

ARCH CAPE WATER & SANITARY DISTRICTS BUDGET COMMITTEE - FISCAL 2017 – 2018 DRAFT MINUTES

5 May 2017

The following members were present on behalf of their respective districts.

Water District: Virginia Birkby, Director – President
Debra Birkby, Director - Treasurer
Dan Seifer, Director
Cathy D’Onofrio, Arch Cape Community
Richard D’Onofrio, Arch Cape Community
Diane Matson, Arch Cape Community
Mike Wood, Arch Cape Community

Excused Absent Ron Schiffman, Director

Sanitary District: Darr Tindall, Director - President
Virginia Birkby, Director - Vice-President
Debra Birkby, Director - Treasurer
Casey Short, Director
Cathy D’Onofrio, Arch Cape Community
Richard D’Onofrio, Arch Cape Community
Diane Matson, Arch Cape Community
Mike Wood, Arch Cape Community

Excused Absent Ron Schiffman, Director

Staff: Phil Chick, District Manager
Steve Hill, Secretary

Mr. Casey Short, Budget Committee Chairman, reconvened the meeting at 4:03pm.

April 21st Budget Committee Meeting Minutes: Moved to the May 19th meeting at 4:00pm.

Consideration of Proposed 2017-18 Fiscal Budgets: Mr. Chick and Mr. Hill explained the changes highlighted in yellow which comprised version 2 of the proposed budget reflecting adjustments from the April 21st meeting. The expectation is for a budget committee recommendation for a 2017-18 Fiscal Budget adoption including final adoption of any recommended resolution revising rates at the May 19, 2017 regular meetings.

Water District: Version 2 of the proposed budget was reviewed first to confirm general plan assumptions, review recommended capital expenditures and consider respective cash flows without a rate adjustment. This was followed by review of the updated Long Range Financial Plan (LRFP).

All changes to the proposed budget are to be reflected in the version 3 column for the May 19th meeting.

- Add Total Revenue line in the proposed plan to include funds transferred from the Sanitary District.
- Add expected revenue from sale of the truck.
- Reduce Vehicle expense budget from \$6,000 to \$5,000 in anticipated maintenance savings following new truck purchase.
- Add Total Expense line in the requirements section to include anticipated capital outlay.
- Mr. Hill to confirm use of proposed plan numbers to the LRFP.
- An additional \$900 was added to the maintenance budget in response to a request from Mr. Chick to cover an anticipated regulatory requirement recently made known to him for Long Term 2 (LT2) Enhanced Surface Water Treatment rule testing for the district imposed by the Oregon Health Authority.
- Interest was expressed in establishing a watershed expense budget. Staff was directed to look into what ongoing watershed improvement expenses could be forecast in future years.
- A math check on the LRFP revenue over/(under) expense line and a clear understanding of future cash flow impacts of the proposed budget and rate structure was requested.
- Elimination of abbreviations where possible was sought.

Sanitary District: Version 2 of the proposed budget was reviewed first to confirm general plan assumptions, review recommended capital expenditures and consider respective cash flows without a rate adjustment. This was followed by review of the updated Long Range Financial Plan (LRFP).

All changes to the proposed budget are to be reflected in the version 3 column for the May 19th meeting.

- Staff to work with Ms. Tindall in contacting the Arch Cape – Falcon Cove Beach Community Club in determining interest in helping fund emergency sanitation for the district.
- Imposition of tax to service the general obligation bonds was changed from \$134,600 to \$140,000 with an expected reserve in the following year of approximately \$4,000.
- Adjustment of total expense line in requirements section similar to that done in the Water District.
- Inflow & Infiltration discussion focused upon whether to smoke test the entire district or just a part. Mr. Chick indicated that his earlier projection of \$0.45/foot of line tested had been reduced to about half that amount and was recommending a test of the entire district for about \$4,500. There was a general consensus to determine how extensive the problem of broken lateral connections and drain water ties to the collection system were.

Mr. Seifer indicated that he would be unable to attend the next Budget Committee meeting on May 19th but expressed full confidence in the committee's future recommendations to the respective Boards.

