



**Economic Feasibility Statement**  
for  
**Proposed Green Area Water & Sanitary Authority**

August 28, 2020

The Roberts Creek Water District and Green Sanitary District (the Districts) currently provide water and sanitary sewer services, respectively, to the unincorporated community of Green, Oregon. Roberts Creek Water District also provides water services to outlying areas including Roberts Creek, Shady and Glengary. The Boards of the two Districts have proposed the formation of the Green Area Water & Sanitary Authority (the Authority), which would replace the two existing Districts and provide the same water and sanitary sewer services to the Districts' existing customers. The existing Districts would be dissolved upon formation of the Authority.

The following Economic Feasibility Statement has been prepared to evaluate the financial feasibility of the proposed new Authority.

This evaluation has been prepared in conformance with the requirements of ORS 198.749, Economic Feasibility Statement for District Formation, and based on guidance provided by the Douglas County Planning Department. The evaluation is based on information provided by the two Districts and reflects the review and oversight of the Districts' boards, managers and shared attorney. To determine the necessary information required to generate the operating budgets and cost analysis, a variety of resources were used, including the Roberts Creek Water District and Green Sanitary District adopted budgets, audited financial statements, and capital improvement plans; the Winston-Green Regional Wastewater Treatment Facility budgets; and organizational staffing plan prepared in coordination with Special Districts Association of Oregon Consulting Services Program.

**Description of Services and Functions to be Provided**

The proposed Green Area Water & Sanitary Authority would provide drinking water and sanitary sewer services to the existing service areas of the Roberts Creek Water District and Green Sanitary District. This would include water and sanitary services for the community of Green, Oregon as well as water service for outlying areas including Roberts Creek, Shady and Glengary. These services would include water supply, treatment, storage and distribution as well as sanitary sewage collection, pumping and wastewater treatment. The Authority would also provide all related regulatory compliance, administration, billing, and customer service functions related to these water and sanitary sewer services.

### **Relationship Between Proposed Services and Other Existing Services**

The proposed Green Area Water & Sanitary Authority would replace the existing Roberts Creek Water District and Green Sanitary District in their entirety. Upon formation of the proposed Authority, the Districts' existing water and sewer customers would become customers of the new joint water and sanitary authority. In addition, the Authority would assume the Districts' existing assets, liabilities and obligations, and the existing Districts would be dissolved.

Roberts Creek Water District and Green Sanitary District have a long history of strong, collaborative management and working together to meet the needs of their customers. About 90% of the Districts' existing customers are currently served by both districts. Given this overlap in customer bases and the similar nature of their services, the existing Districts have similar administrative functions, planning requirements, and customer service functions. Currently, the two Districts routinely share resources, billing and consumption data, and management and policy concepts.

Consolidation of water and sanitary services under the proposed joint water and sanitary authority would allow for additional efficiencies by eliminating administrative redundancies that currently exist.

### **Proposed First Year and Projected Third Year Line Item Budgets**

Proposed first year and projected third year line-item budgets for the Authority are presented by fund in the attached tables as listed below.

<b>Attached Table Number</b>	<b>Proposed First Year and Third Year Budgets by Fund</b>
1	General Fund
2	Debt Service Fund
3	Capital Projects Fund
4	Collection System Improvement Fund

Assumptions associated with these anticipated budgets are described below.

#### Planning Assumptions

- Formation of the Authority would be voted on in May 2021. Assuming formation is approved and because the existing Districts are on a July-June fiscal year, the proposed first year budget for the Authority is for FY22 and the projected third year budget is for FY24.
- The scope and structure of the Authority's first year and third year budgets would be similar to the scope and structure of the existing Districts' budgets.
- The Authority's budget would maintain separate enterprise cost pools for water and sanitary services.

