

North Clackamas County Water Commission

Fiscal Year 2023-2024 Budget Highlights

Presentation: March 23, 2023

Revenues

There have been some interesting trends in water volume by customer. OLWS is decreasing as a result of the non-revenue water project. City of Gladstone's has been increasing slightly each year. Then there is Sunrise, as the area builds out, their volumes are increasing. The volumes set for the budget have a significant impact to the rate.

Projected water volumes:

	Proposed FY 2023-24	Average FYs 2019-2022	Trend FY 2022-23	Budget FY 2022-23	
Oak Lodge	1,400,000	1,476,828	1,407,000	1,450,000	
Gladstone	670,000	667,382	713,000	650,000	
Sunrise	1,600,000	1,434,947	1,837,000	1,500,000	
	3,670,000	3,579,157	3,957,000	3,600,000	CCF
		95%			
	3,670,000	3,400,000	3,957,000	3,600,000	
Resulting Rate	\$0.8207	\$0.8859	\$0.7612	\$0.8366	
Resulting %	3.6%	12.1%	-4.1%	5.7%	

Personal Services

<u>Categories</u>	Budget FY 2022-23	Budget FY 2023-24	Variance	
Plant Operators	310,000	360,000	50,000	16.1% ⁽¹⁾
Overtime	50,000	50,000	-0-	0.0%
Apprenticeship	42,000	43,000	1,000	2.4%
Medical, Dental, Vision	120,000	110,000	(10,000)	-8.3% ⁽²⁾
Retirement	80,000	110,000	30,000	37.5% ⁽³⁾
Payroll Taxes	40,000	40,000	-0-	0.0%
Workers' Compensation	14,000	12,000	(2,000)	-14.3% ⁽⁴⁾
	656,000	725,000	69,000	10.5%

- (1) FY23 budgeted at 5% (COLA Plus Step/Merit), CPI-U Dec 2022 of 6.0% COLA
FY24 budgeted at 8% COLA plus Step/Merit
- (2) FY23 budgeted at 20% rate increase, actually decreased
- (3) PERS Rate increase 28% effective July 1, 2023
- (4) Reduced budget closer to actual costs

Proposed increase in Personnel Services is 10.5%

Materials and Services

<u>Categories</u>	Budget	Budget	Variance	
	FY 2022-23	FY 2023-24		
Wholesale Water Purchases	1,250,000	1,300,000	50,000	4.0% ⁽¹⁾
Contracted Services	133,000	136,000	3,000	2.3%
Professional Services	232,000	257,000	25,000	10.8% ⁽²⁾
Water Treatment	145,000	190,000	45,000	31.0% ⁽³⁾
Electricity	550,000	550,000	-0-	0.0%
Maintenance	164,500	164,500	-0-	0.0%
All Other	173,950	189,400	15,450	8.9% ⁽⁴⁾
	2,648,450	2,786,900	138,450	
Less Wholesale Water	(1,250,000)	(1,300,000)	(50,000)	
Comparative	1,398,450	1,486,900	88,450	6.3%

- (1) Clackamas River Water wholesale water rate change placeholder of 4%
 (2) CRWP 7% increase for Emergency Preparedness & increased Audit costs
 (3) Chemical and In-house Lab cost increases
 (4) Travel cost increases plus adding the 4th operator for conferences

Proposed increase in Materials and Services is 6.3%

Chemical Cost Increases

Chemical	Unit Cost 6/30/2020	Unit Cost 6/30/2022	Current Unit Cost	% Change since 6/30/2020	% Change since 6/30/2022
Soda Ash	\$ 0.24/lbs.	0.55/lbs.	0.62/lbs.	158.3%	12.7%
Sodium Hypochlorite 12.5% (Membranes)	2.10/gal.	2.60/gal.	3.65/gal.	73.8%	40.4%
Sodium Hypochlorite 12.5%	1.29/gal.	1.56/gal.	1.56/gal.	20.9%	0%
Aluminum Chlorohydrate	0.45/lbs.	0.75/lbs.	0.90/lbs.	100%	20%
Phosphoric Acid 75%	0.78/lbs.	N/A	1.64/lbs.	N/A	110.3%

Debt Service

The last debt service payment was paid 7/1/2021.

