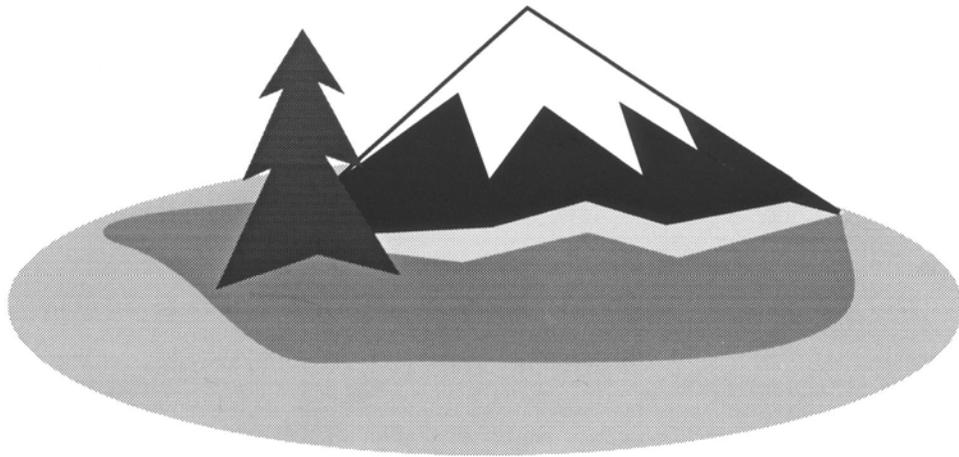


**PROPOSED
BUDGET DOCUMENT
BN 2015-2017**



Clackamas River Water

Prepared by:

Clackamas River Water Staff

Lee E. Moore, Sr., General Manager

Carol Bryck, Chief Financial Officer/Budget Officer

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Clackamas River Water

Citizen Members:

Pat Russell

Gary Kerr

William Blanas

Paul Arro

Nick Theil

Budget Committee Meeting

Thursday April 23, 2015

6:00 p.m.

Board Members:

Larry Sowa

Ken Humberston

Hugh Kalani

David McNeel

Grafton L. Sterling

A G E N D A

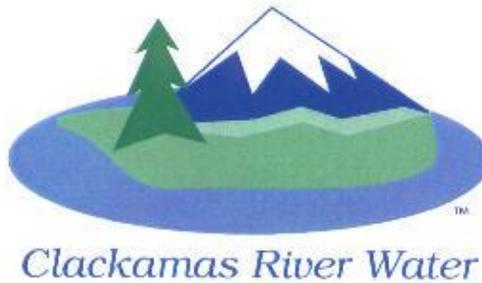
- 1. Call to Order** *Board President*
- 2. Introductions** *All*
- 3. Election of Chair and Vice Chair of the Budget Committee** *Committee*
- 4. *Approve Minutes of May 15, 2014** *Committee*
- 5. Budget Committee Process (governance)** *Committee*
- 6. Public Comment**
- 7. Presentation of Budget Message** *Carol Bryck*
- 8. Public Comment**
- 9. General Fund – BN 2015-2017 Proposed Budget** *Carol Bryck*
 - i. Decision Packages
 - ii. General Fund Questions/Discussion
- 10. Public Comment** *Committee Chair*
- 11. Capital Improvement Projects Fund (CIP)** *Bob George*
 - i. BN 2015-2017 Budget
- 12. Public Comment**
- 13. Other Funds – BN 2015-2017 Proposed Budget** *Carol Bryck*
 - i. Other Funds Questions/Discussion
- 14. Public Comment** *Committee Chair*
- 15. Future Actions** *Committee Chair*
 - i. *General Fund
 - ii. *CIP Fund
 - iii. *Other Funds
- 16. *Declare No Tax Levy** *Committee Chair*
- 17. Closing Comments** *Committee*
- 18. *Adjourn** *Committee Chair*

* Action Items

Guide for the Budget Committee Chair April 2015

The following are some guidelines for facilitating the discussion:

- Use the **Agenda** to guide the sequence of discussion. The Board president or staff will help, but it is important for the Chair to facilitate the discussion among members of the committee, and allow for public comment at times the committee deems appropriate.
- During the proceedings staff will respond to questions as requested by the committee. Board members may answer some questions. After the staff presentations, public comment and committee deliberations, the committee should take action to approve the budget as proposed or amended by **Fund** as identified by **action items** on the agenda.
- After discussion about the proposed budget it is appropriate for someone to make a motion to approve – as presented or as amended each fund. (**Remember it will take a minimum of six affirmative votes by the committee to amend and/or approve the proposed budget.**)
- If discussion diminishes and no motion is offered, you may ask if someone would care to make a motion on the **Fund**.
 - You can ask for a second or someone may offer a second to the motion.
 - After hearing a second to the motion, you can ask if there is any further discussion.
 - If there is none or after discussion is complete, you can ask if “we “(the committee) are ready to vote, or someone may “call for the question.” This is when you say, “Please call roll.” Only if the vote is not unanimous will votes have to be counted. The District normally calls roll for votes.
- For the **General Fund** the motion will be based on the values shown on page **A 2**, either as presented or amended.
- For the **CIP Fund** the motion will be based on the values shown on page **A 4** either as presented or amended.
- For the **Other Funds** four funds will require action by the committee:
 - Capital Reserve Fund – page A 5
 - CRWSC Activity Fund – page A 6
 - Rate Stabilization Reserve Fund – page A 7
 - SDC Reserve Fund – page A 8
 - Revenue Bond Fund – page A 9
 - The same procedure – **Motion, Second, Discussion, Vote** – will apply to these four funds. (Approval may be one motion for all funds or one motion for each fund)
- Next the committee may address in the form of a motion, declaring that no tax levy is included in the approved budget.
- When it comes time to adjourn the meeting, you can ask if there is a motion to **adjourn**, and then use the same sequence. The meeting is **recessed** if another meeting is required.



BUDGET MESSAGE

2015-2017

April 23, 2015

To: The Clackamas River Water Budget Committee

We are pleased to present the Clackamas River Water (CRW or District) budget for the biennium 2015-2017. This is the first biennial budget prepared by the District. The budget and message are focused on requirements to meet our core mission, Board priorities, and District strategic focus. This message and budget are submitted for consideration under the Oregon Revised Statutes Chapter 294. The budget has been prepared on the modified accrual basis of accounting by staff and management, with emphasis on the necessary costs to deliver water, bill customers, collect receivables, and coordinate all operational and administrative aspects of the District. We hope this document provides information about the District that will assist in the understanding of your water provider and costs associated with delivering water from the river to your faucet.

Organizational Strategic Planning and Key Initiatives:

CRW's strategic planning has four key focal points:

- Customers
- Assets
- Workforce
- Process

Our customer focus includes assurance that the water delivered to each customer is the highest quality and meets all State and Federal Clean Water standards. We also strive to ensure

uninterrupted flow of water from the river to your faucet, with bi-monthly bills based on rates determined to meet the Districts operational and infrastructure needs today and into the future.

Our focus on key assets includes ongoing maintenance of all resources required to operate the District. This includes buildings, vehicles, reservoirs, pump stations, transmission lines, etc. We work to keep all assets in excellent working order capable of performing their designed functions. District policies also include

internal controls to ensure safeguarding of assets such as cash and cash equivalents. Our internal controls include separation of duties, review and oversight, and timely recording and reporting of activity.

CRW has a highly skilled workforce with certifications in their specialties and the District's budget provides funding for continuing education and certification renewal. This provides assurance that our employees have current knowledge in their fields of expertise. Additionally, four of the 40 employees at CRW have over 25 years of service with the District and ten more have over 15 years of service. The longevity of CRW staff provides a great deal of institutional knowledge, yet the District has also brought in newer employees with expertise in different areas that provide a great benefit to

the District and value to the partnership with Sunrise Water Authority. Additionally, this budget includes estimated costs related to potential retirements, including leave pay-outs per District policy and the labor contract.

CRW also focuses on process to ensure that we meet or exceed state and federal water quality requirements and that all our actions are in compliance with laws, rules and regulations that govern the operation of a special district in the State of Oregon. Focusing on process has provided cost savings as well. For example, development of contract templates saves time and legal review, while ensuring compliance with Oregon procurement laws and regulations. Process also ensures timely filing of required financial, water quality and budget documents and reports, as well as public meeting notices.

Board Initiatives and Priorities:

The CRW Board of Commissioners has developed specific goals for the current and upcoming years. This proposed budget addresses those priorities in a variety of ways.

- The Clackamas Regional Water Supply Commission is progressing with shared resources and activities across several functional areas within Sunrise Water Authority and CRW.
 - Financial Management and oversight, Human Resources services, Emergency Management, Information Technology, Procurement, Water Quality, Engineering and other services are being shared by both agencies.
 - Wholesale water purchases by SWA from CRW are accounted for within the CRWSC agency and CRW's Clackamas Regional Water Supply Activity fund.
 - Both CRW and SWA have entered into intergovernmental agreements with the City of Happy Valley for providing water service to businesses and residents of Happy Valley that are also within the boundaries of CRW or SWA.
- Continue the development of agreements with the City of Milwaukie.
 - The City of Milwaukie began billing CRW water costs to customers within the city limits and provided other services by the City of Milwaukie. This budget includes the administrative cost of having the City provide those billing services. Our analysis estimates the five percent administrative cost is close to the actual cost of CRW providing those billing services to the specified customers. This budget also includes the intergovernmental agreement for the City of Milwaukie to provide maintenance services for CRW's vehicles and equipment.

- Continue the development of agreements with the City of Oregon City.
 - CRW continues work on identifying properties that have been annexed by Oregon City but not withdrawn from CRW territory.
 - CRW and Oregon City are sharing costs of an engineering study to determine who best to serve customers based on hydraulic modeling of both systems.
 - The Oregon City Right of Way (ROW) usage fee has an impact on CRW directly and indirectly through our purchase of water from South Fork Water Board. Revenue from our customers and expenditure for payment of the ROW usage fee is included in this budget.
- Identify both short and long term capital projects that need to be completed within the next five to ten years:
 - Carver Bridge Transmission Main – proposed budget \$100,000 for completion of Phase 2.
 - 2015 Master Plan – to be completed by in house staff by December 31, 2015.
 - Continuation of Emergency Inter-tie Study – for east side water suppliers with Portland (regional resource) – costs shared with other regional water suppliers; Oak Lodge Water District, South Fork Water Board and SWA.

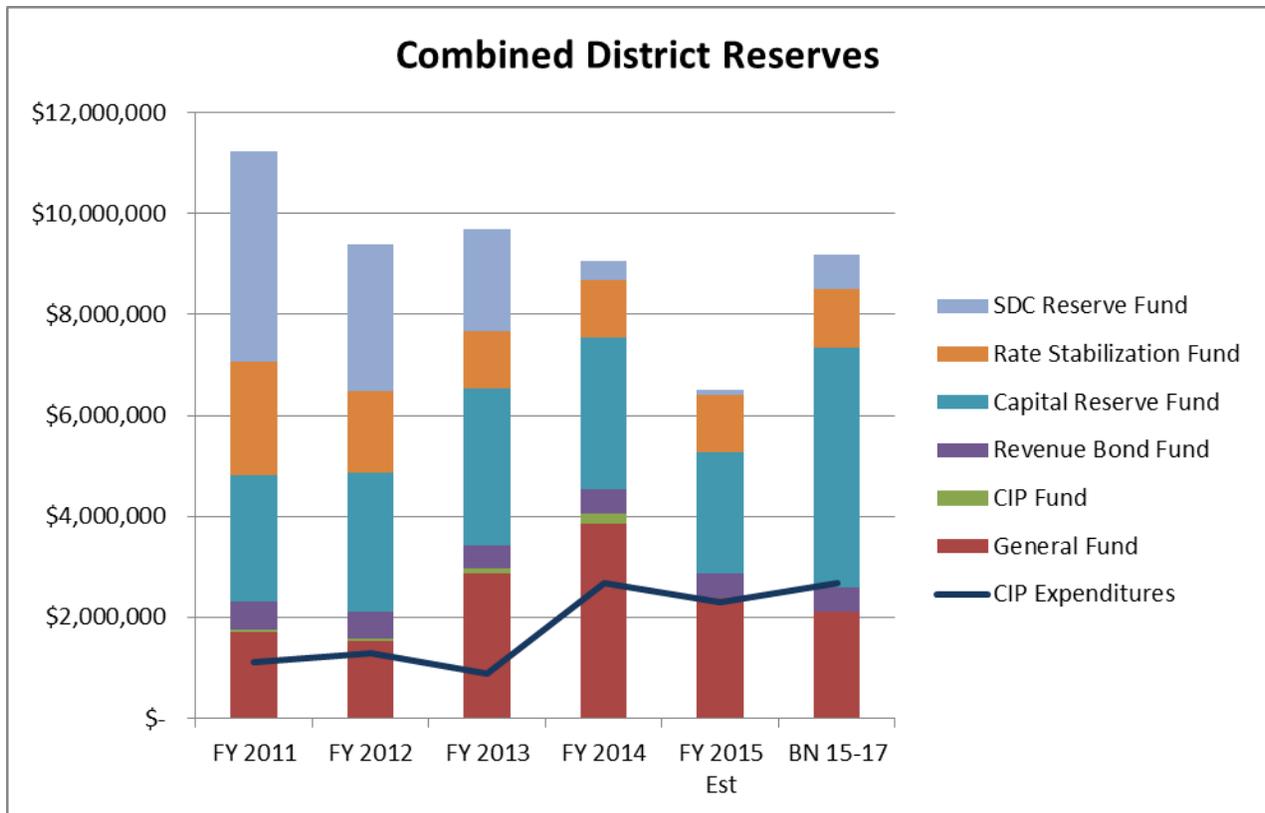
The District Board and staff are establishing long-range plans to develop our infrastructure in order to provide stability of service for our customers in years to come. The 2015 Water Master Plan will continue these efforts by identifying capital projects that meet the needs of the District and serving as a road map for improvements to the District's infrastructure.

Financial Reserves

In this budget the District has achieved full implementation of the financial reserve policies approved by the Board of Commissioners in April 2013. Those policies state that CRW will maintain:

- \$500,000 contingency to cover costs of unknowns that occur after the budget is approved. For a biennial budget the District proposes an increase in contingency to \$750,000. This balance should prove to be sufficient in nearly all cases. The contingency is not discretionary, so any use of this budget appropriation must be approved by the Board and transferred to Personnel Services, Materials and Services or Capital Outlay prior to spending the funds.
- General Fund ending fund balance equal to 90 days of operating expenses, with a target of \$1,945,000 for the biennial budget. This provides for covering operational costs until cash is collected from our customers for water usage.
- Transfer to Capital Reserve Fund approximately equal to annual depreciation expense. The goal is to transfer to Capital Reserve for future Capital Improvement Projects (CIP) ensuring that the District has sufficient funds to complete projects as needed. The policy recommends a transfer of \$1,750,000 per year from the General Fund to the Capital Reserve Fund. This budget proposes a transfer of \$1,750,000 for year one and \$2,250,000 for year two.

The transfers to Capital Reserve for fiscal years 2014 and 2015 were \$750,000 and \$1,250,000 respectively; and the use of Capital Reserve dollars for CIP projects was \$855,000 (actual) and \$1,869,000 (budgeted). This budget increases reserves by \$2,237,700 over the two year period.



In conformance with General Fund balance policy it is the District’s policy to have operating revenues (primarily water sales) pay for operating expenditures. Any variance to this policy would be specifically identified in the budget and would be for one-time expenditures. Ongoing operations should not spend down the General Fund reserve balance. This proposed budget estimates \$19,905,000 in wholesale and retail water sales and \$16,529,524 in operating expenditures and \$966,500 for Capital Outlay. Additionally, the General Fund will transfer \$902,375 to the Revenue Bond Fund for debt payments and \$4,000,000 to the Capital Reserve Fund for current and future District infrastructure projects.

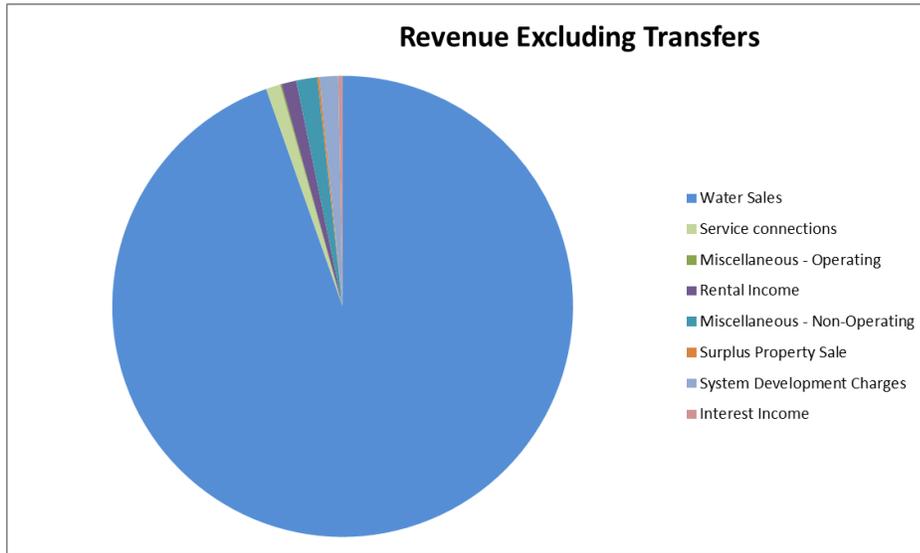
In March 2014 the Board of Commissioners approved a multi-year rate plan to meet financial policies, to provide certainty of the District’s revenue stream and cash flow, and to provide funding for CIP projects over the next eight years. The plan also includes potential borrowing of revenue bonds for larger projects, providing a blend of pay-as-you go with long-term debt. The first three years of the planned rate increases, with increases for years two and three reflected in this biennial budget, apply only to the base rate which provides a degree of certainty in revenue.

Proposed Annual Budget Summary

Revenue Excluding Transfers

The District’s operating revenue is comprised primarily of water rate revenue from our wholesale and retail customers. Water sales provide for 96.6% of the District’s total revenue. Additionally we have rental income from leasing office space in the administration building to VCA Northwest Veterinary Specialists, and some grant funding for the boat ramp at Riverside Park. Revenue is recorded in the General Fund,

the CRWSC Activity Fund, and the System Development Charges Reserve Fund. Other funds generate interest income earned on the reserve balances.



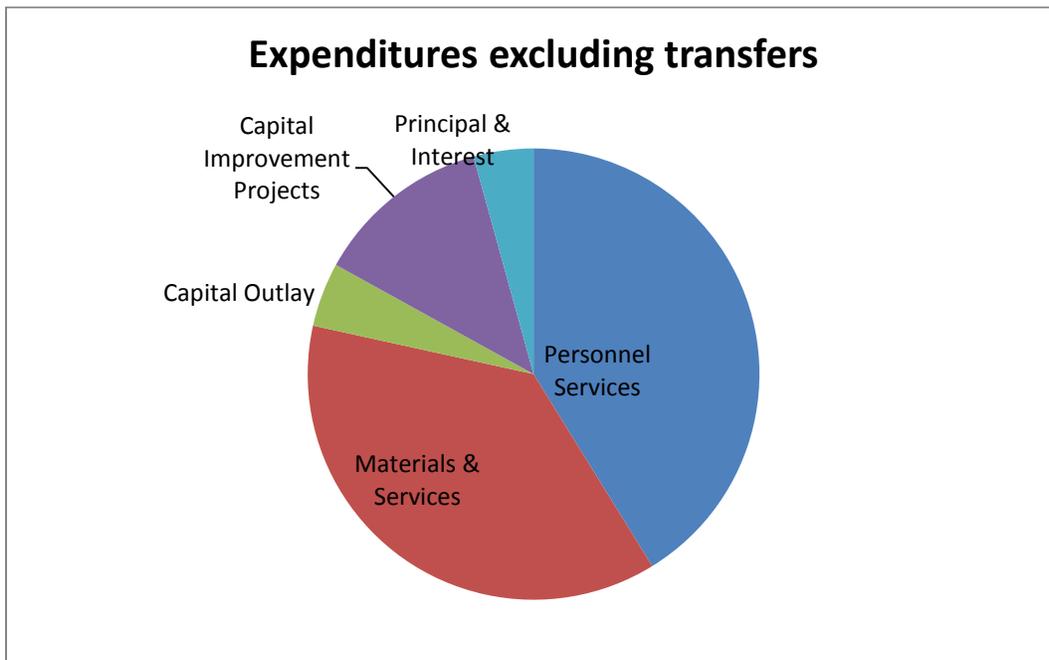
The following are estimated revenues in this proposed budget:

- Water Sales – retail \$18,315,000
- Water Sales – Wholesale 1,590,000
- Service connection fees 213,600
- Miscellaneous – Operating 20,000
- Rental Income 220,000
- Interest Income 61,400
- Miscellaneous – Non-operating 311,400
- Surplus Property Sales 30,000
- System Development Charges 277,800

Expenditures Excluding Transfers

Operating Expenditures are comprised of Personnel Service and Materials and Services. CRW staffing levels remain the same at 39.2 full-time equivalents. Staffing is distributed across five departments; Water Resources, System Operations, Finance Accounting and Customer Service (FACS), Engineering, and Administration. A portion of the General Manager’s salary and the Executive Assistant/ Contract Coordinator’s salary is charged to the Board of Commissioner’s department.

Additionally, we include Capital Outlay in the General Fund budget for items that exceed the capital threshold of \$5,000 and that have an expected useful life greater than one year. The Capital Outlay budget and descriptions for the biennium and forecast for expected Capital Outlay over the next three years is provided in the Supplement section of this budget. All of the CIP fund expenditures are Capital Outlay. The CIP costs include allocation of internal labor, contracted services, and purchased materials.



Materials and Services expenditures in the General Fund are broken into several categories and comprise costs necessary for operation of the District:

- Customer Services include bad debt, customer statement processing, credit card processing fees, promotional items and public notices.
- Facilities and Security includes assessments and taxes, building and grounds maintenance, and security.
- General Administration is made up of bank fees, insurance and insurance risk pool, and dues and memberships.
- Materials include inventory and maintenance supplies.
- Office expenditures include office supplies, postage, printing and miscellaneous. For the biennium this category budgets the cost of the May 2017 Board of Commissioner's election.
- Other support costs include books and publications, certifications, employee relations, medical exams, payroll processing fees, protective clothing, safety and health, training and local travel.
- Professional and Contracted Services include the cost of the annual audit, contract work (such as meter reading), engineer and legal service, and maps.
- Equipment includes computers, peripherals and software, small tools, vehicle and equipment maintenance, equipment rental, and maintenance agreements.
- Utilities include telecommunications, gas, electric, sewer, surface water, and garbage services.
- Water Purchases and Treatment includes permits, telemetry, water purchases, watershed management, and water treatment and analysis.

Eighty-five percent (\$6,644,600) of the Materials and Services budget of \$7,823,900 is externally or internally mandated. The balance of the budgeted Materials and Services, \$1,179,300 is based on

customer expectations and industry best practices. Fifteen percent of the CRW materials and service costs are discretionary.

The District issued \$7,990,000 in bonded debt in November 1999 and refunded that debt to gain a lower interest rate in November 2009. The outstanding balance of the revenue bonds is \$2,430,000 and will be paid off in November 2020. The budget includes debt service payments for \$902,375 made up of \$745,000 in principal and \$157,375 in interest.

Capital Improvement Plan and Relationship to Annual Budget

The CIP Fund is separate from General Fund activities and is based upon the Water Master Plan, District needs, and projects of other jurisdictions that affect CRW infrastructure. Many projects cross over fiscal years. We have provided prior and future year estimates of CIP costs (for ongoing projects) as well as total project costs. The biennial 2015-2017 budget includes estimates for this time-frame only, based on internal and external labor and materials and overhead. The internal labor is transferred from General Fund Personnel Services to the CIP Fund. If internal labor is not used, Personnel Services remain within the General Fund.

Individual projects are chosen based upon initial identification of deficiencies/needs, prioritization of needs using specific evaluation criteria, and/or the project's prerequisite position in the overall plan. The projects are listed in the CIP Fund budget. Projects may be shifted from one year to another and/or change amount. Often these changes are dictated to us by construction activities of overlapping jurisdictions. Changes

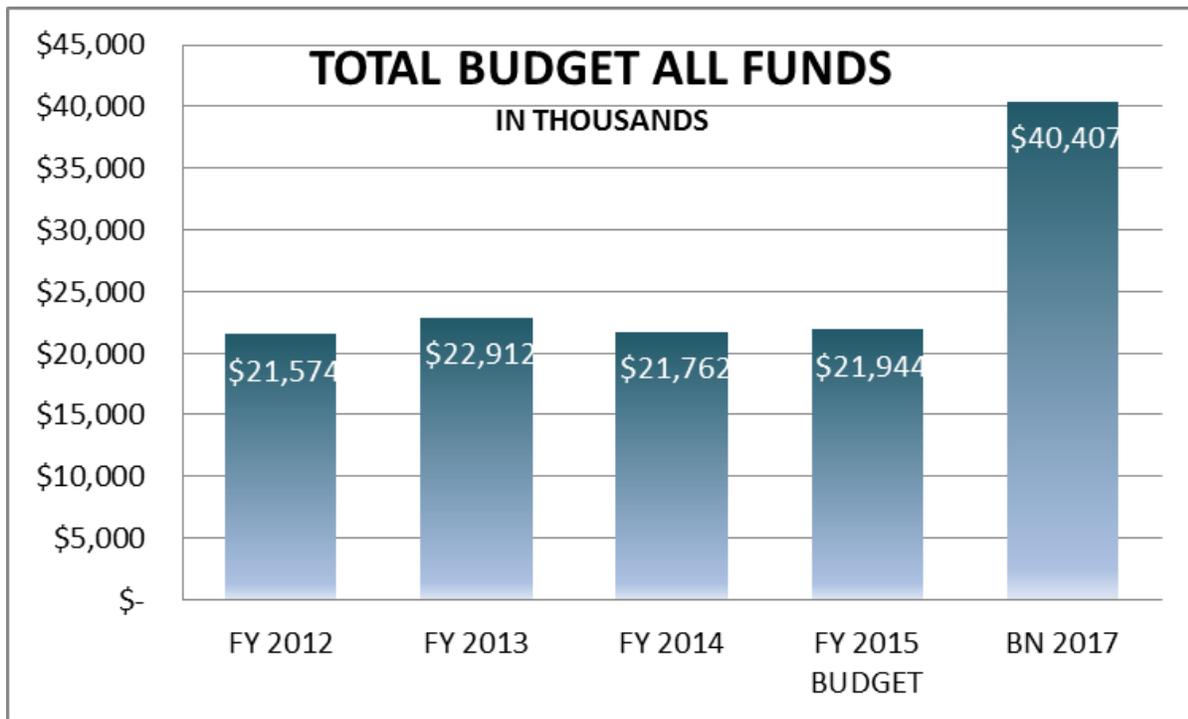
for capital projects are the norm and not capricious in nature.

The total budget for CIP for the biennium is \$2,666,000. Many of CIP projects for this biennium pertain to Clackamas County and Oregon Department of Transportation (ODOT) road projects and related waterline work. Waterline relocations or adjustments are addressed in conjunction with road projects to avoid conflict with maintenance or repair of CRW waterlines in the future. The Carver Bridge waterline project completes phase two. Additionally, we have proposed budget for several water line replacements, pump station Arc-Flash upgrades, and repairs to the water treatment plant intake. CIP expenditures within the District are funded with SDC Reserves and Capital Reserves, which are funded by water rates.

Concluding Thoughts and Future Planning

As we prepared the budget for your consideration, we looked at the regional economy, the capital needs of the District, the Board of Commissioner's priorities, the District financial policies, estimated water sales, other potential resources that may be available, creation of the Clackamas Regional Water Supply Commission, known cost increases, and forecasted weather patterns. The forecasted

revenue has been reduced by ten percent of summer water usage to provide a conservative estimate in the event of water use curtailment due to low snow pack. All of these things impact District costs and ability to provide service. After consideration of all these factors, the total budget on an annualized basis remains essentially the same as prior years.



The impact of the water rate increase will allow for capital improvements within the District and will begin to rebuild reserve balances for future capital improvements. Improvements are needed to ensure flow of water from the river to your faucet 24 hours a day, 365 days a year. Many of the projects are included in the Board of Commissioner’s goals and priorities and will be pursued in the next several years. Significant dollars have been spent on CIP in past years for the emergency generator project to ensure continued operation of the water treatment plant should there be an extended power outage. That project was completed during fiscal year 2014-2015.

In the past CRW could anticipate sufficient SDC reserves to cover appropriate CIP costs, but development within the District has slowed due to the economic downturn and zoning within the District. There is little developable property within the District and land-use and zoning limit expansion and infill – particularly for residential development. In the future, as the SDC Reserve balance is used up, capital improvement projects

will be funded with water rates from the General Fund and potentially from issuance of revenue bonds. Reserve balances are expected to increase by approximately \$2,500,000 over this biennial budget.

Looking forward, the implementation of the Clackamas Regional Water Supply Commission (CRWSC) is progressing with several functional areas being managed or supported across both entities. This will continue to provide opportunities for coordination of activities, sharing of resources and reduction of costs as we gain additional efficiencies in daily operations.

Acknowledgements

The creation of this budget document is an organization-wide effort. Managers and staff provided input and analysis of their departmental needs and are responsible for executing the activities budgeted herein. We want to acknowledge the staff for their resourcefulness and expertise used in preparing this budget.

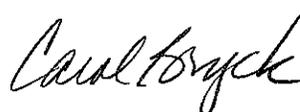
We would also like to thank the members of the Budget Committee, comprised of the Board of Commissioners and citizen members, for your time, dedication, and continuing support and thoughtful analysis of the issues facing the District.

Sincerely,



Lee E Moore, Sr

General Manager



Carol Bryck, CPFO, CTP

Budget Officer

Chief Financial Officer



Clackamas River Water

OUR VISION

We believe that an ample supply of high quality water is essential to the vitality of our region.

GOVERNING BODY UNDER ORS 264.410
BOARD OF COMMISSIONERS
16770 SE 82ND DRIVE, P.O. BOX 2439,
CLACKAMAS, OREGON 97015
503-722-9220, www.cewater.com

OUR MISSION:

We will provide high quality, safe drinking water to our customers at rates consistent with responsible planning for the long term health of our district.

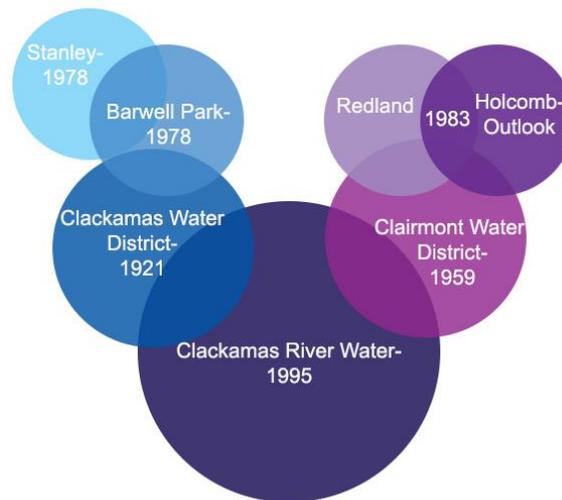
LEADERSHIP TEAM

Lee E. Moore, Sr., General Manager
Carol Bryck, Chief Finance Officer
Robert George, Chief Engineer
Rob Cummings, Production Manager
Donn Bunyard, Emergency Preparedness Manager
Kham Keobounnam, Information Technology Manager
Adam Bjournstedt, Engineering/System Operations Manager
Suzanne DeLorenzo, Water Quality Manager
Adora Campbell, HR Generalist

CLACKAMAS RIVER WATER

AT A GLANCE...

Clackamas River Water is organized as a domestic water supply district under the provisions of Oregon Revised Statutes Chapter 264. CRW was created in July 1995 by the consolidation of the Clackamas Water District and Clairmont Water District.



Clackamas Water District was originally formed in 1926. It took in the former Stanley Water District in 1979 and merged with Barwell Park Water district in 1991. Clairmont Water District was originally formed in 1959 and merged with the Redland and Holcomb-Outlook Water Districts in 1983.

