

March 27, 2024

To the Gleneden Sanitary District Directors and Budget Committee Members:

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

GENERAL FUND

Resources

User fees estimate will not show a large increase for FY 24/25. User fees allow the District to meet their obligations in the Contract to the K-GB-LB Water District for operations, maintenance and compliance of the collection system and the City of Depoe Bay for the treatment of sewage and their capital projects.

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

Interest for government entity earnings steadily increased throughout 2023 and into 2024.

GENERAL FUND

Requirements

Material & Services

Most Material & Services line items remain relatively unchanged for the FY 24/25 budget year.

Insurance and Utilities line items are increased due to increases in the policy premiums for the recent pump station upgrades and electricity rate increases.

Lift Station Maintenance, Memberships and Publications all have small increases due to notifications of annual price increases from vendors.

Capital Outlay

The Stations/Upgrades/Plant line item decreased slightly. The District will continue the Waste Water Treatment Facilities Plan that will be moving to the next stages of planning as the District also attempts to find alternative solutions with the City of Depoe Bay.

The pump station and force main improvements project was completed. The new annual loan payment to Department of Environmental Quality is paid from the General Fund.

The Depoe Bay Plant Upgrade was paid off in FY 23/24.

Major Equipment increased. The District will be using this to purchase new controls and telemetry systems for existing pumpstations in need of upgrades.

Professional Fees

Legals fees decreased due to lack of arbitration with Depoe Bay. The District will still see above average spending on legal services due to situations with the contract termination for treatment.

Engineering fees increased. There is still need for engineering while navigating the situation with Depoe Bay and a new Treatment Facility. The District Engineer will also be updating the CIP (Capital Infrastructure Plan) to have an idea of updating costs for Pumpstation upgrades as outlined in the District's Master Plan.

Audit/Accounting Fees will stay unchanged through FY 25/26.

Contract Services

The Contract Service amount to the City of Depoe Bay has increased. Depoe Bay did submit a preliminary budget for Gleneden Sanitary that included capital outlay estimates. One of the large items included in the City's capital outlay is replacement of the fence surrounding the 5-acre treatment facility site. A new blower and pump replacements are also included in the capital expenses proposed by the City.

K-GB-LB Contract increased due to the set percentages for operations defined in the shared accounting structure. This increase is more significant than what is typically seen. Three (3) employees who have been with the District for 20-35 years are retiring. While there is an increase in materials and services in the contract, the majority of this increase is personnel costs. Going into the new fiscal year, there will be one additional employee on staff. The plan is to have one more field crew member hired by August and an office staff member hired in February of 2025. The three (3) employees who are retiring all have accrual payouts and longevity bonuses to be paid out upon separation. The following budget year will see a large decrease as costs stabilize after such a large change in staffing.

The Contract with the K-GB-LB Water District is for operations and maintenance and does not include any capital outlay due to the two Districts being completely separate entities. Overall increase to the contract total is 28% for FY 24/25.

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

CONSTRUCTION FUND

This fund was utilized for the pump station and force main improvements and the Clean Water State Revolving Fund loan from the Department of Environmental Quality. Completion of the improvements happened in fiscal year 22/23. The annual loan payment to DEQ will be paid through the General Fund under Capital Outlay.

SDC IMPROVEMENT & SDC REIMBURSEMENT

The SDC Improvement Fund decreased. Systems improvements for the new fiscal year will include control & telemetry replacement spending not covered by the general fund for FY 24/25 in the event costs are greater than originally anticipated.

SDC Reimbursement remained the same.

RESERVE FUND

This fund is at the required amount for the DEQ loan agreement and remains the same.

SPECIAL REVENUE FUND

This fund will collect revenue from the proposed tax levy on the May, 2024 ballot.

Capital projects will be planned and approved by the Board based on priority status and funds will only be used on the **existing** system.

The overall budget (all funds) increased by 43% for this fiscal year.

