

March 23, 2022

To the Gleneden Sanitary District Directors and Budget Committee Members:

The following is an explanation of certain line and category figures that you might question regarding the budget. The budget is built based on the Actual Historical Data from the District's Audit and researching the current year's resources, requirements and economic projections. These figures are estimates and made in "good faith".

## **GENERAL FUND**

### **Resources**

User fees increased due to restrictions being lifted from the Covid Pandemic and a rate increase effective October, 2021. User fees allow the District to meet their obligations in the Contract to the K-GB-LB Water District for operations, maintenance and compliance of the collection system and the City of Depoe Bay for the treatment of sewage, capital projects and their plant upgrade.

New Services remain the same due to the lack of new development.

Interest for government entities is at an all-time low with the economy in question. The highest yield is from the Local Government Investment Pool in which the District has the majority of funds deposited.

## **GENERAL FUND**

### **Requirements**

#### **Material & Services**

This category stayed relatively the same. There are small increases in most line items to account for the current economic inflation but a decrease in I&I reduction due to the repair schedule for this year.

#### **Capital Outlay**

The Stations/Upgrades/Plant line item increased significantly due to the continuation of the Waste Water Treatment Facilities Plan that will be moving to the next stages of planning as the District also attempts to find alternative solutions with the City of Depoe Bay. The majority of this line item is anticipated to be paid towards engineering costs to continue this next phase of planning in the construction of a new sewer treatment plant for Gleneden Sanitary District customers.

The pump station and force main improvements project is slated for completion early in the new fiscal year. The new annual loan payment to Department of Environmental Quality has been added to Capital Outlay.

All other line items will remain the same.

#### **Professional Fees**

Legal Fees increased significantly due to the anticipated costs of arbitration with the City of Depoe Bay. Audit/Accounting increased slightly due to the three-year proposal. General engineering remained the same.

### Contract Services

Contract services decreased slightly due to the City of Depoe Bay giving a termination notice of our Contract. Gleneden Sanitary District has previously paid for capital improvements to the City of Depoe Bay. A letter was mailed with the March billings to our customers regarding the termination letter the District received. It is also posted on the Gleneden Sanitary website.

K-GB-LB Contract increased due to the set percentages for operations defined in the shared accounting structure. This increase is due to the cost of living average and other increases for material and services. The Contract with the K-GB-LB Water District is for operations and maintenance and does not include any capital outlay due to the two Districts being completely separate entities. The contract increased by 6.5% from last year.

Contingency was increased due to the unknowns in the Waste Water Treatment Facilities Plan for a new treatment plant and the continued inflation.

### **CONSTRUCTION FUND**

This fund has been utilized for the pump station and force main improvements and the Clean Water State Revolving Fund loan from the Department of Environmental Quality. The majority of completion has taken place in fiscal year 21/22 with minor completion taking place in fiscal year 22/23. This has caused a significant decrease in the budget. Once complete, the annual loan payment to DEQ will be paid through the General Fund under Capital Outlay.

### **SDC IMPROVEMENT & SDC REIMBURSEMENT**

The SDC Improvement Fund increased significantly from last fiscal year and will be utilized for pump station control upgrades that are not part of the Clean Water State Revolving Fund loan from the Department of Environmental Quality. Control upgrades are expected to happen at S. Coronado, Holiday Hills, Palisades and Rush Place.

SDC Reimbursement remained the same.

### **RESERVE FUND**

This fund is at the required amount from DEQ and remains the same.

The overall budget (all funds) decreased by **54.3%** for this fiscal year.