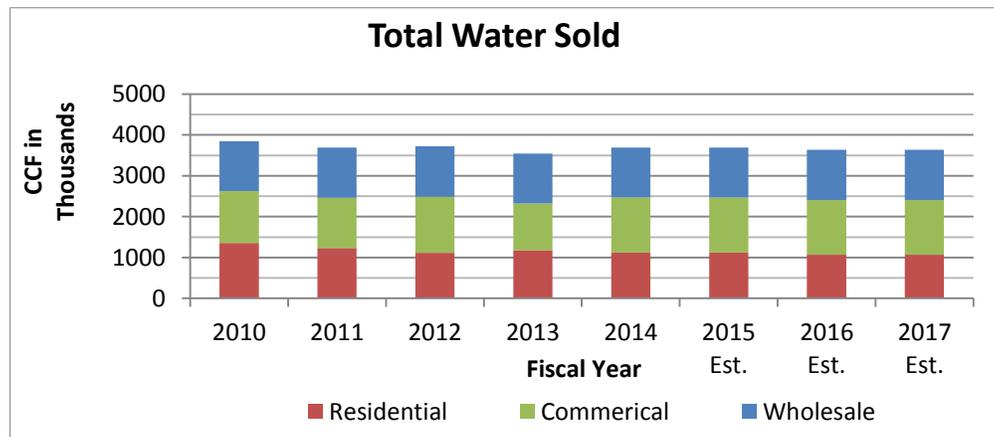
The district's service area is in the southeastern section of the Portland metropolitan area, approximately 14 miles from downtown Portland. Access to the district is provided by four major highway systems: Interstate 205 and State Highways 212, 213 and 224.

The District entered into an ORS 190 agreement with Sunrise Water Authority to efficiently use assets and resources to the mutual benefit of both parties and their customers. The ORS 190 is known as Clackamas Regional Water Supply Commission or CRWSC or the Commission. The District accounts for its activities related to the Commission in the CRWSC Activity Fund.

The District maintains 30 million gallons per day (MGD) water treatment plant with 24.35 MDG of storage in 14 reservoirs to serve retail and wholesale customers. The average daily production during fiscal year 2013-14 was 6.81 MGD with a peak production day of 16.18 MGD. There are 257 miles of transmission mains throughout the service territory with 11 pump stations to move water to reservoirs and customers.

During fiscal year 2013-14, the District produced 3,318,539 hundred cubic feet (CCF) at the water treatment plant and purchased another 788,754 for our customers.

CRW serves customers primarily in unincorporated Clackamas County, although some of our customers live within the limits of the City of Oregon City, City of Milwaukie, and the City of Happy Valley. In addition to providing retail service within its jurisdictional boundaries, CRW also serves Sunrise Water Authority on a wholesale basis. A population of up to 80,000 people is served when the wholesale customers are included. Volumes sold have stabilized in the past three years.



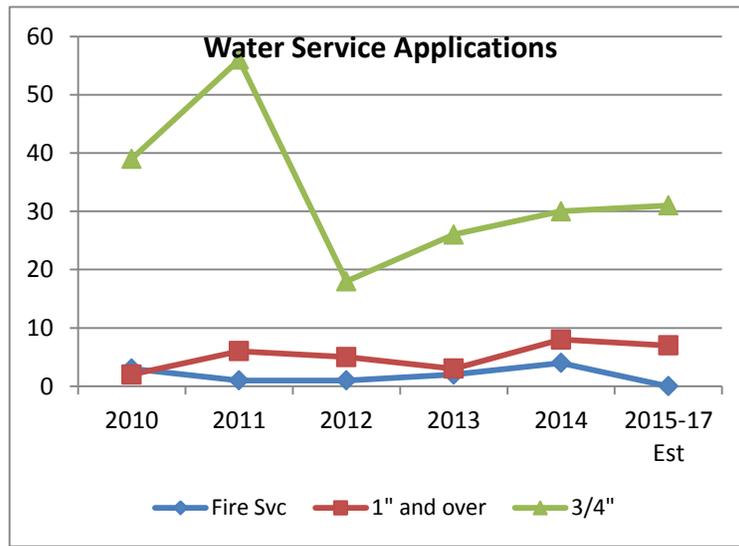
Water is sold to various types of customers. Our residential customers reside in single family homes, duplexes, multiplexes, apartment complexes, trailer parks/mobile home parks, and condominiums. Commercial accounts include business parks, retail stores, restaurants, office buildings, medical offices, etc. Industrial accounts generally manufacture or create goods. Fire service accounts are specific meters installed for fire protection of a commercial or industrial space. All other types of accounts are listed as Other and could include schools, churches, and governmental facilities. The following chart shows the numbers of the different types of accounts over the past five fiscal years.

as of June 30	Residential	Commercial	Fire Service	Other	Total
2010	11,714	871	324	184	13,093
2011	11,730	875	327	184	13,116
2012	11,824	857	328	182	13,191
2013	10,961	854	328	148	12,291
2014	10,845	854	330	148	12,177

The total number of accounts has declined in the past five years as customers located within city boundaries are subject to annexation and withdrawn from our service area. The Cities of Oregon City and Milwaukie provide water service to their citizens. Customers are annexed into their city limits can then be provided water service by the city and withdrawn from our services. The City of Happy Valley does not provide water service to its citizens but contract with water providers for its citizens. An agreement with the City of Happy Valley has minimized withdrawal of our customers after annexation into their city.

The decline is offset by new applications for water service within our boundaries. New development is limited within our boundaries due to land use restrictions in the area south of the Clackamas River and small parcels for infill in the area north of the Clackamas River. During the past five years applications

for new water service have not been a significant increase in new accounts. This budget estimates 38 new service applications.



Water Rates for Residential Customers with a 3/4 inch meter

March 30, 2014 the Board approved an eight-year rate plan. Rates are adjusted after the April billing each spring. Water rates for a residential customer with a 3/4 inch meter are shown in the table below for the first 5 years of the approved rate plan. Other customers' rates are included in the plan and change similarly.

Year	Base Fee	1-4 CCF	5-8 CCF	9-24 CCF	24 and up CCF
May 2014	\$26.90	\$1.90	\$2.11	\$2.51	\$3.20
May 2015	\$35.24	\$1.90	\$2.11	\$2.51	\$3.20
May 2016	\$44.49	\$1.90	\$2.11	\$2.51	\$3.20
May 2017	\$47.05	\$2.01	\$2.23	\$2.65	\$3.38
May 2018	\$49.76	\$2.12	\$2.36	\$2.81	\$3.58

Revenue

Revenues for all funds for fiscal years 2011 through 2014 actuals, with current year budget, and the two-year proposed budget for 2015-2017 are shown in the following table.

	FY2010-11 Actual	FY2011-12 Actual	FY2012-13 Actual	FY2013-14 Actual	FY2014-15 Adopted	BN2015-17 Proposed
in Thousands						
Revenues:						
Water Sales	\$ 6,523	\$ 6,761	\$ 8,035	\$ 8,815	\$ 8,975	\$ 19,905
Other Operating	460	247	301	364	134	418
Non-Operating	334	252	471	565	393	1,333
Total Revenue	\$ 7,317	\$ 7,260	\$ 8,807	\$ 9,744	\$ 9,502	\$ 21,656

Revenue for the District comes from mainly from water sales. Water sales to retail and wholesale customers account for approximately 90 percent of our revenue received. Other operating revenue are charges which support the production and distribution of water and include late fees and penalties, water sampling testing, fire hydrant water usage or connection fees. Non-operating revenues include revenue from sources not related to water production or distribution. Sources include rental of office space, insurance claims, earnings on investments, or shared resources through CRWSC.

Expenditures

Expenditures for all funds for fiscal years 2011 through 2014 actuals, with current year budget, and the two-year proposed budget for 2015-2017 are shown in the following table.

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	BN2015-17
	Actual	Actual	Actual	Actual	Adopted	Proposed
in Thousands						
Expenditures						
Personnel Services	\$ 3,836	\$ 3,967	\$ 3,919	\$ 4,071	\$ 4,243	\$ 8,670
Materials & Services	3,541	3,128	3,105	3,190	3,726	7,840
Subtotal Operating Expenditures	7,377	7,095	7,024	7,261	7,969	16,510
Capital Outlay	1,051	1,379	830	2,650	2,492	3,634
Debt Service	629	645	655	446	455	902
Total Expenditures	\$ 9,057	\$ 9,119	\$ 8,509	\$ 10,357	\$ 10,916	\$ 21,046

Expenditures have increased in all years except FY 2012-13 when several positions were left unfilled during the year as a costs cutting measure. Capital Outlay expenditures were delayed to future fiscal years. Federal and State water quality guidelines continue to put pressure on costs to meet stringent requirements.

Full Time Equivalent Positions

Full time equivalent positions have remained steady for the past five years as shown in this table. The positions are as of the end of the fiscal year at June 30 for fiscal years 2010 through 2014. Fiscal year 2015 is as of December 31, 2014 and fiscal years 2016 and 2017 are the budgeted positions included in this document.

As of June 30,	Adminis- tration	Water Resources	System Operations	Engineering	FACS	Total FTE
2010	5.0	8	11	5	8	37.0
2011	5.2	10	11	5	8	39.2
2012	6.2	10	11	6	7	40.2
2013	6.2	10	11	5	7	39.2
2014	6.2	10	11	4	8	39.2
2015	6.2	10	11	4	8	39.2
2016 (budget)	6.2	10	11	4	8	39.2
2017 (Budget)	6.2	10	11	4	8	39.2

The District plans to maintain the current positions during this budget.

Personnel Services All Funds

CRW budgets Personnel Services into three funds as shown below. The CIP Fund does not include the Personnel Services category as this is a capital improvement fund and all expenditures are capitalized. This table should help to understand the personnel services of the district in all funds for fiscal years 2011 through 2014 actuals, with current year budget, and the two-year proposed budget for 2015-2017.

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Budget	BN 2015-17 Budget
General Fund	\$ 3,506,769	\$ 3,731,923	\$ 3,729,840	\$ 3,867,508	\$ 4,021,338	\$ 8,204,163
CIP Fund	251,212	235,358	188,784	203,827	221,650	283,138
CRWSC Activity Fund	-	-	-	-	-	465,956
Total Personnel Services	\$ 3,757,981	\$ 3,967,281	\$ 3,918,624	\$ 4,071,335	\$ 4,242,988	\$ 8,953,257

Operating Revenue to Operating Expenditures

In conformance with General Fund balance policy, it's District's policy to have operating revenues (primarily water sales) pay for operating expenditures. Any variance to this policy would be specifically identified in the budget and would be for one-time expenditures. Ongoing operations should not spend down the General Fund reserve balance.

The table below is for all funds for fiscal years 2011 through 2014 actuals, with current year budget, and the two-year proposed budget for 2015-2017.

Operating Revenue to Operating Expenditures

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Budget	BN 2015-17 Budget
Operating Revenue						
Water Sales	\$6,522.9	\$6,761.0	\$8,035.4	\$8,815.3	\$8,200.0	\$18,315.0
CRWSC Operating Revenue	-	-	-	-	775.0	1,644.0
Operating Revenue	272.5	161.3	180.2	196.9	133.6	363.6
Total Operating Revenue	\$ 6,795.4	\$ 6,922.3	\$ 8,215.6	\$ 9,012.2	\$ 9,108.6	\$ 20,322.6
Operating Expenditures						
Personal Services	\$3,544.8	\$3,731.9	\$3,729.8	\$3,867.5	\$4,021.3	\$8,670.1
Materials & Services	3,541.1	3,127.7	3,105.3	3,189.0	3,726.1	7,839.5
Total Operating Expenditures	\$ 7,085.9	\$ 6,859.6	\$ 6,835.1	\$ 7,056.5	\$ 7,747.4	\$ 16,509.6
Total Operating Revenue to Operating Expenditures	\$ (290.5)	\$ 62.7	\$ 1,380.5	\$ 1,955.7	\$ 1,361.2	\$ 3,813.0

The General Fund and CRWSC Activity Fund are the only funds with operating revenue and expenditures. Since fiscal year 2010-11, operating revenues have been sufficient for operating expenditures. Excess operating revenues can be used for capital outlay purchases or to build reserves. This budget transfers an extra \$500,000 to the CRW Reserve Fund for future capital investments.

Changes in Fund Balance

Changes in fund balance are useful to understand if expenditures are sustainable without additional revenue. The table below is for all funds for fiscal years 2011 through 2014 actuals, with current year budget, and the two-year proposed budget for 2015-2017.

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15	BN2015-17
	Actual	Actual	Actual	Actual	Adopted	Proposed
in Thousands						
Beginning Fund Balance	\$ 12,979	\$ 11,239	\$ 9,385	\$ 9,684	\$ 8,437	\$ 9,469
Ending Fund Balance	11,239	9,385	9,684	9,070	6,523	9,329
Excess (Deficiency of Revenue over Expenditures)	<u>(\$1,740)</u>	<u>(\$1,854)</u>	<u>\$299</u>	<u>(\$614)</u>	<u>(\$1,914)</u>	<u>(\$140)</u>

Beginning Fund Balance has declined as the District has used resources to build infrastructure as outlined in the Water Master Plan or directed by outside agencies such as ODOT and Clackamas County Department of Transportation and Development.

Excess revenue over expenditures is used to build reserves. It is anticipated the beginning fund balance will be higher at the start of this proposed budget than the ending fund balance at the close of fiscal year 2015. Many capital outlay expenditures are dependent on outside agencies for timing of expenditures.

Per Oregon Budget Law, resources and requirements must balance and includes beginning fund balance as a resource and ending fund balance as a requirement.

Bonded Debt

The District issued \$7,990,000 in bonded debt in November 1999 and refunded that debt to gain a lower interest rate in November 2009. The outstanding balance of the revenue bonds is \$2,430,000 and will be paid off in November 2019. The biennium debt service payments are \$902,375. Principal payments of \$365,000 and \$380,000 are due November 1, 2015 and 2016, respectively. Interest payments of \$84,275 and \$73,100 are paid November 1 and May 1 during fiscal years 2015-16 and 2016-17, respectively.

The District is required to comply with our debt covenant for the bonded debt. The covenant requires stabilized new revenue of 125% of the year's annual debt service. For fiscal year 2014 the District ratio was 602%. The second ratio is net revenue less system development charges at 100%. For fiscal year 2014 the district ratio was 563% for the second ratio. This proposed budget should meet or exceed these requirements.

Fiscal Year	Principal	Interest	Total
2016	\$ 365,000	\$ 84,275	\$ 449,275
2017	380,000	73,100	453,100
2018	390,000	59,600	449,600
2019	415,000	43,500	458,500
2020	430,000	26,600	456,600
2021	450,000	9,000	459,000
Total	<u>\$ 2,430,000</u>	<u>\$ 296,075</u>	<u>\$ 2,726,075</u>

Transfers between Funds

Transfers In must balance with Transfers Out. The Summary of Transfers table below is included to help understand the movement and reason for transfers between funds.

Summary of Transfers BN 2015-2017 Proposed Budget (Total proposed budget in thousands)

	Transfers In	Transfers Out	
General Fund	\$ 1,590	\$ 5,025	
CIP Fund	2,666	-	
CRWSC Activity Fund	123	1,590	
Capital Reserve Fund	4,000	2,666	
Revenue Bond Fund	902	-	
	\$ 9,281	\$ 9,281	

Recap of transfers in and transfer out in all funds:

General Fund

Transfers in:	CRWSC Activity Fund	Wholesale Water Sales
Transfer out:	Capital Reserve Fund	Future Capital Project Funding
	CRWSC Activity Fund	Commission Funding
	Revenue Bond Fund	Payment of Bonded Debt

CIP Fund

Transfers In:	Capital Reserve Fund	Current Year Capital Project Funding
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CRWSC Activity Fund

Transfers In	General Fund	Commission Funding
Transfers Out	General Fund	Wholesale Water Sales

Capital Reserve Fund

Transfers In	General Fund	Future Capital Project Funding
Transfers Out	CIP Fund	Current Year Capital Project Funding

Revenue Bond Fund

Transfer In	General Fund	Payment of Bonded Debt
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Additional detail available in the Appendix Section

Awards

Budget Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation Award to CRW for its Adopted Budget for the fiscal year beginning July 1, 2014. This award is the highest form of recognition in governmental budgeting and reflects a commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity must satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operations guide and a communications device. Budget documents must be rated proficient in all four categories, and the fourteen mandatory criteria with those categories, to receive the award.

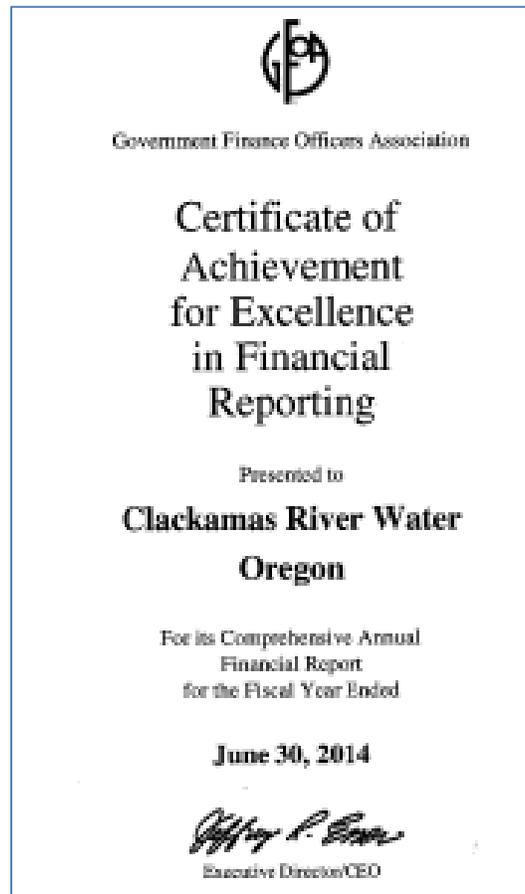
A Distinguished Budget Presentation Award is valid for a period of one year only. The fiscal year 2014-15 is the second year in a row we have submitted our adopted budget.



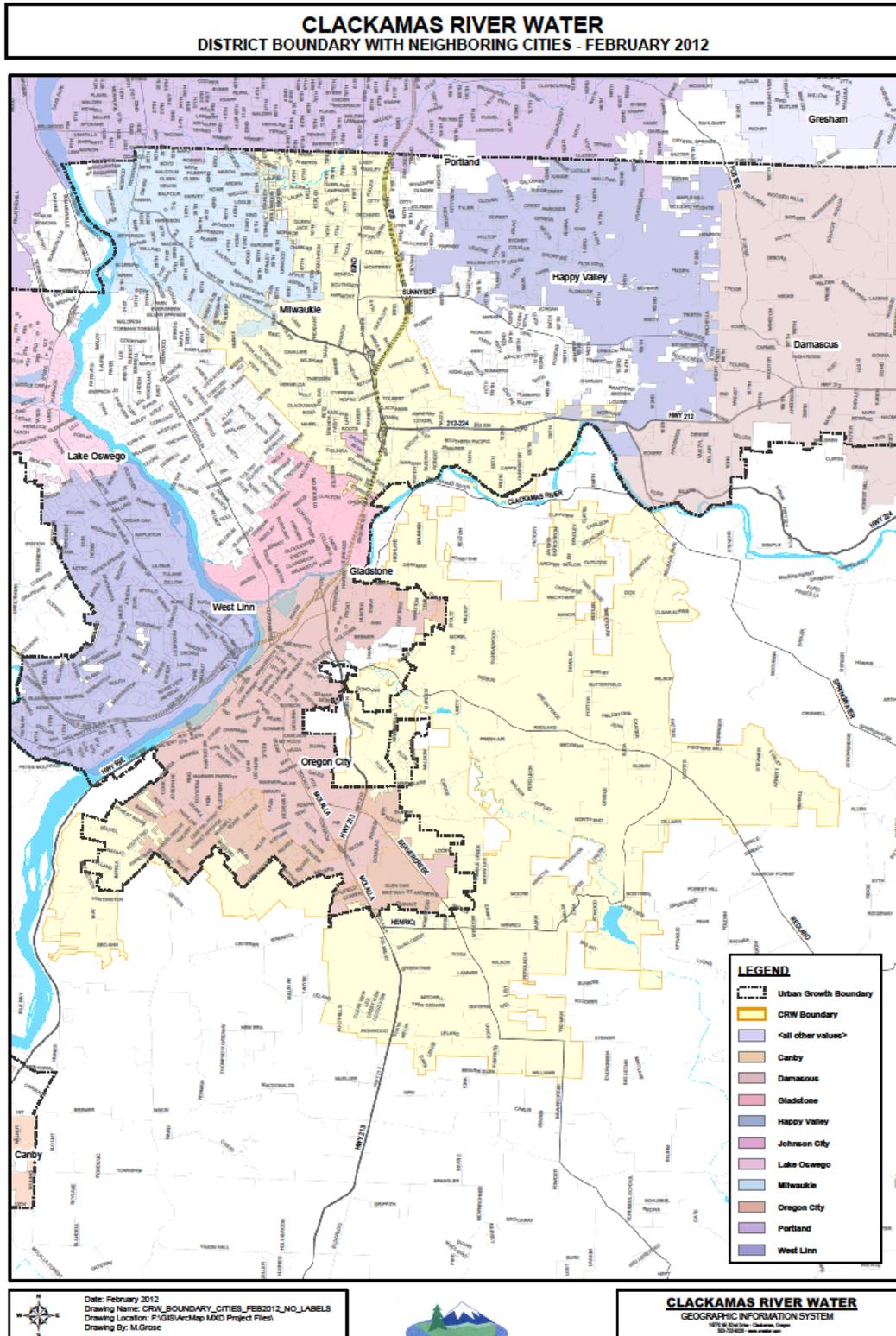
We believe that our current budget for biennium 2015-2017 continues to meet the Distinguished Budget Presentation Awards program requirements and will again submit it to the GFOA to determine its eligibility for another certificate.

Comprehensive Annual Financial Report: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CRW for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We have received this award since 1996 with the exceptions of fiscal years 2008 through 2010 when we did not apply for the award.



Service Area Map of the Clackamas River Water District Clackamas County, Oregon



BUDGET OVERVIEW:

Budgeting at Clackamas River Water:

Clackamas River Water or District budgets at the “Fund” level. A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and charges, all segregated for specific, regulated activities and objectives. Resources and requirements must balance within each fund budget. The District is a domestic water district and therefore has proprietary funds or enterprise funds.

Appropriations are at the category level. The budget appropriation categories are Personnel Services, Materials & Services, Capital Outlay, Debt Service, Interfund Transfers, and Contingency. All appropriation lapse as of end of the budgeting period on June 30.

Within the General Fund, activities are defined by department. A department is a section within a fund to separate costs associated with a certain area of operation. The Districts has six departments or areas of operation.

TYPES OF FUNDS:

Proprietary Funds: A proprietary fund is an enterprise fund used to account for activities that are similar to those often found in the private sector.

Enterprise Fund: An Enterprise Fund is a fund established to finance and account for acquiring, operating, and maintaining facilities and services which are self-supporting from user charges and fees. Separate funds should be established for each utility or enterprise. *CRW’s Enterprise fund is called the General Fund.*

General Fund: The purpose of a General Fund is to record financial transactions relating to all activities for which specific types of funds are not required. It

is the general operation fund for the local government. Most local governments have a General Fund. *CRW’s General Fund is an Enterprise Fund.*

Special Revenue Funds: Special Revenue Funds should be set up only for special tax levies and other dedicated revenues when required by statutes, charter provisions, or the terms under which revenue is dedicated. *CRW Special Revenue Fund is the CRWSC Activity Fund. This fund was authorized at the March 13, 2014 Board meeting.*

Capital Project Fund: A Capital Project Fund is used to record all resources and expenditures used to finance building or acquisitions of capital facilities, which are non-recurring major expenditure items. Resources include the proceeds from the sale of general obligation bonds or revenue bonds. Also included are any grants, transfers from other funds, or other revenues authorized for financing capital projects. *CRW’s current Capital Project Fund is the CIP Fund.*

Debt Service Fund: A Debt Service Fund accounts for the payment of principal and interest on all general obligation long-term debt, including that payable exclusively from revenue-producing enterprises. *CRW Debt Service Fund is the Revenue Bond Fund.*

Reserve Funds: A Reserve Fund is used to accumulate money for financing the cost of any service, project, property or equipment that the District can legally perform or acquire. Under Local Budget Law, a Reserve Fund is the appropriate way to save money from year to year. Money in a Reserve Fund can only be used for the purpose for which the fund was established. Expenditures can be made directly from the Reserve Fund. *CRW Reserve Funds are the SDC Reserve Fund, Rate Stabilization Reserve Fund, and CRW Reserve Fund.*

APPROPRIATION CATEGORIES:

Within each fund or each department of a fund, there are appropriation categories of expenditures. The usual categories are Personnel Services, Materials & Services, Capital Outlay, Debt Service, Interfund Transfers, and Contingency.

Personnel Services: Personnel Services include all of the wages, taxes and fringe benefit costs associated with employee expenditures.

Materials & Services: Materials & Services include operational expenses such as materials and supplies, maintenance and repairs, dues, travel and training, contracted services, utilities and water treatment supplies.

Capital Outlay: Capital Outlay items are expenditures that result in the acquisition of or addition to capital assets; that are significant expenditures for items that will be held or used for more than one (1) years and cost at least \$5,000.

Debt Service: Debt service items are expenditures for the repayment of bonded debt. Principle and interest payments are included in debt service.

Interfund Transfers or Transfers: Interfund transfers are budgeted to move money from one fund to another fund for specific allowable purposes. Examples include transferring funds from the General Fund to the Revenue Bond Fund in order to make the required payment on the Revenue Bonds or

from the CRW Reserve Fund to the CIP Fund for capital projects that improve or enhance the water system transmission or distribution mains.

Contingency: Contingency estimates must be reasonable, based on past experience, and in line with the purpose of the particular fund involved. It cannot be made in place of an estimate for expenditures which are known to be necessary and can be anticipated. It must not be used to cover up improper or loose budgeting practices.

Oregon Administrative Rules 150-294.388 (7) states that contingency estimates are “based on the assumption that in the operations of any municipality from an operating fund, certain expenditures will become necessary which cannot be foreseen and planned in the budget because of the occurrence of some unusual or extraordinary event.”

Expenditures cannot be made directly from the Contingency line item – the funds must be transferred to an existing appropriation. A resolution must be passed by the Board of Commissioners before any of the contingency money can be transferred. The transfer must be made to an existing appropriation. The contingency is then reduced and the receiving category increased by the same amount so the fund remains in balance. No more than 15% of the operating appropriation may be transferred from the Contingency. Transfers exceeding 15% may be made only after adopting a supplemental budget.

Citizens Budget Committee

ORS 294.336 mandates a budget committee for all Oregon local governments. Citizens Budget Committee consists of the Board plus an equal number of legal voters (citizen members of the budget committee). The citizens' members are appointed by the Board. The District has ten budget committee members and all votes are equal.

The Budget Committee meets periodically to review budget and financial information.

Budget Committee Members:

Board of Commissioners:

Larry Sowa, President
Ken Humberston, Treasurer
Hugh Kalini, Secretary
Grafton Sterling, Sr
David McNeel

Citizen Members:

Pat Russell
Gary Kerr
William Blanas
Paul Arro
Nick Thiel

Basis of Budgeting:

All funds are budgeted using the accrual basis of accounting in accordance with budgetary accounting practices. In accrual basis, revenues are recognized when earned and expenses are recognized at the time when the liability is incurred, regardless of the timing of the related cash flow.

Basis of Auditing:

The audit, as reported in the Comprehensive Annual Financial Report (CAFR), account for the District's finances on the basis of generally accepted accounting principles (GAAP). GAAP is defined as conventions, rules, and procedures necessary to describe accepted accounting practices. The CAFR shows all of the District's funds on both a budgetary and GAAP basis for comparison purposes.

Budgeting in the State of Oregon:

Oregon Budget Law is defined in Oregon Revised Statutes (ORS) Chapter 294.305 to 294.565 of Oregon State Law. It guides the District through the budgeting process. Chapter 294.311 (5) defines a budget as:

"...a plan of financial operation embodying an estimate of expenditures for a given period or purpose and the proposed means of financing the estimated expenditures."

Oregon Budget Law Related to Biennial Budgeting:

Chapter 294.323 (1) defines the budget period as not longer than one fiscal year unless the authorized by resolution to prepare a 24 month period. A biennial budget period is a 24-month period beginning July 1 and ending June 30 of the second succeeding year.

Biennial Budgeting:

On December 11, 2014, Resolution 05-2015 was adopted by the Board of Commissioners authorizing biennial budgeting. The biennial budget starts July 1, 2015 and ends June 30, 2017.

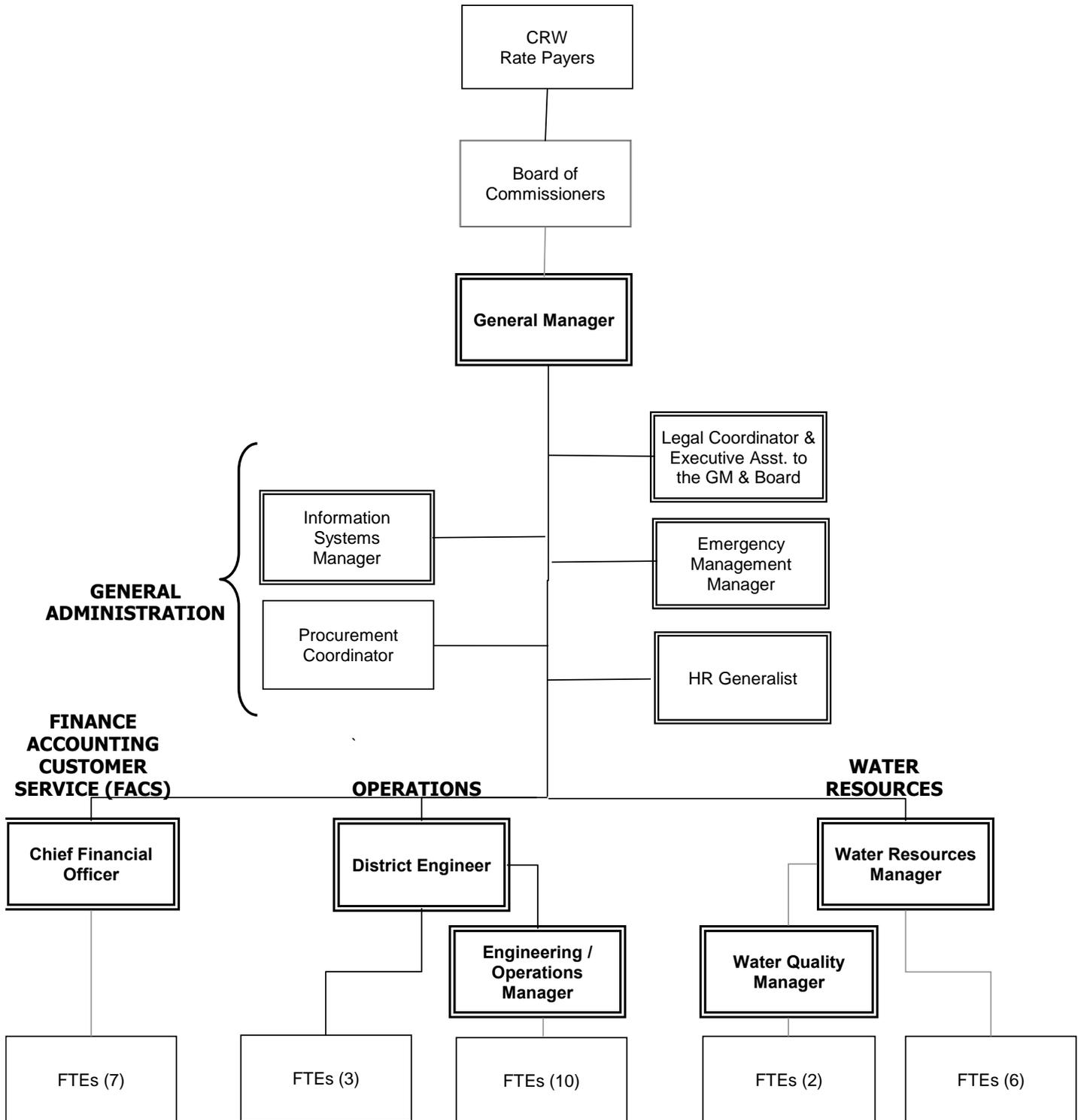
Prior years' budgets were prepared on an annual basis. The required Oregon Budget Law reports are located in the appendix section and contain mixture of annual amounts for fiscal years 2012-2013, 2013-2014 and 2014-2015 and biennial amount for biennium 2015-2017.

