

CLACKAMAS COUNTY
SERVICE DISTRICT #5

Street Lighting

Fiscal Year 2016-2017
Budget Report



June 2016

Draft



June 6, 2016

Citizens of Clackamas County Service District No. 5
Budget Committee Members
Board of County Commissioners

I am pleased to present for your review and approval the proposed fiscal year 2016-2017 operating and capital budget for Clackamas County Service District No. 5 ("District"), operated by the Department of Transportation and Development. The District is the agency responsible for street lighting in the unincorporated urban areas of Clackamas County and by separate agreement, the cities of Happy Valley and Damascus.

Provision of streetlighting services throughout the County continues to grow through the development review process, citizen requests (Petitions), and capital construction. All of which is providing a safer traveling environment for citizens.

To meet these lighting needs, the District partners with Portland General Electric (PGE) for the placement of streetlights, design assistance on development projects, provision of electricity, and operational assistance. Costs for these services are developed through a public process and determined by the Oregon Public Utility Commission (OPUC).

As a part of the budgeting process, the District assesses the need to adjust rates to meet the operational costs of providing street lighting services. Historically these rates have been increased and decreased depending on available funds, cost of electricity, and operational costs.

In FY 15-16 the District increased rates by 6% as a part of a three year plan to defray increased operational costs (approximately 15%) approved by OPUC as a part of the Portland General Electric (PGE) 2013 rate case study which took effect in January 2014. FY 15-16 rate increases were year two of the three year plan. PGE plans to go before the Oregon Public Utility Commission to seek approval of an additional rate increase in the fall of 2016. If approved the District could see an increase in electricity costs which would take effect in January 2017. The amount of the potential increase is unknown at this time.

Using a five year forecast the District is able to assess whether or not the current rates are sufficient to meet projected expenses. Using the historical average increase of 1% for the electricity costs and factoring the cost savings from the recent conversion to Light Emitting Diode (LED) streetlighting, the forecast shows the District will have adequate revenue to cover moderate increases in electricity costs while providing the necessary ending fund balance for the districts expenditures and reserves. Therefore, the District is proposing no rate change for FY 16-17.



**OFFICE OF THE COUNTY ADMINISTRATOR
PUBLIC SERVICES BUILDING**

2051 KAEN ROAD | OREGON CITY, OR 97045

The FY 16-17 Budget continues to earmark revenues secured by the Energy Trust Credit and sale of district owned streetlighting to PGE for a number of capital street lighting improvements, including lighting of McLoughlin Blvd.

The combined capital and operating budget for the District for FY 2016-2017 is \$4,199,855 and assumes no increase in any of the eleven rate categories. In accordance with Oregon Budget Law, all planned expenditures will continue to be funded through a combination of property taxes and user fees.

Sincerely,

Don Krupp
County Administrator and
Budget Officer for Clackamas County Service District No. 5

Enclosures

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**Work Program Narrative for
Clackamas County Service District No. 5**

A. Agency Mission/Purpose

Clackamas County Service District No. 5 provides street lighting to un-incorporated urban areas of the County and to the cities of Happy Valley and Damascus, by agreement.

The Mission of Clackamas County Service District No. 5 is to provide the administration of timely and cost-effective street lighting operation, maintenance and installation to property owners within the District so they can feel more secure traveling to and from their doorways.

General Overview of Program and Major Projects

The District contracts with PGE to design, install, maintain and operate street lights. PGE in turn bills the Service District for this service based on tariff rates set by the Oregon Public Utility Commission. These costs are passed on to those served by the District as a special assessment on their individual property tax statements, or, in some special cases, through direct billing.

- In response to citizen requests for street lighting in existing neighborhoods, staff evaluates the existing conditions, prepares petition materials for neighborhood sponsors and follows up with informational mailings after the initial signature gathering phase, and works with PGE to achieve a design appropriate to the neighborhood's needs.
- In response to development, staff comments on commercial and residential development proposals for properties in Service District No. 5 and works with developers and PGE to ensure consistent street light installation appropriate to each development.
- Staff works with designers and project managers on County road improvement projects where lighting is desirable, to find a means to pay for the operation and maintenance of lighting appropriate to the project.

