

**WEST SLOPE WATER DISTRICT**

**RESOLUTION 05-2018**

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

**WHEREAS**, the West Slope Water District (the District) Board of Commissioners adopted a budget and appropriated funds for the fiscal year 2017-18 by Resolution No. 02-2017, and amended the 2017-18 adopted budget and adjusted appropriated funds by Resolution No. 03-2018 and,

**WHEREAS**, unforeseen purchased water cost projections indicating substantial increases to future years costs were received from the City of Portland during the current year and,

**WHEREAS**, the District established a Rate Stabilization Reserve Fund effective June 30, 2018 by Resolution No. 4-2018 and,

**WHEREAS**, ORS 294.471 authorizes a supplemental budget for an occurrence or condition that was not ascertained when preparing the original budget and,

**WHEREAS**, a supplemental budget hearing has been noticed on June 7, 2018 in a newspaper of general circulation and held on June 20, 2018 by the Board of Commissioners and,

**WHEREAS**, the District will be required to implement large customer rate spikes in future years in order to meet its bond debt service covenants and cover purchased water cost projected increases and,

**WHEREAS**, the District desires to smooth customer rate spikes required in future years by utilizing a Rate Stabilization Account as is delineated in the Districts' 2008 Revenue Bond Master Resolution and Official Statement and,

**WHEREAS**, the District desires to reserve net operating income from the current fiscal year that is in excess of amounts needed to meet current bond debt service covenants to be utilized for purposes of smoothing future rate spikes and,

**WHEREAS**, the Board of Commissioners is authorizing the use of General Fund Operating Contingency to supplement the Rate Stabilization Reserve Fund Contingency and,

**WHEREAS**, to facilitate clarification of the adjustments in this resolution; Attachment A to this resolution provides a summary by fund of the appropriation and resource categories affected by the proposed transfer of budget appropriation; and

**NOW THEREFORE, BE IT RESOLVED THAT:**

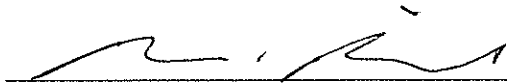
Section 1. The Rate Stabilization Reserve Fund will add two new budget categories:

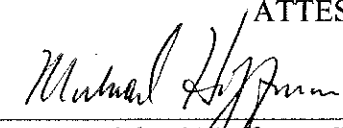
- a) Requirements - operating contingency,
- b) Resources – transfers from the general fund.

Section 2: The transfer of \$200,000 of appropriation from the General Fund Operating Contingency to the Rate Stabilization Reserve Fund Operating Contingency is here-by adopted.

Section 2. That this resolution be effective upon its adoption.

**ADOPTED** this 20th day of June 20, 2018.

  
\_\_\_\_\_  
Robert W. Rieck, Board Chair

ATTEST:  
  
\_\_\_\_\_  
Michael Hoffman, Secretary

**RESOLUTION NO. 05-2018  
SUPPLEMENTAL BUDGET  
FISCAL YEAR 2017-2018**

**ATTACHMENT A**

**Summary By Fund And Category**

|  | <b>Current<br/>Appropriations</b> | <b>Change in<br/>Appropriations</b> | <b>Amended<br/>Appropriations</b> |
|--|-----------------------------------|-------------------------------------|-----------------------------------|
| <b>General Fund</b>                    |                                   |                                     |                                   |
| <b>Requirements:</b>                   |                                   |                                     |                                   |
| Transfers to Rate Stabilization        |                                   |                                     |                                   |
| Reserve Fund                           | \$ -                              | \$ 200,000                          | \$ 200,000                        |
| Contingency                            | \$ 930,000                        | \$ (200,000)                        | \$ 730,000                        |
| Net Change to General Fund             |                                   | <u>\$ -</u>                         |                                   |
| <b>Rate Stabilization Reserve Fund</b> |                                   |                                     |                                   |
| <b>Requirements</b>                    |                                   |                                     |                                   |
| Contingency                            | \$ -                              | \$ 200,000                          | \$ 200,000                        |
| Net Change to Rate Stabilization fund  |                                   | <u>\$ 200,000</u>                   |                                   |
| <br>                                   |                                   |                                     |                                   |
|  | <b>Current<br/>Resources</b>      | <b>Change in<br/>Resources</b>      | <b>Amended<br/>Resources</b>      |
| <b>Rate Stabilization Reserve Fund</b> |                                   |                                     |                                   |
| <b>Resources</b>                       |                                   |                                     |                                   |
| Transfers from                         | \$ -                              | \$ 200,000                          | \$ 200,000                        |
| General Fund                           |                                   |                                     |                                   |
| Net Change to Rate Stabilization fund  |                                   | <u>\$ 200,000</u>                   |                                   |

**NOTICE OF SUPPLEMENTAL BUDGET HEARING**

- For supplemental budgets proposing a change in any fund's expenditures by **more than 10 percent, or creating a new fund.**

A public hearing on a proposed supplemental budget for West Slope Water District for the current fiscal year will be held at the Districts' offices at 3105 SW 89th Ave. Portland, OR 97225, on 06/20/2018 at 5:00 PM.