Budget Adjustments:

ORS 294.450 allows for a resolution to transfer budget appropriations between categories or funds provided there is no net change in total appropriations.

ORS 294.480 defines when a supplemental budget is allowed. A supplemental budget requires notification in newspaper, a public hearing and approval by the Board of Commissioners. The Board may modify original and supplemental budgets by appropriation transfers within or between funds.

Organizational Structure



Double Lines = Non Represented Employees

Bold Lines = Managers

DEPARTMENT:

A department is a section within a fund to separate costs associated with a certain program or area of operation. The General Fund has six (6) departments: Board of Commissioners, Administrative Services, Water Resources, System Operations, Engineering, and Finance, Accounting & Customer Service (FACS).

The Board of Commissioners (Board) consists of five elected members who represent ratepayers that physically reside within the boundaries of Clackamas River Water. The Board hires and oversees the General Manager, determines policies and regulations for the District and monitors compliance, and approves the operating and capital budgets. In addition to executive sessions, special meetings, and work sessions, the Board meets each month to consider District business.

Administration includes procurement of materials and services, contract administration, security systems and patrol administration, safety and health reporting and administration, information systems/technology support, network support, administration, maintenance, services and web administration, emergency management, human resources, and insurance administration. This department provides aide in the separation of functions that support the organization's efforts to maintain internal controls. The General Manager is responsible for the overall operations of the District with policy guidance from the Board of Commissioners.

Water Resources is responsible for production of water, meeting water quality standards, maintenance of the water treatment plant and pump stations, as well as purchasing wholesale water for sale to CRW retail customers. This department ensures compliance with the Safe Drinking Water Act, and federal and state water quality requirements through sample testing and analysis. Conservation activities are provided to schools and other consumers.

System Operations is responsible for maintaining the distribution system for delivery of finished water from the plant to individual service connections. They also maintain valves, meters and fire hydrants, reading commercial meters and reading residential meters for customers moving in or out of the District. Other activities include locating water lines, leak detection to reduce water loss, administration of the cross connection control program to prevent backflow of non-potable water into the distribution system, and coordination of fleet maintenance.

Engineering provides professional technical support related to the District's water system. They also manage AutoCAD (Computer Aided Drawing) and the Geographic Information System (GIS), mapping and inventory database, and the hydraulic model of our water system. Engineering long-term planning helps the district to meet master planning, capital improvement and other needs, including routine planning in other CRW departments and outside agencies. Engineering is also responsible for the development, design, and construction oversight of the Capital Improvement Program.

Finance, Accounting, and Customer Service (FACS) creates and sends bi-monthly bills, accepts and records payments, responds to customer questions and concerns regarding their bill or water service. FACS also creates this budget document and the Comprehensive Annual Financial Report (CAFR), monitors and reconciles expenditures accounts, processes payroll and vendor payments, provides data and information to independent auditors, and oversees records and document management. FACS also ensures fiscal compliance to our debt bond holders, customers and as required by state statutes.

REFERENCE TO EXPENDITURE ACCOUNTS INCLUDED IN SUMMARIZED GROUPINGS

The General Fund and CRWSC Activity Fund requirements are summarized into the following groupings:

Customer Services – Costs directly related to customers such as statement processing, public notices, credit card payment processing fees, collection of past due accounts, and conservation education.

- Bad Debt
- Credit Card Processing Fees
- Collection Expenses
- Customer Credit Allowance
- Customer Statement Processing
- Promotional Items
- Public Notices

REFERENCE TO EXPENDITURE ACCOUNTS INCLUDED IN SUMMARIZED GROUPINGS (continued)

Facilities & Security – Costs related to facility maintenance, security of the District, taxes due to private use, and assessments.

- Assessments & Taxes
- Building & Grounds Maintenance
- Security

General Administration – Costs related to general liability insurance, service fees, dues and memberships in organizations that benefit the District.

- Bank Charges
- Insurance
- Dues & Memberships
- Insurance Deductible

Materials – Costs for material inventory and maintenance supplies needed for installing meters and maintaining the distribution system.

- Inventory
- Maintenance Supplies

Office – Costs related to office supplies, and printing and mailing forms and documents.

- Office Supplies
- Postage
- Printing
- Miscellaneous

Other Support Costs – Costs related to maintaining employees' safety and skills.

- Books & Publications
- Certifications
- Employee Relations
- Medical Exams
- Payroll Processing Fees
- Protective Clothing
- Safety & Health
- Training
- Travel-Local

Professional & Contracted Services – Costs related to professional and contracted services that are not provided by employees. Examples include attorneys, consultants, and meter reading.

- Audit
- Contract Work
- Engineer Service
- Legal
- Maps

Equipment – Costs related to equipment used by the District to maintain the distribution system and water treatment plant, computer systems, general office equipment and District vehicles.

- Computers, Peripherals & Software
- Equipment Maintenance
- Equipment Rental
- Maintenance Agreements
- Small Tools & Equipment
- Vehicle Maintenance

Utilities – Costs related to communication, power, heating and cooling of District facilities.

- Telecommunications
- Utilities

Water Purchases & Treatment – Costs related to preparing and supplying water for customer usage and maintaining the watershed.

- Permits
- Telemetry
- Water Purchases
- Watershed Management
- Water Treatment & Analysis

BUDGET DETAIL

Understanding the CRW budget:

Clackamas River Water presents budgeted financial information in detail tables by fund. Each table includes several columns:

GENERAL FUND								
Summary			PROPOSED BY 2015-2017			Change to 2015-2017		
ADOPTED 2013-14	ADOPTED 2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	from 2013-2015	Dollars	Percentage

Column 1 – Summary

Resources are grouped by seven different revenue types; requirements are grouped by expenditures category. Personnel Services and Material and Services expenditure categories are summarized by expenditures accounts groupings. Capital Outlay is summarized with detail description in the supplemental section of the document.

Column 2 – Adopted budget data for prior year data

Resources and requirements for the prior year, 2013-14, are shown on a budgeted basis in the second column of the budget detail for each fund. This is the adopted or amended prior year budget.

Column 3 – Adopted budget for current year data

Resources and requirements for the current fiscal year, 2014-15, are shown on a budgeted basis in the third column of the budget detail for each fund. This is the adopted or amended current year budget.

Column 4 – Total

The totals of the two annual budgets, FY 2013-14 and FY 2014-15, are combined (added together) in the fourth column to mimic a biennial budget amount that can be compared to the proposed biennial budget in column seven.

Column 5 and 6 – Proposed budget for each fiscal year of the biennium

Resources and requirements for the next two fiscal years, FY 2015-16 and FY 2016-17, are shown on a proposed basis in the fifth and sixth columns of the budget detail for each fund.

Column 7 – Biennial budget total

The biennial total for the next two fiscal years, FY 2015-16 and FY 2016-17, are totals (added together) in the seventh column. This is the appropriation level at which the budget will be approved and adopted.

Column 8 – Change in dollars

The eighth column shows the dollar difference between column 7 and column 4 which is the increase or decrease of the proposed biennial budget compared to the prior two budget years.

Column 9 – Percentage change

The ninth column shows the percentage difference between column 7 and column 4 which is the increase or decrease of the proposed biennial budget compared to the prior two budget years.

The Oregon Budget Law required reports are in the Appendix section.

BUDGET CALENDAR and PROCESS:

Prior to July 1, First year of Biennium:

December

- Staff begins discussion about major budget issues and basic assumptions for the preparation of budget values.
- The Board discusses budget committee vacancies
- Staff advertises for citizens budget committee members*

January

- The Board appoints the budget officer

February

- The Board appoints citizen members of Budget Committee.

February / March

- Capital improvement projects are selected for inclusion in the budget.
- Staff submits preliminary budget requests to the budget officer.

March

- Staff drafts decision packages describing new programs
- Budget officer reviews final proposed budget requests with managers
- Staff performs final review and reconciliation
- The proposed budget document is printed and distributed to the budget committee.

April/May

- Budget Committee meetings are advertised
- The budget officer presents the proposed budget and delivers the message at the first budget committee meeting

April/May (continued)

- The budget committee discusses, deliberates, may make modifications, and approves the budget
- Staff prepares and publishes Financial Summary and Notice of Budget Hearing

June

- The Board holds a public hearing
- The Board may make modifications to the budgeted amounts prior to adoption as deemed necessary.
- The Board adopts the budget, adopts the resolution making appropriations, and declares no tax levy

First year of Biennium:

July

- The adopted budget is submitted to the Oregon Department of Revenue and Clackamas County

During the biennium

- Periodic review of expenditures to adopted budget are reported to the Board
- Staff updates CIP, if necessary

Second Year of Biennium:

Spring

- Staff prepares a supplemental budget, if changes or updates are required
- Publish notice of supplemental budget hearing, if required
- Board holds supplemental budget hearing, if required
- Board adopts supplement budget resolution, if required

June

- Appropriations lapse as of June 30th.

*To apply send a letter of interest and qualifications to Board of Commissioners, President PO Box 2439, Clackamas, OR 97015.

Financial Policies

This section summarizes the policies the District follows in managing its finances.

Financial and Accounting Policies

1. The District shall establish and maintain its accounting systems according to generally accepted accounting practices (GAAP) and shall adhere to GAAP principles and standards promulgated by the Government Finance Officers Association (GFOA), Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB)
2. The District shall conduct its financial planning and rate setting in a manner that promotes predictable and stable rates. The Board of Commissioners approved a long term rate plan in March 2014 to provide stable revenue to meet operational needs and reserve policy.
3. An annual audit shall be performed by an independent public accounting firm, which issues an official opinion on the annual financial statements, along with a management letter identifying any areas needing improvement (ORS 297, OAR Division 10).
4. Full disclosure shall be provided in the financial statements and bond representations.
5. Quarterly budget reports showing the current status of revenues and expenditures shall be prepared and distributed to appropriate staff and management personnel in a timely manner and made available for public inspection.

Budget Policy

1. The District has adopted a two-year (biennial) budget to affect an appropriate short-term planning horizon and promote efficiencies.
2. The District shall prepare, present, approve, adopt and amend its operating budget(s) in accordance with Oregon Local Budget Law (ORS 294.305 to 294.565).
3. The District shall maintain a budget system to monitor expenditures and revenues on an ongoing basis, with thorough analysis and periodic adjustment if required.
4. The District shall ensure that operating revenues are sufficient to cover operating expenditures, transfers, reserves, and contingencies.
5. Annual recurring revenues (including interfund transfers) shall not be less than annual recurring operating expenditures (total annual budget, minus capital outlay, transfers, reserves, and contingencies).

6. Unless otherwise authorized by the Board of Commissioners, general unrestricted revenues shall not be earmarked for specific programs, activities or services.
7. Long-term debt or bond financing shall be used for capital purposes, not to finance current operations.
8. The District appropriates at the "category" levels of Personnel Services, Materials & Services, Transfers, Debt Service, and Contingency.

Capital Asset Policy

1. The District shall periodically review and update its Water Master Plan and Water Management Plan to satisfy the requirements for these plans outlined by the Oregon Health Division and the Oregon Water Resources Department. The review and update should consider information contained in other planning documents and provide the District with a coordinated capital plan for system development and an overview of source options to meet growth needs.
2. The District shall finance capital projects with both cash and debt instruments. Normal ongoing repair and replacement projects will always be financed with cash. Debt will be considered as an optional financing mechanism for long-lived improvements and expansions, or one-time major system component replacements. Capital projects financed through the issuance of debt shall not be financed for a period that exceeds the expected useful life of the project. As part of the CIP process, analysis shall be conducted to insure that capital expenditures are funded from an appropriate revenue source, and that sufficient cash is being re-invested in the system each year to maintain the public's investment in infrastructure.
3. The district shall use the most prudent methods of acquiring capital outlay items, including the use of lease-purchase agreements.
4. The District shall maintain its bond rating at the highest level fiscally prudent, so that future borrowing costs are minimized and access to the credit market is preserved.

Debt Policy

1. The District may issue debt to finance capital facilities with long-term useful lives and to maintain stable water rates and spread the cost of the facilities to future users benefiting from the facility.
2. The District shall issue revenue bonds in preference to general obligation (GO) bonds as a financing instrument. This policy allows the District to issue debt on a schedule that accommodates capital system needs without waiting for a general election (required in Oregon for GO debt) and ensures that debt is serviced with water rates and charges

(consistent with the “user pays” philosophy) rather than through property tax assessments.

3. The District shall comply with current bond covenants by ensuring that its operating revenues are sufficient to equal the District’s operating expense and that the net operating revenues are sufficient to meet or exceed revenue bond debt service coverage tests. Debt service coverage calculations should include and exclude System Development Charge (SDC) revenues to ensure coverage requirements and targets are met.
4. The District shall periodically review its outstanding debt and debt market conditions to identify opportunities to reduce interest cost through refinancing and shall comply with applicable provision of law including interest savings of 3% or greater from refinancing.
5. When issuing debt the District shall evaluate the use of bond insurance and debt service reserve equivalents as a means of minimizing net interest cost of the financing.
6. When issuing debt the District shall comply with Internal Revenue Services’ Arbitrage rules requiring 95% of bond proceeds be spent for their intended purpose within 24 months from the issuance date of the bonds.

Reserve and Contingency Policy

The District shall maintain reserves at the levels and for the purposes indicated below. These levels represent the minimum amounts that should be maintained. Reserves may be restricted or unrestricted, and may not be expended except as allowed by local budget law.

1. Operating Reserve (working capital): 90 days’ worth of operating expenses (personnel services, materials and services). This practice allows for fluctuations of cash receipts due to weather and water use.
2. Operating Contingency: A minimum of \$500,000 for unplanned and unanticipated expenditures. The funds can be accessed through Board action for revenue or expenditure fluctuations when necessary. Any depleted funds shall be replaced in the following budget period.
3. Capital Reserve. \$1,750,000, but not less than \$500,000 from water sales revenue. The funding level of this reserve is based on annual depreciation of the system infrastructure and was approved by the Board. Monies are transferred from this reserve to the Capital Improvement Projects Fund for expansion and improvement to the District’s facilities. Depleted reserve funds shall be replaced by a transfer of cash from the General Fund.
4. Rate Stabilization Reserve. This reserve while not required by bond covenants provides additional revenues to meet debt service coverage requirements in years when

revenues are lower than anticipated. This reserve may be accessed by Board action when needed. A higher level of rate stabilization reserve may be funded in anticipation of unusually large or frequent bond sales.

5. System Development Charge (SDC) Reserve: Monies are transferred from this reserve to the Capital Improvement Projects Fund for expansion and improvement to the system. Depleted reserve funds are replenished by SDC reimbursement and improvement revenues.

In addition to the required reserves listed above, the District shall maintain discretionary reserves when special circumstances warrant such a course of action.

Revenue Policy

1. System development charges shall be established to fund costs of expansion and improvements to the water system to service new growth.
2. Charges for providing water services shall be sufficient to finance all operating, capital outlay and debt service expenses of the City's enterprise funds, including operating contingency and reserve requirements.
3. Other reimbursable work performed by the district (labor, contracted services, equipment and other indirect expenses) shall be billed at actual or estimated actual cost, including indirect overhead.
4. Charges for services shall accurately reflect the actual or estimated cost of providing a specific service. The cost of providing specific services shall be recalculated periodically, and the fee adjusted accordingly. The District shall maintain a current schedule of fees, showing when the fees were last reviewed and/or recalculated.
5. The District shall pursue an aggressive policy of collecting delinquent accounts including late fees, discontinuing service and collection agencies.

Investments

1. The primary investment objective for the District is to invest available cash according to established policies, while providing appropriate levels of safety, liquidity, and yield, in that order. Performance against this objective is monitored on an ongoing basis. The prospect of credit risk or risk of permanent loss is avoided.

Operations Policy

1. It is District policy to operate the water system without property tax support. The two elements of this policy are that (1) the system is operated to provide service to its residents and customers based upon the cost of the service, and (2) bonds issued for major improvements to the system are retired with revenue from water sales. Thus, although it has the authority to do so and has previously levied a small tax to retire debt, CRW does not currently use property taxes to finance general operations.
2. The District's operations policy also stipulates periodic review of wholesale and retail rates to ensure uniformity between policy and financial conditions. In March of 2014 the Board approved an eight year rate plan to provide revenue sufficient to meet financial reserve policies approved by the Board. The rate increase was effective with the June 30 bills of each year, just prior to the fiscal year end.

Risk Management

1. The District and its employees are responsible for ensuring that District operations, programs, activities, and policies are conducted in a manner that considers risk of loss or injury in order to provide the maximum protection to District assets, both human and property, and prevent fiscal loss.
2. In order to reduce risk potential and associated losses, the District risk management efforts:
 - Identify risks,
 - Evaluate risk potential,
 - Select the best risk management techniques to mitigate and manage risks while minimizing unnecessary impacts to essential District activities, and
 - Monitor and evaluate the results.

GENERAL FUND

GENERAL INFORMATION

Resources and requirements of the General Fund budget are equal, creating a balanced fund. Resources include Beginning Fund Balance or Working Capital, Revenue from water sales, other sources, and Transfers from other funds. Requirements include Expenditures, Transfers to Other Funds, Contingency and Unappropriated Fund Balance.

General Fund revenue is sufficient to cover the budgeted General Fund expenditures. Revenue from water sales is estimated at \$18.3 million with \$705,000 from other sources as identified below. Expenditures are budgeted at \$16.7 million.

The General Fund records revenue for direct water sales, system connections, service charges, as well as non-operating income for rental of building space, interest earnings, and sale of scrap, excess vehicles and equipment.

The General Fund requirements contain the District's operational expenditures, capital outlay, transfer to reserves, contingency and unappropriated ending fund balance.

BUDGET HIGHLIGHTS

This is the first time a biennial budget is presented to our Budget Committee. The following pages compare the proposed biennial budget to the two years of annual budgets combined.

The proposed budget includes budget options in the form of decision packages that are ranked in order of priority for the Budget Committee to consider.

One time expenditures included in the BN 2015-2017 proposed budget equal \$284,145.

Financial policies are met in the proposed budget. Contingency is at least \$500,000, transfers to reserves of at least \$1.75 million, and ending fund balance at least 90 days of operational expenditures.

CAPITAL CONSIDERATIONS

Capital outlay expenditures are purchases for assets that last longer than one year and exceed the threshold purchase price of \$5,000.

- New vehicles for field operations include: construction truck and service trucks
- Replace/update Riverside Park restrooms
- Replace up to five HVAC units at the Administration building and WTP
- SCADA system updates
- Equipment trailer
- Reroof pump stations
- Replace flooring at two locations
- Replace outdated water monitoring equipment
- Reseal parking lots at park and pump stations
- Industrial meter reading software
- UB & Financial Software replacement
- Meter and vault replacements for three inch and greater services

General Fund

What is New?

The Board approved biennial budgeting for the District December 11, 2014 for the years 2015 through 2017. The presentation includes the budget for the biennium as compared to the prior two annual budgets combined.

The Board of Commissioners approved a rate plan on March 31, 2014 effective May 1, 2014. This is an eight-year plan designed to provide resources to meet fiscal policies and district infrastructure needs. Revenue from this action has been included in this budget. This budget is year two and three of the rate plan.

Transfers are from the CRWSC Activity Fund for Wholesale Water Sales.

Revenues are forecast based on consumption similar to prior years but are conservative for the summer usage months due to the possibility of consumers adjusting water usage from the low snow pack during the winter and limited new development within the District. Some customers are affected by outdoor water usage and weather patterns; this has been considered in our forecast.

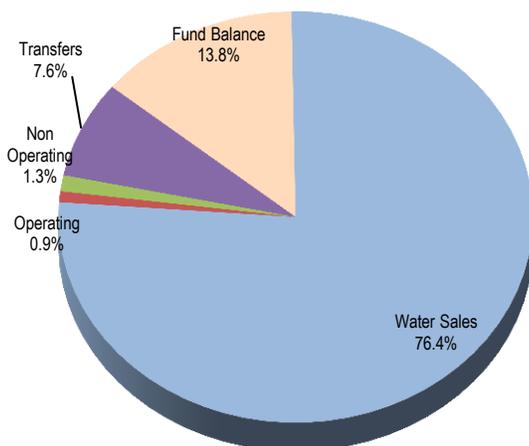
Where the money comes from...

- Water Sales
- Service Connections
- Service Charges
- Miscellaneous Operating – revenue related to, but not direct water sales, transmission, or production
- Rental Income
- Miscellaneous Non-Operating
 - Services other than water production
 - Surplus Property Sales
- Right-of-Way fee – Oregon City
- Interest Income
- Transfers In

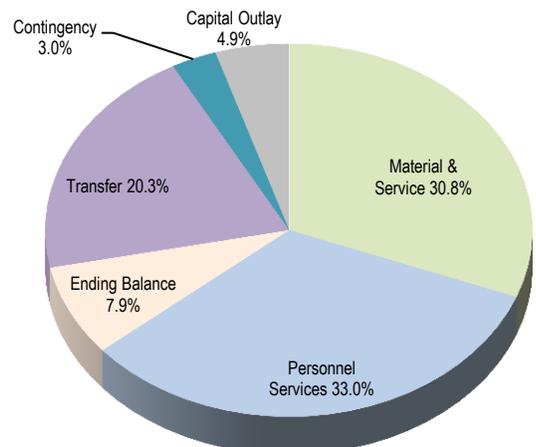
Where the money goes...

- Staffing remains at FY 2014-15 levels
- Materials & Services include increases in:
 - rebate program
 - Oregon City/CRW service boundary study
 - emergency management program
- Capital Outlay includes equipment replacements, and service vehicles and HVAC replacements
- Transfers to Other Funds increases future reserves for capital improvements, full bond debt payment, and funding for CRWSC activities
- Operating Contingency is for unplanned and unanticipated expenditures
- Ending Fund Balance maintains adequate reserves to meet District needs and compliance with fiscal policies

General Fund's resources by major category:



General Fund's requirements by major category:



General Fund

The purpose of a General Fund is to record financial transactions relating to all activities for which specific types of funds are not required. The General Fund records the general operations for the District.

GENERAL FUND

Summary	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	from 2013-2015 Dollars	Percentage
RESOURCES:								
Beginning Fund Balances (1)	\$ 2,100,000	\$ 3,400,000	\$ 3,400,000	\$ 4,000,000		\$ 4,000,000	\$ 600,000	17.6%
Water Sales	8,100,000	8,200,000	16,300,000	8,945,000	9,370,000	18,315,000	2,015,000	12.4%
Operating Revenue	132,400	133,600	266,000	181,800	181,800	363,600	97,600	36.7%
Non-Operating Revenue	149,000	162,400	311,400	169,000	172,400	341,400	30,000	9.6%
Transfers	-	875,000	875,000	790,000	800,000	1,590,000	715,000	81.7%
TOTAL RESOURCES	\$ 10,481,400	\$ 12,771,000	\$ 21,152,400	\$ 14,085,800	\$ 10,524,200	\$ 24,610,000	\$ 3,457,600	16.3%
REQUIREMENTS:								
Personnel Services	\$ 4,024,926	\$ 4,021,339	\$ 8,046,265	\$ 4,162,093	\$ 4,042,070	\$ 8,204,163	\$ 157,898	2.0%
Materials & Services	3,471,900	3,654,000	7,125,900	3,782,400	3,771,600	7,554,000	428,100	6.0%
Capital Outlay	227,800	406,000	633,800	535,500	431,000	966,500	332,700	52.5%
Transfers to Other Funds	964,674	1,785,155	2,749,829	2,267,075	2,758,300	5,025,375	2,275,546	82.8%
Contingency (1)	500,000	500,000	500,000	750,000	-	750,000	250,000	50.0%
Ending Fund Balance (2)	1,292,100	2,404,506	2,096,606	-	2,109,962	2,109,962	13,356	0.6%
TOTAL REQUIREMENTS	\$ 10,481,400	\$ 12,771,000	\$ 21,152,400	\$ 11,497,068	\$ 13,112,932	\$ 24,610,000	\$ 3,457,600	16.3%

(1) Combined total uses Year 2 only of Adopted budget, adjusted to align with biennial budgeting

(2) Combined total is adjusted from adopted budget to balance budget, adjusted to align with biennial budgeting

GENERAL FUND RESOURCES

The District's General Fund proposed budget includes estimated revenues for the biennium as well as beginning fund balance. Total resources include retail water sales, operating revenues (late fees, connection charges, fire hydrant usage permits and related fees), non-operating revenues (rents, damage to property, grants, sales of scape and assets), transfers from other funds, and beginning fund balance. Water sales account for 88.9 percent of revenue including transfers from other funds. Transfers from other funds, CRWSC Activity Fund, include wholesale water sales which is 7.7 percent of revenue in the General Fund.

GENERAL FUND REQUIREMENTS

The District's General Fund proposed budget includes all necessary appropriations for the biennium as well as unappropriated reserves. Total appropriations include expenditure categories for district-wide spending of Personnel Services, Materials and Services, Capital Outlay and Transfers, as well as the non-spendable Contingency category.

This budget includes increases in Transfers to the Capital Reserve Fund and CRW Activity Fund, expenditures for emergency management activity, service vehicles, financial and utility billing software and HVAC replacements. The transfers to reserves, contingency and the unappropriated fund balance meet CRW's fiscal policies.

Personnel Services increases 2.0 percent, Materials and Services increases 6.0 percent and Capital Outlays increase 52.5 percent. Transfers to Other Funds increases by 82.8 percent.

General Fund

Personnel Services:

Personnel Services increases 2.0 percent, while Full Time Equivalent positions remain unchanged from prior two-year comparison.

Salary and Wages increases due to wage adjustments per contract agreements, planning for staff retirement benefit payouts, and inflation.

Benefits and Taxes decreases due to anticipated changes in costs to provide employee insurance partially offset by increases in pension plan administered by PERS.

Material & Services

Materials & Services increase 6.0 percent over the prior two-year comparison.

Customer Services, costs directly related to customers such as public notices, credit card payment process fees, conservation education, increases due to planned conservation education activity, rebates, and increased usage of credit card payment processing fees.

Equipment, costs to maintain the distribution system, water treatment plant, District vehicles, computer systems, and general office equipment, decreases as computer replacement project was completed.

Facilities & Security, costs related to facility maintenance, security of the District, taxes due to private use and assessment, decreased due vulnerability study planned during FY 2013-14.

General Administration, costs related to general liability insurance, service fees, dues and memberships that benefit the District, increases due to anticipated increases in the cost of these services.

Materials, costs for supplies and inventory for installing meters and maintaining the distribution system, increases due to parts and inventory used to maintain the system.

Office, costs related to office supplies, postage, and printing of forms and document, decreased as the costs have decreased through the use of electronic and web options.

Other Support Costs, related to maintaining employees' safety and skills, increases due to participation in conferences and seminars, protective clothing allowance, and safety committee expenses which include AED equipment purchase.

Professional & Contracted Services, related to services not provided by employees including attorneys, consultants, meter reading, and surveying, increases due to recruitment services, earthquake modeling, and boundary study partially offset as staff preforms work once contracted to consultants.

Utilities, costs related to communications, power, heating and cooling of District facilities, increased due to anticipated rates hikes for power.

Water Purchases & Treatment, costs related to preparing and supplying water for customer use and maintaining the watershed, increased due to changes in the watershed management program.

Capital Outlay

Capital Outlay is \$996,500 for the biennium. A listing and description of the Capital Outlay planned for this biennium can be found in the Capital Outlay Section.

Capital Outlay items are expenditures that result in the acquisition of, or addition to, capital assets and cost \$5,000 or more, with a useful life of one year or longer. Typically these items are one-time purchases. The Water Resources department has recurring purchases for SCADA system server and pump rebuilds. The System Operations department has recurring purchases for three inch and larger meter replacements.

General Fund

GENERAL FUND REQUIREMENTS

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	39.2	39.2		39.2	39.2			0.0%
Salaries & Wages	\$ 2,485,403	\$ 2,622,018	\$ 5,107,421	\$ 2,760,605	\$ 2,590,910	\$ 5,351,515	\$ 244,094	4.8%
Benefits & Taxes	1,539,523	1,399,321	2,938,844	1,401,488	1,451,160	\$ 2,852,648	\$ (86,196)	-2.9%
TOTAL PERSONNEL SERVICES	\$ 4,024,926	\$ 4,021,339	\$ 8,046,265	\$ 4,162,093	\$ 4,042,070	\$ 8,204,163	\$ 157,898	2.0%
MATERIALS & SERVICES								
Customer Services	\$ 84,500	\$ 88,800	\$ 173,300	\$ 143,700	\$ 148,500	\$ 292,200	\$ 118,900	68.6%
Equipment	309,400	356,100	665,500	321,800	311,600	633,400	(32,100)	-4.8%
Facilities & Security	277,200	253,300	530,500	256,600	262,500	519,100	(11,400)	-2.1%
General Administration	401,100	396,900	798,000	416,800	433,400	850,200	52,200	6.5%
Materials	124,300	134,500	258,800	143,000	138,500	281,500	22,700	8.8%
Office	78,300	80,800	159,100	70,900	80,000	150,900	(8,200)	-5.2%
Other Support Costs	104,600	122,400	227,000	147,000	132,200	279,200	52,200	23.0%
Overhead Reimbursement	(201,400)	(156,700)	(358,100)	(151,600)	(153,300)	(304,900)	53,200	-14.9%
Professional & Contracted Services	631,300	668,000	1,299,300	702,500	662,500	1,365,000	65,700	5.1%
Utilities	660,100	667,600	1,327,700	674,900	699,400	1,374,300	46,600	3.5%
Water Purchases & Treatment	1,002,500	1,042,300	2,044,800	1,056,800	1,056,300	2,113,100	68,300	3.3%
TOTAL MATERIALS & SERVICES	\$ 3,471,900	\$ 3,654,000	\$ 7,125,900	\$ 3,782,400	\$ 3,771,600	\$ 7,554,000	\$ 428,100	6.0%
CAPITAL OUTLAY	227,800	\$ 406,000	633,800	535,500	431,000	966,500	332,700	52.5%
TRANSFERS TO OTHER FUNDS	964,674	1,785,155	2,749,829	2,267,075	\$ 2,758,300	5,025,375	2,275,546	82.8%
CONTINGENCY (1)	500,000	500,000	500,000	750,000	-	750,000	250,000	50.0%
ENDING FUND BALANCE (2)	1,292,100	2,404,506	2,096,606	-	2,109,962	2,109,962	13,356	0.6%
TOTAL REQUIREMENTS	\$10,481,400	\$12,771,000	\$21,152,400	\$11,497,068	\$13,112,932	\$24,610,000	\$ 3,457,600	16.3%

(1) Combined total uses Year 2 only of Adopted budget, adjusted to align with biennial budgeting

(2) Combined total is adjusted from adopted budget to balance budget, adjusted to align with biennial budgeting

Transfers to Other Funds

Transfers to Other Funds is \$5,025,375 for the biennium. Transfers include the Revenue Bond Fund for the full payment of principle and interest of the 2009 Revenue Bonds, The CRWSC Activity Fund for CRW's Share of the ORS190 agreement with SWA, and the Capital Reserve Fund for capital improvement to Districts assets. This budget meets our fiscal policy for reserve funding.

Contingency

Contingency is \$750,000 for the biennium and meets our fiscal policy.

Ending Fund Balance

Ending Fund Balance is \$2,109,962 for the biennium and meets our fiscal policy of 90 days of operational expenditures.

General Fund

BOARD OF COMMISSIONERS

FY 2014-2015 Accomplishments

Formed ORS190 partnership with SWA for improved efficiencies and resource sharing

Formed ORS190 partnership with SWA for improved relationships regionally that can benefit all ratepayers in the region

Agreement with City of Happy Valley to supply water to customers after annexation into City

Agreement with Oregon City on engineering study

Goals & Performance Measure

Goal: To look for opportunities to demonstrate beneficial use of water rights.

Goal: To develop an emergency intertie with the City of Portland to ensure a water supply for the region in the event the Clackamas River is compromised.