2017-18 Budget Public Hearing: Mr. Short opened the public hearing at 5:55pm to take comments or questions from the public and hearing none closed the hearing at 5:57pm.

The meeting was recessed by Mr. Casey Short at 5:58pm to be reconvened at 4:00pm May 19, 2017.

Respectfully submitted,



Steve Hill

Attest 
Mr. Casey Short, Committee Chairman

**ARCH CAPE SANITARY DISTRICT
FY 2017-18 FINAL BUDGET
GENERAL FUND**

2014-15 ACTUAL	2015-16 ACTUAL	2016-17 ADOPTED	2016-17 EOY PROJ	SANITARY RESOURCES	2017-18 PROP (ver1)	2017-18 RECOM (ver2)	2017-18 FINAL (ver3)
BEGINNING BALANCE							
160,744	281,414	278,983	353,438	Undesignated Balance	362,217	362,217	362,217
				Capital Reserve			
		21,300		Operating Reserve			
				Bonded Debt Reserve			
160,744	281,414	300,283	353,438	TOTAL BEGINNING BALANCE	362,217	362,217	362,217
REVENUE							
201,348	206,925	230,139	226,098	User Fees	232,206		
23,063	32,226	24,000	18,266	Excess Usage Charges	15,000		
51,783	54,161	54,228	53,890	Debt Service Surcharges	53,890		
3,000	3,225	3,467	3,300	WD Facilities Use Charges	3,300		
155,289	142,955	134,600	132,378	Property Tax Receipts	134,600		
1,120	1,531	800	2,764	Interest	2,764		
9,654			149	Miscellaneous			
445,257	441,023	447,235	436,845	TOTAL REVENUE	441,760	0	0
606,001	722,437	747,518	790,283	TOTAL RESOURCES	803,977	362,217	362,217

Received	Sanitary District Accounts	Base Rate
99%	337	\$174.00
		232,206
	Debt Svc Rate	
	337	\$41.00
		54,715
	Total Rate	\$215.00

ARCH CAPE SANITARY DISTRICT
 FY 2017-18 FINAL BUDGET
 GENERAL FUND

2014-15 ACTUAL	2015-16 ACTUAL	2016-17 ADOPTED	2016-17 EOY PROJ	2017-18 PROP (ver1)	2017-18 RECOM (ver2)	2017-18 FINAL (ver3)
EXPENDITURES						
PERSONNEL SERVICES						
0	0	0	0	0	0	0
MATERIALS & SERVICES						
108,690	105,498	119,326	123,140	128,211		0
10,797	10,269	11,000	10,657	11,550		
2,516	2,260	2,300	2,678	2,800		
32,052	14,612	30,000	30,020	30,000		
5,518	4,124	5,000	4,671	5,500		
0	0	1,000	1,000	10,000		
914	1,114	1,100	991	1,100		
7,365	6,145	6,000	4,710	6,000		
3,330	3,280	2,800	2,180	2,450		
1,007	820	2,500	1,500	2,500		
95	382	700	600	700		
48,303	43,683	49,000	46,659	49,000		
220,587	192,187	230,726	228,816	249,811	0	0
220,587	192,187	230,726	228,816	249,811	0	0
DEBT SERVICE						
15,783	16,010	15,948	15,948	15,885		
19,319	19,319	19,319	19,319	19,319		
144,600	144,600	144,600	144,600	144,600		
19,383	19,383	19,383	19,383	19,383		
199,085	199,312	199,250	199,250	199,187	0	0
419,672	391,500	429,976	428,066	448,998	0	0
CONTINGENCY & ENDING BALANCE						
CONTINGENCY						
		45,000	45,000	25,000		
UNAPPROPRIATED BALANCE						
		20,000	20,000	20,000		
		5,000	5,000	5,000		
		15,256	15,256	15,256		
186,328	330,937	232,285	276,961	289,723	362,217	362,217
186,328	330,937	272,541	317,217	329,979	362,217	362,217
186,328	330,937	317,541	362,217	354,979	362,217	362,217
TOTAL UNAPPROPRIATED BALANCE						
		474,976	474,976	473,998	0	0
TOTAL APPROPRIATED BAL.						
606,001	722,437	747,518	790,283	803,977	362,217	362,217
TOTAL REQUIREMENTS						
0	0	0	0	0	0	0
RESOURCES UNDER/(OVER) REQUIREMENTS						