Major Projects

- Clackamas County Service District No. 5 will continue to provide administration during the design and installation phase of one road petition project (Mcloughlin Blvd.). Capital funding to support this project is identified in budget.
- District staff will review approximately 56 development applications annually for compliance with street lighting requirements which will result, annually, in about 49 new street lighting projects installing approximately 204 new street lights on local, collector and arterial roads adjoining new residential and commercial development.

B. Management Goals and Objectives

- Continue installation, operation and maintenance of street lights under PGE Option A. Under Option A, PGE owns, installs, operates and maintains the street lights and the District pays a monthly fee for this service.
- Continue to respond to requests for petitions by supplying a petition package within one week.
- Coordinate with Capital Improvement project managers and designers to ensure appropriate design, installation and operation and maintenance funding for street lights on these major projects.
- Continue design review participation to ensure street light installation on all residential and commercial projects as appropriate.
- Review street light rate structures.
- Continue to prepare annually an accurate assessment roll within the timeline set by the Assessor's Office and will also bill property tax exempt accounts to ensure timely receipt of street lighting assessments to operate street lights within the District.
- Continue to review projected financial needs of the District annually and recommend rate schedule adjustments accordingly to ensure adequate funds to operate and maintain street lights in the District.

C. Highlights of Budget

Budget spreadsheets are in Appendix

Budget Year	Rate Change	Reason for Change	Additional information
2013-2014	6.9% Decrease	Anticipated cost saving from LED installation	Cobra LED Installation complete Nov-2013
2014-2015	6.0% Increase	In December 2013 the OPUC approved a proposal by PGE to increase rates. Capital from Option B sales and Energy Trust Credits remained in constructions line for future projects.	Aug-2013 <i>Option B Sale</i> =\$615,089 Jan-2014 <i>Cobra ETC</i> = \$250,000 Apr-2014 <i>Shoebox ETC</i> =\$57,860
2015-2016	5.5% Increase	Phased increase for District rates from the 15% 2013 PGE rate increase	
2016-2017	No change	See 2016-2017 Budget Highlights	

2016-2017 Budget Highlights

Last year, the District's five year budget forecast showed that the rates would need an increase of 4% in 2016-2017 in order to cover the District's expenses while maintaining the necessary ending fund balance. The ending fund balance is used to accommodate the anticipated PGE monthly billing for the 5 months of the fiscal year which is due and payable upon receipt before revenues can be collected in November.

Since the District has benefited in an electricity cost savings of approximately 11% in the last year due to Light Emitting Diode (LED) installations the District is proposing no change in the rates for 2016-2017. PGE has indicated a rate increase is expected for the District if the rate revision is approved by the Oregon Public Utility Commission in the fall of 2016. This rate change would take effect January 1, 2017. The amount of the increase is unknown at this time. Making no change in the rates will allow the district to evaluate the effects to the rates from the PGE 2016-2017 rate case.

Expenditures

The 2016-2017 budget for materials and services is similar to the 2015-2016 budget. There is an approximate 45% decrease in allocated costs primarily due to the Finance (478101) line because the District now manages its own manual billings. Electric (436100) reflects the actual anticipated electrical costs based upon current year end projections and is expected to increase in 2016-2017.

- We anticipate the monthly bill from PGE for the operation and maintenance of street lights to average between \$141,000 and \$145,000 per month in 2016-2017. The current monthly bill is approximately \$125,000, but has fluctuated between \$141,000 and \$148,000 per month. This bill is difficult to predict precisely because of the time lag it takes for PGE to begin billing for installation of new lights.

Special Expenditures

- The working capital needed to provide for the payment of expenses for the period of July 1, 2016, when the fiscal year begins, through November 15, 2016, when the revenues begins to be received from the County Tax Collector, is created by the line item for reserves for future expenditures and any carry over from the prior year's budget, which is recognized the following year as the ending fund balance. The amount needs to be enough to pay for the five (5) months of electricity bills that PGE charges for operation and maintenance of street lights. This year the district budgeted \$673,727 in reserve to cover the first five (5) months of electricity bills. The contingency of \$286,816 for 2016-2017 represents 7% of the total budget. Fund line for construction (481200) in the amount of \$1,075,089 is to help pay for the Mcloughlin Blvd. capital street lighting project.