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### Resource Assumptions

- The existing Districts currently do not have permanent tax rates or impose property taxes. Therefore, it is assumed the Authority will not propose an initial permanent tax rate and no property tax revenue has been included in this analysis.
- It is assumed all revenue for the Authority would come from water and sewer rates, system development charges, and miscellaneous user fees based on the Districts' existing rates and fee schedules. It is further assumed that all of the Districts' existing customers would be transferred to the Authority.
- For the purposes of this analysis, no rate increases were assumed for water or sewer services between the current year (FY21) and the third year (FY24).
- A trend analysis was used to project the number of water and sewer service connections sold per year.
- Upon completion of a remodel of the Green Sanitary office building, the existing Roberts Creek Water District administrative office would be sold, with estimated proceeds of \$160,000 from the sale applied to help offset the cost of the office remodel project.

### Administrative Materials & Services Cost Assumptions

- For calculating differences in costs of materials and services from years 1 to 3, trend analyses and inflation rates were utilized to project costs. A nominal inflation rate of 3% per year was used.
- It was assumed that only limited savings would be realized in first year after formation of the Authority due to initial transition efforts. Year 3 costs reflect elimination or reduction of many duplicate materials and services costs in consolidation such as billing and software costs, office supplies, IT services, organization website, utilities, financial audit fee, and travel & training costs.

### Personnel Cost Assumptions

- The proposed Authority would employ a General Manager, Operations Superintendent, and separate department supervisors in Finance/Customer Service, Water Distribution, and Wastewater Collections. Due to staff retirements and consolidation, an overall reduction of 2 FTE is expected. Cost-of-Living adjustments and merit increases, where applicable, were also included in calculating personnel costs.
- The proposed Authority would opt-out of PERS retirement. While Roberts Creek Water District is not a PERS employer and currently offers a defined contribution retirement plan, Green Sanitary District is a participating PERS employer and is incurring substantial costs related to retirement. The proposed Authority would offer the same retirement benefits currently offered by Roberts Creek Water District.
- The proposed Authority would continue to offer the same health insurance benefits and plan currently offered by both districts. Average annual premium increases of 5% were used in projecting costs.

### Capital Outlay/Improvement Cost Assumptions

- In consolidating the administrative functions of the water and sewer districts, the existing Green Sanitary District office building would be remodeled, with an estimated cost of \$250,000.
- The sewer services utility billing management database would be migrated into the existing water utility billing management utilized by Roberts Creek Water District, at estimated one-time cost of \$10,000.
- A planned Cured-in-Place Piping sewer project, with an estimated cost of \$400,000, has been budgeted for Year 1.

### Debt Assumptions

- Existing loans currently held by Roberts Creek Water and Green Sanitary would be assumed by the Authority and debt service payments would remain the same as that paid by the Districts.

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- Roberts Creek Water is currently adding a new water storage reservoir that will be partially debt financed. Additional debt service payments were assumed to begin in FY21.

### Evaluation of Economic Feasibility

A comparison of the Districts' existing FY21 operating budgets to the projected third year operating budget for the proposed Authority is presented in the attached Table 5.

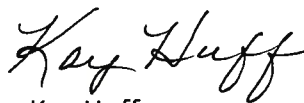
This analysis identified the formation of the proposed Authority would result in estimated annual savings of about \$370,000. These savings are largely the result of reductions in planned staffing and elimination of existing administrative redundancies that currently exist between the two Districts. The new board of directors for the Authority would be responsible for identifying how to best realize and apply these savings; however, these savings would presumably translate to long-term financial efficiencies, lower future rate increases than would otherwise be required, and improved water and sanitary sewer service for customers.

The Roberts Creek Water District and Green Sanitary District are currently supported entirely by rates, user fees and related charges. This existing revenue base has established a solid financial foundation and contributed to the long-term financial stability of the Districts. The proposed Authority would assume the Districts' existing customer bases and established revenue stream. Assumption of this established revenue stream and anticipated financial savings result in a high degree of economic feasibility for the proposed Green Area Water & Sanitary Authority.