10% of Oper Exp

**ARCH CAPE SANITARY DISTRICT
FY 2017-18 FINAL BUDGET
CAPITAL FUND**

2014-15 ACTUAL	2015-16 ACTUAL	2016-17 ADOPTED	2016-17 EOY PROJ	SD CAPITAL RESOURCES	2017-18 PROP (ver1)	2017-18 RECOM (ver2)	2017-18 FINAL (ver3)
BEGINNING BALANCE							
29,236	38,630	61,088	61,088	Undesignated Balance Project Reserve Debt Service Reserve	76,280	76,280	76,280
29,236	38,630	61,088	61,088	TOTAL BEGINNING BALANCE	76,280	76,280	76,280
REVENUE							
244,265				Loan Proceeds Bond Proceeds SDC Revenue Other Interest on Investments Miscellaneous	15,192	15,192	15,192
	22,458	15,192	15,192				
244,265	22,458	15,192	15,192	TOTAL REVENUE	15,192	15,192	15,192
273,501	61,088	76,280	76,280	TOTAL RESOURCES	91,472	91,472	91,472

**ARCH CAPE SANITARY DISTRICT
FY 2017-18 FINAL BUDGET
CAPITAL FUND**

2014-15 ACTUAL	2015-16 ACTUAL	2016-17 ADOPTED	2016-17 EOY PROJ	SANITARY CAPITAL REQUIREMENTS	2017-18 PROP (ver1)	2017-18 RECOM (ver2)	2017-18 FINAL (ver3)
EXPENDITURES							
CAPITAL OUTLAY							
249,031				Inflow & Infiltration Sally's Alley SMU New Service Other			
249,031	0	0	0	TOTAL CAPITAL	0	0	0
CONTINGENCY & ENDING BALANCE							
CONTINGENCY							
0	0	76,280	76,280	CONTINGENCY	91,472	91,472	91,472
UNAPPROPRIATED BALANCE							
				Project Reserve			
				Project Reserve			
24,470	61,088			Undesignated			
24,470	61,088	0	0	TOTAL UNAPPROPRIATED BALANCE	0	0	0
24,470	61,088	76,280	76,280	TOTAL CONTING. & UNAPP. BALANCE	91,472	91,472	91,472
TOTAL APPROPRIATED BALANCE							
				TOTAL APPROPRIATED BALANCE	91,472	91,472	91,472
273,501	61,088	76,280	76,280	TOTAL REQUIREMENTS	91,472	91,472	91,472
0	0	0	0	RESOURCES UNDER/(OVER) REQUIREMENTS	0	0	0

ARCH CAPE SANITARY DISTRICT LONG RANGE FINANCIAL PLAN

KEY ASSUMPTIONS:

- 2 Hookups per year
- Expense allocation: Blended 55.5% Sanitary
- Expense growth: 2% growing to 4%
- Rates adjusted to retain approximately 1/6th Op Ex on hand
- Payoff of Irrigation loan : 2023-24 & reduction of debt service from \$41 to \$32 per quarter in the billing rate
- Transfer from Gen Fund to Capital Fund:
 - \$20K : 2017-18
 - \$296K : 2019-20
 - \$60K : 2022-23
- User rates adjusted for Op Ex needs and Capital Expenses
 - Rate increased to \$225 : 2018-19
 - Rate increased to \$236 : 2021-22

EXPECTED FUTURE CAPITAL EXPENDITURE:

- \$20K Truck : 2017-18
- \$16K SCADA Upgrade : 2019-20
- \$60K Web Lift Station Upgrade : 2019-20
- \$335K Phase One Membrane : 2019-20
- \$110K Phase Two Membrane : 2022-23

