

*Cloverdale Sanitary District
34540 Highway 101 South
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March 08, 2023

To Our Valued Customers of Cloverdale Sanitary District:

We, The Board of Directors are sending out this letter to inform you of some substantial budgetary changes that need to be made in the following months in order to preserve the operations and fiscal wellbeing of the District. We have looked long and hard at the current budget, completed forecast projections for maintenance, repairs, equipment replacement and a possible entire plant replacement at the District. Along with all of that, our current Plant Operator will be retiring this year and that caused a necessary review of the existing pay and benefits package for a new level 1 collection/level 2 treatment Plant Operator. Our current Operator has been with the District for over 30 years and finding a replacement for him will be difficult. Not only due to the loss of experience and knowledge but due to the increased expense of hiring and possibly training a new operator. Along with a new Plant Operator we will need to hire a part-time Assistant Operator.

Our infrastructure is the original equipment put on-line 48 years ago and is severely aging. In the near future, it will require major upgrades and/or replacement of large equipment in order to keep up with the increased consumer usage and requirements mandated by DEQ and OHA. Along with infrastructure we have yearly permits, insurance and monthly utilities that are unnegotiated costs to the District. Our overall increase to our expenses over the last three fiscal years has been nearly 20.9%, with payroll being less than 1% of that increase. Our income over the last three years has only increased 1.7% and this is largely due to nothing more than an increase in late fees. The District has diligently managed to absorb the operational growth over the last 3 years but realizes this is no longer a viable option in order to maintain fiscal stability.

In addition to all of the normal operating increases we also have to increase our budgetary line items for the Plant Operators wage and benefits package and the hiring of a part-time Assistant Operator. Upon speaking with the Oregon Department of Labor, Oregon Work Source, multiple current and retired sewer operators, we have found the District is drastically behind the curve on our wage and benefits package for a new Plant Operator. The increase required for this budgetary line item is upwards of \$30,500 alone. We were able to hire a very part-time Assistant Operator under the current budget, however this portion of the payroll needs to be increased by at least \$10,500 in the next fiscal year to maintain employee retention. These two budgetary increases are significant in themselves, let alone the unnegotiated costs mentioned previously. Competing wage and benefit packages along with a depleting workforce puts the District behind many other employers with the lack of current funding and a decreasing budget yearly.

With the yearly increases to normal operating expenses, the need to offer a competitive wage and benefit package, the need for employee retention and necessary upgrades for the Sewer

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Treatment Plant, the Board has come to the conclusion that we can no longer absorb the additional expenses and still maintain a healthy and balanced budget. Upon much consideration we find it is necessary for the District to increase sewer rates significantly. At this time, we are proposing to enact multiple rate increases over a short period of time to cover approximately \$52,000 of additional operating and personnel costs. These increases will take place over the next 18 to 24 months.

Our residential sewer customers will see an initial increase of approximately 30% which equates to a \$13.50 increase per month. Our business customers will see a 30% increase, this ranges from \$14.40 to \$23.70 respectively. The District is also proposing the enactment of a Capital Improvement Fee. This fee will be \$5.00, charged on a per connection basis each month and be an additional line item on the monthly billing. A CIF will allow a continual small increase to our Capital Improvement Fund reducing the need to allocate a budget line item from the General Fund to subsidize our capital improvements.

We understand this increase is significant and may cause a hardship on some of our customers. We are asking for public questions, comments, concerns and ideas on this proposal. Our next Board meeting will be held on April 12, 2023 at 7:00pm in the Cloverdale Sanitary District office at 34540 Highway 101 S. Cloverdale, OR 97112, behind the Cloverdale Storage Units. If you would like to attend the meeting and address the Board regarding this proposal, please send us an email or give us a call so we can count you on the attendance roster.

The first public hearing and reading for this proposal will be held on April 12, 2023, the second reading will be held on May 10, 2023 at 7:00 pm in the Cloverdale Sanitary District Office and the third and final reading will be held on June 14, 2023 at 7:00 pm in the Cloverdale Sanitary District office. The public is welcome and urged to attend any of these meetings.

The new rate increase will take effect on your July 2023 billing. If you have any questions, please call the Cloverdale Sanitary District at 503-392-3117 or you can e-mail us at cloverdalesd@outlook.com. If you would like to attend the meetings virtually, please contact the Administrator via email to receive a Zoom link for the meeting or meetings of your choice.

Thank you,
The Board of Directors
Cloverdale Sanitary District