Revenue

- Actual service assessments for fiscal year 2016-2017 are projected to be close to what was budgeted.

D. Performance Indicators

- There were approximately 41 lights and 163 lots added to the District in 2015-2016 as a result of residential and commercial development. With this addition there are approximately 8900 currently served lights in the District.
- The District is installing Light Emitting Diode (LED) in new acorn style fixtures and are working with PGE on a retrofit for the existing acorn style fixtures and cobra high wattage fixtures.

Rate Schedule Descriptions 2016-2017

RATE and ASSESSMENT SUMMARY 2016-2017 CLACKAMAS COUNTY SERVICE DISTRICT #5

Schedule	Current Rate	Number of Accounts**		Suggested New Rate	Projected Revenues 15-16
A	\$ 36.84	92	lots	\$ 36.84	\$ 3,389.28
B	\$ 51.03	6,049	lots	\$ 51.03	\$ 308,680.47
C	\$ 71.55	8,710	lots	\$ 71.55	\$ 623,200.50
D *	\$ 1.28	189,927	lin. ft.#	\$ 1.28	\$ 243,106.56
E	\$ 8.61	557	lots	\$ 8.61	\$ 4,795.77
F	\$ 63.83	142	lots	\$ 63.83	\$ 9,063.86
H	\$ 93.75	3,645	lots	\$ 93.75	\$ 341,718.75
J	\$ 124.57	1,758	lots	\$ 124.57	\$ 218,994.06
K	\$ 86.06	364	lots	\$ 86.06	\$ 31,325.84
R	\$ 267.92	1,461	lots	\$ 267.92	\$ 391,431.12
W	\$ 250.00	341	lots	\$ 250.00	\$ 85,250.00
Total		23,387 lots			\$ 2,260,956
After est. 4% discount for paying taxes early:					\$ 2,170,518
<p>* # of accounts is 609 but assesment is per frontage foot</p> <p>** partial year assessments for lights installed in '15-'16, estimated</p>					

DEFINITION OF RATE SCHEDULES

Schedule A	District owned residential lights and poles
Schedule B	PGE owned lights on existing distribution poles (Cobra lights on existing wood poles)
Schedule C	PGE owned lights and poles with underground service (Cobra lights on gray fiberglass poles or Town and Country lights and poles)
Schedule D	PGE and District owned lights and poles for commercial, multifamily and/or industrial areas (all types)
Schedule E	PGE owned lights and poles for condominiums (all types)
Schedule F	PGE owned lights and painted steel poles (formerly Southwood Park Highway Lighting District)
Schedule H	PGE owned lights and poles for service in the City of Happy Valley (Shoebox lights w/ poles)
Schedule J	PGE owned lights and poles, ornamental Acorn light with fluted fiberglass poles (may substitute fluted aluminum pole)
Schedule K	PGE owned lights and poles for service in the City of Happy Valley for high density residential development (Techtra lights w/ Shepherd's Crook poles)
Schedule R	PGE owned lights and poles for service in the City of Happy Valley (Techtra lights w/ Shepherd's Crook poles)
Schedule W	PGE owned lights and poles for service in the City of Happy Valley (Westbrook lights with decorative aluminum poles)

The District has eleven rate schedules to accommodate the differences in the nature of service while retaining those rates inherited from the Highway Lighting Districts. New accounts are placed in one of the existing rate schedules with most of the new development occurring under rates B, C, D, J, R and W. All lights within the District have electricity and maintenance supplied by PGE.

APPENDIX



Transportation & Development

Street Lighting District - CCSD5

Purpose Statement

The purpose of the Street Lighting District - CCSD5 (Clackamas County Service District 5) program is to provide installation, maintenance and operation of street lighting in the urban unincorporated areas of Clackamas County and in the cities of Happy Valley and Damascus to assist the travelling public in maneuvering the transportation system safely in the dark.