	Fund 17 Revenue Bond Debt Service Reserve	Fund 19 Revenue Bond Redemption Fund
Beginning Fund Balance	-0-	-0-
Transfers to General Fund	-0-	-0-
Ending Balance	-0-	-0-

The existing debt service funds, **Fund 17 & 19**, are closed out. FY 2023-24 Proposed Budget does not include any need for new debt.

General Fund Balance Review

The General Fund balance has been growing over the past several fiscal years. This Proposed Budget includes an increase in Transfers to Plant Reserve and initial PERS Side Account Contribution, in addition utilization of the portion for the Annual True-up to stabilize rate increases.

	Budget FY 2020-21	Budget FY 2021-22	Budget FY 2022-23	Budget FY 2023-24
Contingency	304,650	350,000	310,000	330,000
Unappropriated Fund Balance	-	350,712	793,877	206,249
Budgeted Carry-over Balance (PY)	304,650	700,712	1,103,877	536,249
	↓	↓	↓	↓
	Actual FY 2021-22	Budget FY 2022-23	Budget FY 2023-24	Budget FY 2024-25
Prior Budget Beginning Balance	304,650	700,712	1,103,877	536,249
Budgeted Beginning Balance	676,662	1,380,050	1,368,149	841,000
Audited (Estimated) Beginning Balance	1,080,781	1,585,797	1,673,000	

Of the \$1.59 million in Ending Fund Balance at June 30, 2022, only \$186 thousand is True-Up.

Transfers to Plant Reserve

	Fund 10 General Fund
Transfer to Plant Reserve	\$ 1,500,000
Funding from True-up	(185,714)
Funding from Beginning Balance	(514,286)
Funded by Rate	\$ 800,000

2017 Capital Master Plan recommends \$500,000 to \$750,000
 2023 Indexed CCI Seattle = \$670,000 to \$1,000,000

Plant Reserve Fund

Plant Reserve Fund Planning

	Actual FY 2022	Projected FY 2023	Budget FY 2024	Projection FY 2025	Projection FY 2026	Projection FY 2027	Projection FY 2028	Projection FY 2029
Beg Balance	4,781,560	5,058,689	4,966,939	3,126,939	2,126,939	2,626,939	3,126,939	3,626,939
Transfers & Interest	626,776	1,302,940	1,500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Resources	5,408,336	6,361,629	6,466,939	4,126,939	3,126,939	3,626,939	4,126,939	4,626,939
Capital Outlay	349,647	1,394,690	3,340,000	2,000,000	500,000	500,000	500,000	500,000
End Balance	5,058,689	4,966,939	3,126,939	2,126,939	2,626,939	3,126,939	3,626,939	4,126,939
Capital Planning								
Slow Sand #1 & #3		900,000	700,000	-				
Slow Sand #2 & #4			1,700,000					
Replace Membranes				1,500,000				
Plant / Equipment		494,690	940,000	500,000	500,000	500,000	500,000	500,000

Special Payments – PERS Side Account

NCCWC’s PERS Rate increased 28.0% - effective July 1, 2023

Employers can reduce PERS Normal Cost Rate by establishing PERS Side Accounts. Contributions made early in the fiscal year can reduce the current fiscal year’s PERS rate.

	PERS Rate FY 2022-23	PERS Rate FY 2023-24	Variance
Salary	331,200	360,000	
PERS: Normal Cost Rate (OPSRP)	7.94%	9.24%	16.4%
Unfunded Actuarial Liability	11.02%	15.03%	36.4%
PERS Rate	18.96%	24.27%	
Budgeted Retirement Expense	80,000	110,000	\$30,000
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Special Payments			
PERS Side Account Contribution	\$ 100,000	\$150,000	\$200,000
Side Account Rate Relief	-1.83%	-2.75%	-3.67%
Cost Savings if full Fiscal Year	(6,600)	(9,900)	(13,200)

Proposed Special Payment for PERS Side Account of \$150,000