Goal: To provide CRW water to customers south of the Clackamas River

Goal: To ensure CRW is prepared to provide water service to our customers and others in the region during and after an emergency event

Goal: To improve relations with neighboring entities

Budget Highlights

Includes new commissioner training from BOLI and at the SDAO conference

Includes reduced costs for public notices due to change in Board policy

Includes legal expense for attorney opinions for Board action

Includes delivery costs of documents to commissioners' homes by service freeing staff for other activities

Capital Considerations

Board of Commissioners does not have capital outlay funds budgeted in FY 2016 or FY 2017.

General Fund

The Clackamas River Water Board of Commissioner's (Board) are volunteers serving their community. Board members are elected by ratepayers of the District to serve four year terms, with at least two board member positions up for election every two years. The Board sets the District's policy and priorities, adopts ordinances and resolutions, hires the General Manager, evaluates the General Manager's performance, adopts the budget, and exercises all powers of a special district pursuant to state laws.

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	0.8	0.8		0.9	0.9			12.5%
Salaries & Wages	\$ 124,335	\$ 86,609	\$ 210,944	\$ 82,388	\$ 80,326	\$ 162,714	\$ (48,230)	-22.9%
Benefits & Taxes	734	19,694	20,428	50,874	\$51,480	\$ 102,354	\$ 81,926	401.0%
TOTAL PERSONNEL SERVICES	\$ 125,069	\$ 106,303	\$ 231,372	\$ 133,262	\$ 131,806	\$ 265,068	\$ 33,696	14.6%
MATERIALS & SERVICES								
Customer Services	7,200	7,100	\$ 14,300	\$ 1,000	\$ 1,000	\$ 2,000	\$ (12,300)	-86.0%
General Administration	6,300	7,900	14,200	7,900	8,500	16,400	2,200	15.5%
Office	500	6,100	6,600	1,600	7,300	8,900	2,300	34.8%
Other Support Costs	3,500	5,000	8,500	4,900	4,900	9,800	1,300	15.3%
Professional & Contracted Services	-	-	-	5,000	5,000	10,000	10,000	N/A
Utilities	1,600	-	1,600	-	-	-	(1,600)	-100.0%
TOTAL MATERIALS & SERVICES	\$ 19,100	\$ 26,100	\$ 45,200	\$ 20,400	\$ 26,700	\$ 47,100	\$ 1,900	4.2%
DEPARTMENT TOTAL	\$ 144,169	\$ 132,403	\$ 276,572	\$ 153,662	\$ 158,506	\$ 312,168	\$ 35,596	12.9%

Summary of Department's Budget:

The budget for the Board of Commissioners totals \$312,168 an increase of \$35,596 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustments to the 2015-2017 biennium budget include:

Personnel Services:

- Decrease in salaries and increase in benefit & taxes due to direct allocation of personal through the payroll system and changes of demographics of staff supporting the Board of commissions.
- Increase in FYE by 0.1 due to change in personnel allocations of staffing to Board of Commissioners

Material and Services:

- Customer Services is reduced for change in posting public notices
- Utilities expense is for data plans for commissioners; this expense is included in the Administrative budget.
- Legal fees are for legal opinions as requested by Board members
- Office costs include service to deliver Board materials to Commissioners

Please see Oregon Budget Law required reports located in the Appendix section.

ADMINISTRATIVE SERVICES

FY 2014-2015 Accomplishments

Supported ORS190 partnership with SWA for improved efficiencies and resource sharing – human resources, emergency preparedness, and procurement support for both agencies

Supported ORS 190 partnership with SWA for improved relationships regionally that can benefit all ratepayers in the region

Worked with City of Happy Valley staff to complete supply water agreement to customers after annexation into City

Sr. Executive Assistant received certification in Public Contact Administration.

Goals & Performance Measure

Goal: To provide executive support to the Board of Commissioners and leadership, and oversight coaching to Clackamas River Water's departments as they conduct the business of the District.

Goal: To develop and nurture positive relationships with neighboring Districts and stakeholders

Goal: To ensure the District continues to comply with or exceed federal and state laws and regulations

Budget Highlights

Emergency preparedness planning for CRW and SWA includes event training exercise, earthquake modeling for vulnerability study and command center planning and preparations.

Planning for changes in work force, costs include recruitment agencies and staff skills training at conferences and seminars.

Capital Considerations

Replace four of eight aging HVAC units for Administration Building for reliable heating / cooling of district offices

Replace Riverside Park restrooms and update for ADA compliance. Riverside Park is used for Little League games, boating, picnics and for other recreational activities

Add an emergency generator to the Administration Building for staff to conduct business during power outages

General Fund

The Board of Commissioners has delegated to the General Manager (GM) the authority and responsibility to manage and operate the District. For efficient and effective operations, the GM relies on administrative staff and department managers. The GM has delegated operational authority to department managers in their functional areas. Administrative Services staff provides support for procurement of materials and services, emergency management, human resources, and information systems and technology.

ADMINISTRATIVE SERVICES

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	5.4	5.4		5.3	5.3			-1.9%
Salaries & Wages	\$ 346,762	\$ 350,173	\$ 696,935	\$ 413,395	\$ 362,992	\$ 776,387	\$ 79,452	11.4%
Benefits & Taxes	299,454	216,256	515,710	208,283	\$221,211	\$ 429,494	\$ (86,216)	-16.7%
TOTAL PERSONNEL SERVICES	\$ 646,216	\$ 566,429	\$1,212,645	\$ 621,678	\$ 584,203	\$1,205,881	\$ (6,764)	-0.6%
MATERIALS & SERVICES								
Customer Services	\$ 16,300	\$ 6,500	\$ 22,800	\$ 7,000	\$ 7,000	\$ 14,000	\$ (8,800)	-38.6%
Equipment	72,000	73,900	145,900	65,100	62,700	127,800	(18,100)	-12.4%
Facilities & Security	213,000	155,500	368,500	165,700	170,900	336,600	(31,900)	-8.7%
General Administration	339,400	305,000	644,400	323,900	337,100	661,000	16,600	2.6%
Office	22,300	21,400	43,700	22,400	24,200	46,600	2,900	6.6%
Other Support Costs	54,900	55,400	110,300	71,800	57,100	128,900	18,600	16.9%
Overhead Reimbursement	(201,400)	(156,700)	(358,100)	(151,600)	(153,300)	(304,900)	53,200	-14.9%
Professional & Contracted Services	325,800	331,700	657,500	418,400	352,400	770,800	113,300	17.2%
Utilities	131,000	132,700	263,700	135,200	137,100	272,300	8,600	3.3%
Water Purchases & Treatment	800	800	1,600	600	800	1,400	(200)	-12.5%
TOTAL MATERIALS & SERVICES	\$ 974,100	\$ 926,200	\$1,900,300	\$1,058,500	\$ 996,000	\$2,054,500	\$ 154,200	8.1%
CAPITAL OUTLAY	\$ 45,000	\$ 30,000	\$ 75,000	\$ 102,500	\$ 25,000	\$ 127,500	\$ 52,500	70.0%
DEPARTMENT TOTAL	\$1,665,316	\$1,522,629	\$3,187,945	\$1,782,678	\$1,605,203	\$3,387,881	\$ 199,936	6.3%

Summary of Department's Budget:

The budget for the Administrative Services department totals \$3,387,881, an increase of \$199,936 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustment to the 2015-2017 biennium budget include:

Personnel Services:

- Decrease in personnel services due to allocation of CRWSC support partially offset by the planned retirement of general manager
- Decrease in FYE by .1 due to change in personnel allocation to Board of Commissioners

Material and Services:

- Equipment decreases as computer change out project was completed
- Facilities & Security decrease as security study was completed
- Other Support cost increases for employee skills updates and membership in organizations
- Professional and Contracted services increase for earthquake modeling study, use of recruitment agency to replace retired staff, and temporary office staffing

Capital Outlay:

- The Capital Outlay section includes current year descriptions and planning for next five years

Please see Oregon Budget Law required reports located in the Appendix section.

General Fund

WATER RESOURCES

FY 2014-2015 Accomplishments

Supported ORS190 partnership with SWA for improved efficiencies and resource sharing by monitoring of both agencies SCADA systems

Water quality met or exceeded federal and state water quality requirements

Worked with Clackamas Community College water quality program and Clackamas River basin

Monitored watershed during Estacada fire in the Fall of 2014

Goals & Performance Measure

Goal: Provide water quality information to our customers through the Consumer Confidence Report (CCR) each year.

Goal: To ensure the District continues to comply with or exceed federal and state laws and regulations

Budget Highlights

Conservation activities to support education at local schools and customer conservation of water usage

Watershed monitoring in the burn area provides an opportunity to study the effects on water quality

Capital Considerations

Replace aging HVAC unit for reliable heating/cooling of district offices

Pump rebuilds, as required

Replace filter media, as required

Update and replace SCADA server hardware and software

Replace process analyzer equipment, as needed

Replace second floor covering

Well site overflow flapper valve installation

General Fund

The **Water Resources** department is responsible for the District's water sources including treating, filtering and pumping water from the treatment plant or buying water from agencies. This department ensures compliance with the Safe Drinking Water Act, and federal and state water quality requirements through sample testing and analysis. Conservation education is provided to our customers and through school programs.

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	10.0	10.0		10.0	10.0			0.0%
Salaries & Wages	\$ 643,783	\$ 683,758	\$ 1,327,541	\$ 792,687	\$ 716,885	\$ 1,509,572	\$ 182,031	13.7%
Benefits & Taxes	370,113	367,964	738,077	352,062	\$365,532	\$ 717,594	\$ (20,483)	-2.8%
TOTAL PERSONNEL SERVICES	\$ 1,013,896	\$ 1,051,722	\$ 2,065,618	\$ 1,144,749	\$ 1,082,417	\$ 2,227,166	\$ 161,548	7.8%
MATERIALS & SERVICES								
Customer Services	\$ 200	\$ 13,200	\$ 13,400	\$ 40,800	\$ 41,200	\$ 82,000	\$ 68,600	511.9%
Equipment	66,800	65,900	132,700	64,300	63,000	127,300	(5,400)	-4.1%
Facilities & Security	57,900	81,300	139,200	68,800	69,100	137,900	(1,300)	-0.9%
General Administration	12,000	40,300	52,300	33,000	34,300	67,300	15,000	28.7%
Office	8,900	10,200	19,100	6,100	6,100	12,200	(6,900)	-36.1%
Other Support Costs	16,700	21,600	38,300	24,900	22,600	47,500	9,200	24.0%
Professional & Contracted Services	54,100	43,100	97,200	35,200	35,500	70,700	(26,500)	-27.3%
Utilities	527,500	534,900	1,062,400	539,700	562,300	1,102,000	39,600	3.7%
Water Purchases & Treatment	1,000,700	1,040,500	2,041,200	1,055,200	1,054,500	2,109,700	68,500	3.4%
TOTAL MATERIALS & SERVICES	\$ 1,744,800	\$ 1,851,000	\$ 3,595,800	\$ 1,868,000	\$ 1,888,600	\$ 3,756,600	\$ 160,800	4.5%
CAPITAL OUTLAY	\$ 119,000	\$ 121,000	240,000	\$ 107,000	\$ 111,000	218,000	(22,000)	-9.2%
DEPARTMENT TOTAL	\$ 2,877,696	\$ 3,023,722	\$ 5,901,418	\$ 3,119,749	\$ 3,082,017	\$ 6,201,766	\$ 300,348	5.1%

Summary of Department's Budget:

The budget for the Water Resources department totals \$6,201,766, an increase of \$300,348 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustments to the 2015-2017 biennium budget include:

Personnel Services:

- Increase in salaries due to contracted agreements and planning for potential retirement of staff.

Material and Services:

- Customer Services increase due to promotional activities for customers such as rebate program
- Professional and Contracted services decreases as staff preforms work once contracted.
- General Administration increase due to anticipated increases in general liability insurance rates and memberships in water associations

Capital Outlay:

- The Capital Outlay section includes current year descriptions and planning for next five years.

Please see Oregon Budget Law required reports located in the Appendix section.

General Fund

SYSTEM OPERATIONS

FY 2014-2015 Accomplishments

Supported ORS190 partnership with SWA for improved efficiencies and resource sharing including equipment for construction of waterline

Testing of large commercial and industrial meters for accuracy in water usage reporting

Integrated System Operations and Engineering staff to promote efficiencies in planning of system maintenance and project management

Goals & Performance Measure

Goal: Test all large commercial and industrial meters for accuracy of reporting water usage.

Goal: Detect leaks within the water distribution system. The distribution system should deliver water to customers at 90 percent or greater efficiency.

Goal: To ensure customers' backflow devices are tested and reported each year to ensure the system maintains safe drinking water.

Budget Highlights

Begin replacement of aging fleet of customer service vehicles, maintenance vehicles and the construction vehicle

Replace non-supported meter reading software for industrial customers

Capital Considerations

3 inch and larger meters and vault replacement for customers

Parking lot reseal and coating

Office flooring replacement

Service trucks replacements

Replace meter reading software

Replace equipment trailer

General Fund

The **System Operations** department is responsible for the District's water distribution system and the customers of CRW. That responsibility requires specific activities to occur to ensure system repair and preventative maintenance is preformed to prolong assets life, and steps are taken to ensure the effective operation of the distribution system.

SYSTEM OPERATIONS

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	11.0	11.0		11.0	11.0			0.0%
Salaries & Wages	\$ 680,404	\$ 711,322	\$ 1,391,726	\$ 707,364	\$ 697,894	\$ 1,405,258	\$ 13,532	1.0%
Benefits & Taxes	424,408	398,319	822,727	402,259	408,335	810,594	(12,133)	-1.5%
TOTAL PERSONNEL SERVICES	\$ 1,104,812	\$ 1,109,641	\$ 2,214,453	\$ 1,109,623	\$ 1,106,229	\$ 2,215,852	\$ 1,399	0.1%
MATERIALS & SERVICES								
Equipment	131,700	168,300	300,000	145,300	139,600	284,900	(15,100)	-5.0%
Facilities & Security	6,300	6,500	12,800	6,600	6,600	13,200	400	3.1%
General Administration	13,900	12,700	26,600	20,300	21,300	41,600	15,000	56.4%
Materials	124,300	134,500	258,800	143,000	138,500	281,500	22,700	8.8%
Office	-	2,900	2,900	2,900	1,700	4,600	1,700	58.6%
Other Support Costs	12,200	11,600	23,800	17,900	17,700	35,600	11,800	49.6%
Professional & Contracted Services	140,400	135,400	275,800	91,500	111,500	203,000	(72,800)	-26.4%
Water Purchases & Treatment	500	1,000	1,500	1,000	1,000	2,000	500	33.3%
TOTAL MATERIALS & SERVICES	\$ 429,300	\$ 472,900	\$ 902,200	\$ 428,500	\$ 437,900	\$ 866,400	\$ (35,800)	-4.0%
CAPITAL OUTLAY	\$ 63,800	\$ 255,000	318,800	\$ 306,000	\$ 165,000	471,000	152,200	47.7%
DEPARTMENT TOTAL	\$ 1,597,912	\$ 1,837,541	\$ 3,435,453	\$ 1,844,123	\$ 1,709,129	\$ 3,553,252	\$ 117,799	3.4%

Summary of Department's Budget:

The budget for the System Operations department totals \$3,553,252 an increase of \$117,799 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustments to the 2015-2017 biennium budget include:

Personnel Services:

- Increase in salaries due to reduction of labor allocated to capital projects partially offset by CRWSC support.

Material and Services:

- Equipment decreases due to the rental of HydroVac in place of leasing equipment.
- Materials increase due to planned maintenance activities
- Professional and Contracted Services decreases due to reduced general paving & fill disposal costs
- General Administration increase due to anticipated increases in general liability insurance rates and memberships in water associations
- Other Support Costs includes training of staff through attendance at regional conferences.

Capital Outlay:

- The Capital Outlay section includes current year descriptions and planning for next five years.

Please see Oregon Budget Law required reports located in the Appendix section.

General Fund

ENGINEERING

FY 2014-2015 Accomplishments

Supported ORS190 partnership with SWA for improved efficiencies and resource sharing including drafting and hydraulic modeling support

Supported ORS 190 partnership with SWA for improved relationships regionally that can benefit all ratepayers in the region through working with City of Oregon City on service boundaries and hydraulic modeling

Integrated Engineering and System Operations staff to promote efficiencies in planning of system maintenance and project management

Goals & Performance Measure

Goal: Prepare update to the 2005 Water Master Plan for system improvements required over next 20 years.

Goal: Update and expand Available-In-Map (AIM) for in-house mapping, records retrieval, inventory, data analysis, and information system integration.

Goal: Updated and complete SDC rate study for rate structuring and adopting by the Board of Commissioners.

Budget Highlights

Hydraulic modeling and boundary service study with Oregon City for annexation requirements

Finalizing annexation of service provided to customer in south service areas

Capital Considerations

Scanner / plotter replacement for large drawings and maps

General Fund

The **Engineering** department provides professional technical engineering support as it relates to the District's water system. Engineering maintains the Geographic Information System (GIS), mapping and inventory databases, and the hydraulic model of our water system. Engineering manages the development, design, and construction oversight of our capital improvement program with is accounted for in the CIP Fund.

ENGINEERING

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	5.0	4.0		4.0	4.0			-2.8%
Salaries & Wages	\$ 222,525	\$ 277,306	\$ 499,831	\$ 329,499	\$ 279,121	\$ 608,620	\$ 108,789	21.8%
Benefits & Taxes	182,636	118,686	301,322	124,937	\$129,637	\$ 254,574	\$ (46,748)	-15.5%
TOTAL PERSONNEL SERVICES	\$ 405,161	\$ 395,992	\$ 801,153	\$ 454,436	\$ 408,758	\$ 863,194	\$ 62,041	7.7%
MATERIALS & SERVICES								
Equipment	\$ 9,200	\$ 9,700	\$ 18,900	11,800	10,200	22,000	3,100	16.4%
General Administration	300	300	600	200	300	500	(100)	-16.7%
Office	-	500	500	200	300	500	-	0.0%
Other Support Costs	4,400	11,300	15,700	10,100	10,700	20,800	5,100	32.5%
Professional & Contracted Services	10,800	41,300	52,100	51,800	56,800	108,600	56,500	108.4%
Water Purchases & Treatment	500	-	500	-	-	-	(500)	-100.0%
TOTAL MATERIALS & SERVICES	\$ 25,200	\$ 63,100	\$ 88,300	\$ 74,100	\$ 78,300	\$ 152,400	\$ 64,100	72.6%
CAPITAL OUTLAY	\$ -	\$ -	-	\$ 10,000	\$ -	10,000	10,000	N/A
DEPARTMENT TOTAL	\$ 430,361	\$ 459,092	\$ 889,453	\$ 538,536	\$ 487,058	\$ 1,025,594	\$ 136,141	15.3%

Summary of Department's Budget:

The budget for the Engineering department totals \$1,025,594 an increase of \$136,141 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustments to the 2015-2017 biennium budget include:

Personnel Services:

- Increase in salaries and the decrease in benefits is due to reduction of labor and benefits allocated to capital projects.

Material and Services:

- Equipment increases due to the purchase of supplies for the scanner / plotter
- Other Support Costs includes training of staff through attendance at regional conferences
- Professional and Contracted Services increased due to Oregon City / CRW engineering study

Capital Outlay:

- The supplement section includes current year descriptions and planning for next five years

Please see Oregon Budget Law required reports located in the Appendix section.

General Fund

FINANCE, ACCOUNTING, & CUSTOMER SERVICE

FY 2014-2015 Accomplishments

Supported ORS190 partnership with SWA for improved efficiencies and resource sharing in financial services management and cross training customer services and accounting staff

Received GFOA awards for Distinguished budget presentation for FY 2014-15 adopted budget and CAFR presentation for the period ending June 30, 2014

Added recurring credit card payment as a payment option for customers

City of Milwaukie began billing and collection for water service of shared CRW customers

Goals & Performance Measure

Goal: Support ORS190 partnership with SWA for improved efficiencies and resources sharing through financial services management.

Goal: Submit BN 2015-2017 budget document for GFOA Budget Award.

Goal: Maintain expenditures within appropriations.

Goal: Provide payment methods requested by customers not currently provided.

Goal: Document retention system updated and shared with other departments

Budget Highlights

Document retention software implementation for both agencies

Support customers through offering payment options and cross training of staff

Preparation and development of proposed biennial budget for BN 2015-2017

City of Milwaukie billing and collection costs for water service on shared CRW customers

Capital Considerations

Consider update or replacement of utility billing system and financial systems

Replace document retention software package

General Fund

The **Finance, Accounting, & Customer Service (FACS)** department manages the utility billing and accounting computer systems, provides customer service to the public including processing payments to vendors and employees, tracking expenditures on capital projects, preparing reports on fiscal activities, providing advice and assistance to operating departments on financial and budget administration matters.

FINANCE, ACCOUNTING & CUSTOMER SERVICE

REQUIREMENTS:	ADOPTED			PROPOSED BY 2015-2017			Change to 2015-2017	
	2013-14	2014-15	Total 2013-2015	Year 1 2015-16	Year 2 2016-17	Total 2015-2017	Dollars	Percentage
PERSONNEL SERVICES								
FTE Position	7.0	8.0		8.0	8.0			3.3%
Salaries & Wages	\$ 462,593	\$ 512,850	\$ 975,443	\$ 435,272	\$ 453,691	\$ 888,963	\$ (86,480)	-8.9%
Benefits & Taxes	267,178	278,402	545,580	263,074	\$274,965	\$ 538,039	\$ (7,541)	-1.4%
TOTAL PERSONNEL SERVICES	\$ 729,771	\$ 791,252	\$ 1,521,023	\$ 698,346	\$ 728,656	\$ 1,427,002	\$ (94,021)	-6.2%
MATERIALS & SERVICES								
Customer Services	\$ 60,800	\$ 62,000	\$ 122,800	\$ 94,900	\$ 99,300	\$ 194,200	\$ 71,400	58.1%
Equipment	29,700	38,300	68,000	35,300	36,100	71,400	3,400	5.0%
Facilities & Security	-	10,000	10,000	15,500	15,900	31,400	21,400	214.0%
General Administration	29,500	30,700	60,200	31,500	31,900	63,400	3,200	5.3%
Office	46,300	39,700	86,000	37,700	40,400	78,100	(7,900)	-9.2%
Other Support Costs	12,900	17,500	30,400	17,400	19,200	36,600	6,200	20.4%
Professional & Contracted Services	100,200	116,500	216,700	100,600	101,300	201,900	(14,800)	-6.8%
TOTAL MATERIALS & SERVICES	\$ 279,400	\$ 314,700	\$ 594,100	\$ 332,900	\$ 344,100	\$ 677,000	\$ 82,900	14.0%
CAPITAL OUTLAY	-	-	-	\$ 10,000	\$ 130,000	140,000	140,000	N/A
DEPARTMENT TOTAL	\$ 1,009,171	\$ 1,105,952	\$ 2,115,123	\$ 1,041,246	\$ 1,202,756	\$ 2,244,002	\$ 128,879	6.1%

Summary of Department's Budget:

The budget for the FACS department totals \$2,244,002 an increase of \$128,879 when compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Adjustments to the 2015-2017 biennium budget include:

Personnel Services:

- Decrease in personnel services is due to CRWSC support by the CFO and support staff

Material and Services:

- Customer Services increase due to shifting electronic payment options, proposed customer assistance program, and collection of water revenue by the City of Milwaukie
- Facilities & Security includes the right-of-way fee paid to City of Oregon City which begin FY 2014-15
- Office expenses decrease due to change to biennial budget cost reductions
- Other Support Costs includes training of staff through attendance at regional conferences
- Professional & Contracted Services decreases due to document retention implementation moved to capital outlay category

Capital Outlay:

- The Capital Outlay section includes current year descriptions and planning for next five years

Please see Oregon Budget Law required reports located in the Appendix section.

DECISION PACKAGES

BN 2015-17

\$258,500

Decision packages present a specific policy issue for Budget Committee review, deliberation, and decision. The decision reached by the Budget Committee may have a budget impact and may result in a change in policy for staff or the Clackamas River Water Board of Commissioners to consider.

	ADOPTED ANNUAL 2014-15	less Decision Package Biennial 2015-2017	Decision Package Biennial 2015-2017	with Decision Package Biennial 2015-2017
MATERIALS & SERVICES				
Customer Service ^{1,3}	\$88,800	\$266,200	\$26,000	\$292,200
Equipment ²	356,100	630,900	2,500	633,400
Facilities & Security	253,300	519,100	-	519,100
General Administration	396,900	850,200	-	850,200
Materials	134,500	281,500	-	281,500
Office	80,800	150,900	-	150,900
Other Support Costs	122,400	279,200	-	279,200
Overhead Reimbursement	(156,700)	(304,900)	-	(304,900)
Professional & Contracted Services ⁵	668,000	1,215,000	150,000	1,365,000
Utilities	667,600	1,374,300	-	1,374,300
Water Purchases & Treatment	1,042,300	2,113,100	-	2,113,100
Total Materials and Services	\$3,654,000	\$7,375,500	\$178,500	\$7,554,000
CAPITAL OUTLAY				
Improvements	\$117,000	\$329,500		\$329,500
Vehicles ⁴	160,000	240,000	80,000	320,000
General Tools and Equipment	72,000	49,000		49,000
Computer Equipment	12,000	178,000		178,000
Other	45,000	90,000		90,000
Total Capital Outlay	\$406,000	\$886,500	\$80,000	\$966,500
Total Materials & Services and Capital Outlay	\$4,060,000	\$8,262,000	\$258,500	\$8,520,500

1. Residential Rebates Program – \$16,000
2. HDTV & DVD for SYSOPS Training Room – \$2,500
3. Assistance Fund for Low-Income Families – \$10,000
4. Fleet Lease and Maintenance Versus Purchase – \$80,000
5. Consulting – Develop Earthquake Model - \$150,000

DECISION PACKAGE 1

RESIDENTIAL REBATES PROGRAM

BN 2015-17

\$16,000

RECOMMENDATION SUMMARY:

Staff recommends CRW re-instate customer rebates to encourage water conservation. CRW previously offered rebates, but they were discontinued at the Board's direction on June 30, 2007. We have since received multiple requests to reinstate this program. We propose that the program focus primarily on single family residences in Year 1 with the option of integrating multi-family structures in Year 2. If successful, commercial customers may be integrated in the next budget cycle.

ISSUE / OPPORTUNITY:



Two rebate programs are proposed for our residential customers. The rebates can be in the form of a check, or a credit applied to the purchaser's utility billing account.

Residential Toilet Rebate Program: According to the EPA, toilets are by far the main source of water use in the home, accounting for nearly 30% of an average home's indoor water consumption. Older, inefficient toilets use as much as 6 gals./flush compared to the current federal standard of 1.6 gals./flush. <http://www.epa.gov/watersense/products/toilets.html>.

This rebate program would provide residential customers with a \$50 rebate incentive (limit, 2 per account) to replace their old inefficient toilets with EPA WaterSense toilets that use 1.28 gals./flush or less (20% less than federal standard). The WaterSense label is used on toilets that are independently certified to meet rigorous criteria for both performance and efficiency.

Outdoor Irrigation Rebates: Residential outdoor water use in the US accounts for more than 9 billion gals./day, mainly for landscape irrigation. An estimated 50% of this water is wasted due to overwatering caused by inefficiencies in irrigation methods and systems.

<http://www.epa.gov/watersense/products/controltech.html>.

Irrigation control technologies can significantly reduce overwatering by applying an adequate amount of water only when and where needed. Multi-trajectory,



revolving stream nozzles apply water more slowly and uniformly than conventional sprays, which allows water to soak into the landscape and reduces runoff, misting and water waste. WaterSense labeled irrigation controllers use local weather and landscape conditions to automatically tailor watering schedules to actual conditions on the site and better match plants' water needs.



This rebate program would provide residential customers with a \$3/head (limit, 30 heads) rebate for retrofitting existing in-ground irrigation systems with multi-stream rotator nozzles and/or a \$100 rebate for WaterSense labeled Irrigation Controllers (limit 2/account). Newly constructed in-ground irrigation systems may also be eligible.

Rebate Eligibility Requirements (all rebates):

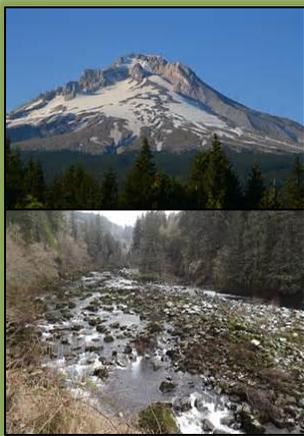
- Property must have an active CRW account in good standing
- Application must be received within 90 days of purchase date
- Rebates available on first-come, first-serve basis until funds are depleted

Additional Requirements for Toilets

- Applies solely to EPA WaterSense labeled toilet
- Old toilet must be recycled at an approved recycling center

Additional Requirements for Outdoor Irrigation

- Rebates apply to in-ground systems with automatic controllers
- Backflow assembly testing must be up to date and a copy of most recent testing is required



JUSTIFICATION & IMPACT:

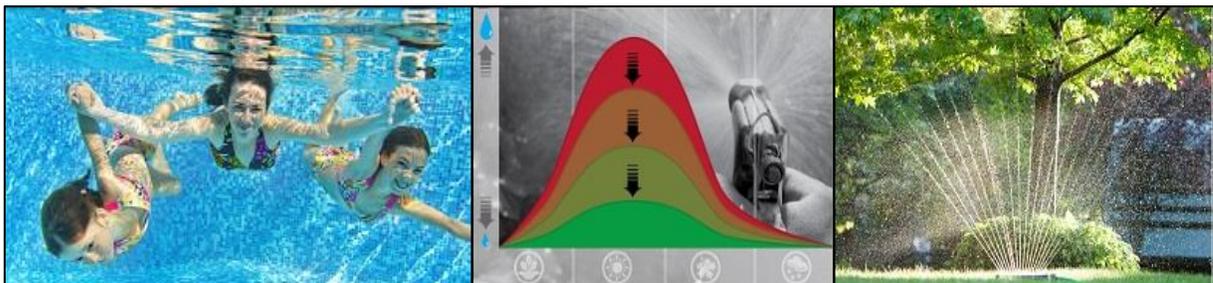
Toilet Rebate Program: By replacing inefficient toilets with WaterSense models, the EPA estimates the average family can reduce water use by 20 to 60%, nearly 13,000 gals/year, with savings of more than \$110/year in water costs, and \$2,200 over the lifetime of the toilets.

Outdoor Irrigation Rebate Program: The new rotating nozzles can reduce water flow by up to 30%. Replacing a standard clock timer with a WaterSense labeled irrigation controller can save an average home nearly 8,800 gallons of water annually.

These rebate programs are particularly timely given the reduced snowpack and resulting water supply shortage we are experiencing this year.

CONSEQUENCES OF NOT FUNDING PACKAGE

CRW will miss an opportunity to encourage voluntary water conservation and reduce our residential customer's water use and costs, as well as relieve peak summer demand.



DECISION PACKAGE 2

HDTV & DVD FOR SYSOPS TRAINING ROOM

BN 2015-17

\$2,500

RECOMMENDATION SUMMARY:

Staff recommends that CRW purchase and install a large-screen (48”–52”) HDTV and DVD for the System Operations Conference Room for meetings, trainings, emergency management activities and other events. Our existing audio, visual equipment is obsolete and will be surplus.

ISSUE / OPPORTUNITY:

CRW currently uses outdated audio, visual equipment for meetings, trainings and other activities when improved wireless technologies with remote networking capabilities are available. Meetings are conducted using PCs, projection machines and bulky cables, which require more time and space for set-up. Staff must also use paper copies of maps, drawings and other graphics, for editing, which requires multiple edits rather than just one adjustment to the electronic document. Training webinars and videos are viewed on an individual basis from personal computers (PC), rather than participating in one inclusive session.

We recommend replacing our obsolete equipment with an HDTV and DVD to support the following audio/video applications:

- Meeting presentations and online technical training and safety webinars/videos.
- Network access for on-screen display of project drawings, as-builts, ARCGIS and AutoCAD.
- Emergency Management (EM) activities: monitor weather, emergency alerts, and regional events; and WebEOC access (Clackamas Co.’s web-based EM information board: road closures, water provider system status and other critical data).