The purpose of the hearing is to discuss the supplemental budget with interested persons.  
 A copy of the supplemental budget document may be inspected or obtained on or after 05/25/2018 at: 3105 SW 89th Ave., Portland OR 97225 M-F between the hours of 8AM-12PM, and 1PM- 4:30PM

**SUMMARY OF PROPOSED BUDGET CHANGES**

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

**FUND: General Fund**

| Resource                            | Amount | Expenditure - indicate<br>Org. Unit / Prog. & Activity, and Object<br>Class. | Amount              |
|-------------------------------------|--------|--|---------------------|
| 1 _____                             | _____  | 1 General Operating Contingency  | \$ (200,000)        |
| 2 _____                             | _____  | 2 Transfer to Rate Stabilization Fund  | \$ 200,000          |
| <b>Revised Total Fund Resources</b> | _____  | <b>Revised Total Fund Requirements</b>                                       | <b>\$ 4,246,000</b> |

**Explanation of change(s):**

Transfer Out - Rate Stabilization fund will be added as a new category.  
 Transfer Out - Rate Stabilization Fund increases to build reserves from current operating income to fund projected future purchased water cost increases from the City of Portland. Projected increases were not available when adopting the budget.

**FUND: Rate Stabilization Fund**

| Resource                            | Amount            | Expenditure - indicate<br>Org. Unit / Prog. & Activity, and Object<br>Class. | Amount            |
|-------------------------------------|-------------------|--|-------------------|
| 1 Transfer From General Fund        | \$ 200,000        | 1 Operating Contingency  | \$ 200,000        |
| <b>Revised Total Fund Resources</b> | <b>\$ 200,000</b> | <b>Revised Total Fund Requirements</b>                                       | <b>\$ 200,000</b> |

**Explanation of change(s):**

A new rate stabilization reserve fund will be established effective prior to June 30, 2018. Two new budget categories will be added: Transfers In - General Fund and Contingency. Transfers in - General Fund increases \$200,000, Contingency appropriation increases \$200,000.  
 It became apparent upon receiving updated cost projections from the City of Portland that the rate stabilization fund contingency needed to begin building in the current fiscal year in order to adequately meet debt service covenants while smoothing customer rate hikes in 2021-2024 when purchased water costs from the City of Portland are projected to triple. The rate projections from The City of Portland were received after the budget was adopted.

**WEST SLOPE WATER DISTRICT  
2017-2018 SUPPLEMENTAL BUDGET**

| Proposed by<br>Budget Officer | Approved by<br>Budget Committee | Adopted by<br>Governing Body | Amended | Supplemental | Supplemental<br>Change |
|-------------------------------|---------------------------------|------------------------------|---------|--------------|------------------------|
|-------------------------------|---------------------------------|------------------------------|---------|--------------|------------------------|

**GENERAL FUND**

|                                  |                     |                     |                     |                     |                     |                |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|
| TOTAL PERSONNEL SERVICES         | \$ 848,000          | \$ 848,000          | \$ 848,000          | \$ 873,000          | \$ 873,000          |                |
| TOTAL MATERIALS AND SERVICES     | 1,641,000           | 1,641,000           | 1,641,000           | 1,616,000           | 1,616,000           |                |
| TOTAL DEBT SERVICE               | 301,000             | 301,000             | 301,000             | 301,000             | 301,000             |                |
| <b>INTERFUND TRANSFERS</b>       |                     |                     |                     |                     |                     |                |
| TO RATE STABILIZATION FUND       |                     |                     |                     |                     | 200,000             | 200,000        |
| TO TRUCK AND EQUIPMENT FUND      | 109,000             | 109,000             | 109,000             | 109,000             | 109,000             | -              |
| TO CAPITAL IMPROVEMENTS FUND     | 417,000             | 417,000             | 417,000             | 417,000             | 417,000             | -              |
| <b>TOTAL INTERFUND TRANSFERS</b> | <b>526,000</b>      | <b>526,000</b>      | <b>526,000</b>      | <b>526,000</b>      | <b>726,000</b>      | <b>200,000</b> |
| GENERAL OPERATING CONTINGENCY    | 930,000             | 930,000             | 930,000             | 930,000             | 730,000             | (200,000)      |
| <b>TOTAL REQUIREMENTS</b>        | <b>\$ 4,246,000</b> | <b>\$ 4,246,000</b> | <b>\$ 4,246,000</b> | <b>\$ 4,246,000</b> | <b>\$ 4,246,000</b> | <b>\$ -</b>    |

**RATE STABILIZATION RESERVE FUND**

|                                  |             |             |             |             |                   |                   |
|----------------------------------|-------------|-------------|-------------|-------------|-------------------|-------------------|
| Transferred in from General Fund |             |             |             |             | \$ 200,000        | \$ 200,000        |
| <b>TOTAL RESOURCES</b>           | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 200,000</b> | <b>\$ 200,000</b> |

|                           |             |             |             |             |                   |                   |
|---------------------------|-------------|-------------|-------------|-------------|-------------------|-------------------|
| Contingency               |             |             |             |             | \$ 200,000        | \$ 200,000        |
| <b>TOTAL REQUIREMENTS</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 200,000</b> | <b>\$ 200,000</b> |