Performance Narrative Statement

Clackamas County Street Lighting District (CCSD5) proposes a \$4,199,855 dollar budget. These resources will allow the District to cover the operational costs for the existing street lighting while providing support for the installation of new street lighting. These resources also provide the revenue necessary for a capital project to install street lighting along a portion of SE McLoughlin Blvd.

Improved street lighting increases safety for the traveling public and is widely thought to be an effective means of reducing crime.

The Street Lighting District offers services which support the Board of County Commissioners adopted goals of:

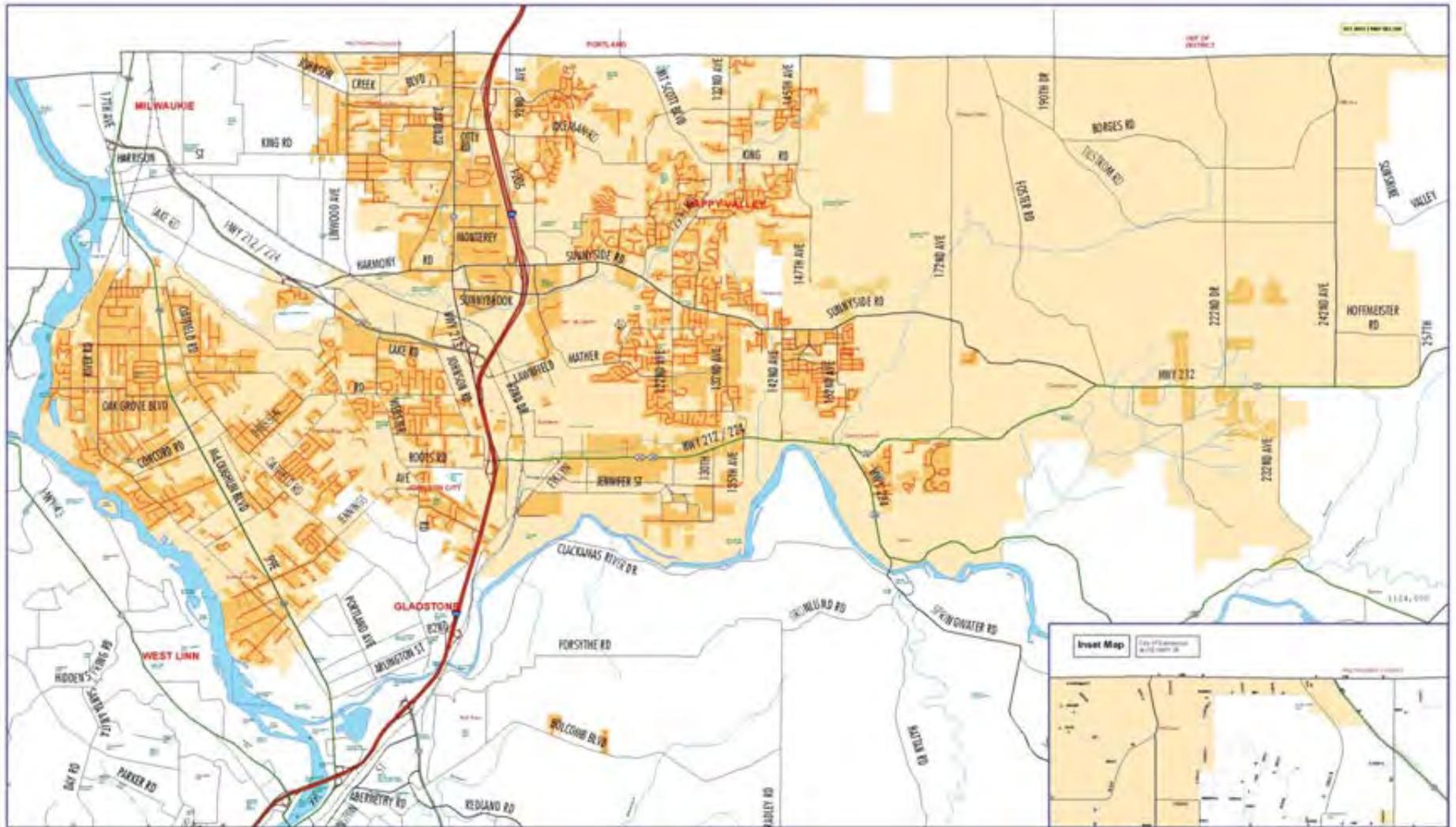
- Building a strong infrastructure; and
- Healthy and safe communities