JUSTIFICATION & IMPACT:

Procuring and installing this equipment will enable us to wirelessly connect remote devices (laptop computer, smartphone or tablet) to stream online webinars/videos, as well as view presentations, spreadsheets, maps, drawings, photos, etc. more efficiently. Since both audio and video information is forwarded from the connected remote device to the HDTV it also removes the need for a projector or additional cables, conserving space.

CONSEQUENCES OF NOT FUNDING PACKAGE:

Without this equipment we would miss an opportunity to avail ourselves of improved, more efficient technologies that maximize the use of staff time and limited space.

DECISION PACKAGE 3

ASSISTANCE FUND FOR LOW-INCOME FAMILIES

BN 2015-17

\$10,000

RECOMMENDATION SUMMARY:

Staff recommends CRW Donate \$10,000 for the biennium (\$5,000 for each year) to an assistance fund in order to support this Board priority and to help low-income households pay their water bills.

ISSUE / OPPORTUNITY:

We encourage clients who are struggling to pay their water bills to contact our Customer Service department as soon as they think they may fall behind on their payments to learn about options available to keep their water service on. Currently we inform our customers of the following opportunities:



- Extensions and payment plans.
- Allowances from Helping Hand Fund™ (created by CRW employees to assist households in need).
- Tips and resources on water conservation.
- Referrals to several state and local websites, not-for-profit agencies, charities, churches, and government organizations that may provide assistance.

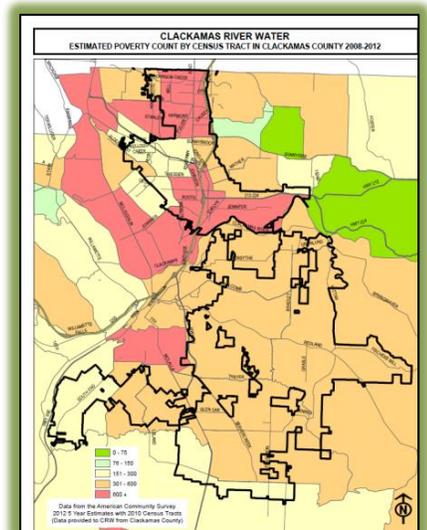
We propose to add an option for cash assistance to income qualified households through an assistance fund administered by a social services organization (i.e. St. Vincent De Paul) on behalf of CRW. The plan would be to fund the organization with a maximum of \$5,000 each year with the requirement that they validate customer eligibility and determine the amount of water bill relief. After the \$5,000 has been expended annually, customers can turn to the aforementioned websites and organizations for help.

JUSTIFICATION & IMPACT:

An assistance fund can be justified on several counts: 1) Clackamas Co. demographics indicate that 5.8% of the population is 65 or older and 6.8% is below federal poverty level, with several poverty pockets within CRW District boundaries (red areas of map); 2) CRW recently raised our fixed-rates, which disproportionately impacts low-income and low-usage families; 3) This service is provided by neighboring cities and water districts; 4) From a public health perspective, this program helps keep families safe and healthy through initiatives that assist them with water costs.

CONSEQUENCES OF NOT FUNDING PACKAGE:

CRW would continue to provide the current payment assistance services outlined above.



DECISION PACKAGE 4

FLEET LEASE & MAINTENANCE VERSUS PURCHASE

BN 2015-17

\$80,000

RECOMMENDATION SUMMARY:

Staff recommends CRW lease light-duty service trucks from a commercial leasing company rather than purchasing the vehicles to take advantage of cost savings derived from leasing. The replaced service trucks will be removed from service and sold.

ISSUE / OPPORTUNITY:

A commercial leasing company approached CRW about a lease option for our vehicles. They provided us with a Fleet Planning Analysis that compares the costs of leasing the vehicles versus owning and maintaining our own fleet. We reviewed their analysis and found that the lower maintenance costs (prepaid and fixed per month) and build-up of equity in the vehicles positively offsets the higher cost of the lease.

The vendor refers to the agreement as a lease, yet it's more like a typical financing arrangement. We build up equity as we finance the vehicles with them over a period of time. Government entities benefit from this arrangement to a greater degree because we get vehicles at a reduced rate, enhancing the accumulation of equity.

The pace with which we move from owned to leased vehicles and the frequency of turnover is at CRW's discretion. We may consult with the leasing company's Marketing Team to determine current auto value or to obtain other information to inform decisions on fleet changes. We also have the options to end the lease early or extend it without incurring huge penalties, purchase the vehicle at lease end, or sell vehicles through the vendor to benefit from their large network (timely sales at better prices).

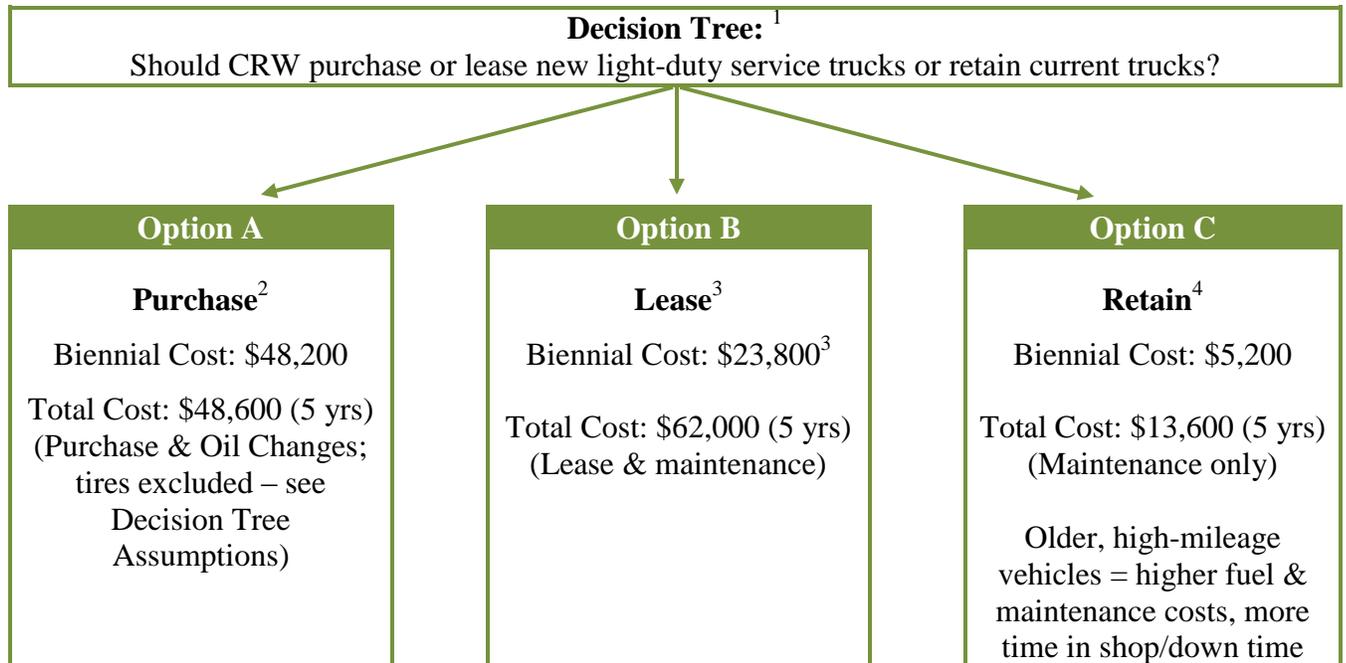
CRW's fleet has aged. The majority of our light-duty service trucks have over 100,000 miles. These trucks are used for field support and maintenance activities conducted by operations, engineering and water resource staff. CRW recommends we begin to turnover these vehicles by leasing two vehicles from the vendor and availing ourselves of the reduced rates.



JUSTIFICATION & IMPACT:

Leasing rather than purchasing is an established business practice and the vendor we're considering has been in business 57 years. They have an inventory of 1.5 million vehicles, with 300,000 similar to what we use and need. Historically, they have worked primarily with cities and counties, but are expanding to Special Districts, including water districts.

Because this is a new program, we would like to try leasing on a trial basis rather than obligate ourselves. If our assumptions hold true we will realize several benefits: update our fleet, enhance cash flow, and reduce CRW’s labor to maintain vehicles and free-up time for our operations staff to work on other worthwhile projects. These advantages could also be shared with Sunrise Water Authority (SWA) as we continue to integrate our fleets and other resources to enhance efficiencies. SWA has indicated they may be interested in a lease option; they are in need of a light duty vehicle for operations and a high-mileage auto for administration.



Decision Tree Assumptions:

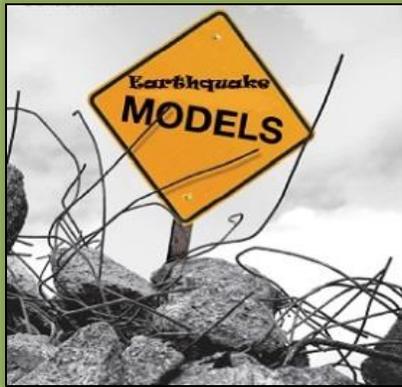
- ¹ Figures in the Decision Tree include a 3% inflation increase for each year and are rounded-up to the nearest \$100. Insurance is not included in the calculations because we are required to have insurance on the vehicles in both the purchase and lease option. The vehicles being replaced are fully depreciated.
- ² Purchase: The biennial cost is based on the vendor’s estimate of the purchase price for two light-duty service trucks at government rates and a total of 8 oil changes at \$30.00/ea. (2 per vehicle/yr.). The total cost is increased solely by the cost of the oil changes. Tires are not included in the cost; the average mileage for CRW’s fleet in 2014 was 7,087/vehicle, or 35,435 over 5 years. Tires are typically replaced every 30,000-40,000 miles and we anticipate turning the vehicles over more frequently.
- ³ Lease costs are based on an estimate provided by the vendor and include the lease payments and full maintenance costs for two light-duty service trucks.
- ⁴ The costs to retain our current vehicles are based on CRW’s historical maintenance costs for two older light-duty service trucks over a 5.5 year period (FY09-FY14).

DECISION PACKAGE 5

CONSULTING: DEVELOP EARTHQUAKE MODEL

BN 2015-17

\$150,000



RECOMMENDATION SUMMARY:

Staff recommends CRW hire a consultant to aid us in developing an earthquake model that predicts areas of peak impact to our water system in the event of an earthquake. Results will inform development of the required Water Master Plan, construction design criteria and standards, and a Hazard Mitigation Plan. The outcome will also facilitate future long-range planning, establish groundwork to apply for future grant funding to offset costs of mitigation activities, and enhance our ability to ensure customers continue to receive water in the event of an emergency.

ISSUE / OPPORTUNITY:

As a public water utility with responsibility for a natural resource critical to life, it is incumbent upon Clackamas River Water to ensure that we can respond to and recover from most types of natural or manmade disasters. Although we cannot acquire and maintain all the skills and resources necessary to deal with every potential disaster, we can focus on developing capabilities to cover events with a primary need for water, coordinate with regional partners to provide mutual aid and assistance, and create an environment of emergency preparedness for customers and staff.

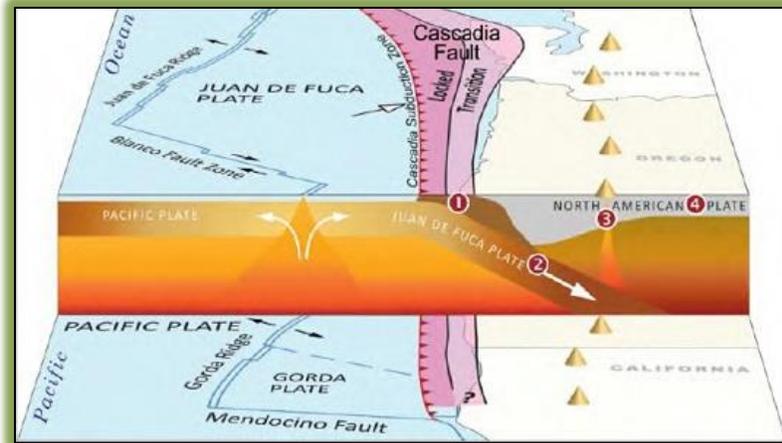
In surveys of Clackamas County residents, 64% (2014) and 62% (2012) indicated that response to emergencies and natural disasters is a “very valuable service”. This figure was 93% (2014) with “very” and “somewhat” valuable combined. This strongly indicates that respondents expect CRW to prepare for and respond to hazards on their behalf.



JUSTIFICATION & IMPACT: An earthquake in the Portland Hills fault or the Cascadia Subduction Zone is the most significant hazard that can impact CRW. As a result, it's anticipated that earthquake hazard design standards and mitigation efforts will be required for public water suppliers based on recommendations to the Oregon Legislature in the The Oregon Resilience Plan: Reducing Risk and Improving Recovery for the Next Cascadia Earthquake and Tsunami (OSSPAC, Feb. 2013). As such, CRW has the following options: 1) wait for legislative guidance, 2) implement worst case scenario

design standards for all assets, or 3) proactively allocate funds for earthquake modelling under various earthquake scenarios.

We propose CRW take a responsible, preemptive approach and budget funds to hire a consultant to help us develop an earthquake model of the CRW water system. The model will consider the type and degree of ground shaking, soil liquefaction, slide potential, and resistance of infrastructure, as well as multiple earthquake scenarios to predict the greatest impacts to our water system. Outcomes of the modelling study will be used for the following purposes: to develop a Water Master Plan, Hazard Mitigation Plan,



and construction design criteria and standards; to facilitate future long-range planning and establish groundwork for future grant funding opportunities. We expect to complete the model this biennium.

CONSEQUENCES OF NOT FUNDING PACKAGE:

Lack of adequate funding will impair CRWs ability to hire a consultant to develop an earthquake model to inform development of hazard mitigation design criteria, standards and a plan to guide long-range planning and hazard mitigation activities that enhance our ability to ensure customers continue to receive high quality water during an emergency event.

**CAPITAL IMPROVEMENT PROJECTS FUND
PROJECT LISTING
BN 2015-2017**

Project Description	Assigned Project Number	BN 2015-2017 Budget
ODOT/City/Clackamas County DTD Adjustments		250,000
Sunrise JTA Project	5122-5134	94,000
Carver Bridge Waterline - Transmission Main - Phase 2	5072	100,000
Tolbert Bridge Waterline Relocation	5148	370,000
Monterey Ave Extension Waterline Project	5155	345,000
Redland Rd Waterline Upgrade at Neibur Rd/ Redland Rd Paving	5162	78,000
Leland Rd Waterline and Master Meter		315,000
Curtis Court Waterline Replacemnt		330,000
S. Archer and Lawn Dr. Waterline Replacement		150,000
WTP Water Intake Repairs		230,000
S. Edgewood Drive Waterline Replacement		255,000
Pump Stations: Arc-Flash Upgrades		150,000
Total Capital Improvement Project Fund BN 2015-2017		<u>\$ 2,667,000</u>

PROJECT DESCRIPTIONS BN 2015-2017

ODOT and Clackamas County DTD Adjustments

Purpose: To provide resources to make adjustments to water mains and services necessitated by surrounding cities, Oregon Department of Transportation (ODOT) or Clackamas County Department of Transportation for Development (DTD) projects.

Analysis: If these projects are not completed, CRW access to waterline related infrastructure (i.e. valves, vaults, fire hydrants & meters) would be greatly limited and increase maintenance and operational costs. In some cases reconstructed/relocation of vaults, meters and fire hydrants would not occur to accommodate roadway reconstruction.

Description: These transportation projects include roadway realignments and construction by the State or County. CRW's response entails planning, design and construction to adjust, relocate, and upgrade locations of waterlines, valves, hydrants and associated appurtenances due to road reconstruction, bridgework, sidewalks, storm drains and other transportation-related improvements. This category of projects also includes any other outside agency projects affecting access to existing CRW facilities or actual installation of water related facilities.

There are potential projects slated for completion by these governmental entities in the next 3 to 7 years. CRW will need to expend funds to ensure that an adequate response can be made to this development and safeguard its future needs.

FY 2015-16 Budget: \$ 125,000

FY 2016-17 Budget: \$ 125,000

BN 2015-2017 Total: \$ 250,000

PROJECT DESCRIPTIONS

BN 2015-2017

Sunrise JTA Project (Multi Year Project)

Purpose: To provide resources to make adjustments to water mains and services necessitated by the Oregon Department of Transportation's (ODOT) proposed roadway improvements as planned under the Sunrise Job and Transportation Act (JTA) project.

Analysis: If this project is not completed by CRW, ODOT and Clackamas County will, at their discretion, design and relocate CRW's water facilities that conflict with the JTA Highway Project. CRW will be financially responsible for all relocation work completed by either ODOT or Clackamas County.

Description: ODOT's Sunrise JTA Project is a condensed version of the original Sunrise Corridor Preferred Alternative (4 lane highway). The JTA project consists of a new two-lane highway (one lane in each direction) from the Milwaukie Expressway (OR 224) at I-205 to SE 122nd Avenue at OR 212/224. When complete, the JTA project is intended to reduce congestion, increase safety, and improve economic development opportunities and freight mobility.

The design portion of this project began in Fiscal Year 2012-13. CRW entered into a design professional services agreement with OBEC Engineering to provide waterline relocation designs and drawings. OBEC, working with ODOT, determined that portions of the waterline relocation work were the financial responsibility of ODOT.

Both design and construction work items were divided into reimbursable and non-reimbursable components. Per ODOT/CRW agreement, CRW prepaid ODOT for the non-reimbursable portion of waterline work in the amount of \$156,436. The budget listed below reflects CRW's financial responsibility for the non-reimbursable portion of work.

The design work was completed in December 2012 and subsequently incorporated into ODOT's construction contract documents. In January 2013 the JTA project moved into the bidding/construction bidding phase with an anticipated 3 year construction period starting in April 2013. This past year ODOT's contractor, Kerr Construction, focused on the construction of the highway main route, sound walls and the I-205 overpass with limited work on to CRW' infrastructure. Based on project schedules provide by ODOT, relocation of the waterlines are to be completed in the next two fiscal years.

Estimated Costs through FY 2012-15: \$ 400,000

FY 2015-16 Budget: \$ 47,000

FY 2016-17 Budget: \$ 47,000

BN 2015-2017 Total: **\$ 94,000**

Estimate Project Total: \$ 494,000

PROJECT DESCRIPTIONS BN 2015-2017

Carver Bridge Transmission Main Phase 2: Bridge Waterline

Purpose: To design and construct an 18-inch waterline within the limits of Clackamas County's Carver Bridge project. The work consists of approximately 1,120 feet of 18-inch ductile iron waterline. The bridge replacement offers an opportunity for CRW to consider adopting a possible alignment to complete a CRW intertie with its south side service area, as outlined in the 2005 Water Master Plan Update.

Analysis: The County's bridge construction is currently underway. The waterline work is included with the County's bridge contract and waterline materials have been delivered onsite but not installed. Should CRW choose to cancel this project, it would result in financial impact given the current construction and County contract; as well as higher long-term costs should CRW choose to separately install the water main across Carver Bridge at a future date.

Description: Clackamas County is in the process of replacing the existing Carver Bridge, which crosses the Clackamas River on Springwater Road in Carver. The total bridge replacement construction process was scheduled for a three year period. The County completed the bidding process in February 2011 but the "Notice to Proceed" for construction was not issued until April 2011. This date for the start of construction caused issues with the permitted "in-stream" construction period. Due to these unforeseen issues the County granted the Contractor's request to delay the start of construction until April 2012. The County bridge project is currently under construction and the bridge waterline work is projected to be completed this fiscal year.

CRW is partnering with the County under a design and construction IGA for the bridge waterline work. The total CRW project cost is estimated at \$560,000.

Estimated Costs through FY 2008-15:	\$ 460,000
FY 2015-16 Budget:	\$ 100,000
FY 2016-17 Budget:	<u>\$ - 0 -</u>
BN 2015-2017 Total:	\$ 100,000
Estimate Project Total:	\$ 560,000

PROJECT DESCRIPTIONS BN 2015-2017

Tolbert Bridge Waterline Relocation Project

Purpose: To relocate and upgrade approximately 1,100 LF of 12- and 8-inch waterlines on SE Tolbert Road due to Clackamas County's Tolbert Overpass roadway project.

Analysis: If this project is not completed, the existing waterlines will be in conflict with the County's design for construction of the new Tolbert Overpass and associated improvements. The waterline will be compromised by construction activity and at risk of failure due to breakage. The long term maintenance of this line will be complicated and expensive if it remains in place, due to the County's planned improvements.

Description: The County is in the final design stages of their planned Tolbert Road Overpass ("Tolbert Bridge"), which will connect Minuteman Way near Camp Withycombe to 82nd Drive across the Union Pacific Railroad in Clackamas. The proposed overpass will impact CRW waterlines on Tolbert Road and adjacent side streets at the west end of the new bridge. CRW will need to relocate waterlines, valves, hydrants, and services to protect them for long-term operation and maintenance.

CRW's design will include relocating the existing 12-inch waterline off of Tolbert Road so that it is out of the way of the new overpass construction. Waterline laterals serving side streets off of Tolbert Road (Church Street, 94th and 93rd Avenues) will also be relocated and upgraded under this project.

CRW is currently finalizing the design for the waterline. It is anticipated that CRW will complete the relocation work by the end of August 2015 which will minimize construction conflict with the bridge and road construction scheduled to begin July/August 2015.

Estimated Costs through FY 2014-15: \$ 36,000

FY 2015-16 Budget: \$ 370,000

FY 2016-17 Budget: \$ - 0 -

FY 2015-2017 Total: **\$ 370,000**

Estimated Project Total: \$ 406,000

PROJECT DESCRIPTIONS BN 2015-2017

SE Monterey Avenue Waterline Project

Purpose: To construct approximately 1,400 LF of 12-inch ductile iron waterline in conjunction with the County's Monterey Avenue Extension.

Analysis: If this project is not completed, the District will not benefit from improved hydraulic capacity in this segment of the Mather Pressure Zone between 82nd Avenue and Fuller Road. Should CRW desire to install a waterline after the County's road work is complete, there will be significant cost increases due to the need to meet County road opening/utility permit requirements, including backfill and pavement resurfacing stipulations.

Description: The County plans to extend Monterey Avenue from 82nd Avenue to Fuller Road in Clackamas. The roadway extension presents an opportunity for the District to construct a new waterline alongside the County's road work which will improve hydraulic capacity (looping) for this part of the distribution system. From early estimates using the hydraulic model, a 12-inch waterline will be sufficient to improve existing flows in this area. Significant cost savings will be realized by installing the waterline concurrently with the County's road work.

The CRW's waterline was designed and include in the county's bidding and construction process. The bidding is scheduled for April 2015 with actual road construction to begin in May/June of 2015. The project schedule is dependent on the County's road work schedule but estimated to be completed by the summer of 2016.

Estimate Costs through FY 2014-15:	\$ 25,000
FY 2015-16 Budget:	\$ 345,000
FY 2016-17 Budget:	\$ <u>- 0 -</u>
FY 2015-2017 Total:	\$ 345,000
Estimate Project Total:	\$ 370,000

PROJECT DESCRIPTIONS

BN 2015-2017

Redland Road Waterline Upgrade at Neibur Rd / Redland Rd Repaving

Purpose: To design and construct a street crossing consisting of approximately 80 lineal feet of 8-inch waterline at the intersection of Redland Road and Neibur Road. This waterline work is in conjunction with CRW repaving a portion of Redland Road where multiple waterline breaks have caused pavement damage.

Analysis: Clackamas County is requiring CRW to repave portions of damaged pavement on Redland Road between the Redland Pump Station and Neibur Road.

Description: During the past 15 years, the original 1960s-era 8-inch cast iron waterline along Redland Road (and located on the high pressure side of the Redland Road Pump Station) has seen an above average number of main breaks. Just in the past six years two major breaks have occurred, costing CRW more than \$40,000 in waterline repairs and property damage. Based on field investigation of the damaged pipe sections and hydraulic modeling, it has been determined that corrosive factors in conjunction with high system pressures (200 psi) are the main causes of the breaks. Hydraulic modeling has determined that the newer 12-inch ductile iron waterline that parallels the 8-inch can meet current water demands, thereby allowing the abandonment of the older 8-inch waterline. Based on these facts, last year CRW abandoned approximately 1,300 feet of the 8-inch waterline. Prior to paving the damaged pavement, CRW will use this opportunity to abandon an additional 300 feet of 8-inch main and update the waterline crossing at the Neibur/Redland intersection. This work will minimize future main breaks and associated costly repairs.

The design and construction is estimated to occur between July and September 2015.

FY 2015-16 Budget:	\$ 78,000
FY 2016-17 Budget:	\$ <u> - 0 -</u>
FY 2015-2017 Total:	\$ 78,000

PROJECT DESCRIPTIONS BN 2015-2017

Leland Road Waterline Replacement

Purpose: To design and construct 1,700 feet of ductile iron waterline to replace an existing 6-inch 1960's-era OD steel. This line has been identified by the water system master plan and field observations as in need of upgrade due to significant number of leaks causing ongoing maintenance issues. This waterline will provide an upgrade to CRW's local customers. Included in this work will be a new water master metering vault connecting the Oregon City water supply system to provide water to the planned replaced 6-inch Leland Road waterline.

Analysis: If this project is not completed, increased maintenance costs and water quality concerns will occur to provide water serve to the southern area of Leland Road. Also this project is a portion of agreed to transition plan to logically and economically divide this serve area between the Oregon City and CRW as the City annexes properties.

Description: CRW's design will include hydraulic analysis; confirm main sizing, master metering vault size and location, main routing, and upgrades to existing water services and fire hydrants. The project consist of the design and construction for the replacement of 1,700 feet of 1960's-era 6-inch OD steel mains along S. Leland Road, starting near Noblewood and proceeding south

FY 2015-16 Budget:	\$ 100,000
FY 2016-17 Budget:	<u>\$ 215,000</u>

FY 2015-2017 Total: **\$ 315,000**

PROJECT DESCRIPTIONS BN 2015-2017

Curtis Court Waterline Replacement

Purpose: To design and construct 1,240 feet consisting of 12-inch and 8-inch ductile iron waterline to replace an existing 4-inch 1960's-era OD steel and AC water mains. These lines have been identified by the water system master plan as hydraulically deficient and in need of upgrade. The segment proposed for replacement also has a significant number of leaks causing ongoing maintenance issues.

Analysis: If this project is not completed, more detailed project development including cost estimates and final designs, as well as long term South service goals, will be delayed.

Description: CRW's design will include hydraulic analysis; confirm main sizing, routing, and upgrades to existing water services and fire hydrants. These waterlines will provide a planned upgrade to both local customers and future northerly water needs in the S. Carlson Road and S. Cliffview Road areas.

The project consists of the design and construct for the replacement of 1,240 feet of 1960's-era 4-inch OD steel and AC mains along S. Forsythe Road and S. Curtis Court. It is anticipated to install 470 feet of 12-inch main on S. Forsythe, 770 feet of 8-inch main on S. Curtis Court as well as water service upgrades and other related water infrastructure.

FY 2015-16 Budget:	\$ - 0 -
FY 2016-17 Budget:	<u>\$ 330,000</u>

FY 2015-2017 Total:	\$ 330,000
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PROJECT DESCRIPTIONS BN 2015-2017

Pump Station: Arc-Flash Upgrades

Purpose: Under this project, an arc flash/electrical safety analysis will be performed on the District's nine pump stations (including Well #1) to identify electrical deficiencies with current equipment. Preliminary improvements will begin on the pump stations once the study is completed.

Analysis: If this project is not completed, the District's pump stations will continue to operate with outdated electrical equipment, which may pose a hazard to life, health and safety, as well as not being compliant with adopted electrical safety standards.

Description: The District has successfully operated its pump stations as a key part of the distribution system for many years. While injuries or incidents involving electrical energy have been relatively nonexistent, the recent electrical upgrades at the water treatment plant, which were designed utilizing the 2012 edition of NFPA 70E "Handbook for Electrical Safety in the Workplace", have caused the District to place emphasis on the need for updates to our other electrical equipment, as well as electrical safety policies and procedures. One component of this will be ensuring major electrical equipment at our pump stations is current with these standards.

Most of CRW's pump stations are over 20 years old and possess main pump electrical equipment (pump motor starters and controls) that will likely require upgrades in some manner. This project will provide an engineering study focusing on analyzing electrical hazards for current equipment, and will identify areas of necessary improvement to comply with accepted standards (NFPA 70E). Results of this study will lead to preliminary improvements that will likely be ongoing for several years past this biennium.

FY 2015-16 Budget:	\$ 75,000
FY 2016-17 Budget:	<u>\$ 75,000</u>
FY 2015-2017 Total:	\$ 150,000

PROJECT DESCRIPTIONS BN 2015-2017

S. Archer and Lawn Drive Waterline Replacement

Purpose: To design and construct a upgraded waterline to replace an existing 6-inch 1960's-era OD steel main. This line has been identified by the water system master plan as in need of upgrade due to significant number of leaks causing ongoing maintenance issues.

Analysis: If this project is not completed, more detailed project development including cost estimates and final designs, as well as long term South service goals, will be delayed.

Description: CRW's design will include hydraulic analysis; confirm main sizing, routing upgrades to existing water services and a fire hydrant. This waterline will provide a planned upgrade to local customers. The construction portion of the project consist of replacing 500 feet of 6-inch OD steel with new 6-inch DI waterline, water service upgrades and other related water infrastructure along S. Archer Drive and S. Fawn Drive.

FY 2015-16 Budget:	\$ 150,000
FY 2016-17 Budget:	<u> - 0 -</u>
FY 2015-2017 Total:	\$ 150,000

PROJECT DESCRIPTIONS BN 2015-2017

Water Treatment Plant; Water Intake Repairs

Purpose: To perform an effective repair of the original Water Treatment Plant intake structure, that has become eroded by rocks pummeling the upstream side during high water events. The intake was constructed in 1964.

Analysis: If this project is not completed, erosion of the intake will eventually find its way into the raw water conduit, causing sand, rocks and debris to enter and cause significant maintenance issues.

Description: Using guidance from the pros and cons of past designs, with additional dimensions and photography provided by a team of divers, develop an engineering plan and drawings. Review the complete project analysis with underwater construction experts and secure the required permitting from the US Army Corps of Engineers, ODF&W, DEQ and etc. Find qualified bidders that can perform the work in the required time frame, advertise and award the work. Supervise and inspect construction methods. Assemble and archive as-built drawings.

FY 2015-16 Budget:	\$ - 0 -
FY 2016-17 Budget:	<u>\$ 230,000</u>
FY 2015-2017 Total:	\$ 230,000

PROJECT DESCRIPTIONS BN 2015-2017

S. Edgewood Street Waterline Replacement

Purpose: To design and construct a upgraded waterline to replace an existing 6-inch 1960's-era OD steel main. This line has been identified by the water system master plan as in need of upgrade due to significant number of leaks causing ongoing maintenance issues.

Analysis: If this project is not completed, more detailed project development including cost estimates and final designs, as well as long term South service goals, will be delayed.

Description: CRW's design will include hydraulic analysis; confirm main sizing, routing upgrades to existing water services and a fire hydrant. This waterline will provide a planned upgrade to local customers. The construction portion of the project consist of replacing 1,150 feet of 6-inch OD steel with new 8-inch DI waterline, water service upgrades and other related water infrastructure along S. Edgewood Street, between S. Edgewood Court and S. Edgewood Lane.

