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2023 – 2024 Budget Message

Tui Anderson, District Manager

This proposed budget of the Southwest Lincoln County Water PUD for the 2023 – 2024 fiscal year is respectfully submitted to the Southwest Lincoln County Water PUD Board of Directors and Budget Committee members.

The Budget consists of 7 pages covering the General Fund, the Construction fund, and the Equipment Reserve Fund. The revenues are based on prior year trends of cash collected and include a 10% rate increase for the fiscal year 2023 – 2024. The rate increase is necessary to meet the cost of goods and services and to supplement the large-scale construction projects planned below.

The proposed budget includes the following capital projects:

- In June of 2022, the PUD experienced two leak incidents almost simultaneously. It was determined that the valves failed because the bolts holding them together were corroded and of a sub-standard quality. Staff found these low-quality bolts were used on valves throughout the water system and that many would need to be replaced. We worked to find emergency funding to expedite repairs and were able to secure assistance from Business Oregon. We were awarded \$450,000 for Bolt Replacement and Pressure Regulating Valves (PRV) Project. Half will be an outright grant and half will be a 30-year loan at 1% interest. This project will be completed in FY 24.
- In April of 2023, the PUD's application for the Safe Drinking Water Revolving Load Fund for Waterline Improvements was awarded funds totaling \$5.9 million. Half will be a forgivable loan, the other half will be a 30 year loan at 1% interest. This application was based on the recommendations outlined in a Preliminary Engineering Report (PER) conducted in August 2022. In FY 24 we will work with our engineer on final design for this project. The project will replace nine sections of waterline in the District. This project will enable us to minimize dead end lines and upsize pipelines to increase fire flows and to accommodate future growth and development. These improvements will reduce maintenance to the system and increase seismic resiliency by replacing old brittle pipe.
- We will continue with our Water Treatment Plant Upgrades. This includes SCADA telemetry upgrades at the reservoirs and pump stations for more accurate monitoring, data collection, controls, and reporting. We will also work on upgrading the Dick's Fork Water Treatment Plant

with new filter media and components, and new SCADA controls. These projects will be funded from internal reserves.

- We hope to purchase a used 1-ton work truck to carry tools and supplies, as well as to tow our excavator and/or Ditch Witch Vactor. This will aid productivity with ease and efficiency for construction projects planned for the year. The purchase will be funded with internal reserves.

Due to the Emergency PRV and Waterline Improvement funding respectively, we have not included the following projects included on last year's budget:

- Water Meters: we will delay the upgrading to Automatic Meter Reading technology in favor of these more urgent projects.
- Water Reservoir ladders.

These projects are not urgent and could not realistically be completed in the upcoming fiscal year. The Dick's Fork Water Reservoir Tank replacement is still pending outside funding and is not included in the budget.

We are excited to be able to make these vital upgrades to the water system in the upcoming year and to continue to provide safe, clean, drinking water. Thank you for your participation in the Southwest Lincoln County Waster PUD's budget process. We look forward to seeing you at the District Office on May 3, 2023 at 10:15 am, for the Budget Committee Meeting.