Respectfully submitted,



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Table 1 (page 1 of 3) - Proposed First Year and Projected Third Year Line Item Budgets for General Fund

	WATER SERVICE ENTERPRISE (General Fund)		SEWER SERVICE ENTERPRISE (General Fund)	
	Year 1	Year 3	Year 1	Year 3
<b>RESOURCES:</b>				
Beginning working capital	\$ 300,000	\$ 380,000	\$ 1,200,000	\$ 1,375,000
Water Service Fees	2,025,000	2,040,000	-	-
Sewer Service Fees	-	-	1,275,000	1,280,000
Water Meter Sales/SDC	7,500	5,000	-	-
Sewer SDC	-	-	1,950	1,950
Sewer Connection/Inspection Fees	-	-	4,500	4,500
Standby Charges - Water	18,000	18,500	-	-
Backflow Test Revenues	2,500	2,500	-	-
Penalties/Other Service Charges	23,000	22,000	-	-
Plan Review Fees	-	-	120	120
Rental Income	3,102	3,102	3,000	3,000
Reimbursement from Winston - Plant O&M	-	-	380,800	395,000
County Leachate Treatment Income - Plant	-	-	50,000	50,000
Miscellaneous	22,000	20,000	3,500	3,500
Special Surcharge - Water Reservoir	50,000	50,000	-	-
Sale of Assets	80,000	-	80,000	-
Interest	2,000	2,100	4,000	4,200
<b>TOTAL RESOURCES</b>	<b>\$ 2,533,102</b>	<b>\$ 2,543,202</b>	<b>\$ 3,002,870</b>	<b>\$ 3,117,270</b>
<b>EXPENDITURES DETAIL:</b>				
<b>Administration: Personnel</b>				
Salaries- FT Employees	\$ 126,108	\$ 118,500	\$ 126,108	\$ 118,500
Salaries - Temporary Employee	5,000	-	5,000	-
Board Member Compensation	1,750	1,750	1,750	1,750
Social Security	10,050	9,100	10,050	9,100
Workers Comp	200	250	200	250
Unemployment	250	250	250	250
Health Insurance	53,000	57,500	53,000	57,500
Retirement	13,000	14,250	13,000	14,250
<b>Total Administration Personnel</b>	<b>209,358</b>	<b>201,600</b>	<b>209,358</b>	<b>201,600</b>
<b>Administration: Materials &amp; Services</b>				
Utilities	2,500	1,750	2,500	1,750
Communications & IT	8,000	5,250	8,000	5,250
Budget	375	375	375	375
Office Supplies	2,500	2,650	2,500	2,650
Billing Costs	12,500	12,200	11,000	12,200
Postage	1,500	1,750	1,500	1,750
Merchant Services	10,000	11,750	10,000	11,750
Office Repair & Maintenance	3,000	2,500	3,000	2,500
Equipment Maintenance Agreement	300	325	300	325
Software Maintenance/Subscriptions	3,750	4,250	3,750	4,250
Auditing	10,000	8,000	12,800	8,000
Attorney Fees	2,500	2,650	2,500	2,650
Consulting	1,500	-	1,500	-
Travel & Training	2,500	2,500	2,500	2,500
Dues & Membership	2,500	3,000	2,500	3,000
Election	1,000	500	1,000	500
Advertising	250	275	250	275
Liability Insurance	4,000	3,000	2,000	3,000
Contract Services - Meter Readings	28,500	29,500	-	-
Rental Property Maintenance	-	-	10,000	5,000
Refund Line Extension	-	-	900	900
Bank Charges	250	275	250	275
Miscellaneous	1,500	1,500	1,500	1,500
<b>Total Administration Materials &amp; Services</b>	<b>98,925</b>	<b>94,000</b>	<b>80,625</b>	<b>70,400</b>

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Table 1 (page 2 of 3) - Proposed First Year and Projected Third Year Line Item Budgets for General Fund