FY 2015-16 Budget:	\$ - 0 -
FY 2016-17 Budget:	<u>\$ 255,000</u>
FY 2015-2017 Total:	\$ 255,000

**Capital Improvements 5-year Plan
For Fiscal Years 2015-16 through 2019-2020**

Project Title	2015-16	2016-17
ODOT/City/Clackamas County DTD Adjustments	\$ 125,000	\$ 125,000
Sunrise JTA Project	47,000	47,000
Carver Bridge Waterline - Transmission Main - Phase 2	100,000	
Tolbert Bridge Waterline Relocation	370,000	
Monterey Ave Extension Waterline Project	345,000	
Redland Rd Waterline Upgrade at Neibur Rd/ Redland Rd Paving	78,000	
Leland Rd Waterline and Master Meter	100,000	215,000
Curtis Court Waterline Replacemnt		330,000
S. Forsythe Rd. Waterline Replacement		
S. Archer and Lawn Dr. Waterline Replacement	150,000	
WTP Water Intake Repairs		230,000
S. Edgewood Drive Waterline Replacement		255,000
Pump Stations: Arc-Flash Upgrades	75,000	75,000
Henrici Road (East of Beaver creek to Ferguson Rd)		
Loder Road		
Ferguson Road (Redland Rd to Beckman Rd)		
Ferguson Road (Beckman Rd to 18713 Ferguson Rd)		
Ferguson Rd (Conley Ct to 18713 Ferguson Rd)		
Athens Drive (Henrici Rd north to end of 4 in AC)		
Manor Drive (Bradley Rd to the west)		
View Glen and Homestead Drive		
82nd Drive		
82nd Ave (Johnson Creek south to Otty)		
Johnson Creek Blvd		
Redland Reservoir 1MG (2 ea painting)		
Lammer Road (existing 6 OD Steel Line with leaks)		
North SCADA Improvements		
WTP SCADA Improvements		
South SCADA Improvements		
Project Totals by Year	\$1,390,000	\$1,277,000

**Capital Improvements 5-year Plan
For Fiscal Years 2015-16 through 2019-2020**

2017-18	2018-19	2019-20	5-Year Total
\$ 125,000	\$ 125,000	\$ 125,000	\$ 625,000 94,000 100,000 370,000
			345,000 78,000 315,000 330,000
230,000 255,000	113,000		113,000 150,000 230,000 255,000
150,000 237,000	150,000 967,000 317,000		450,000 967,000 317,000 237,000
178,000 140,000	522,000 70,000		522,000 70,000 178,000 140,000
	177,000	177,000 198,000 445,000 199,000	354,000 198,000 445,000 199,000
369,000 20,000 20,000	30,000 25,000	350,000	350,000 369,000 50,000 45,000
20,000	25,000		45,000
\$1,372,000	\$2,408,000	\$1,494,000	\$7,941,000

OTHER FUNDS

CRWSC Activity Fund

The CRWSC Activity Fund accounts for the District's support of the Clackamas Regional Water Supply Commission (CRWSC), an ORS 190 agreement with Sunrise Water Authority. The primary source of revenue is wholesale water sales, services provided to Sunrise Water Authority and transfers from the General Fund.

Capital Reserve Fund

The Capital Reserve Fund accounts for funds reserved for future expansion and improvements to the water system. The primary resources are interest earnings and transfers from the General Fund.

Rate Stabilization Reserve Fund

The Rate Stabilization Reserve Fund accounts for funds reserved for stabilizing the revenues of the district to maintain bond covenants on the 2009 Revenue Bond issue. The primary resources are interest earnings.

SDC Reserve Fund

The SDC Reserve Fund accounts for funds reserved for future expansion and improvements to the water system. The primary resources are interest earnings and systems development charges.

Revenue Bond Fund

The Revenue Bond Fund accounts for the redemption of revenue bonds principal and interest expenditures. The primary resources are transfers from the General Fund and interest earnings.

CRWSC ACTIVITY FUND

To identify areas where we might share resources (personnel, infrastructure, equipment, etc.) improve efficiencies, and enhance service to our customers and employees, the District and Sunrise Water Authority continue to scrutinize the functions, activities, processes, and procedures that both organizations share in common.

FY 2014-2015 Accomplishments

Formed ORS190 partnership with SWA for improved efficiencies and resource sharing

Formed ORS190 partnership with SWA for improved relationships regionally that can benefit all ratepayers in the region

CRW is providing support in these functions:

- Human Resources
- SCADA monitoring
- Water Sample testing
- GIS and drafting
- Hydraulic Modeling
- Financial Services
- Procurement Services
- Emergency Preparedness
- Engineering Services

CRW is receiving support in these functions:

- Governmental Affairs
- Engineering Services
- CRWSC Administrative Services

Budget Highlights

Revenue is expected from these services:

Financial Services support by CFO and FACS staff to work with SWA staff on audit, budget, financial reporting, payroll, and accounts payable.

Human Resources support for benefit packages, policies updates, recruitment, and risk management.

Procurement and Contract Management for materials and services to ensure compliance with public sector purchasing laws.

Emergency Preparedness awareness, planning, and preparation for events are region wide. Detail planning and training exercise to test the plans are included.

Water sampling and testing in CRW laboratory expands during this budget.

Engineering Services, GIS and drafting, hydraulic modeling, and inspections expands during this budget.

CRWSC ACTIVITY FUND

Overview

The CRWSC Activity Fund accounts for costs related to Clackamas Regional Water Supply Commission created by the ORS 190 agreement (the Commission) with Sunrise Water Authority (SWA). The primary resources of the fund are payments from SWA for wholesale water and services provided, and transfers from the General Fund.

This fund was created by Resolution No. 17-2014 adopted March 13, 2014.

Where the money comes from...

- Wholesales water sales
- Payments for services provided
- Transfers from the General Fund

Where the money goes...

- Personnel Services expenditures
- Materials & Services expenditures
- Transfers to the General Fund

Summary				PROPOSED BY 2015-2017			Change to 2015-2017 from 2013-2015	
	ACTUAL	ADOPTED	Total	Year 1	Year 2	Total		
	2013-14	2014-15	2013-2015	2015-16	2016-17	2015-2017	Dollars	Percentage
RESOURCES:								
Beginning Fund Balances				\$ 50,000		\$ 50,000	\$ 50,000	N/A
Water Sales	\$ -	\$ 775,000	\$ 775,000	790,000	\$ 800,000	1,590,000	815,000	105.2%
Other Operating Revenue			-	26,800	27,200	54,000	54,000	N/A
Non-Operating Revenue	399	100,000	100,399	324,700	347,900	672,600	572,201	569.9%
Transfers	1,000	79,600	80,600	67,800	55,200	123,000	42,400	52.6%
TOTAL RESOURCES	\$ 1,399	\$ 954,600	\$ 955,999	\$ 1,259,300	\$ 1,230,300	\$ 2,489,600	\$ 1,533,601	160.4%
REQUIREMENTS:								
Personnel Services	\$ -	\$ -	\$ -	\$ 229,280	\$ 236,676	\$ 465,956	\$ 465,956	N/A
Materials & Services	984	72,100	73,084	147,400	138,100	285,500	212,416	290.6%
Capital Outlay	-	7,500	7,500	-	-	-	(7,500)	-100.0%
Transfers to Other Funds	-	875,000	875,000	790,000	800,000	1,590,000	715,000	81.7%
Reserved for Future Expenditure	415	-	415		148,144	148,144	147,729	N/A
TOTAL REQUIREMENTS	\$ 1,399	\$ 954,600	\$ 955,999	\$ 1,166,680	\$ 1,322,920	\$ 2,489,600	\$ 1,533,601	160.4%

Summary of Fund's Proposed Budget

The proposed budget for the CRWSC Activity Fund totals \$2,489,600. Highlights of the proposed budget include:

- Wholesale water sales are based on CRWSC budget and wholesale water sales agreement
- Non-Operating Resources are based on CRWSC budget for resource sharing through intergovernmental agreements
- Transfers In are CRW funding of the Commission
- Personnel Services are CRW's expenditures attributable to Commission activity
- Materials & Services are expenditures attributable to Commission activity
- Transfers to Other Funds to the General Fund for wholesale water sales

Please see Oregon Budget Law required reports located in the Appendix section.

CAPITAL RESERVE FUND

Overview

The Capital Reserve Fund accounts for funds reserved for future expansion and improvements to the water system. The primary resources of the fund are interest earned on investments and transfers from the General Fund.

Where the money comes from...

- Transfers from General Fund
- Earnings on investments

Where the money goes...

- Transfers to the CIP Fund
- Reserved for Future Expenditures

Summary	Adopted 2013-14	Adopted 2014-15	Total 2013-2015	Proposed BN 2015-2017			Change to 2015-2017 from 2013-2015	
				Year 1 2015-2017	Year 2 2015-2017	Total 2015-2017	Dollars	Percentage
RESOURCES:								
Beginning Fund Balances (1)	\$ 3,258,000	\$ 3,000,000	\$ 3,000,000	\$ 3,393,000		\$ 3,393,000	\$ 393,000	6.3%
Non-Operating Resources	13,200	12,000	25,200	11,850	11,850	23,700	(1,500)	-6.0%
Transfers	750,000	1,250,000	2,000,000	1,750,000	2,250,000	4,000,000	2,000,000	100.0%
TOTAL RESOURCES	\$ 4,021,200	\$ 4,262,000	\$ 5,025,200	\$ 5,154,850	\$ 2,261,850	\$ 7,416,700	\$ 2,391,500	28.9%
REQUIREMENTS:								
Transfers to Other Funds	\$ 1,371,200	\$ 1,869,000	\$ 3,240,200	\$ 1,333,000	\$ 1,333,000	\$ 2,666,000	\$ (574,200)	-17.7%
Reserved for Future Expenditures (2)	2,650,000	2,393,000	1,785,000		4,750,700	4,750,700	2,965,700	58.8%
TOTAL REQUIREMENTS	\$ 4,021,200	\$ 4,262,000	\$ 5,025,200	\$ 1,333,000	\$ 6,083,700	\$ 7,416,700	\$ 2,391,500	28.9%

(1) Combined total uses Year 2 of adopted budget, adjusted to align with biennial budgeting

(2) Combined total is adjusted from adopted budget to balance budget, adjusted to align with biennial budgeting

Summary of Fund's Proposed Budget

The proposed budget for the Capital Reserve Fund totals \$7,416,700, an increase of \$2,391,500 as compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Highlights of the proposed BN 2015-2017 budget include:

- Beginning Fund Balance increases to \$3,393,000 due to a larger Reserved for Future Expenditures at the end of fiscal year 2014-15.
- Transfers increase by \$2,000,000 due to planned increased per fiscal policies adopted by the Board of Commissioners and increased current water revenue.
- Transfer to Other Funds decrease by \$574,200 as required to complete the planned capital projects for the BN 2015-2017 (See CIP 2 for schedule of planned capital projects).
- Reserved for Future Expenditures increases to \$4,750,700 as planned for future capital improvement projects per the Master Plan.

Please see Oregon Budget Law required reports located in the Appendix section.

RATE STABILIZATION RESERVE FUND

Overview

The Rate Stabilization Reserve Fund accounts for funds reserved for stabilizing the revenues of the District to maintain the bond covenants on the 2009 revenue bond issue. The primary resources are interest earned on investments and transfers from the General Fund.

Where the money comes from...

- Earnings on investments

Where the money goes...

- Transfers to the General Fund
- Reserved for Rate Stabilization

Summary	Annual Adopted Budgets			Proposed BN 2015-2017			Change to 2015-2017 from 2013-2015	
	ADOPTED	ADOPTED	Total	Year 1	Year 2	Total	Dollars	Percentage
	2013-14	2014-15	2013-2015	2015-2017	2015-2017	2015-2017		
RESOURCES:								
Beginning Fund Balance (1)	\$ 890,800	\$ 1,130,000	\$ 1,130,000	\$ 1,135,700		\$ 1,135,700	\$ 5,700	0.5%
Non-Operating Resources	5,400	5,700	11,100	5,700	5,700	11,400	300	2.7%
TOTAL RESOURCES	\$ 896,200	\$ 1,135,700	\$ 1,141,100	\$ 1,141,400	\$ 5,700	\$ 1,147,100	\$ 6,000	0.5%
REQUIREMENTS:								
Reserved for Rate Stabilization (2)	896,200	1,135,700	1,141,100		1,147,100	1,147,100	6,000	0.5%
TOTAL REQUIREMENTS	\$ 896,200	\$ 1,135,700	\$ 1,141,100	\$ -	\$ 1,147,100	\$ 1,147,100	\$ 6,000	0.5%

(1) Combined total uses Year 2 of adopted budget, adjusted to align with biennial budgeting

(2) Combined total is adjusted from adopted budget to balance budget, adjusted to align with biennial budgeting

Summary of Fund's Proposed Budget

The proposed budget for the Rate Stabilization Reserve Fund totals 1,147,100, an increase of \$6,000 as compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Highlights of the proposed budget include:

- Beginning Fund Balance increases \$5,700
- Non-Operating Resources increase by \$300 due to higher reserve balance

Please see Oregon Budget Law required reports located in the Appendix section.

SDC RESERVE FUND

Overview

The SDC Reserve Fund accounts for funds reserved for future expansion and improvements to the water system. The primary resources are interest earned on investments and system development charges (SDC) on new service applications. The monies in the SDC Reserve Fund are restricted by ORS 223 on system development charges.

Where the money comes from...

- SDC Reimbursements
- SDC Improvements
- Earnings on investments

Where the money goes...

- Transfers to the CIP Fund
- Reserved for Future Expenditures

Summary	ADOPTED			Proposed BN 2015-2017			Change to 2015-2017	
	ADOPTED	ADOPTED	Total	Year 1	Year 2	Total	from 2013-2015	
	2013-14	2014-15	2013-2015	2015-16	2016-17	2015-2017	2015-17	2015-17
RESOURCES:								
Beginning Fund Balances (1)	\$ 2,234,000	\$ 430,000	\$ 430,000	\$ 411,200		\$ 411,200	\$ (18,800)	-4.4%
SDC Reimbursement/Improvements	71,000	110,100	181,100	138,900	138,900	277,800	96,700	53.4%
Non-Operating Resources	1,100	1,100	2,200	750	750	1,500	(700)	-31.8%
TOTAL RESOURCES	\$ 2,306,100	\$ 541,200	\$ 613,300	\$ 550,850	\$ 139,650	\$ 690,500	\$ 77,200	12.6%
REQUIREMENTS:								
Transfers to Other Funds	\$ 2,020,622	\$ 430,000	\$ 2,450,622			\$ -	\$ (2,450,622)	-100.0%
Reserved for Future Expenditures (2)	285,478	111,200	(1,837,322)		\$ 690,500	690,500	2,527,822	-137.6%
TOTAL REQUIREMENTS	\$ 2,306,100	\$ 541,200	\$ 613,300	\$ -	\$ 690,500	\$ 690,500	\$ 77,200	12.6%

Summary of Fund's Proposed Budget

The proposed budget for the SDC Reserve Fund totals \$690,500 as compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Highlights of the proposed budget include:

- Beginning Fund Balance is estimated at 411,200 due to using reserves for planned capital projects.
- SDC Reimbursement/Improvements increases \$97,700 due to anticipated new service requests
- Transfers to Other Funds decrease \$2,450,622 as SDC Reserves are rebuilt. (See CIP 2 for schedule of Planned Projects)
- Reserves for Future Expenditures is estimated at \$690,500

Please see Oregon Budget Law required reports located in the Appendix section.

REVENUE BOND FUND

Overview

The Revenue Bond Fund accounts for the redemption of revenue bonds principal and interest expenditures. The primary resources are transfers from the General Fund.

The revenue bonds were originally issued November 1999. In November 2009 the revenue bonds were refunded with a new issue at a lower interest rate saving ratepayers approximately \$600,000 over the remaining bond term. The balance outstanding as of June 30, 2014 is \$2,790,000. The 2009 revenue bonds final payment will be November 2019.

Where the money comes from...

- Transfers from the General Fund
- Earnings on investments

Where the money goes...

- Debt Service

Summary				Proposed BN 2015-2017			Change to 2015-2017	
	ADOPTED	ADOPTED	Total	Year 1	Year 2	Total	from 2013-2015	
	2013-14	2014-15	2013-2015	2015-16	2016-17	2015-2017	Dollars	Percentage
RESOURCES:								
Beginning Fund Balance (1)	\$ 468,000	\$ 476,000	\$ 476,000	\$ 478,000		\$ 478,000	\$ 2,000	0.4%
Non-Operating Resources	2,000	2,000	4,000	2,400	2,400	4,800	800	20.0%
Transfers	469,496	455,555	925,051	449,275	453,100	902,375	(22,676)	-2.5%
TOTAL RESOURCES	\$ 939,496	\$ 933,555	\$ 1,405,051	\$ 929,675	\$ 455,500	\$ 1,385,175	\$ (19,876)	-1.4%
REQUIREMENTS:								
Debt Service	\$ 446,460	\$ 455,555	\$ 902,015	\$ 449,275	\$ 453,100	\$ 902,375	\$ 360	0.0%
Unappropriated and Reserved (2)	493,036	478,000	503,036		\$ 482,800	\$ 482,800	(20,236)	-4.0%
TOTAL REQUIREMENTS	\$ 939,496	\$ 933,555	\$ 1,405,051	\$ 449,275	\$ 935,900	\$ 1,385,175	\$ (19,876)	-1.4%

(1) Combined total uses Year 2 of adopted budget, adjusted to align with biennial budgeting

(2) Combined total is adjusted from adopted budget to balance budget, adjusted to align with biennial budgeting

Summary of Fund's Proposed Budget

The proposed budget for the Revenue Bond Fund totals \$1,385,175 compared to the combined FY 2013-14 and FY 2014-15 adopted budgets. Highlights of the proposed budget include:

- Transfers decrease \$22,676 and are sufficient to meet debt service payment of principle and interest.
- Debt Service increases \$360 due to an increase in the principle payment per the schedule for the BN 2015-2017.

Please see Oregon Budget Law required reports located in the Appendix section.

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

5 – Year Capital Outlay Plan

Water Resources

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Activated Carbon Feeder		35,000			
Chemical Feeder Replacements			6,000	15,000	
Chemical Mxer			30,000		
Fall Protection Equipment					15,000
Filter for FlowCAM			10,000		
Filter Coal Replacement	12,000		18,000		
Heating, Vent. and Cooling (HVAC)	15,000				
Water Treatment Plant Exterior Painting					40,000
Water Treatment Plant Roof Coating		20,000			
SCADA PLC CPU		15,000		20,000	-
Process Analyzer Replacements	5,000	11,000			
Pump Rebuilds & Replacement	30,000	30,000	30,000	30,000	30,000
SCADA PC replacements			4,000		-
SCADA Server Replacements & Programing	13,000		15,000		15,000
WTP Second Floor Covering	22,000				
Spectrophotometer Analyzer Replacement				10,000	-
Valve & Surface Wash Replacements				40,000	20,000
Well Site Overflow Flapper Valve Installation	10,000				
Water Resources Total	107,000	111,000	113,000	115,000	120,000
BN 2015-2017 Total		\$ 218,000			

Engineering

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Scanner/Plotter Full Size	10,000				
Engineering Total	10,000				
BN 2015-2017 Total		\$ 10,000			

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

System Operations

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Commercial Meter Replacement > 3"	45,000	45,000			
Dump truck with 10/12-yard box					185,000
Dump truck with 5-yard box				150,000	
Equipment barn expansion/vehicle storage			75,000		
Equipment Trailer 21K GVW		15,000			
Industrial Meter Reader & Software	6,000				
Ops Shop office renovation			45,000		
Parking lots seal coating - large lots	10,000	10,000	12,000	5,000	5,000
Service truck - 3/4 ton	40,000				
Service truck - Toyota	40,000		40,000	40,000	
Service truck F-550 with utility box	75,000	75,000			
Service truck, heavy duty with utility box	90,000				
SysOps admin office flooring		20,000			
Taylor Terrance/Hunter Heights Paving			95,000		
Yanmar excavator track replacement				35,000	
System Operations Total	306,000	165,000	267,000	230,000	190,000
BN 2015-2017 Total	\$ 471,000				

Administration

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Riverside Park Restroom	50,000				
Emergency Back-up Generator - Admin building	40,000				
HVAC Replacement	12,500	25,000	12,500		
Network Upgrade			50,000		50,000
Administration Total	102,500	25,000	62,500		50,000
BN 2015-2017 Total	\$ 127,500				

Finance, Accounting and Customer Service

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Update utility billing system		30,000			
Update financial system		100,000			
Records management system	10,000				
FACS Total	10,000	130,000			
BN 2015-2017 Total	\$ 140,000				

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

Total Capital Outlay by Year

Item	BN 2015-2017		FY 2018	FY 2019	FY 2020
	FY 2016	FY 2017			
Improvement	189,500	140,000	305,500	90,000	95,000
Vehicles	245,000	75,000	40,000	40,000	-
Equipment & Tools	23,000	26,000	18,000	203,000	200,000
Laboratory Equipment			10,000		
Computer Equipment	33,000	145,000	69,000	20,000	65,000
Other	45,000	45,000	45,000	45,000	45,000
Capital Outlay Total	535,500	431,000	487,500	398,000	405,000
BN 2015-2017 Total	\$ 966,500				

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

WATER RESOURCES

Pump Rebuild and Replacement (101)

Purpose: To repair or replace two pumps:
1. High-lift pump station
2. Low-lift Pump Station

Description: To maintain system reliability through repair or replacement of two Water Treatment Plant pump station pumps one at the high-lift and the other at the low-lift. This work is similar to prior year work on pumps at other pump station sites.

Remove, inspect, and repair or replace a 350 horsepower, 5,300 gallon per minute (gpm) pump and motor at the Water Treatment Plant high-lift pump station. Utilize available technologies like ceramic restoration of pump impellers where existing structure will support the solution.

Remove, inspect, and repair or replace a 250 horsepower, 8,500 gallon per minute (gpm) pump and motor at the Water Treatment Plant low-lift Pump Station. Use restoration technologies, if possible, instead of new.

Budget: \$60,000 (\$30,000 per site)

Process Analyzer Replacements (101)

Purpose: To maintain the effectiveness of water treatment process analyzers, through the periodic replacement of monitoring and control equipment.

Description: Replacement of aging water treatment process analyzers including:
1) Flow through pH Analyzer
2) Multi-function bench top water quality analyzer.
3) Chlorine Analyzer
This will allow aging equipment to be updated.

Budget: \$16,000

CAPITAL OUTLAY DESCRIPTIONS BN 2015-2017

SCADA Server (101)

Purpose: Improve reliability of the existing Supervisory Control and Data Acquisition (SCADA) system.

Description: Replace one SCADA server to insure reliable water system monitoring and control. Replacement includes server, programming and integration. The District replaces the main SCADA servers every three years, to ensure SCADA system reliability. The replaced server is retained as backup server for the system.

Budget: \$13,000

Heating, Vent, and Cool (HVAC) Unit (101)

Purpose: Improve reliability and efficiency of Heating Ventilating and Cooling (HVAC) for the Water Treatment Plant.

Description: Replace the existing HVAC unit serving the laboratory areas of the Water Treatment Plant to provide reliable and efficient HVAC operations, including reduce gas and electric consumption. Accurate temperature control is also required for microbial analysis.

The existing unit is nearly 20 years old. Replacement parts could be difficult to acquire as the unit is out-of-date.

Budget: \$15,000

Filter Coal Replacement (101)

Purpose: Increase the efficiency of plant filter media through periodic placement.

Description: Replace worn and lost anthracite coal in six water treatment plant filters to increase efficiency and water quality.

Budget: \$12,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

SCADA Programmable Logic Controller (PLC) Central Processing Unit (CPU)

Purpose: Replace the main SCADA PLC processor with higher capacity unit.

Description: Replacement processor for expanding the monitoring and control capabilities of the existing SCADA system.

Budget: \$15,000

Well Site Overflow Flapper Valve Installation (103)

Purpose: Purchase and installation of a utility vault and six-inch flapper valve

Description: A check valve is required on the overflow line of the Well Site No. 1 Reservoir, along with a vault to contain the valve, insuring proper valve operation and facilitating valve maintenance.

Budget: \$10,000

Water Treatment Plant - Floor Covering (101)

Purpose: Replace the flooring on the Water Treatment Plant (WTP) second floor.

Description: This will install a commercial grade coating system on the second floor of the Water Treatment Plant. The new flooring would improve the occupant safety, building serviceability and appearance of the Water Treatment Plant (WTP) second floor. This is a low maintenance floor system

The current flooring is wearing away and requires frequent stripping (slip hazard) and recoating. The exiting 23 year old vinyl composition flooring will be removed. All voids and stress cracks will be filled, as needed. Concrete surfaces will be cleaned and prepared for the new coating.

Budget: \$22,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

Activated Carbon Feeder (101)

Purpose: Improve reliability and control of activated carbon feeder.

Description: This will replace the existing 1964 activated carbon feeder which was installed when the plant was built. The new unit will provide a consistent activated carbon application through accurate feed rates and thorough mixing. The wetting of the activated carbon will be consistently uniform, resulting in less clogging.

Budget: \$13,000

Water Treatment Plant – Roof Coating (101)

Purpose: Install a commercial roof sealer on the second and third floors of the Water Treatment plant.

Description: Install a roof sealer on the second and third floors of the Water Treatment Plant roof. Adding a sealer to the roof of the Water Treatment Plant building will avoid removal of the existing roofing system, which is sound.

Budget: \$20,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

ENGINEERING

Scanner/Plotter Full Size (501)

Purpose: Purchase full size combined scanner/plotter for scanning and printing of maps, design drawings, and other large documents.

Description: Purchase a scanner/plotter to use with engineering, GIS, AutoCad, and hydraulic programs. Maps and large formatted prints are frequently printed for engineering designs drawings, Board of Commissioner discussions, and other department requiring large printed needs. The use of the scanner allows staff to properly copy and store electronically all design, maps aerial photos required per document retention.

The use of the scanner allows staff to properly copy and store electronically all design, maps aerial photos required per document retention.

On-going costs include paper and plotter supplies.

Budget: \$10,000

CAPITAL OUTLAY DESCRIPTIONS BN 2015-2017

SYSTEM OPERATIONS

Parking Lot Improvements (201)

Purpose: Provide parking lot improvements, including patching, seal coating, and striping, to CRW's large parking lots located at 9100 Mangan Drive and Riverside Park.

Description: Seal coating of parking lots is a best management practice to provide long-term care and usefulness of the District's paved surfaces. Several major parking lot improvements are anticipated in the next biennium. The water treatment plant, System Operation area, and Riverside Park lots improvements include seal coating and striping. Additionally, some areas of Riverside Park, lower parking and roadway, may require asphalt patching of potholed areas prior to seal coating.

Striping of paved surfaces, including parking spaces, provides a better flow of traffic and improves parking lot safety.

Budget: \$20,000

System Operations/Engineering Office Flooring (201)

Purpose: Replace existing linoleum and carpeting in the west half of the System Operations/Engineering Office Building at the 9100 Mangan Drive site.

Description: This project will replace the west half of the building's flooring, including linoleum and carpeting, with new linoleum flooring. The existing linoleum and carpeting dates from the 1980s, is worn, stained and damaged, and has passed its useful life. The east half of the building's flooring has carpeting in good condition that is less than 2 years old.

Budget: \$20,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

Service Truck with Utility Box (201)

Purpose: Purchase two new F550 type service trucks with utility boxes.

Description: Purchase two new F550 type service trucks with utility boxes for hydrant service, valve maintenance, and other general field support and maintenance activities. These vehicles do not qualify for the decision package for Fleet Lease VS Purchase.

Prior to purchasing these vehicles, staff will review the requirements to ensure the proposed vehicle, chassis and box, will meet existing and projected operational and loading requirements for CRW. One truck will be outfitted with a standard utility box. The other truck will be outfitted with a properly sized crane as part of the utility box/body for hydrant maintenance and repair.

CRW has four F350 style service trucks for hydrant service, valve maintenance, and other general field support and maintenance activities. When fully loaded for the required use, these vehicles can be near an overloaded condition, which creates an unsafe driving situation and heavier wear and tear on the vehicle. Two trucks have mileage exceeding 100,000 miles and were purchased in 2001 or 2002.

The replaced F350 service trucks may be repurposed for the District or utilization by SWA. The condition and characteristics of these existing vehicles may limit options for an alternate use. If these trucks cannot be repurposed they will be removed from service and surplus.

Budget: \$150,000 (*\$75,000 each*)

Light Service Truck (201)

Purpose: Purchase one new light service truck.

Description: Purchase a light service truck for field customer service, leak detection and other general field support and maintenance activities. This vehicle is part of the decision package for Fleet Lease VS Purchase.

CRW has eight Tacoma/Tundra or F150 style light service trucks from 1995 through 2006. Three trucks have mileage exceeding 150,000 miles, and four others have mileage exceeding 100,000 miles. These trucks are used by water resources, system operations and engineering staff.

The replaced light service truck will be removed from service and surplus.

Budget: \$40,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

¾ Ton Service Truck (201)

Purpose: Purchase a new ¾ ton service truck.

Description: Purchase a new ¾ ton service truck used for field support and maintenance activities. This vehicle is part of the decision package for Fleet Lease VS Purchase.

CRW has two F250 pickups which is are over 15 years old with mileage near or exceeding 100,000 miles. These trucks are used by water resources and system operations staff.

The replaced ¾ ton service truck will be removed from service and surplused.

Budget: \$40,000

Construction Service Truck Chassis (201)

Purpose: Purchase new construction service truck chassis for use with heavy duty crane utility box.

Description: Purchase new construction service truck chassis to be pair with the heavy duty crane utility box purchased in FY 2014-15. The chassis could not be delivered during FY 2014-15 due to delays in developing specifications of needs, identifying public agency contract options, and the manufacturer lead time requirements.

During 2014-15 staff reviewed the requirements for the construction service truck to ensure the proposed vehicle chassis will meet existing and projected operational and loading requirements.

The current truck is a 1999 Ford F-550 used for installations, repairs, and emergency after-hours call outs. When project-specific tools and materials are added to the truck, a hazardous loading situation is created where the vehicle exceeds its rated capacity of 26,000 GVW. Due to these recurring overload issues, the truck has experienced abnormal wear and tear, with multiple breakdowns resulting in extra repairs.

The replaced construction truck chassis and utility box may be repurposed for the District or utilization by SWA. The existing condition and characteristics of the truck chassis and box may limit options for an alternate use. If this truck cannot be repurposed it will be removed from service and surplused.

Budget: \$90,000

Total Cost: \$180,000

CAPITAL OUTLAY DESCRIPTIONS BN 2015-2017

Meter Replacements 3-Inch and Larger (201)

Purpose: Replace and upgrade industrial and commercial meters 3-inch and larger which fail testing standards.

Description: Industrial and commercial meters 3-inch and larger are tested annually. Meters which fail testing standards are replaced.

Several large meters have reached the end of their lifecycle and require replacement. New meters maintain a higher level of reliability, reducing maintenance and meter reading costs and increase revenue through improved reading accuracies at higher and lower flows. Additionally, meter vaults need to be replaced or upgraded to ensure compliance with life, health and safety standards associated with confined space entry.

Additionally, the "no-lead" rule (effective January 2014) requires that meters removed from service for repair shall be replaced due to lead content of the meter. Due to product age and the "no-lead" requirement, manufacturers have also declared that they will stop production of some meters and repair parts will only be available for a limited amount of time.

Budget: **\$90,000** (*\$45,000 per year*)

Industrial Meter Reader Equipment (201)

Purpose: Replace outdated meter reading equipment used for industrial meter reading, including equipment and software.

Description: Purchase meter reading equipment and software for industrial meter reading, storage of information, and downloading of industrial meter reads for use in customer billing.

The current industrial meter reading equipment is outdated as the manufacturer no longer supports the associated software which makes the device operable.

The current meter reading equipment will be removed from service and surplus.

Budget: **\$6,000**

CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017

Equipment Trailer – 18,000 GVW Capacity (201)

Purpose: Replace existing small capacity trailer with a trailer that better fits the District's equipment hauling needs.

Description: Purchase a T-16 flatbed equipment trailer with a GVWR of 18,400 lbs. (capacity of 13,740 lbs.) minimum. The equipment trailer will be used to transport equipment and materials to work sites. Work sites frequently are in work areas with restricted space where CRW's larger equipment trailers do not fit.

CRW currently has a 2001 Trailmax T-12-UT (12K) trailer. The trailer has a GVWR of 14,000 lbs. with an available capacity of 10,530 lbs. Many work sites requires the use of the Yanmar mini excavator, which has a weight of approximately 10,550 lbs. The excavator attachments, installation or repair materials, and tools currently are brought to the work site using separate vehicles or multiple trips.

The Trailmax T-12-UT trailer will be removed from service and surplus.

Budget: \$15,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

FACS

Utility Billing and Financial Systems

Purpose: Update or replace the existing Utility Billing and Financial Systems with a program and software that meets today needs and provides for future changes and updates.

Description: Purchase Utility Billing and Financial Systems as replacement of the current system. CRW is reviewing options for both Utility Billing and Financial systems. Partnering with SWA in either or both systems will be considered.

The current Utility Billing System and Financial System is Eden Inforum Gold by Tyler Technologies. The Utility Billing System started using the current system September 2006 and the Financial System started in December 2004. Tyler Technologies has provided updates over the years to remain current and provide an improved product as customers request changes to the system.