**ARCH CAPE SANITARY DISTRICT
LONG RANGE FINANCIAL PLAN**

SANITARY DISTRICT - GENERAL FUND												
ASSUMPTIONS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
GENERAL INFLATION			2.0%	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	4.0%	4.0%
CONTINGENCY												
HOOKUPS	336	338	340	342	344	346	348	350	352	354	356	
Change in Hookups	2	2	2	2	2	2	2	2	2	2	2	2
System Development Charge	7,596	7,596	7,596	7,596	7,596	7,596	7,596	7,596	7,596	7,596	7,596	7,596
Excess usage Charge % of User Fees	8.1%	6.4%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
15% of expenditures is budgeted; assume 20% of that amount is spent per year												
SD Quarterly User Rates	215	215	225	225	225	236	236	236	236	236	236	236
Usage charges	174	174	184	184	184	195	195	204	204	204	204	204
Debt service surcharges	41	41	41	41	41	41	41	32	32	32	32	32
Annual increase - Total	0%	0.0%	4.7%	0.0%	0.0%	5%	0%	0%	0%	0%	0%	0%
Annual increase - Usage chg. Only	0%	0.0%	5.7%	0.0%	0.0%	6%	0%	5%	0%	0%	0%	0%
PROJECTED												
	Act	EOY PROJ										
RESOURCES	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
BEGINNING BALANCE	281,414	353,438	362,217	332,362	358,314	83,749	100,512	128,891	91,061	120,395	143,118	156,103
REVENUE												
USER FEES	206,925	226,098	232,896	250,240	251,712	253,184	269,880	271,440	285,600	287,232	288,864	290,496
EXCESS USAGE CHARGES	32,226	18,266	15,010	20,019	20,137	20,255	21,590	21,715	22,848	22,979	23,109	23,240
FEE SURCHARGE FOR DEBT	54,161	53,890	54,199	54,199	54,199	54,199	54,199	54,199	38,703	38,703	38,703	38,703
PROPERTY TAX RECEIPTS	142,955	132,378	134,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
OTHER	4,756	6,213	6,337	6,496	6,658	6,825	6,995	7,205	7,421	7,644	7,950	8,268
TOTAL REVENUE	441,023	436,845	443,042	475,554	477,306	479,062	497,265	499,159	499,172	501,157	503,226	505,306
ADDITIONAL DEBT/GRANTS												
Membrane Replacement												
TOTAL ADDITIONAL DEBT	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESOURCES	722,437	790,283	805,259	807,916	835,620	562,811	597,777	628,050	590,233	621,552	646,343	661,410