	WATER SERVICE ENTERPRISE (General Fund)		SEWER SERVICE ENTERPRISE (General Fund)	
	Year 1	Year 3	Year 1	Year 3
EXPENDITURES (CONTINUED):				
<b>Administration: Capital Outlay</b>				
Equipment Purchases	10,000	2,000	10,000	2,000
Building Improvement	125,000	5,000	125,000	5,000
<b>Total Administration Capital Outlay</b>	<b>135,000</b>	<b>7,000</b>	<b>135,000</b>	<b>7,000</b>
<b>Operations: Personnel</b>				
Salaries- FT Employees	401,000	420,000	234,600	247,000
Social Security	30,800	32,130	18,000	18,900
Workers Comp	7,500	8,000	4,500	4,700
Unemployment	450	450	250	250
Health Insurance	194,000	211,000	95,000	117,500
Retirement	48,120	49,500	28,152	29,640
Vacation & Comp Time	5,000	5,000	5,000	5,000
<b>Total Operations Personnel</b>	<b>686,870</b>	<b>726,080</b>	<b>385,502</b>	<b>422,990</b>
<b>Operations: Materials &amp; Services</b>				
Freight	3,000	3,200	-	-
Tools & Supplies	9,000	6,000	5,000	5,000
Communication & IT	8,700	9,200	1,500	1,600
Utilities	120,000	127,000	-	-
Dues/Fees/Memberships	6,000	6,400	1,500	1,600
Liability Insurance	48,000	53,760	22,000	24,640
DEQ Plan Review Fee	-	-	500	550
Engineering	5,000	3,000	5,000	3,000
Equipment & Vehicle Maintenance	12,000	13,000	13,000	14,000
Equipment Rental	-	-	1,000	1,100
Fuel	10,000	10,000	3,000	3,000
R & M Field	30,000	35,000	25,000	25,000
Chemicals	40,000	42,500	-	-
Water Sample Testing	9,500	9,500	-	-
Training & Travel	8,000	6,000	3,000	3,000
Miox System Maintenance	2,000	2,200	-	-
New Connection Materials	3,000	3,300	-	-
Summer Stored Water Fee	6,000	6,000	-	-
Emergency Intertie Maintenance	1,500	1,600	-	-
Backflow Testing / Noncompliance Testing	3,000	3,250	-	-
Reservoir Maintenance	3,000	3,200	-	-
Inventory	5,000	5,300	-	-
Miscellaneous Expense	2,000	2,200	500	600
O & M, Water Treatment Plant	35,000	35,000	-	-
O & M, Pump Station G4	-	-	40,000	40,000
O & M, STEP Systems	-	-	3,000	3,000
O & M, Oak Creek Pump Station	-	-	5,000	5,000
O & M, Regional Wastewater Treatment Plant	-	-	-	-
<b>Total Operations Materials &amp; Services</b>	<b>369,700</b>	<b>386,610</b>	<b>1,030,000</b>	<b>1,091,000</b>
			<b>1,159,000</b>	<b>1,222,090</b>



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Table 1 (page 3 of 3) - Proposed First Year and Projected Third Year Line Item Budgets for General Fund