CRW was informed during the past year that future updates to the system will be limited after MicroSoft moves to a new Windows platform. It is not known when this is projected to limited future updates to the current system.

Ongoing costs include an annual maintenance agreement and special programing costs. Currently Eden Inforum Gold has annual costs of \$30,300.

Budget: \$130,000

CAPITAL OUTLAY DESCRIPTIONS BN 2015-2017

Records Management System Update or Replace

Purpose: Update or replace the existing electronic records management system.

Description: Update or replace the existing electronic records management system with a program and software that meets today needs and provides for security and future changes and updates.

CRW is using an Electronic Records Management System (ERMS) called DocuWare. Docuware is housed on an in-house server with costs to maintain the system hardware, software, maintenance and data backup.

CRW has the responsibility of maintaining public records. Public records include records and information that meets the following criteria:

- (A) is prepared, owned, used or retained by the agency;
- (B) relates to an activity, transaction or function of the agency; and
- (C) is necessary to satisfy the fiscal, legal, administrative or historical policies, requirements or needs of the agency.

CRW needs a systematic filing structure for the entire agency in order to improve access, retrieval and retention of agency's records. The filing structure does not affect the way CRW conducts business, but helps to manage records more efficiently in the digital age.

Ongoing costs include an annual maintenance agreement and special programming costs. Currently Docuware has annual costs of \$4,800.

Budget: \$10,000

**CAPITAL OUTLAY DESCRIPTIONS
BN 2015-2017**

ADMINISTRATION

Replace Administration Building HVAC Units (602)

Purpose: Improve reliability and efficiency of Heating Ventilating and Cooling (HVAC) at the Administration Building.

Description: This budget will replace three HVAC units serving the common areas of the Administration Building. The new units will provide reliable and efficient HVAC operations. The existing units have not been replaced since CRW purchased the building in 1996. Newer units are more efficient and reduce gas and electric consumption.

The Administration Building has nine HVAC units to heat and cool the two story building. One unit was replaced by the tenant after the remodel in 2010. Three units were replaced during FY 2014-15. One unit will not be replaced and is no longer required. The final unit will be replaced in 2018.

These units have decreased in efficiency due to age. Replacement parts could be difficult to acquire as the units are out-of-date.

Budget: \$37,500

Emergency Back-up Generator for the Administration Building (602)

Purpose: Provide back-up power that would allow continued use of the Administration office by staff in the event of a power outage.

Description: Purchase and install an emergency back-up generator for the Administration Building. This building houses the computer network for CRW and SWA. There is limited back-up power to maintain the system. Longer term outages risk damage to our computer and security systems.

Over the past six years there have been several power outages affecting the Administration Building. During these outages, security is offline and production is lost as staff does not have access to our computer systems. Currently a generator can be connected to supply a half hour of power.

Installation of a back-up power source will provide power to the security system and provide staff with uninterrupted access to the network system in the event of an outage.

Budget: \$40,000

CAPITAL OUTLAY DESCRIPTIONS

BN 2015-2017

Riverside Park – Restroom (602)

Purpose: Replace the existing restroom structure with one that is safe for park users as well meets current ADA code requirements.

Description: This project would demolish the existing structure and replace it with a prefabricated structure that meets ADA code requirements.

Riverside Park restrooms are in an older building with electric lighting and water for washing and flushing. The restrooms are in extremely poor condition due to the age of the structure and vandalism to the facilities. To meet ADA requirements, a handicap port-a-potty has been rented for the past few years.

The Oregon State Marine Board has identified the Riverside Park restrooms in their 6-year Statewide Boating Access Improvement Plan 2011-17. This plan includes boating facilities needing improvements as identified by their staff with input from the boating community.

This capital outlay item was in three prior budgets and had not been completed. The existing facility has continued to deteriorate over the past three years.



Budget: \$50,000

GENERAL FUND RESOURCES

LB 20

HISTORIAL DATA (ANNUAL)			RESOURCE DESCRIPTION	BIENNIAL BUDGET FOR 2015-2017		
FY 2012-13 ACTUAL	FY 2013-14 ACTUAL	FY 2014-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
BEGINNING FUND BALANCE:						
\$ 1,524,804	\$ 2,874,926	\$ 3,400,000	Net Working Capital (Budget)	\$ 4,000,000	\$ 600,000	17.65%
OTHER RESOURCES:						
8,035,375	8,815,333	8,200,000	Water Sales	18,315,000	10,115,000	123.35%
90,881	86,754	33,600	Service Connection Fees	213,600	180,000	535.71%
71,241	67,060	60,000	Service Charges	130,000	70,000	116.67%
18,096	43,121	40,000	Miscellaneous - Operating	20,000	(20,000)	-50.00%
8,215,593	9,012,268	8,333,600	Subtotal - Operating resources	18,678,600	10,345,000	124.14%
114,514	101,924	105,900	Rental Income	220,000	114,100	107.74%
7,548	8,145	7,300	Earnings from Investments	20,000	12,700	173.97%
197,143	9,485	44,200	Miscellaneous - Non-Operating	40,000	(4,200)	-9.50%
	18,809	-	Grant Funds	-	-	N/A
			Right of Way - Oregon City	31,400	31,400	N/A
100	11,269	5,000	Surplus Property Sale	30,000	25,000	500.00%
319,305	149,632	162,400	Subtotal - Non operating resources	341,400	179,000	110.22%
500,000		-	Transfer From Rate Stabilization Reserves	-	-	N/A
-	-	875,000	Transfer From CRWSC Activity Fund	1,590,000	715,000	81.71%
\$ 10,559,702	\$ 12,036,826	\$ 12,771,000	TOTAL RESOURCES	\$ 24,610,000	\$ 11,839,000	92.70%

**GENERAL FUND REQUIREMENTS
SUMMARY BY DEPARTMENT
LB-30**

HISTORICAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
PERSONNEL SERVICES						
619,657	621,628	566,429	Administration	1,205,881	639,452	112.89%
111,057	111,068	106,303	Board	265,068	158,765	149.35%
409,307	436,169	395,992	Engineering	863,194	467,202	117.98%
571,884	678,500	791,252	FACS	1,427,002	635,750	80.35%
1,030,733	1,041,827	1,109,641	System Operations	2,215,852	1,106,211	99.69%
\$ 987,203	\$ 978,315	\$ 1,051,722	Water Resources	\$ 2,227,166	\$ 1,175,444	111.76%
3,729,841	3,867,507	4,021,339	TOTAL PERSONNEL SERVICES	8,204,163	4,182,824	104.02%
MATERIALS & SERVICES						
796,953	830,381	926,200	Administration	2,054,500	1,128,300	121.82%
71,045	18,509	26,100	Board	47,100	21,000	80.46%
15,384	29,289	63,100	Engineering	152,400	89,300	141.52%
295,895	294,160	314,700	FACS	677,000	362,300	115.13%
322,115	426,521	472,900	System Operations	866,400	393,500	83.21%
1,603,886	1,590,173	1,851,000	Water Resources	3,756,600	1,905,600	102.95%
3,105,278	3,189,033	3,654,000	TOTAL MATERIALS & SERVICES	7,554,000	3,900,000	106.73%
CAPITAL OUTLAY						
25,510	-	30,000	Administration	127,500	97,500	325.00%
			Engineering	10,000	10,000	N/A
-	-	-	FACS	140,000	140,000	N/A
49,113	83,689	255,000	System Operations	471,000	216,000	84.71%
70,525	93,205	121,000	Water Resources	218,000	97,000	80.17%
145,148	176,894	406,000	TOTAL CAPITAL OUTLAY	966,500	560,500	138.05%
6,980,267	7,233,434	8,081,339	TOTAL DEPARTMENT EXPENDITURES	16,724,663	8,643,325	106.95%
TRANSFERS						
204,508	190,638	455,555	To Revenue Bond Fund	902,375	446,820	98.08%
	1,000	79,600	To CRWSC Activity Fund	123,000	43,400	54.52%
			To Capital Reserve Fund			
500,000	750,000	1,250,000	Future Reserves	4,000,000	2,750,000	220.00%
704,508	941,638	1,785,155	TOTAL TRANSFERS TO OTHER FUNDS	5,025,375	3,240,220	181.51%
-	-	500,000	General Operating Contingency	750,000	250,000	50.00%
704,508	941,638	2,285,155	TOTAL TRANSFERS & CONTINGENCY	5,775,375	3,490,220	152.73%
7,684,775	8,175,072	10,366,494	TOTAL EXPENDITURES	22,500,038	12,133,545	117.05%
2,874,926	3,861,753	2,404,506	UNAPPROPRIATED FUND BALANCE	2,109,962	(294,544)	-12.25%
\$ 10,559,701	\$ 12,036,825	\$ 12,771,000	TOTAL	\$ 24,610,000	\$ 11,839,000	92.70%

GENERAL FUND DETAILED REQUIREMENTS

LB-31

HISTORICAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
Personnel Services:						
2,430,217	2,561,805	2,622,018	Salaries	5,351,515	2,729,497	104.10%
1,299,624	1,305,703	1,399,321	Benefits and taxes	2,852,648	1,453,327	103.86%
\$ 3,729,841	\$ 3,867,508	\$ 4,021,339	PERSONNEL SERVICES TOTAL	\$ 8,204,163	\$ 4,182,824	104.02%
Materials & Services:						
72,002	77,299	88,800	Customer Services	292,200	203,400	229.05%
217,630	303,648	356,100	Equipment	633,400	277,300	77.87%
240,502	260,288	253,300	Facilities & Security	519,100	265,800	104.93%
325,725	333,739	396,900	General Administration	850,200	453,300	114.21%
99,592	122,996	134,500	Materials	281,500	147,000	109.29%
95,715	62,515	80,800	Office	150,900	70,100	86.76%
62,426	85,288	122,400	Other Support Costs	279,200	156,799	128.10%
(121,928)	(246,121)	(156,700)	Overhead Reimbursement (CIP Fund)	(304,900)	(148,200)	94.58%
554,004	616,859	668,000	Professional & Contracted Services	1,365,000	697,000	104.34%
634,716	627,625	667,600	Utilities	1,374,300	706,700	105.86%
924,893	944,899	1,042,300	Water Purchases & Treatment	2,113,100	1,070,800	102.73%
3,105,278	3,189,032	3,654,000	MATERIALS & SERVICES TOTAL	7,554,000	3,900,000	106.73%
Capital Outlay:						
82,579	37,435	117,000	Improvements	329,500	212,500	181.62%
-	-	160,000	Vehicles	320,000	160,000	100.00%
13,456	29,381	72,000	General Equipment & Tools	49,000	(23,000)	-31.94%
-	49,690	-	Laboratory Equipment	-	-	N/A
-	-	12,000	Computer Equipment	178,000	166,000	1383.33%
49,113	60,387	45,000	Other	90,000	45,000	100.00%
145,149	176,894	406,000	CAPITAL OUTLAY TOTAL	966,500	560,500	138.05%
6,980,268	7,233,435	8,081,339	DEPARTMENT TOTALS	16,724,663	8,643,324	106.95%
Transfers & Contingency:						
204,508	190,638	455,555	To Revenue Bond Fund	902,375	446,820	98.08%
	1,000	79,600	To CRWSC Activity Fund	123,000	43,400	54.52%
			To Capital Reserve Fund			
500,000	750,000	1,250,000	Future Reserves	4,000,000	2,750,000	220.00%
-	-	500,000	General Operating Contingency	750,000	250,000	50.00%
704,508	941,638	2,285,155	TRANSFERS & CONTINGENCY TOTAL	5,775,375	3,490,220	152.73%
2,874,926	3,861,753	2,404,506	UNAPPROPRIATED FUND BALANCE	2,109,962	(294,544)	-12.25%
\$ 10,559,702	\$ 12,036,826	\$ 12,771,000	TOTAL GENERAL FUND BUDGET	\$ 24,610,000	\$ 11,839,000	92.70%

**CAPITAL IMPROVEMENT PROJECTS FUND
SPECIAL FUND - LB 10
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED BUDGET	INCREASE (DECREASE)	PERCENT CHANGE
RESOURCES						
BEGINNING FUND BALANCE:						
\$ 48,570	\$ 85,403	\$ 1,000	Cash on hand (cash basis):	\$ 1,000	\$ -	0.00%
1,228	901	-	Earnings from investments	-	-	N/A
114,018	6,548	-	ODOT-Reimbursement	-	-	N/A
-	375,100	-	PGE Grant	-	-	N/A
Transferred In:						
630,000	1,545,000	430,000	SDC Reserve Fund	-	(430,000)	-100.00%
165,000	855,000	1,869,000	Capital Reserve Fund	2,666,000	797,000	42.64%
<u>958,816</u>	<u>2,867,952</u>	<u>2,300,000</u>	Resources Without Taxes	<u>2,667,000</u>	<u>367,000</u>	<u>15.96%</u>
\$ 958,816	\$ 2,867,952	\$ 2,300,000	TOTAL RESOURCES	\$ 2,667,000	\$ 367,000	15.96%
REQUIREMENTS						
Capital Outlay:						
873,413	2,676,498	2,300,000	Project Expenses	2,667,000	367,000	15.96%
<u>873,413</u>	<u>2,676,498</u>	<u>2,300,000</u>	Capital Outlay Total	<u>2,667,000</u>	<u>367,000</u>	<u>15.96%</u>
Reserved Future Expenditures:						
85,403	191,454	-	Reserved Future Expenditures	-	-	N/A
<u>85,403</u>	<u>191,454</u>	<u>-</u>	Reserved Future Expenditures Total	<u>-</u>	<u>-</u>	<u>N/A</u>
\$ 958,816	\$ 2,867,952	\$ 2,300,000	TOTAL REQUIREMENTS	\$ 2,667,000	\$ 367,000	15.96%

**CAPITAL RESERVE FUND
RESERVE FUND - LB 11
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
RESOURCES						
BEGINNING FUND BALANCE:						
\$ 2,748,623	\$ 3,100,055	\$ 3,000,000	Cash on hand (cash basis):	\$ 3,393,000	\$ 393,000	13.10%
500,000	750,000	1,250,000	Transferred From General Fund Future Reserves	4,000,000	2,750,000	220.00%
16,432	18,310	12,000	Earnings from investments	23,700	11,700	97.50%
3,265,055	3,868,365	4,262,000	Resources Without Taxes	7,416,700	3,154,700	74.02%
\$ 3,265,055	\$ 3,868,365	\$ 4,262,000	TOTAL RESOURCES	\$ 7,416,700	\$ 3,154,700	74.02%
REQUIREMENTS						
\$ 165,000	\$ 855,000	\$ 1,869,000	Transfer to CIP Fund	\$ 2,666,000	\$ 797,000	42.64%
3,100,055	3,013,365	2,393,000	Reserved for Future Expenditures	4,750,700	2,357,700	98.52%
\$ 3,265,055	\$ 3,868,365	\$ 4,262,000	TOTAL REQUIREMENTS	\$ 7,416,700	\$ 3,154,700	74.02%

Fund established on Res. No. 34-2009
BN 2015-2017 is for a two (2) year period compared to prior year's annual budget

**CRWSC ACTIVITY FUND
SPECIAL FUND - LB 10
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED BUDGET	INCREASE (DECREASE)	CHANGE
RESOURCES						
BEGINNING FUND BALANCE:						
			Net Working Capital:	\$ 50,000	\$ 50,000	N/A
		\$ 775,000	Wholesale Water Sales	1,590,000	815,000	105.16%
			Other Operating Revenue	54,000	54,000	N/A
	399	100,000	Contract Services / Resource Sharing	620,400	520,400	520.40%
			Non-operating Revenue	52,200	52,200	N/A
Transferred In:						
	1,000	79,600	General Fund	123,000	43,400	54.52%
	<u>1,399</u>	<u>954,600</u>	Resources Without Taxes	<u>2,489,600</u>	<u>1,535,000</u>	<u>160.80%</u>
	\$ 1,399	\$ 954,600	TOTAL RESOURCES	\$ 2,489,600	\$ 1,535,000	160.80%
REQUIREMENTS						
Personnel Services:						
			Salaries & Wages	\$ 374,459	\$ 374,459	N/A
			Benefit & Taxes	91,497	91,497	N/A
			Total Personnel Services	<u>465,956</u>	<u>465,956</u>	<u>N/A</u>
Material & Services:						
		\$ 40,200	Equipment	\$ 23,400	\$ (16,800)	-41.79%
	\$ 354	3,000	Customer Services	3,000	-	0.00%
	630	5,500	General Administration	4,800	(700)	-12.73%
		12,500	Materials	12,500	-	0.00%
			Office	400	400	N/A
			Other Support Costs	8,000	8,000	N/A
			Overhead	114,900	114,900	N/A
		1,300	Professional & Contracted Services	111,500	110,200	8476.92%
			Utilities	7,000	7,000	N/A
		9,600	Water Purchases & Treatment	-	(9,600)	-100.00%
	<u>984</u>	<u>72,100</u>	Material & Services Total	<u>285,500</u>	<u>213,400</u>	<u>295.98%</u>
Capital Outlay:						
	-	7,500	Computer Equipment	-	(7,500)	-100.00%
	<u>-</u>	<u>7,500</u>	Capital Outlay Total	<u>-</u>	<u>(7,500)</u>	<u>-100.00%</u>
Transfers:						
	-	875,000	General Fund	1,590,000	715,000	81.71%
	<u>-</u>	<u>875,000</u>	Transfers Total	<u>1,590,000</u>	<u>715,000</u>	<u>81.71%</u>
	415	-	Reserved Future Expenditures	148,144	148,144	N/A
	\$ 1,399	\$ 954,600	TOTAL REQUIREMENTS	\$ 2,489,600	\$ 1,535,000	277.7%

Fund established Res. No. 17-2014

BN 2015-2017 is for a two (2) year period compared to prior year's annual budget

The Board of Commissioners adopted Resolution No. 05-2015 authorizing biennial budgeting beginning July 1, 2015.

**RATE STABILIZATION RESERVE FUND
RESERVE FUND - LB 11
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
RESOURCES						
BEGINNING FUND BALANCE:						
\$ 1,621,125	\$ 1,125,420	\$ 1,130,000	Cash on hand (cash basis):	\$ 1,135,700	\$ 5,700	0.50%
4,295	6,100	5,700	Earnings from investments	11,400	5,700	100.00%
1,625,420	1,131,520	1,135,700	Resources Without Taxes	1,147,100	11,400	1.00%
\$ 1,625,420	\$ 1,131,520	\$ 1,135,700	TOTAL RESOURCES	\$ 1,147,100	\$ 11,400	1.00%
REQUIREMENTS						
\$ 500,000	\$ -	\$ -	Transfer to General Fund	\$ -	\$ -	N/A
1,125,420	1,131,520	1,135,700	Reserved for Rate Stabilization	1,147,100	11,400	1.00%
\$ 1,625,420	\$ 1,131,520	\$ 1,135,700	TOTAL REQUIREMENTS	\$ 1,147,100	\$ 11,400	1.00%

Fund established on Res. No. 35-2009

**SDC RESERVE FUND
RESERVE FUND - LB 11
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED BUDGET	INCREASE (DECREASE)	PERCENT CHANGE
RESOURCES						
BEGINNING FUND BALANCE:						
\$ 2,894,006	\$ 2,023,024	\$ 430,000	Cash on hand (cash basis):	\$ 411,200	\$ (18,800)	-4.37%
54,000	76,249	49,100	SDC Reimbursement	123,800	74,700	152.14%
66,998	90,847	61,000	SDC Improvement	154,000	93,000	152.46%
13,097	5,680	1,100	Earnings from investments	1,500	400	36.36%
<u>3,028,101</u>	<u>2,195,800</u>	<u>541,200</u>	Resources Without Taxes	<u>690,500</u>	<u>149,300</u>	<u>27.59%</u>
\$ 3,028,101	\$ 2,195,800	\$ 541,200	TOTAL RESOURCES	\$ 690,500	\$ 149,300	27.59%
REQUIREMENTS						
\$ 630,000	\$ 1,545,000	\$ 430,000	Transfer to CIP Fund	\$ -	\$ (430,000)	-100.00%
375,077	255,822	-	Transfer to Revenue Bond Fund	-	-	N/A
<u>2,023,024</u>	<u>394,978</u>	<u>111,200</u>	Reserved Future Expenditures	<u>690,500</u>	<u>579,300</u>	<u>520.95%</u>
\$ 3,028,101	\$ 2,195,800	\$ 541,200	TOTAL REQUIREMENTS	\$ 690,500	\$ 149,300	27.59%

Fund established Res. No. 36-2009

BN 2015-2017 is for a two (2) year period compared to prior year's annual budget

The Board of Commissioners adopted Resolution No. 05-2015 authorizing biennial budgeting beginning July 1, 2015.

**REVENUE BOND FUND
BONDED DEBT - LB 35
RESOURCES AND REQUIREMENTS**

HISTORIAL DATA (ANNUAL)			Description of Resources and Requirements	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
RESOURCES:						
BEGINNING FUND BALANCE:						
\$ 547,949	\$ 475,480	\$ 476,000	Cash on hand (cash basis)	\$ 478,000	\$ 2,000	0.42%
2,531	2,181	2,000	Earning From Investments	4,800	2,800	140.00%
204,508	190,638	455,555	Transfer From General Fund	902,375	446,820	98.08%
375,077	255,822	-	Transfer From SDC Fund	-	-	-
1,130,065	924,121	933,555	Resources Without Taxes	1,385,175	451,620	48.38%
\$ 1,130,065	\$ 924,121	\$ 933,555	TOTAL RESOURCES	\$ 1,385,175	\$ 451,620	48.38%
REQUIREMENTS:						
\$ 535,000	\$ 340,000	\$ 360,000	Principal	\$ 745,000	\$ 385,000	106.94%
119,585	106,460	95,555	Interest	157,375	61,820	64.70%
475,480	477,661	478,000	Unappropriated and Reserved	482,800	4,800	1.00%
\$ 1,130,065	\$ 924,121	\$ 933,555	TOTAL REQUIREMENTS	\$ 1,385,175	\$ 451,620	48.38%

SUPPLEMENT LB-36

HISTORIAL DATA (ANNUAL)			Schedule of Payments	BIENNIAL BUDGET FOR 2015-2017		
FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET		PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
BOND PRINCIPAL PAYMENTS						
Issue Date - Payment Date						
\$ 535,000	\$ 340,000	\$ 360,000	2009 11/1/15 & 11/1/16	\$ 745,000	\$ 385,000	106.94%
535,000	340,000	360,000	Total Principal Payments	745,000	385,000	106.94%
BOND INTEREST PAYMENTS						
Issue Date - Payment Date						
119,585	106,460	95,555	2009 11/1/15, 5/1/16, 11/1/16, & 5/1/17	157,375	61,820	64.70%
119,585	106,460	95,555	Total Interest Payments	157,375	61,820	64.70%
UNAPPROPRIATED ENDING FUND						
475,480	477,661	478,000	Unappropriated Fund Balance	482,800	4,800	1.00%
\$ 1,130,065	\$ 924,121	\$ 933,555	TOTAL REQUIREMENTS	\$ 1,385,175	\$ 451,620	48.38%

Glossary of Terms and Acronyms

Actual: Actual financial results reported in summaries of funds, revenues, and expenditures. This category is presented on a budgetary basis, and excludes full-accrual audit items such as depreciation and amortization.

Adopted Budget: Final budget approved by the Board of Commissioners. Used in fund, revenue and expenditure summaries. The adopted budget is effective July 1st.

AICPA: American Institute of Certified Public Accountants.

AIM: Available in Map. In-house Geographic Information System (GIS).

Approved Budget: Proposed budget modified for any changes made by the Citizens Budget Committee. Used in fund, revenue and expenditure summaries.

Appropriations: Legal authorization granted by the Board of Commissioners to spend public funds. Appropriations within each budget category may not be exceeded.

As-builts: Engineering drawings or maps with notations of the changes as the system is built.

Assets: Resources having a monetary value that are owned or held by the District.

Audit: Systematic examination of financial or accounting records by an independent accounting firm to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The auditor's responsibility is to express an opinion on the financial statements based on audit findings. The results of the audit are published in the District's Comprehensive Annual Financial Report (CAFR).

AWWA: American Water Works Association. Nonprofit dedicated to managing and treating water and setting uniform standards for water professionals.

Base Budget: Cost of continuing the existing levels of service in the current budget year. It is the current year's adopted budget less one-time purchases included in the adopted budget.

Beginning Fund Balance: Residual fund balances representing unused funds brought forward from the previous financial year (ending fund balance).

Biennial: Two-year period.

Biennium (BN): Budgetary two-year period.

Board: Board of Commissioners that oversees operations of Clackamas River Water.

Bonds or Bond Issues: Debt instruments that require repayment of specified principal amounts on a certain date (maturity date), together with interest at a stated rate or calculated variable rate of interest.

Bond Fund: Established to account for bond proceeds received from the sale of bonds and repayment of bond issues. The Revenue Bond Fund is the District's Bond Fund.

Budget: Financial operational plan including an estimate of proposed expenditures and the means of financing them. Budgets are for a set period, usually one year. Oregon Budget Laws allows the adoption of a biennial or two year budget. The District has prepared annual budgets through fiscal year 2015. On December 11, 2014, Resolution 05-2015 was adopted allowing the District to prepare a biennial budget.

Budget Calendar: Schedule of key dates the District follows to prepare and adopt the budget by June 30th.

Budget Committee: Group comprised of CRW Board of Commissions (elected officials) and an equal number of district citizens for the purpose of reviewing the proposed budget and recommending changes leading to an approved budget.

Glossary of Terms and Acronyms

Budget Document: Report showing the District's financial plan for a specified period, typically one or two years, that includes both operational and capital expenditures.

Budget Message: Written explanation of the budget as proposed by the GM and CFO. It includes the District's financial priorities, policies, and major changes within the document.

Budget Officer: District employee appointed by resolution of the Board of commissioners with primary responsibility for preparing the proposed budget and following Oregon Budget Law.

Budgetary Basis: Method used to prepare the budget that is consistent with Generally Accepted Accounting Principles (GAAP), with the exception that neither depreciation nor amortization is included in budgeted expenditures.

CAD: Computer Aided Drawing.

CAFR: Comprehensive Annual Financial Report or Audit Report. Set of U.S. government financial statements comprising the financial report of a governmental entity, which is audited by an external AICPA certified accounting firm for compliance with GAAP and GASB and includes the auditor's opinion and comments.

Capital Budget: Portion of the District's budget slated for projects and major repairs, improvements or additions to the Districts capital assets.

Capital Expenditures: Defined as expenditures that are 1) greater than \$5,000, 2) have a useful life greater than one year, and 3) result in the creation or revitalization of a fixed asset.

Capital Improvement: Defined in the ORS 310-410 (10) to include land, structures, facilities, machinery, equipment, or furnishings having a useful life longer than one year.

Capital Improvement Project (CIP): Improvement to District's infrastructure including transmission or distribution waterlines, reservoirs, pump stations, buildings, and the water treatment plant.

Capital Outlay (CO): Money spent to acquire, repair and maintain, or upgrade (increase capacity, efficiency or useful life) capital assets: land, machinery, equipment, vehicles, facilities and other infrastructure. Criteria to qualify: 1) useful life greater than one year, 2) cost at least \$5,000, and 3) be an improvement. Expenditures not meeting the qualifications are included in materials and services.

CCF: Centum Cubic Feet. A measure of water consumption. One CCF equals 100 cubic feet and is equivalent to 748 gallons.

CCR: Customer Confidence Report. Annual drinking water quality report.

CFO: Chief Financial Officer.

Charges for Service: Includes a variety of fees charged for services provided to the public and other entities.

CIP: Capital Improvement Projects.

CO: Capital Outlay. Appropriation category included in the budget document and Resolution.

COOP: Continuity of Operations Plan. A plan at the agency level that ensures the agency can continue or recover its vital services in the event of a disaster or emergency (NSPD-51, HSPD-20 and NCPIP).

Glossary of Terms and Acronyms

Consumer Price Index: Statistical description of price levels provided by the US Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency: Budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. The Board of Commissioners must adopt a resolution to appropriate Contingency for a specific purpose prior to the use of funds.

CRW: Clackamas River Water or District

CRWP: Clackamas River Water Providers. Coalition of municipal water providers that get their drinking water from the Clackamas River and coordinate efforts to address water resource issues.

CRWSC: Clackamas Regional Water Supply Commission or the Commission. An Overarching government structure formed by CRW and SWA through an ORS 190 Intergovernmental Agreement, which consolidates operations between the two agencies, maximizing the return of investment through shared labor, equipment, facilities and resources.

Debt Service: Principal and interest on outstanding bonds due and payable during the fiscal year. Debt service is an appropriation category within the budget. All debt service is included in the Revenue Bond Fund.

Department: Functional area of the District. The District has six departments: Administrative Services, Board of Commissioners, Engineering, System Operations, Water Resources, and Finance, Accounting and Customer Service.

Depreciation: Expiration in the service life of capital assets attributable to its use, deterioration, action of physical elements, or obsolescence.

District: Clackamas River Water or CRW.

DTD: Department of Transportation and Development, Clackamas County.

Employee Benefits: Contributions made by the District to meet commitments or obligations for employee-related expenses. This includes the District's share of social security, pension, medical and insurance plans.

Ending Fund Balance: Residual non-restricted funds that are expendable or available for appropriation after the end of the fiscal year or during the fiscal year if a state of emergency is declared by the General Manager.

EOP: Ongoing plan that describes how people and property will be protected in disaster and emergency situation: details responsible individual(s) and actions, identifies resources available and outlines coordination of all actions.

EPA: Environmental Protection Agency, US Federal government.

Expenditures: Requirements of a fund and represent a decrease in net financial resources. Expenditures include operating expenses, debt service, and capital outlay.

FACS: Finance, Accounting and Customer Service, a department of CRW.

Fees: Charges for specific services in connection with providing a service.

Fiscal Year: Twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The District's fiscal year is July 1 through June 30.

FTE: Full time equivalents.

Fund: Fiscal and accounting entity with a self-balancing set of accounts to record cash and other financial resources together with related liabilities, balances and charges, all segregated for specific purposes.

Glossary of Terms and Acronyms

Fund Balance: Net ending balance of a fund's financial resources that are expendable or available for appropriation.

GAAP: Generally Accepted Accounting Principles.

GAAS: Generally Accepted Auditing Standards.

GASB: Governmental Accounting Standards Board.

General Fund: Primary operating fund of the District. It exists to account for the resources devoted to finance the services to provide water service to our ratepayers and customers.

GFOA: Government Finance Officers Association of the United States and Canada.

GIS: Geographic Information System, a system designed to capture and present all types of geographical data.

GM: General Manager.

GPM: Gallons per Minute, a measure used in water production to describe flow rates.

Grant: Contribution by one government unit to another. The contribution is usually made to aid in the support of a specific function or activity.

HSPD: Homeland Security Presidential Directive

HVAC: Heating, ventilation, and air conditioning, the technology of indoor environmental comfort.

IGA: Intergovernmental Agreement.

Infrastructure: Public domain capital assets that are immovable, such as transmission or distribution water lines, reservoirs, pump stations, buildings and the water treatment plant water.

Interfund Transfers: Appropriation category used in the District's budget resolution which includes amounts transferred from one fund to another. Transfers are appropriated as expenditures.

JTA: Jobs and Transportation Act, U.S. Federal Government.

Local Budget Law: Oregon Revised Statutes (ORS) Chapter 294. ORS 294 dictates local budgeting practices, which regulates roles, authorities, and process.

M & S: Materials & Services. An appropriation category included in the budget document and resolution.

Master Plan: Identifies and forecasts capital water system improvements needed over the next 20 years (through 2025).

Materials & Services: Expendable (not of a capital nature) items purchased by the District: supplies, dues, repairs, printing, small tools, and contract and legal services. This is an appropriation category included in the budget document and resolution.

MGD: Million Gallons per Day. Unit of measurement used in production of water available for use by customers.

Mission: Defines the primary purpose of the District and is intended to guide all organizational decisions, policies and activities (internal and external) on a daily basis.

NCPIP: National Continuity Policy Implementation Plan. List of directives to ensure the effectiveness and survivability of our national continuity capability.

Net Working Capital: Measure of a company's operating liquidity - expressed as current assets minus current liabilities - available to continue operations or build the business. District policy stipulates that 60 to 90 days' worth of operations expenses should be maintained to start a new fiscal year.