**ARCH CAPE SANITARY DISTRICT
LONG RANGE FINANCIAL PLAN**

REQUIREMENTS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
EXPENDITURES												
MATERIALS & SVCS												
WD IGA CHARGES	105,498	123,140	127,613	126,363	129,522	132,760	136,079	140,162	144,367	148,697	154,645	160,831
MAINTENANCE & CHEMICALS	18,736	34,691	35,385	36,269	37,176	38,106	39,058	40,230	41,437	42,680	44,387	46,163
UTILITIES	43,683	46,669	49,000	50,225	51,481	52,768	54,087	55,709	57,381	59,102	61,466	63,925
GEN'L & ADMINISTRATIVE	24,270	24,317	37,100	33,028	33,853	34,700	35,567	36,634	37,733	38,865	40,420	42,036
TOTAL M&S	192,187	228,816	249,098	245,885	252,032	258,333	264,791	272,735	280,917	289,345	300,918	312,955
DEBT SERVICE	54,713	54,650	54,199	54,199	54,199	54,199	54,199	54,199	54,199	54,199	54,199	54,199
USDA PLANT UPGRADE - GO BONDS	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
CONTINGENCY		45,000	25,000	24,589	25,203	25,833	26,479	27,274	28,092	28,934	30,092	31,296
CONTINGENCY (amt. spent @ 20%/yr)			5,000	4,918	5,041	5,167	5,296	5,455	5,618	5,787	6,018	6,259
TOTAL OPERATING EXPENDITURES	391,500	428,066	452,897	449,602	455,872	462,299	468,886	476,989	469,838	478,435	490,240	502,517
TRANSFER TO CAPITAL FUND	0	0	20,000	0	296,000	0	0	60,000	0	0	0	0
CONTINGENCY		45,000	25,000	24,589	25,203	25,833	26,479	27,274	28,092	28,934	30,092	31,296
DESIGNATED RESERVES		25,256	40,256	20,256	20,256	20,256	20,256	20,256	5,000	5,000	5,000	5,000
UNDESIGNATED		291,961	267,106	313,470	38,289	54,423	82,155	43,531	87,303	109,183	121,012	122,597
CONTING. + ENDING BALANCE	330,937	362,217	332,362	358,314	83,749	100,512	128,891	91,061	120,395	143,118	156,103	158,892
TOTAL REQUIREMENTS	722,437	790,283	805,259	807,916	835,620	562,811	597,777	628,050	590,233	621,552	646,343	661,410
REVENUE OVER/(UNDER) EXPENDS	49,523	8,779	(9,855)	25,952	21,434	16,764	28,378	22,170	29,334	22,723	12,986	2,789

LIQUIDITY REQUIREMENT: 1/6 OP EXP		71,344	75,483	74,934	75,979	77,050	78,148	79,498	78,306	79,739	81,707	83,753
ENDING BALANCE MINUS LIQUIDITY REQ.		290,873	256,880	283,381	7,770	23,462	50,743	11,563	42,088	63,378	74,397	75,139

ENDING BALANCE (Capital) 61,088 76,280 91,472 106,664 6,856 22,048 37,240 2,432 17,624 32,816 48,008 63,200

**ARCH CAPE SANITARY DISTRICT
LONG RANGE FINANCIAL PLAN**

SANITARY DISTRICT - CAPITAL FUND													
	Act	PROJECTED											
		EOY PROJ	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
RESOURCES													
BEGINNING BALANCE	38,630	61,088	76,280	91,472	106,664	6,856	22,048	37,240	17,624	2,432	17,624	32,816	48,008
REVENUE													
SDC REVENUE	22,458	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192
TOTAL REVENUE	22,458	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192	15,192
TRANSFER FROM GENERAL FUND	0	0	20,000	0	296,000	0	0	60,000	0	0	0	0	0
TOTAL RESOURCES	61,088	76,280	111,472	106,664	417,856	22,048	37,240	112,432	17,624	32,816	48,008	63,200	
REQUIREMENTS													
EXPENDITURES													
Membrane Replacement					335,000			110,000					
SCADA Upgrade					16,000								
Truck			20,000										
Webb Station Upgrade					60,000								
TOTAL EXPENDITURES	0	0	20,000	0	411,000	0	0	110,000	0	0	0	0	
ENDING BALANCE	61,088	76,280	91,472	106,664	6,856	22,048	37,240	2,432	17,624	32,816	48,008	63,200	
TOTAL REQUIREMENTS	61,088	76,280	111,472	106,664	417,856	22,048	37,240	112,432	17,624	32,816	48,008	63,200	
REVENUE OVER/(UNDER) EXPENDS	22,458	15,192	(4,808)	15,192	(395,808)	15,192	15,192	(94,808)	15,192	15,192	15,192	15,192	

SANITARY DISTRICT - G.O. DEBT SVC													
	Act	PROJECTED											
		EOY PROJ	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
RESOURCES													
BEGINNING BALANCE	21,199	19,574	7,899	7,899	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)
REVENUE													
PROPERTY TAXES	142,975	132,925	134,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
TOTAL REVENUE	142,975	132,925	134,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
TOTAL RESOURCES	164,174	152,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499
REQUIREMENTS													
EXPENDITURES	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
ENDING BALANCE	19,574	7,899	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)	(2,101)
TOTAL REQUIREMENTS	164,174	152,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499	142,499