

BUDGET MESSAGE

Umatilla Morrow Radio & Data District

April 27th, 2017

The Umatilla Morrow Radio and Data District (UMRDD) includes 5,280 square miles that lie inside Umatilla and Morrow Counties, excluding the Confederated Tribes of the Umatilla Indian Reservation and the City of Milton-Freewater. The Assessed Value for the District is \$6,788,565,629. The total population is 82,628.

The District's purpose is to provide all public safety agencies within its boundaries with the ability to communicate via land mobile radio based voice or data systems and to replace equipment when it becomes inoperable due to damage, regulation, becomes unserviceable, or new technologies become available.

UMRDD operates and maintains the current bi-county trunked communications system and several smaller conventional systems currently in service throughout the District.

The 2017-2018 Budget is the district's seventh budget. Multiple changes and reassessments of the district's actual expenses have allowed for the creation of the most accurate budget to date.

The format of this year's budget has changed dramatically from years past due to changes in budget forms and input from the Oregon Department of Revenue's Finance and Taxation Office.

I have continued to include four months of funding in Unappropriated Ending Fund Balances in General Fund categories as I did in previous years. The Unappropriated Ending Fund Balance figures have been calculated for current monthly expenses. This arrangement allows the budget line items to represent accurate annual costs per line item, but increase the budget by \$133,385.

The district expects to have approximately \$1,357,749 in cash on hand at the beginning of the 2017-2018 fiscal year.

The district expects to receive \$16,500 in the form of user fees charged to the Confederated Tribes of the Umatilla Indian Reservation, \$11,618 in lease payments from US Cellular and Sprint, \$1,800 from Union Pacific Railroad this year for user fees, \$65,000 from Umatilla County for the purchase of the District's service vehicle, \$7,160 in user fees from the US Navy, \$9,000 in interest, and \$7,200 in user fees from local school districts.

During the 2016-2017 budget year, UMRDD has collected \$1,089,246 from 2016-2017 taxes with an estimated \$52,636 yet to be collected making the estimated 2016-2017 budget revenues \$1,141,882.

UMRDD has collected \$10,764 from 2015-2016 taxes, \$4,237 from 2014-2015 taxes, \$3,103 from 2013-2014 taxes, \$3,449 from 2012-2013 taxes, and \$567 from 2011-2012 taxes during this budget year for a total of \$22,120 collected from previous year's taxes. The total taxes collected from all years for the 2016-2017 fiscal year is estimated to be \$1,164,002.

Assessment forecasts for the 2017-2018 budget year advise a 0.13% increase. \$1,143,394 is estimated to be received for the 2017-2018 budget year. \$24,000 is expected to be collected from previously levied taxes in

2017-2018. The total taxes collected from all years for the 2017-2018 fiscal year is estimated to be \$1,167,394.

This year's relatively flat property tax revenue total is caused by a 15% drop in revenue from Morrow County due to the reduction in value of the Boardman coal plant as it approaches the 2020 closure date and the corresponding drop in Assessed Value (AV). Morrow County's AV has dropped 20.25%. This revenue will not be replaced by the construction of a replacement natural gas plant as that plant will be in a Strategic Investment Tax Investment Program for 15 years following construction. Revenues from Morrow County will likely continue to drop through 2020 as the coal plant continues to be devalued. Therefore, the district's property tax income is expected to increase at very small rates for the next three budget cycles.

The budget will be broken down by section and explained line by line below.

I. Personnel Services

- A. Administrator Salary: A 1% increase to \$86,791 was added this year.
- B. Administrative/Technical Assistant Salary: A national COLA increase of 0.3% plus \$2,000 added for possible overtime. Last year's amount for this line was high due to an error, therefore, this year's number is slightly lower.
- C. Communication Technician: Increased to \$76,660 with a 2.5% step increase per district policy, a 0.3% national COLA increase, and \$2,000 added for possible overtime.
- D. Payroll Taxes: 9% of salary total. This line has been reduced dramatically over the last two years as a misunderstanding was cleared up between the district, the book keeper, and the auditor.
- E. PERS: Reflects a 23% increase over last year's budgeted amount. This line was not increased in last year's budget, but should have been. This line will be increased by approximately 11% for the next decade according to predictions PERS predictions.
- F. Medical Insurance: Based on district policy that limits medical cost to this maximum amount.
- G. Workers Comp: Based on historical costs.
- H. Life Insurance: Based on historical cost.
- I. Long Term Disability: Based on historical cost.

II. Materials and Services

- A. Professional Services: For small projects outside of the District Administrator's field of expertise. This line has been increased due to the increased likely need of consultant assistance for the microwave replacement project.
- B. Voice System Maintenance: Based on historical costs.
- C. IT Services: Based on historical costs.
- D. Microwave System Maintenance: Based on historical costs.
- E. Subscriber Unit Maintenance: This line will increase in anticipation of more maintenance for older subscriber units.
- F. Office Supplies and Maintenance: Estimation of costs associated with the District Administrator's office equipment and consumables.
- G. Notifications and Publication: Estimation of costs associated with required publications.
- H. Training/Travel: Provides training for district staff and funds travel to meetings, local training sessions, and conferences.
- I. Office Space Rent: Based on rental agreement with Umatilla County.
- J. Dues/Fees: Estimation based on professional association dues, audit submission fee, and Oregon Association of Public-Safety Communications Officials (APCO fees).
- K. Subscriber Unit Software Maintenance: Based on possible costs.
- L. Insurance: Based on historical costs.
- M. Annual Audit: Based on historical costs with annual increase.
- N. Elections: Based on historical costs.
- O. Cell Phone and Data Card: Based on historical costs.
- P. Protective Clothing and Equipment: Clothing and safety equipment for the district staff.
- Q. Test Equipment Maintenance: Based on historical costs.
- R. Vehicle Expenses: Based on historical costs.
- S. Legal Expenses: Minimal costs are expected, but funds should be available.

T. Board Expenses: Based on historical costs.

U. Bookkeeping Contract: Based on historical costs.

III. Facilities

A. Site Leases: Based on historical costs.

B. Site Maintenance: Estimated costs of power, propane, weed abatement, HVAC, tower, building, road, UPS/battery plant maintenance as well as planned preservation work at two sites and tower inspections.

C. Site Development: No site development is planned for this year.

IV. Equipment

A. Site Equipment: Estimated costs of adding additional site/fixed equipment and network equipment.

B. Field Equipment: Estimated costs of field radio equipment increased for purchase of portable radios to be issued to local school districts.

C. Interoperability Equipment: Miscellaneous interoperability equipment.

D. Test Equipment: Possible cost of new test equipment, large test equipment purchases will not occur until after the new microwave and voice systems are installed.

E. Service Vehicle: Purchase of a service vehicle, contingent upon the transfer of the current service vehicle to Umatilla County.

V. Equipment & Infrastructure Replacement

A. This line will fund a large part of the microwave system upgrade project beginning this year. The remaining costs of the project will be reflected in next year's budget as debt.

VI. Contingency

A. Contingency: The unknown nature of many costs within this budget calls for a contingency fund.