Key Performance Measures

		2013/2014 Actual	2014/2015 Actual	2015/2016 Target	2016/2017 Projected	2016/2017 Target
 Result	% all requests for new street lighting and street lighting services responded to within 24-hours of initial inquiry.	94%	100%	100%	95%	97%
 Demand	Number of new street light requests	24	50	65	50	50
 Demand	Number of lighting service requests		61	53	50	50

	2013/2014 Actual	2014/2015 Actual	2015/2016 Amended Budget	2015/2016 Projected YE	2016/2017 Proposed
CCSD5 Budget	\$ 1,898,159	\$ 1,972,326	\$ 3,868,817	\$ 1,916,696	\$ 4,199,855

Service District No. 5 Boundary Map



Clackamas County Service District #5 STREET LIGHTING

- Legend**
- SD #5 Boundary
 - Lighted Parcels
 - Lighted Streets

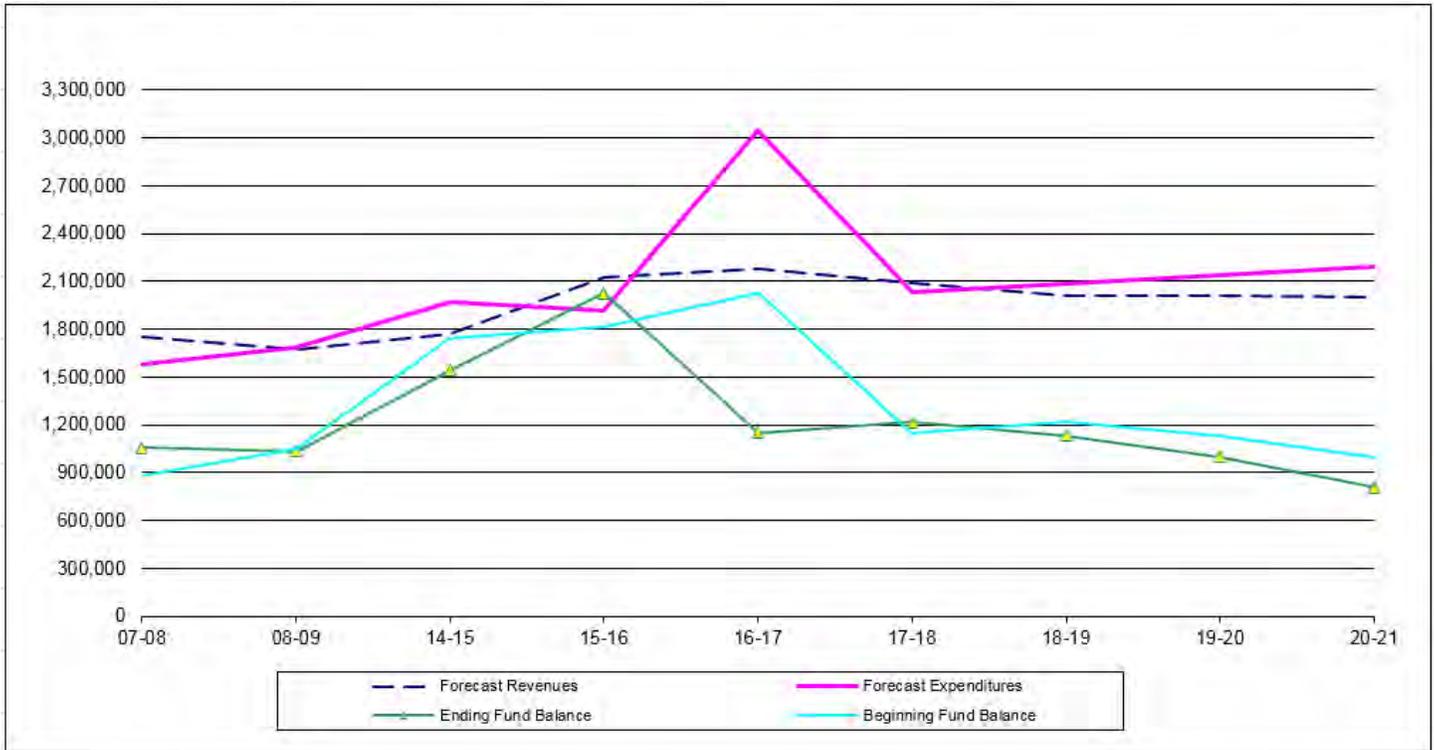


1:26,000
1 inch equals 0.41 miles



115-2450 Service District #5 – Street Lighting 2016-2020

Baseline Forecast



The ending fund balance represents an accumulation of the prior year's balances.