	WATER SERVICE ENTERPRISE (General Fund)		SEWER SERVICE ENTERPRISE (General Fund)	
	Year 1	Year 3	Year 1	Year 3
EXPENDITURES (CONTINUED):				
<b>Operations: Capital Outlay</b>				
Equipment Purchases	8,000	5,000	10,000	5,000
Meter Installations	3,000	3,300	-	-
Safety Equipment	2,000	2,200	2,000	2,200
Replace Lines / Manholes	35,000	35,000	25,000	25,000
G4 Pump Station Upgrade	-	-	5,000	5,000
Collection System Improvements	-	-	400,000	-
Replace Filter Membranes	10,000	10,000	-	-
<b>Total Operations Capital Outlay</b>	<b>58,000</b>	<b>55,500</b>	<b>442,000</b>	<b>37,200</b>
<b>EXPENDITURES BY APPROPRIATION:</b>				
<b>Administration</b>				
Personnel	209,358	201,600	209,358	201,600
Materials & Services	98,925	94,000	80,625	70,400
Capital Outlay	135,000	7,000	135,000	7,000
<b>Total Administration</b>	<b>443,283</b>	<b>302,600</b>	<b>424,983</b>	<b>279,000</b>
<b>Operations</b>				
Personnel	686,870	726,080	385,502	422,990
Materials & Services	369,700	386,610	1,159,000	1,222,090
Capital Outlay	58,000	55,500	442,000	37,200
<b>Total Operations</b>	<b>1,114,570</b>	<b>1,168,190</b>	<b>1,986,502</b>	<b>1,682,280</b>
<b>Transfers to Other Funds</b>				
Transferred to Debt Service Fund	460,000	460,000	-	-
Transferred to Capital Projects Fund	250,000	250,000	-	-
<b>Total Transfers</b>	<b>710,000</b>	<b>710,000</b>	<b>-</b>	<b>-</b>
<b>Debt Service</b>				
Douglas Co. IGA Loan Pmt - Tank Reservoir	50,000	50,000	-	-
<b>Total Debt Service</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
<b>General Operating Contingency</b>	<b>75,000</b>	<b>75,000</b>	<b>100,000</b>	<b>100,000</b>
<b>TOTAL BUDGETED EXPENDITURES</b>	<b>2,392,853</b>	<b>2,305,790</b>	<b>2,511,485</b>	<b>2,061,280</b>
<b>UNAPPROPRIATED ENDING FUND BALANCE</b>	<b>140,249</b>	<b>237,412</b>	<b>491,385</b>	<b>1,055,990</b>
<b>TOTAL GENERAL FUNDS</b>	<b>\$ 2,533,102</b>	<b>\$ 2,543,202</b>	<b>\$ 3,002,870</b>	<b>\$ 3,117,270</b>

Table 2 - Proposed First Year and Projected Third Year Line Item Budgets for Debt Service Fund

	WATER DEBT SERVICE FUND		SEWER DEBT SERVICE FUND	
	Year 1	Year 3	Year 1	Year 3
<b>RESOURCES:</b>				
Beginning working capital	\$ 550,000	\$ 555,000	\$ 600,000	\$ 640,000
Sewer Service Fees	-	-	140,000	140,000
Sewer SDC - Reimbursement	-	-	10,320	10,320
Transferred from Other Funds	460,000	460,000	-	-
Interest	3,500	3,600	5,000	5,200
<b>TOTAL RESOURCES</b>	<b>\$ 1,013,500</b>	<b>\$ 1,018,600</b>	<b>\$ 755,320</b>	<b>\$ 795,520</b>
<b>DEBT SERVICE EXPENDITURES:</b>				
Water Treatment Plant Upgrade Loan				
Principal	\$ 305,000	\$ 320,000	\$ -	\$ -
Interest	93,000	77,000	-	-
Town Tank Reservoir Loan				
Principal	47,000	47,000	-	-
Interest	15,600	15,600	-	-
Wastewater Treatment Plant Phase 2				
Principal	-	-	93,164	95,706
Interest	-	-	36,386	33,844
Loan Fees	-	-	6,829	6,363
<b>TOTAL BUDGETED EXPENDITURES</b>	<b>460,600</b>	<b>459,600</b>	<b>136,379</b>	<b>135,913</b>
<b>UNAPPROPRIATED ENDING FUND BALANCE</b>	<b>552,900</b>	<b>559,000</b>	<b>618,941</b>	<b>659,607</b>
<b>TOTAL DEBT SERVICE</b>	<b>\$ 1,013,500</b>	<b>\$ 559,000</b>	<b>\$ 755,320</b>	<b>\$ 795,520</b>



Table 3 - Proposed First Year and Projected Third Year Line Item Budgets for  
 Capital Projects Fund

