.

The ending fund balance increases 32.8% from \$448,000 to \$595,000 as the district builds reserves to support future capital activities.

DEBT STATUS

The district has no outstanding debt.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Did the budget committee approve the budget?
X		Does the audit show the district was in compliance with budget law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2024-25 Approved Budget is in substantial compliance with local budget law, with the exception of FY 2023 Actuals printed in their budget document. Budget law states that all funds must balance, but resources are \$961,565 more than requirements in FY 2023 in the Approved Budget document.

The audit report for the FY 2022-23 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2024-25 Approved budget or budget process, with two exceptions: FY 2023 actuals were out of balance and the LB-1 had incorrect numbers listed for FY 22-23. Accuracy in prior year numbers are important for showing the community accurate and comparable numbers and demonstrating compliance with budget law, especially in a small budget. District staff immediately corrected the issue after TSCC noted the needed changes; however the budget had already been formerly approved with the errors. Therefore, we recommend the Certification Letter contain one recommendation and no objections:

The budget as approved was out of balance for the listed FY 22-23 actuals, a calculation error. We advised the district to correct the budget document before budget adoption for accuracy and transparency with the public, and they quickly compiled. Once the Proposed budget document is approved, it cannot be changed to fix errors, but any typographical or calculation errors can easily be fixed between the Approved and Adopted versions of the budget. Therefore, we recommend the district finalize and note the corrections to the Board prior to budget adoption to ensure transparency with the public throughout the process.

Mid-County Lighting					
Budget Summary					
	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
TOTAL PROPERTY TAX	0	0	0	0	0.0%
RESOURCES:					
Beginning Fund Balance	388,109	624,722	883,000	1,140,000	29.1%
Other Taxes	532,234	564,874	555,000	555,000	0.0%
Fees and Charges	8,051	2,338	0	0	0.0%
Other Income	5,956	25,560	10,000	10,000	0.0%
TOTAL RESOURCES	934,350	1,217,494	1,448,000	1,705,000	17.7%
REQUIREMENTS BY OBJECT:					
Materials & Services	284,408	254,928	345,000	360,000	4.3%
Capital Outlay	25,220	1,001	655,000	750,000	14.5%
Ending Fund Balance	624,722	0	448,000	595,000	32.8%
TOTAL REQUIREMENTS BY OBJECT	934,350	255,929	1,448,000	1,705,000	17.7%

This district has only one fund ~ The General Fund.