	14-15 Actual	15-16 Budget	15-16 YE Est	16-17 Forecast	17-18 Forecast	18-19 Forecast	19-20 Forecast
Beginning Fund Balance	1,745,184	1,731,833	1,812,913	2,023,866	1,152,468	1,215,444	1,133,735
Revenues	0						
State Revenue (ODOT)	0	0	210,000	0	0	0	0
Interest Earned	8,212	4,800	5,468	5,468	5,762	6,077	5,669
Assessments	1,761,417	1,912,184	1,912,184	2,170,518	2,088,678	2,000,614	2,000,614
Total Revenues	1,769,629	1,916,984	2,127,652	2,175,986	2,094,440	2,006,691	2,006,283
			20.2%	2.3%	-3.7%	-4.2%	0.0%
Expenditures							
Materials & Services	1,972,326	2,045,581	1,916,699	1,972,295	2,031,464	2,088,400	2,142,779
Capital Outlay	0	1,075,089	0	1,075,089	0	0	0
Reserves & Contingency		658,394		0	0	0	0
Total Expenditures	1,972,326	3,779,064	1,916,699	3,047,384	2,031,464	2,088,400	2,142,779
			-2.8%	59.0%	-33.3%	2.8%	2.6%
Ending Fund Balance	1,542,487	-130,247	2,023,866	1,152,468	1,215,444	1,133,735	997,238