	WATER CAPITAL PROJECTS FUND		SEWER CAPITAL PROJECTS FUND	
	Year 1	Year 3	Year 1	Year 3
<b>RESOURCES:</b>				
Beginning working capital	\$ 450,000	\$ 850,000	\$ 140,000	\$ 142,500
Water SDC - Improvement Fee	67,815	45,210	-	-
Water SDC - Reimbursement Fee	25,000	25,000	-	-
Transferred from Other Funds	250,000	250,000	-	-
Interest	5,250	6,000	1,100	1,200
<b>TOTAL RESOURCES</b>	<b>\$ 798,065</b>	<b>\$ 1,176,210</b>	<b>\$ 141,100</b>	<b>\$ 143,700</b>
<b>CAPITAL PROJECTS EXPENDITURES:</b>				
Line Replacement/Extension	\$ 50,000	\$ 50,000	\$ -	\$ -
Plant Improvements	40,000	40,000	-	-
Treatment Plant Upgrade	35,000	35,000	-	-
Capital Acquisitions	-	-	100,000	100,000
<b>TOTAL BUDGETED EXPENDITURES:</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>100,000</b>
<b>UNAPPROPRIATED ENDING FUND BALANCE</b>	<b>673,065</b>	<b>1,051,210</b>	<b>41,100</b>	<b>43,700</b>
<b>TOTAL CAPITAL PROJECTS</b>	<b>\$ 798,065</b>	<b>\$ 1,176,210</b>	<b>\$ 141,100</b>	<b>\$ 143,700</b>

Table 4 - Proposed First Year and Projected Third Year Line Item Budgets for  
 Collection System Improvement Fund

		<b>SEWER - COLLECTION SYSTEM IMPROVEMENT FUND</b>	
		<b>Year 1</b>	<b>Year 3</b>
<b>RESOURCES:</b>			
Beginning working capital	\$	600,000	\$ 615,000
Sewer SDC - Improvement		10,700	10,700
Sewer SDC - Reimbursement		2,000	2,000
Interest		4,500	4,600
<b>Total Resources</b>		<b>\$ 617,200</b>	<b>\$ 632,300</b>
<b>EXPENDITURES:</b>			
Capital Outlay	\$	10,000	\$ 10,000
<b>TOTAL BUDGETED EXPENDITURES</b>		<b>10,000</b>	<b>10,000</b>
<b>UNAPPROPRIATED ENDING FUND BALANCE</b>		<b>607,200</b>	<b>622,300</b>
<b>TOTAL COLL SYSTEM IMPROVEMENT</b>		<b>\$ 617,200</b>	<b>\$ 632,300</b>

Table 5 – Comparison of Projected Third Year Budget for Proposed Water/Sewer Authority to Existing Districts' Separate Budgets

<b>EXPENDITURES BY APPROPRIATION COMPARISON: 2 DISTRICTS VS 1 AUTHORITY</b>	<b>Year 3 Combined Water/Sewer:</b>	<b>Districts' separate budgets totaled (1)</b>	<b>Difference</b>
<b>Administration</b>			
Personnel	\$ 403,200	\$ 558,150	\$ (154,950)
Materials & Services	164,400	258,426 (2)	(94,026)
Capital Outlay	14,000	40,000	(26,000)
<b>Total Administration</b>	<b>581,600</b>	<b>856,576</b>	<b>(274,976)</b>
<b>Operations</b>			
Personnel	1,149,070	1,182,700	(33,630)
Materials & Services	1,608,700	1,563,524 (2)	45,176
Capital Outlay	92,700	198,000	(105,300)
<b>Total Operations</b>	<b>2,850,470</b>	<b>2,944,224</b>	<b>(93,754)</b>
<b>TOTAL ADMINISTRATIVE &amp; OPERATIONS</b>	<b>\$ 3,432,070</b>	<b>\$ 3,800,800</b>	<b>\$ (368,730)</b>

- (1) To present reliable budget data to be used in the comparison, certain 2020-2021 budgeted costs were omitted as they are not routine expenditures of the Districts and inclusion of these costs would cause the comparison to be misleading:
- RCWD – water treatment plant filter membrane replacement, \$186,000
  - RCWD and GSD – Additional legal fees for authority formation process, \$5,000 each district
  - RCWD and GSD – Consulting fees for authority formation process, \$5,000 each district
- (2) The districts have different methodologies for allocating liability insurance costs between the administration and operations functions. For purposes of comparison with the budgets of the proposed authority, \$46,824 of Administrative Materials & Services costs has been reclassified to Operations Materials & Services costs.