

BURLINGTON WATER DISTRICT

Manager: Hiland Water - P.O. Box 699 Newberg, OR 97132 Phone: 503-554-8333; 1-855-554-8333 (TF)
Internet: BWD Website <https://burlingtonwater.specialdistrict.org/>

BURLINGTON WATER DISTRICT FY 2020-2021 MANAGEMENT'S COMMENTS AND BUDGET MESSAGE

April 15, 2020

General Comments

Burlington Water District receives revenue from water sales for operations and loan payments. The District receives tax revenues from properties within the District boundaries for the purpose of contracting with other agencies for fire protection. The overall financial position is sound.

Results of Operations

Operations include but are not limited to system maintenance and monitoring for water use and loss.

Significant Transactions

In the year 2015 the District completed the installation of a new 400,000-gallon steel bolted reservoir, 2 new booster pumps, updated the pump station with modern more reliable controls between the pump station and the reservoir and replaced one mile of 10-inch water main pipe along Highway 30. A loan through Oregon Infrastructure Finance Authority in the amount of \$958,700 paid for the cost. The District makes annual payments on this 30-year loan at 1% interest. The new system is running efficiently as expected.

Infrastructure

1. One 400,000-gallon steel bolted glass fused reservoir.
2. Approximately twelve miles of 4", 6", 8", and 10" ductile iron and PVC pipes.
3. Approximately 30 in-service fire hydrants.
4. Two high volume pumps with advanced controls withing the District's pump station connecting Burlington Water District to Portland Water (the District's water supplier).
5. Updated telemetry communication and alarm system between the pump station and the reservoir.
6. In budget year 2017/18 fire hydrants on Marina Way and Mill Road were replaced with hydrants that include break-off check valves. These hydrants were susceptible to improperly parked boat trailers.

Other Assets

1. Tools and equipment with a value of approximately \$5,000
2. A shipping/storage container
3. Small but adequate inventory of repair material

Economic Factors

The cost of wholesale water and fire protection contracts has steadily risen and this cost must be passed on to the consumer. Burlington Water District purchases its water from Portland Water

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Bureau (PWB). PWB has projected a significant increase in water costs over the next 10 years, due to required infrastructure costs on their part (i.e., building a filtration plant, constructing water lines to and from the filtration plant, and rebuilding, repairing and covering reservoirs).

Budget

The budget for the fiscal year 2020-2021 for the Burlington Water District (BWD), a municipal corporation, contains estimates and appropriations for one fund: The General Fund. The budget contains no staff positions, as the District is exclusively utilizing contracted services.

Due to Measure 50, the District has a permanent tax rate limit of 3.4269 per \$1,000 of assessed value. The assessed value of the District by the Multnomah County Assessor's Office was \$40,652,560 in 2019-2020. The assessed value is estimated to increase by 2 percent to \$41,465,611 in 2020-2021. The District will levy its entire \$3.4269 rate. After reductions, discounts and amounts not to be received (approximately 5 percent), it is estimated that the District will receive \$135,700.

The District expects to have about \$130,000 in cash that will carry forward from 2019-2020 to 2020-2021. Water Sales in the General Fund is estimated to bring in \$250,000, consistent with prior years.

Resources

Burlington Water District purchases its water from the City of Portland's Water Bureau and the contract amount is based on BWD's highest daily water use during each year. The general income provides for District expenditures, aids in covering the cost of fire protection, aids in building the District's reserves and also aids in water management and loss.

The District receives tax revenues from properties within the District boundaries for the purpose of contracting with other agencies for fire protection. Currently Scappoose, Sauvie Island, and Tualatin Valley Fire Departments do not have the staffing necessary to offer a contract with the District for their fire protection service. The District will continue to monitor the availability with those departments for the possibility of a more reasonable fire protection rate for future services. Fire Protection tax levy and program expenditures for the 2020-2021 year are expected to be \$135,700. By terms of previous contracts, one-half of the payment will be due by December 31, 2020, and payment in full by June 1, 2021.

Personnel

Burlington Water District (BWD) is governed by a volunteer Board of Commissioners. BWD does not currently have employees.

Contracted Services Expenditures

BWD has contracted with Hiland Water Corporation for customer service, reading water meters, billing statements, and collection of payments. Also, Hiland Water is responsible for system management and maintenance of the water lines. Hiland Water is reimbursed on a monthly basis. Daniel Zimmerman, working through Hiland, has been contracted to maintain the District's financial

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accounting and other office management duties as required. Mr. Zimmerman is reimbursed on a monthly basis. Dennis Conner, CPA, has been contracted to perform external audits annually.

Materials and Services Expenditures

Portland Water continues to increase their water sale prices. BWD has been informed that the add-on infrastructure and projected new water filtration costs will cause the water sale prices to increase annually from \$1.742 per ccf in 2019-2020 to as high as \$5.094 per ccf in 2024-2025, and the increase will affect every rate payer. The District has factored in the projected water purchase increase for the coming years, and will be raising rates accordingly.

Capital Expenditures

In light of the increase in water prices, it is imperative that the District start the process to upgrade some areas to prevent water losses. The District will evaluate options and cost to replace Riverview Drive's failing main water line, including exploring grant opportunities using an engineering consulting firm. The District will also confirm the need and cost to replace a potentially failing line across Highway 30 at Cornelius pass. The District needs to factor in building its reserves for these projects.

The District will continue to strive to contain costs while improving service levels.

Contacting the District's Financial Management

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about this report or need additional financial information, please contact Hiland Water Corporation at 503-554-8333; 1-855-554-8333 (TF).