Clackamas County, OR.
Revenue and Expense by Fund and Organization

	2013-14	2014-15	2015-16	2015-16	2015-16	2016-17	Change	Pct. Change
	Actual	Actual	Amended	1st Half	Projected	Proposed	from Prior	from Prior
All CCSD5 Orgs			Budget		Year End	Budget	Year Budget	Year Budget
CCSD5 All CCSD5 Orgs								
ALLFUNDS All Funds in Database								
302001 Fund Bal at End of Prior Year	966,462	1,745,184	1,731,833	0	1,812,913	2,023,869	292,036	16.86
332001 State Revenue	0	0	220,000	0	210,000	0	(220,000)	(100.00)
360001 Miscellaneous Revenue	250,000	105,095	0	0	0	0	0	0.00
361000 Interest Earned	7,168	8,212	4,800	0	5,468	5,468	668	13.92
363000 Assessments	1,804,624	1,926,748	1,912,184	0	1,912,184	2,170,518	258,334	13.51
370050 Misc Sales	615,089	0	0	0	0	0	0	0.00
Total Revenue	3,643,343	3,785,239	3,868,817	0	3,940,565	4,199,855	331,038	8.56
421100 General Office Supplies	0	0	1,000	0	1,000	1,000	0	0.00
421110 Postage	31	98	50	0	50	50	0	0.00
421200 Computer Supplies	0	0	2,000	0	2,000	2,000	0	0.00
421210 Computer Non-Capital	83	0	100	0	100	100	0	0.00
424900 Misc Repair & Maintenance	0	4,475	25,000	0	25,000	10,000	(15,000)	(60.00)
431000 Professional Services	0	0	5,000	0	0	7,000	2,000	40.00
431100 Accounting & Auditing Service	3,250	3,340	5,000	0	5,000	0	(5,000)	(100.00)
431336 (Inactive) GIS Services	0	0	2,000	0	2,000	0	(2,000)	(100.00)
431420 Legal Fees	791	1,815	3,000	0	3,000	3,000	0	0.00
431630 Permit Fees	0	0	1,000	0	1,000	1,000	0	0.00
431918 Internal County Contracted Svc	389	805	30,000	0	0	0	(30,000)	(100.00)
431920 Contracted Labor	141,252	193,040	170,000	0	130,000	140,000	(30,000)	(17.65)
432400 Advertising	0	0	0	0	0	500	500	0.00
433100 Travel and Per Diem (no mileage)	0	0	1,000	0	1,000	1,000	0	0.00
434100 Printing & Duplicating Services	286	983	1,000	0	1,000	500	(500)	(50.00)
435180 Casualty Insurance	0	1,170	1,205	0	1,205	1,205	0	0.00
436100 Electric	1,695,138	1,726,377	1,755,718	0	1,701,833	1,796,607	40,889	2.33
437900 Sheriff Vehicle Repairs & Maintenance	225	0	0	0	0	0	0	0.00
438110 Office Rental	4,847	4,476	4,610	0	4,610	2,305	(2,305)	(50.00)
439100 Dues & Memberships	413	0	500	0	500	500	0	0.00
439200 Training & Staff Development	0	0	500	0	500	500	0	0.00
477200 Division Indirect Costs	0	0	11,819	0	11,819	9,292	(2,527)	(21.38)
478101 Finance Alloc Cost	15,927	13,397	15,924	0	15,924	1,578	(14,346)	(90.09)
478102 Tech Svc Alloc Cost	4,884	2,570	2,647	0	2,647	2,647	0	0.00
478103 Building Maint Alloc Cost	5,996	3,176	3,271	0	3,271	3,271	0	0.00
478104 PGA Alloc Cost	1,165	541	557	0	557	557	0	0.00
478105 Records Mgt Alloc Cost	178	155	160	0	160	160	0	0.00
478106 Purchasing Alloc Cost	426	181	57	0	57	57	0	0.00

Clackamas County, OR.
Revenue and Expense by Fund and Organization

	2013-14	2014-15	2015-16	2015-16	2015-16	2016-17	Change	Pct. Change
	Actual	Actual	Amended	1st Half	Projected	Proposed	from Prior	from Prior
All CCSD5 Orgs			Budget		Year End	Budget	Year Budget	Year Budget
CCSD5 All CCSD5 Orgs								
ALLFUNDS All Funds in Database								
478107 Courier Alloc Cost	56	42	43	0	43	43	0	0.00
478111 Personnel Admin Alloc Cost	2,286	1,203	1,239	0	1,239	1,239	0	0.00
478112 County Admin Alloc Cost	756	432	445	0	445	445	0	0.00
478114 DTD Shared Costs - Allocated	18,531	13,374	0	0	0	0	0	0.00
478117 Mailroom Overhead Allocation	55	20	60	0	60	60	0	0.00
478201 Electric Utility Alloc	806	452	466	0	466	466	0	0.00
478202 Natural Gas Utility Alloc	175	94	97	0	97	97	0	0.00
478203 Water Utility Alloc	159	77	79	0	79	79	0	0.00
478204 Trash Removal Alloc	54	33	34	0	34	34	0	0.00
481200 Construction	0	0	1,085,089	0	0	1,075,089	(10,000)	(0.92)
490001 Reserve for Future Expenditure	0	0	658,394	0	0	673,727	15,333	2.33
499001 Contingency	0	0	79,753	0	0	463,747	383,994	481.48
Total Expense	1,898,159	1,972,326	3,868,817	0	1,916,696	4,199,855	331,038	8.56
Total All Funds in Database	1,745,184	1,812,913	0	0	2,023,869	0	0	0.00
Total All CCSD5 Orgs	1,745,184	1,812,913	0	0	2,023,869	0	0	0.00
Grand Total	1,745,184	1,812,913	0	0	2,023,869	0	0	0.00