Glossary of Terms and Acronyms

Non-Operating Budget: Composed of the following categories: debt service, interfund transfers, capital outlay, contingency, and unappropriated ending fund balance.

Non-Operating Revenues: Proceeds paid to the District, which are unrelated to our primary water supply function. This includes interest and rental income, surplus property sales and grants.

NSPD: National Security Presidential Directive.

OAR: Oregon Administrative Rules.

ODOT: Oregon Department of Transportation.

Operating Budget: Plan for current expenditures and the proposed means of financing them. The operating budget includes personnel services and materials & services budget categories.

Operating Revenues: Income received by the District for supplying water service to our ratepayers and customers. Includes water consumption and meter base rates, fire services, service connections, and penalties for non-payment. Operating revenues pay for day-to-day services.

ORS: Oregon Revised Statutes

Outstanding Debt: Balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Personnel Services (PS): Includes compensation paid to employees plus the district's contribution to employee benefits: retirement, social security, health and dental insurance, and worker's compensation.

PERS: Public Employee Retirement System. Retirement system for Oregon public employees.

PMEF: Organization level functions that should be performed in order to support or implement the performance of National Essential Functions before, during, and in the aftermath of an emergency.

Proposed Budget: Comprised of operating, non-operating, and reserve estimates prepared by the Budget Officer, which are presented to the Citizen Budget Committee for their review, approval, and recommendation to the Board of Commissioners.

PS: Personnel Services. An appropriation category included in the budget document and Resolution.

Ratepayer: Customer of the District.

Requirements: Use of funds on budgetary statements. Categories include Personnel Services, Materials & Services, Capital Outlay, Debt Service, Transfers, Contingency, Reserved for Future, and unappropriated ending fund balance.

Reserve Funds: Established to account for reserves set aside for a specific purpose. These funds accumulate until a need is identified and included in the proposed budget. The funds are then transferred to the appropriate fund for expenditures.

Resolution: Special order adopted by the Board of Commissioners.

Resources: Represent the total of all revenues, transfers, and beginning fund balances.

Reserved for Future Expenditures: Portion of ending fund balance not appropriated to be spent in the current year.

Revenues: Funds received by the District for payment of services provided, and from other sources such as grants and interest and rental income.

Revenue Bonds: Bonds payable from a pledged source of revenue such as water sales.

Glossary of Terms and Acronyms

ROW: Right of Way.

SCADA: Supervisory Control and Data Acquisition. Computer system for gathering and analyzing real time data and monitoring and controlling plant and equipment processes in water collection, treatment and distribution facilities and other industries.

SDC: System Development Charges. A reimbursement or improvement fee assessed when a request to connect to our water distribution system is received.

SFWB: South Fork Water Board.

Special Revenue Funds: Established to account for proceeds of specific revenue sources, which are restricted to expenditures for specified purposes. SDC revenue is recorded in the SDC Reserve Fund.

Sunrise: Sunrise Water Authority or SWA.

Supplemental Budget: Process by which additional appropriations are established to meet needs not anticipated at the time the budget was originally adopted.

SWA: Sunrise Water Authority or Sunrise.

System Development Charges: Fees paid by developers and builders to fund expansion of infrastructure systems necessary due to the increased demand. The District collects improvement and reimbursement SDC's on new service applications.

Transfers: Authorized exchange of cash or other resources between funds that is appropriated in expenditures of the adopted budget. This is the same as interfund transfers.

Unappropriated Ending Fund Balance: Portion of ending fund balance that is not appropriated to be spent in the current year. It's segregated for future use: not available for current appropriation or expenditure unless the General Manager declares an emergency.

User Fees: Often referred to as charges for services.

VA: Vulnerability Assessment. Process of identifying, quantifying, and prioritizing the vulnerabilities of a system.

WTP: Water Treatment Plant

PERSONNEL SERVICES BY DEPARTMENT FOR SALARY POSITIONS

FTE's	Classification Title	Class Range (annually)			Budgeted Salary Total
		From	-	To	
FACS Department					
1	Chief Financial Officer	\$87,094	-	\$112,045	\$ 204,539
3	Sr. Finance & Accounting Specialist	54,787	-	75,421	411,054
<u>4</u>					
Administration Department					
1	General Manager	128,750			268,789
1	Sr. Executive Asst/HR Generalist	66,966	-	88,300	159,851
1	Procurement & Conservation Coordinator	54,787	-	75,421	147,904
1	EMS Coordinator	58,165	-	82,623	162,814
1	Information Systems Administrator	71,071	-	93,803	154,824
<u>5</u>					
Water Resources Department					
1	Water Resources Manager	71,071	-	93,803	183,538
1	Water Quality/Lab Manager	66,966	-	88,300	166,977
<u>2</u>					
System Operations Department					
1	Operations Manager	77,480	-	104,603	197,041
<u>1</u>					
Engineering Department					
1	Chief Engineer	93,612	-	118,772	219,668
1	Engineering Associate	60,923	-	83,960	164,126
<u>2</u>					
25.2	Hourly or Part-Time FTE's				3,311,805
<u>39.2</u>	Total FTE's and Salaries				\$ 5,752,929

NOTE:	Salaries in General Fund	\$5,351,515
	Benefits and Taxes in General Fund	2,852,648
	Total Personnel Services in General Fund	<u>\$8,204,163</u>
	Total Personnel Services in CIP Fund	\$ 283,138
	Total Personnel Services in CRWSC Activity Fund	\$ 465,956
	Total Budgeted Personnel Services	<u><u>\$8,953,257</u></u>

CLACKAMAS RIVER WATER
ALL FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS - BUDGET AND ACTUAL
FOR THE PERIOD ENDED FEBRUARY 28, 2015
UNAUDITED, FOR INTERNAL PURPOSES ONLY

	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget 67.67%
General Fund					
Beginning Fund Balance	\$ 3,400,000		\$ 3,861,753	\$ (461,753)	113.58%
Resources	8,496,000	\$ 692,936	6,517,933	1,978,067	76.72%
Transfers From Other Funds	875,000	-	330,000	545,000	37.71%
Total	<u>12,771,000</u>	<u>692,936</u>	<u>10,709,686</u>	<u>2,061,314</u>	<u>83.86%</u>
Requirements					
Personnel Services	4,021,339	332,279	2,540,195	1,481,144	63.17%
Materials & Services	3,654,000	247,562	2,170,312	1,483,688	59.40%
Capital Outlay	406,000	3,663	57,978	348,023	14.28%
Transfers To Other Funds	1,785,155	-	1,660,680	124,475	93.03%
General Operating Contingen	500,000	-	-	500,000	0.00%
Unappropriated Fund Balance	2,404,506	109,431	4,280,521	(1,876,015)	178.02%
Total	<u>\$ 12,771,000</u>	<u>\$ 692,936</u>	<u>\$ 10,709,686</u>	<u>\$ 2,061,314</u>	<u>83.86%</u>
CIP Fund					
Beginning Fund Balance	\$ 1,000		\$ 191,454	\$ (190,454)	N/A
Resources	-	8,168	8,814	(8,814)	N/A
Transfers From Other Funds	2,300,000	-	400,000	1,900,000	17.39%
Total	<u>2,301,000</u>	<u>8,168</u>	<u>600,268</u>	<u>1,700,732</u>	<u>26.09%</u>
Requirements	2,300,000	\$ 28,240	256,302	2,043,698	11.14%
Unappropriated Fund Balance	-	(20,072)	343,966	(343,966)	N/A
Total	<u>\$ 2,300,000</u>	<u>\$ 8,168</u>	<u>\$ 600,268</u>	<u>\$ 1,699,732</u>	<u>26.10%</u>
CRWSC Activity Fund					
Beginning Fund Balance	\$ -		\$ 415	\$ (415)	N/A
Resources					
Wholesale Water Sales	775,000	\$ 65,535	526,455	248,545	67.93%
Interest Income	-		1	(1)	N/A
Other Revenue	100,000	11,813	51,384	48,616	51.38%
Transfers From Other Funds	79,600	-	-	79,600	0.00%
Total	<u>954,600</u>	<u>77,348</u>	<u>578,255</u>	<u>376,345</u>	<u>60.58%</u>
Reserved For Future Requirements		77,318	230,739	(230,739)	N/A
Requirements	79,600	31	17,516	\$ 62,084	22.01%
Transfers To Other Funds	875,000	-	330,000	545,000	37.71%
Total	<u>\$ 954,600</u>	<u>\$ 77,348</u>	<u>\$ 578,255</u>	<u>\$ 376,345</u>	<u>60.58%</u>

CLACKAMAS RIVER WATER
ALL FUNDS
SCHEDULE OF RESOURCES AND REQUIREMENTS - BUDGET AND ACTUAL
FOR THE PERIOD ENDED FEBRUARY 28, 2015
UNAUDITED, FOR INTERNAL PURPOSES ONLY

	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget 67.67%
Revenue Bond Fund					
Beginning Fund Balance	\$ 476,000		\$ 477,661	\$ (1,661)	100.35%
Resources	2,000	156	1,394	606	69.71%
Transfers From Other Funds	455,555	-	410,680	44,875	90.15%
Total	933,555	156	889,735	43,820	95.31%
Principal Payments	360,000	-	360,000	-	100.00%
Interest Payments	95,555	-	50,680	44,875	53.04%
Unappropriated and Reserved	478,000	156	479,055	(1,055)	100.22%
Total	\$ 933,555	\$ 156	\$ 889,735	\$ 43,820	95.31%
Capital Reserve Fund					
Beginning Fund Balance	\$ 3,000,000		\$ 3,013,365	\$ (13,365)	100.45%
Resources	12,000	1,532	12,646	(646)	105.38%
Transfers From Other Funds	1,250,000	-	1,250,000	-	100.00%
Total	4,262,000	1,532	4,276,011	(14,011)	100.33%
Reserved For Future Require:	2,393,000	1,532	3,976,011	(1,583,011)	166.15%
Transfers To Other Funds	1,869,000	-	300,000	1,569,000	16.05%
Total	\$ 4,262,000	\$ 1,532	\$ 4,276,011	\$ (14,011)	100.33%
SDC Reserve Fund					
Beginning Fund Balance	\$ 430,000		\$ 394,978	\$ 35,022	91.86%
Resources	111,200	7,852	123,381	(12,181)	110.95%
Total	541,200	7,852	518,359	22,841	95.78%
Reserved For Future Require:	111,200	7,852	418,359	(307,159)	376.22%
Transfers To Other Funds	430,000	-	100,000	330,000	23.26%
Total	\$ 541,200	\$ 7,852	\$ 518,359	\$ 22,841	95.78%
Rate Stabilization Fund					
Beginning Fund Balance	\$ 1,130,000		\$ 1,131,520	\$ (1,520)	100.13%
Resources	5,700	437	3,899	1,801	68.41%
Total	1,135,700	437	1,135,419	281	99.98%
Reserved For Future Require:	1,135,700	437	1,135,419	281	99.98%
Total	\$ 1,135,700	\$ 437	\$ 1,135,419	\$ 281	99.98%

**CLACKAMAS RIVER WATER
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED FEBRUARY 28, 2015
UNAUDITED, FOR INTERNAL PURPOSES ONLY**

	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget 67.67%
REVENUES:					
Water Sales	\$ 8,200,000	\$ 656,880	\$ 6,300,019	\$ 1,899,981	76.83%
Service Connections	33,600	9,183	35,375	(1,775)	105.28%
Service Charges	60,000	2,978	42,708	17,292	71.18%
Miscellaneous - Operating	40,000	11,441	16,834	23,166	42.09%
Rental Income	105,900	8,314	68,545	37,355	64.73%
Miscellaneous - Nonoperating	44,200	320	14,255	29,945	32.25%
Right of Way Fee	-	2,782	8,846	(8,846)	N/A
Interest Income	7,300	1,039	7,872	(572)	107.84%
Surplus Property Sales	5,000	-	23,479	(18,479)	469.59%
TOTAL REVENUE	8,496,000	692,936	6,517,933	1,996,546	76.72%
OTHER FINANCING SOURCES:					
Transfers from other funds:	875,000		330,000	545,000	37.71%
TOTAL TRANSFERS	875,000	-	330,000	545,000	37.71%
TOTAL REVENUES AND OTHER FINANCING SOURCES	9,371,000	692,936	6,847,933	2,541,546	73.08%
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS	3,400,000		\$ 3,861,753	(461,753)	113.58%
	\$ 12,771,000	\$ 692,936	\$ 10,709,686	\$ 2,061,314	83.86%

**CLACKAMAS RIVER WATER
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED FEBRUARY 28, 2015
UNAUDITED, FOR INTERNAL PURPOSES ONLY**

	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget 67.67%
EXPENDITURES:					
Water Resources:					
Personnel services	\$ 1,051,722	\$ 74,794	\$ 652,260	\$ 399,462	62.02%
Materials and services	1,851,000	108,258	1,073,950	777,050	58.02%
Capital outlay	121,000	-	46,330	74,671	38.29%
	3,023,722	183,052	1,772,540	1,251,182	58.62%
Systems Operations:					
Personnel services	1,028,283	71,383	631,316	396,967	61.40%
Materials and services	472,900	19,217	159,800	313,100	33.79%
Capital outlay	255,000	-	7,985	247,015	3.13%
	1,756,183	90,600	799,101	957,082	45.50%
FACS:					
Personnel services	791,252	101,289	522,500	268,752	66.03%
Materials and services	314,700	19,587	206,105	108,595	65.49%
	1,105,952	120,877	728,604	377,348	65.88%
Engineering:					
Personnel services	356,452	26,289	218,143	138,309	61.20%
Materials and services	63,100	1,243	13,439	49,661	21.30%
	419,552	27,531	231,582	187,970	55.20%
Administration:					
Personnel services	687,326	50,745	450,885	236,441	65.60%
Materials and services	926,200	96,436	703,935	222,265	76.00%
Capital outlay	30,000	3,663	3,663	26,337	12.21%
	1,643,526	150,844	1,158,483	485,043	70.49%
Board of Commissioners:					
Personnel services	106,303	7,779	65,091	41,212	61.23%
Materials and services	26,100	2,822	13,084	13,016	50.13%
	132,403	10,602	78,175	54,228	59.04%
GENERAL FUND TOTAL EXPENDITURES	\$ 8,081,338	\$ 583,505	\$ 4,768,485	\$ 3,312,853	59.01%

**CLACKAMAS RIVER WATER
CAPITAL IMPROVEMENT PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE PERIOD ENDED FEBRUARY 28, 2015**

	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget
REVENUES:					
ODOT - Sunrise Corridor	\$ -		\$ -	\$ -	N/A
PGE - Generator Project			-	-	N/A
Other Operating Revenue	-	8,125	8,125	(8,125)	N/A
Interest Income	-	43	689	(689)	N/A
TOTAL REVENUE	-	8,168	8,814	(8,814)	N/A
OTHER FINANCING SOURCE:					
Transfer from SDC Reserve Fund	1,764,800	-	100,000	1,664,800	5.67%
Transfer from Capital Reserve Fund	1,371,200	-	300,000	1,071,200	21.88%
Total other financing sources	3,136,000	-	400,000	2,736,000	12.76%
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,136,000	8,168	408,814	2,727,186	13.04%
BEGINNING FUND BALANCE AVAILABLE FOR APPROPRIATIONS					
	1,000		191,454	(190,454)	N/A
	\$ 3,137,000	\$ 8,168	\$ 600,268	\$ 2,536,732	19.14%
	FY 2014-15 Adopted Budget	Monthly February 28, 2015 Actual	Year-To-Date February 28, 2015 Actual	Balance Remaining For the Year	% of Adopted Budget
EXPENDITURES:					
Personnel services	\$ 221,650	\$ 15,930	\$ 99,556	\$ 122,094	44.92%
Materials and services	2,078,350	12,310	156,746	1,921,604	7.54%
TOTAL EXPENDITURES	2,300,000	28,240	256,302	2,043,698	11.14%
TOTAL EXPENDITURES AND OTHER FINANCING USE	\$ 2,300,000	\$ 28,240	\$ 256,302	\$ 2,043,698	11.14%

**CLACKAMAS RIVER WATER BUDGET COMMITTEE MEETING
FY2014 BUDGET - MINUTES
May 1, 2014**

BUDGET COMMITTEE:

Barbara Kemper	Citizen Member
Gary Kerr	Citizen Member
Cyndi Lewis-Wolfram	Citizen Member
Pat Russell	Citizen Member
William Blanas	Citizen Member
Larry Sowa	Commissioner (joined at 6:05 PM)
Ken Humberston	Commissioner
Hugh Kalani	Commissioner

STAFF PRESENT:

Lee Moore	General Manager
Carol Bryck	Chief Financial Officer
Kathy Jaeger	Sr. Finance & Accounting Specialist
Shelley Matthews	Sr. Finance & Accounting Specialist
Karen Sype	Sr. Finance & Accounting Specialist
Donn Bunyard	Operations Manager
Rob Cummings	Water Resources Manager
Suzanne DeLorenzo	Water Quality Manager
Bob George	District Engineer
Kham Keobounnam	Information Technology Manager
Adam Bjornstedt	Engineering Manager

PUBLIC ATTENDEES

None.

Agenda Item 1.0 Call to order

The budget meeting was called to order **at 6:00pm** by Secretary Humberston. The pledge of allegiance was recited.

Agenda Item 2.0 Introductions

Roll call was taken of the Budget Committee. McNeel excused. Sowa and Sterling absent. Dr. Sowa joined the meeting at 6:05 PM.

Agenda Item 3.0 Elections of Chair and Vice Chair of the Budget Committee

Nominations for Chair:

MOTION: Pat Russell moved to nominate Gary Kerr for Budget Committee Chair. Cyndi Lewis-Wolfram seconded the motion.

MOTION CARRIED 7-0-0

Ayes: Humberston, Kalani, Kemper, Lewis-Wolfram, Russell, Blanas, Kerr
Nays: None
Abstentions: None

Nominations for Vice Chair:

MOTION: Barbara Kemper moved to nominate Pat Russell as Budget Committee Vice Chair.

Pat Russell asked for another member to be nominated.

MOTION: Cyndi Lewis-Wolfram nominated Bill Blanas as Budget Committee Vice Chair. Barbara Kemper seconded the motion.

MOTION CARRIED 7-0-0

Ayes: Humberston, Kalani, Kemper, Lewis-Wolfram, Russell, Kerr, Blanas
Nays: None
Abstentions: None

Chair Kerr requested to acknowledge Dr. Sowa joined the meeting.

Agenda Item 4.0 Approve Minutes of May 16, 2013

MOTION: Pat Russell moved to approve the May 16th minutes from FY 2013. Ken Humberston seconded the motion.

Corrections to the minutes were noted on Item #2. The date referenced should be April 25, 2013 not May 16th or April 26, 2013.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kemper, Kerr, Lewis-Wolfram, Russell, Sowa, and Russell
Nays: None
Abstentions: None

Agenda Item 5.0 Budget Committee Process (Governance)

Chair Kerr asked that the Committee follow Roberts Rules of Order as a guide and would hold public comments to three minutes.

MOTION: Pat Russell moved to follow Roberts Rules for Budget Committee Meetings. Cyndi Lewis-Wolfram seconded the motion.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kemper, Kerr, Lewis-Wolfram, Russell, Sowa, and Russell
Nays: None
Abstentions: None

MOTION: Cyndi Lewis-Wolfram moved to follow Robert's Rules and Board Policy for meetings as posted on the North Wall for Budget Committee Meetings. Ken Humberston seconded the motion.

MOTION CARRIED 7-1-0

Ayes: Humberston, Kalani, Kemper, Kerr, Lewis-Wolfram, Russell, and Russell
Nays: Sowa
Abstentions: None

Agenda Item 6.0 Public Comment

No public comment was given at this time.

Agenda Item 7.0 Presentation of Budget Message

CFO Bryck stated the budget documents had been provided to the Committee on April 25th for review. There are seven funds with a new fund called the CRWSC Activity Fund.

CFO Bryck presented the budget message reviewing all funds of the District, its reserve balances, and debt covenant ratios. Overall the total budget is up 5.1 percent. Total costs or spending is down compared to prior year.

Personnel Services includes no change in FTE's but a shift of one position from Administration to FACS. Total dollars are down slightly due to PERS rate decrease late last year by legislative changes. We are in labor negotiations so any amount for raises is not allocated. Materials & Services is up but most of the increase is for one-time or new programs as outlined in the decision packages. Capital outlay is up over prior years and

includes a vehicle and on-going costs for SCADA computer. SCADA (Supervisory Control and Data Acquisition) was explained to the Committee for new members.

The budget includes dollars to meet Fiscal Policies as approved April 2013 by the Board. A chart of the reserve balances was reviewed. Rate Stabilization funds were discussed regarding the uses and reasons for the reserves. The last time the funds were used was in 2013 for FY 2012 to meet debt covenant ratio requirements. This budget meets our ratios by a comfortable margin. The question was asked what the ratio was for FY 2013. Not known at this moment. Ratios are important for rating agencies and when we go out for additional debt. CFO Bryck mentioned that we have asked a financial analyst to review our financials, budget and rate plan for providing information to rating agencies. We are looking at improving our bond rating.

Bill Blanas requested a glossary of terms and acronyms to help follow discussions.

Agenda Item 8.0 Public Comment

No public comment was given at this time.

Meeting recessed for 5 minutes.

Meeting reconvened at 6:35 pm.

The committee discussed the uses of Contingency by the District over the years. The 1996 flood is an example where \$500,000 was not enough contingency. Other uses include Holly Lane for about \$350,000 of contingency. Comment was made regarding the reserves were about \$12 million back during FY 2009.

Agenda Item 9.0 Capital Improvement Projects Fund Overview

Engineering Manager, Adam Bjornstedt, presented an overview of the Capital Improvement Program and the projects included in the proposed budget and provided maps of the District and project sites.

Adam Bjornstedt defined a capital improvements project and the master plan cycle for the Committee. He followed by reviewing each project included in the budget for the committee.

From questions: Is there reimbursement available for the work at Lawnfield, part of the JTA? Does the budget for JTA projects include reimbursement by the state? No this is for our management of the projects, mostly internal labor to manage the project. How will the movement of water to the South side through Carver be completed using the bridge? Have we approached the county for urban rural monies for Bell Avenue? Tolbert Bridge – since JTA saved about \$30 million are there any dollars available to reimburse us for this work? Are we timing these projects with the 190 agreement? This is in reference to the Carver Bridge and moving water to the south side system.

Pat Russell would like to see relationship maps to help understand what will or will not be buildable for our future customers. This would combine rural reserves with our infrastructure.

Meeting recessed for 6 minutes.

Meeting reconvened at 7:36 pm. Cyndi Lewis-Wolfram left the meeting for another meeting (excused).

CFO Bryck provided total resources and requirements of the CIP Fund.

Agenda Item 10.0 Public Comment

No public comment was given at this time.

Agenda Item 11.0 General Fund – FY 2014-15 Proposed Budget

Carol Bryck presented decisions packages within the General Fund. These are items included in the General Fund where staff has provided additional information for the benefit of the Budget Committee related to new or one-time expenditures. The packages are ranked since the Committee asked for that last year.

Decision package number 1: Have other agencies pledged their share and who will collect the funds? Other agencies are pledging their share. It has not been decided who will oversee the project. Portland has held off

on their share pending outcome of the vote on the Water and Sewer changing to a special district. City of Lake Oswego is not a part of these talks as they have their own source from outside the region.

Decision package number 3: How will the money be used? This is not for advertising but for social and direct communication to rate payers about CRW. This is a not to exceed amount. Our Board has had a concern and wanted other methods of communication with our rate payers. This will be an on-going expense.

Decision package number 8: Pat Russell and others have seen this type of equipment at work and fully supports this item. If this equipment is needed by CRW why not buy it instead of leasing? We are looking to enter into a capital lease. Currently we do not know the full cost or maintenance requirements. If we have a positive return then we could convert the lease.

Decision package number 9: Does SWA have a scanner? No. This item is a specialty item that might be shared through the 190 agreement.

Decision package number 10: \$10,000 seems like a lot of money for landscaping. This is a placeholder, not to exceed amount. We are looking at options for this area. We would like to partner with a school or class for planting native plants at the WTP.

Other questions on the General Fund include: Page GF31, Administrative Professional & Contracted Services for \$331,700 includes what? This includes legal for \$196,000, Polar System for \$70,000 and communication for \$20,000. The Oregon City right-of-way is in FACS, why not Ops? Seems it would be better for the rate model. This was planned as a pass-through to the customer. Currently the Board is on hold about charging our customers. We may hear from City of Happy Valley as well.

Agenda Item 12.0 Public Comment

No public comment was given at this time.

Agenda Item 13.0 Other Funds – FY 2014-15 Proposed Budget

CFO Bryck reviewed the reserve funds: Capital Reserve Fund, Rate Stabilization Reserve Fund and SDC Reserve Fund budget.

The CRWSC Activity Fund has placeholders for shared expenditures with SWA. The revenues are the wholesale water sales and shared resources. Question was asked about the rate that SWA is paying for the wholesale water. This was changed last year. It was updated after the rate study and is reflected in the budget. Question on the long term needs of SWA for water and when their needs to serve their customers might increase. It is too long term with too many variables to know.

The final fund is the Revenue Bond Fund which pays the annual principle in the fall and interest payment twice: once in the fall and again in the spring. 100 percent of the debt payment is funded by the General Fund this year. Barbara Kemper noted an error on OF5 compared to the LB35 report.

Other questions were asked about the SDC revenue we receive. How much is commercial verses residential? About 50/50 of the dollars are commercial.

Agenda Item 14.0 Public Comment

No public comment was given at this time.

Agenda Item 15.0 Future Action

Chair Kerr stated the meeting has lasted 2 ½ hours and wanted to know if the committee would like to continue as there appeared to be about 20 minutes remaining or to stop for the night. Dr. Sowa commented he was ready to close the meeting for the night. Chair Kerr stated there are enough present to vote on the budget. It was decided to poll the committee to continue or recess the meeting.

Poll: Pat Russell stated he is on the fence and sleeping on it would be good. It was determined there would not be six affirmative votes to pass the budget tonight and that other committee members may want to weigh in.

Chair Kerr wanted to comment that 90 days working capital was in place when we billed every month. It might be better to have a minimum 120 days working capital. This would be for a future budget.

Next meeting will be May 15th at 6:00 PM.

MOTION: Ken Humberston moved to recess the Budget Committee. Pat Russell seconded the motion.

MOTION PASSED UNANIMOUSLY

Meeting recessed at 8:39 pm

Minutes approved by:

William Blanas, Budget Committee Vice Chairman

**CLACKAMAS RIVER WATER BUDGET COMMITTEE MEETING
FY2015 BUDGET - MINUTES
May 15, 2014**

BUDGET COMMITTEE:

Gary Kerr	Citizen Member
Cyndi Lewis-Wolfram	Citizen Member
Pat Russell	Citizen Member
William Blanas	Citizen Member
Larry Sowa	Commissioner (arrived at 6:04 PM)
Ken Humberston	Commissioner
Hugh Kalani	Commissioner
David McNeel	Commissioner

STAFF PRESENT:

Lee Moore	General Manager
Carol Bryck	Chief Financial Officer
Kathy Jaeger	Sr. Finance & Accounting Specialist
Karen Sype	Sr. Finance & Accounting Specialist
Adora Campbell	Executive Assistant/HR Generalist
Donn Bunyard	Operations Manager
Rob Cummings	Water Resources Manager
Suzanne DeLorenzo	Water Quality Manager
Bob George	District Engineer
Kham Keobounnam	Information Technology Manager

PUBLIC ATTENDEES

Mona Kalani

Agenda Item 1.0 Call to order

The budget meeting was called to order at **6:00pm** by Chair Kerr. Chair Kerr noted the handouts provided to the committee by staff.

Agenda Item 2.0 Roll Call

Roll call was taken of the Budget Committee. Kemper excused. Sowa and Sterling absent. Dr. Sowa joined the meeting at 6:04 PM.

Agenda Item 3.0 Approve Minutes of May 1, 2014

MOTION: Ken Humberston moved to approve the May 1st minutes from FY 2014. Pat Russell seconded the motion.

Corrections to the minutes were noted on Item #5 Larry Sowa voted "nay" on the second motion. The committee asked staff to review the video and correct the minutes.

A change was requested to the reason for leaving the meeting by Cyndi Lewis-Wolfram. It should be noted she left for another meeting and was excused.

The amendments to the motion were accepted by Ken Humberston and Pat Russell.

Item 13 regarding: An e-mail from Barbara Kemper noted the "Other Funds" had error in the prior periods. It will be corrected for the final document.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

Agenda Item 15.0 Future Actions

We started with follow up from May 1, 2014 meeting. Debt covenant for FY 2012-13 is 2.87 and 2.67. First number with SDC revenue and second number without SDC revenue.

Glossary of acronyms used in the budget. Acronyms are defined the first time but a list would be helpful to the reader later in the document.

Engineering provided maps of the rural / urban reserve to the committee.

New LB reports for General Fund and Revenue Bond Fund were provided to fix errors on the proposed document. These pages are provided on blue paper to help identify an update.

There was a request of staff for all handouts to be delivered ahead of meetings to allow time for review prior to the meeting.

Next item on the agenda is review of General Fund/decision packages, specifically page GF4.

MOTION: Pat Russell moved to recommend approval of the General Fund for fiscal year 2014-2015 budget as presented per LB-31 (page A 3). Cyndi Lewis-Wolfram seconded the motion.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

MOTION: Pat Russell moved to recommend approval the CIP Fund for fiscal year 2014-2015 budget as presented, per LB-10 (page A 4). Cyndi Lewis-Wolfram seconded the motion.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

Ken Humberston would like to request of GM Moore to include a list of projects in a newsletter. This committee could make a motion to recommend this action to the Board.

MOTION: Ken Humberston moved to recommend to the Board that a list of projects be included in communication to our ratepayers. Seconded by Cyndi Lewis-Wolfram.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

Lee Moore asked a few questions about what to include in our communication. Ken Humberston is deferring to staff to use their judgment. Carol Bryck noted the budget would be on the website.

MOTION: Pat Russell moved to recommend approval of the Capital Reserve Fund, CRWSC Activity Fund, Rate Stabilization Reserve Fund, SDC Reserve Fund, and the Revenue Bond Fund fiscal year 2014-2015 budgets as presented, per the respective LB- 10, 11s, and LB-35. Cyndi Lewis-Wolfram seconded the motion.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

Agenda Item 16.0 Declare No Tax Levy

MOTION: Ken Humberston moved to declare there is no tax levy included in the approved fiscal year 2014-2015 budget. Seconded by Cyndi Lewis-Wolfram.

MOTION CARRIED 8-0-0

Ayes: Humberston, Kalani, Kerr, Lewis-Wolfram, Russell, Sowa, McNeel and Russell
Nays: None
Abstentions: None

Agenda Item 14.0 Public Comment

No public comment.

Agenda Item 17.0 Closing Comments

Cyndi Lewis-Wolfram thanked staff for the best prepared budget since FY09.

Pat Russell wanted to remind the Board about the water wars south of Oregon. CRW need to step it up to be a major player in the conservation of our resource. Who is watching the water quality? He appreciated as much transparency as possible to the process. Hugh Kalani stated the board has discussed similar concerns and wants to deal with those issues.

William Blanas thanked Carol Bryck and Lee Moore for their time and help to get through the budget process.

Ken Humberston wanted to note that Carol Bryck and staff received an award for the CRW budget. How can we keep getting better but you have. Also thanks to the engineering staff for their time.

Carol Bryck thanked the budget committee for their time and efforts, FACS staff and all of CRW staff for their efforts. If you have comments or suggestion for improvement she would like to hear them. The Budget Hearing is scheduled for June 12, 2014 at 6:00 PM during the Regular Board meeting.

Lee Moore as noted by the Board that our staff does great work. It makes it easier for me. We do aspire for continuous improvement and take stewardship of our resources seriously. We now have an early warning system in the river thanks to you. While it has been bumpy in the past it has been helpful that past Board members have continued to remain involved.

Chair Kerr thanked the committee for reviewing the document and asking questions. He thanked staff for their presentations which are thorough and concise and bring clarity to the information.

Meeting adjourned at 6:30 pm

Minutes approved by:

William Blanas, Budget Committee Vice Chairma