



January 24, 2017

Members of the Board of the Willamette River Water Coalition
 Willamette River Water Coalition
 1850 SW 170th Ave
 Beaverton, OR 97003

RE: Proposed Work Plan and Budget for the Willamette River Water Coalition for Fiscal Year
 Ending June 30, 2018

Dear Members of the Board:

The letter presents the proposed work plan and budget for the Willamette River Water Coalition (WRWC) for the fiscal year ending June 30, 2018 (FY2018).

ANNUAL WORK PLAN AND BUDGET FOR FY2018

The WRWC’s intergovernmental agreement (IGA) requires the WRWC to “annually prepare a work plan and an estimate for the next fiscal year and distribute it to the Members by February 1 of each year.”¹ This annual work plan functions as the annual budget for the WRWC. Presented below is the proposed annual work plan and budget.

FY2018 Proposed Work Plan for General Administrative Costs Willamette River Water Coalition					
Description	FY2016 Actual	Revised Budget ¹	2017-19 Biennium		
			FY2018	FY2019	Total
General Administrative Costs					
Operating Expense	\$48,000	\$48,000	\$26,000	\$24,000	\$50,000
Professional Services	101,458	220,000	5,000	5,000	10,000
Business Expense	13,748	9,900	2,500	2,500	5,000
Other Sundry	0	8,700	2,000	2,000	4,000
Water Quality	0	5,000	2,000	2,000	4,000
External Audit	3,000	3,500	3,500	3,500	7,000
Public Information	1,553	8,000	3,000	3,000	6,000
Total	\$167,759	\$303,100	\$44,000	\$42,000	\$86,000

¹Professional Services includes Willamette Governance Group project which will be allocated to specific Members as a project as of September 2016.

¹ Section 1.6 of the First Restated WRWC Intergovernmental Agreement.

The estimated expenditures to complete the WRWC's work plan is proposed to be much lower than in previous years. The recent WRWC work plans included funding for developing an IGA for the future Willamette Water Supply System (WWSS) by a group of local water providers referred to as the Willamette Governance Group (WGG). At the time the WGG was formed, all four Members of the WRWC participated in the negotiations and the WRWC paid for those Members' participation in the WGG. Effective August 31, 2016, the City of Tualatin withdrew from the WGG negotiations. Starting with FY2018, the WGG will no longer bill the WRWC for the WGG expenditures of the participating members. Rather the WGG will bill each participating member directly. Further savings in the WRWC's work plan has resulted in reduction of operating expenses for administration of the WRWC agreement.

Key elements of the WRWC budget include:

1. Operating expenses. These are the expenses of the managing agency. Historically the WRWC was managed by an external executive director which cost \$4,000 per month. TVWD will act in this capacity for \$2,000 per month. The first year includes an additional \$2,000 for the restatement of the WRWC IGA.
 2. Professional services. The expected expenditures for professional services has been reduced to reflect the elimination of the WGG negotiations from the WRWC budget. The budget does include \$5,000 annually for professional services that may be used for professional services related to water rights or other matters.
 3. Business expenses. Business expenses include the cost of business meals, printing, and other activities. The reduction in business expenses in the work plan anticipates savings on meals and other expenses for the WRWC.
 4. Other sundry. Miscellaneous items are included in the other sundry category. There are no specific items anticipated for the other sundry category, but \$2,000 is a prudent amount considering the WRWC's expected activities.
 5. Water quality. The WRWC has an interest in its water rights on the Willamette River. The budget for water quality is available to fund efforts to help protect the quality of the Willamette River.
 6. External audit. Under Oregon law, the WRWC is required to have a financial review conducted by an independent auditor. The projected cost of the review is consistent with recent trends in costs for these services.
 7. Public information. The WRWC uses a contractor to update and maintain its web site. Actual costs in recent years have been less than budgeted. In some cases, the actual costs were lower because the materials that required posting to the web site were not
-

provided to the contractor on a regular basis. The estimated budget anticipates a more consistent posting of WRWC materials.

PROJECTED WRWC DUES BY MEMBER

The dues for each member associated with this work plan are based on the formula in the IGA and the costs incurred from the work plan. The basis for the allocation of costs for the coming fiscal year are:

FY2018 Membership Responsibilities Willamette River Water Coalition					
Member	Based on Number of Meters		Based on Equal Share		Weighted Percentage
	Number of Water Meters at 12/31/16	Percent of Total	Members	Percent of Total	
Sherwood	5,854	6.2%	1	25.0%	15.6%
Tigard	19,020	20.3%	1	25.0%	22.7%
Tualatin	6,906	7.4%	1	25.0%	16.2%
TVWD	61,898	66.1%	1	25.0%	45.5%
Total	93,678	100.0%	4	100.0%	100.0%

The estimated dues for each member for FY2018 are:

FY2018 General and Administrative Costs by Member Willamette River Water Coalition				
Member	Percentage Allocation	Dues by Member		
		FY2018	FY2019	Biennial Total
Sherwood	15.6%	\$6,875	\$6,562	\$13,437
Tigard	22.7%	9,967	9,514	19,481
Tualatin	16.2%	7,122	6,798	13,920
TVWD	45.5%	20,037	19,126	39,162
Total	100.0%	\$44,000	\$42,000	\$86,000

CONCLUSIONS

The proposed work plan reduces the expenditures of the WRWC consistent with what we understand are the current needs of the Members. Please contact Mark Knudson or me if you have any questions. Thank you for your kind attention.

Sincerely,

A handwritten signature in black ink that reads "Paul L. Matthews". The signature is written in a cursive, flowing style.

Paul L. Matthews
Chief Financial Officer

