

# SUNRIVER SERVICE DISTRICT

## MINUTES OF SPECIAL BOARD MEETING

Friday, April 4, 2025 at 9 a.m.

Sunriver Public Safety Building, Seator Hall, 57475 Abbot Drive, Sunriver, OR 97707

**Call to Order:** Treasurer Kelley called the meeting to order at 9:04 a.m.

**Pledge of Allegiance**

**Roll Call:** Treasurer Kelley, Dir. Ralston, Dir. Hepburn, and Chair Fister were present. Vice Chair Shoemaker not present.

**SROA:** Ex-Officio Schneider

**SSD Staff:** Fire Chief Boos, Police AIC Captain Van Meter, and Administrator Holliday

SSD Finance Committee: Mitch Cooney, Dennis Dishaw

**Public Input:** None.

### Business

#### 1. Updated SSD Budget Advisory Committee roles and responsibilities

- a. Administrator Holliday reviewed the Sunriver Service District (SSD) Budget Committee process. She was looking into policy and verifying the District was following the correct processes. Working with the Oregon Department of Revenue and Deschutes County, they researched the correct makeup of the SSD Budget Committee. For many years the District has had its own Budget Committee of electors and one board member.

However, it was determined that the Deschutes County Budget Committee is the voting body for the SSD budget. Therefore, current SSD Budget Committee members are being asked to be a part of an SSD Finance Committee to help provide support to the District.

The SSD Board believes keeping Sunriver electors a part of the SSD Finance Committee is critical to have a say/input. The process is now the SSD Finance Committee will provide input and guidance with the budget and District financial matters. The SSD budget would be approved by the SSD Board and then go to the Deschutes County Budget Committee for approval. Chair Fister added that he recuses himself as a member of the Deschutes County Budget Committee to vote on the SSD Budget per a conflict of interest due to his role on the SSD Board.

- b. The FY 26 budget will go to the SSD Board at the April 18 meeting for approval, and then to the Deschutes County Budget Committee May 14 for approval. Administrator Holliday can send out invitations to get on the calendar.

#### 2. Motion to approve FY 24-25 Fund 717 budget adjustment

Administrator Holliday stated the construction project can complete more in this fiscal year than previously budgeted. Therefore, there needs to be a budget adjustment for Fund 717 to include these extra expenses. She shared an overview of the current budget, and the estimates for additional costs to add provided by OR/PM Nelson. The District will need to move roughly \$1.4 million from contingency to complete these projects, which leaves \$286,000 remaining in contingency. Once the SSD Board approves this budget adjustment, it will go to Deschutes County as a resolution for approval.

Dir. Ralston stated he would like to utilize any remaining funds for a reserve account to ensure future replacement monies for the building.

Dir. Hepburn moved to approve the FY 24-25 Fund 717 budget adjustment: seconded by Dir. Ralston. The motion passed unanimously.

**3. Review and discussion of most recent drafts of the 715, 716 and 717 FY 25-26 budgets**

Administrator Holliday shared the most recent drafts of the 715, 716 and 717 FY 26 budgets. She noted it is still in draft form and asked the Board to focus on the three department expenditures, as the other tabs in the Excel document are still in progress. She is reviewing discrepancies between the previous year's audits and her budget documents and will have an update at the Board meeting.

Administrator Holliday is working with both Chiefs to provide the figures for their year-end projections. This is used to help identify the Beginning Working Capital Balance for the new fiscal year. Previous Budget Committee member Bette Butler has offered her time to assist, which is much appreciated.

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The document includes two previous fiscal years, showing both budgeted and actual year-to-date figures. The current fiscal year-end projection is an estimate based on current spending patterns and anticipated income, offering a forecast. There are discrepancies in the working capital figures at the bottom, which differ from the final audit compared to the spreadsheet. Administrator Holliday is looking into this to ensure everything reconciles accurately.

Chair Fister arrived at 9:28 a.m.

Dir. Hepburn raised concern about transferring only \$150,000 into the 716 Capital Reserve Fund while the 715 Operating Fund budget reflects a negative year-end balance. In response, Chair Fister emphasized the importance of continuing contributions to the reserve fund, even if it results in presenting a negative budget to Deschutes County. He noted the District cannot sustain its current rate of spending, as it would deplete available funds within three to four years.

Due to both police and fire labor union negotiations still ongoing, figures in the spreadsheets represent the District's best estimates in the absence of confirmed agreements. If salary increases exceed the projected 3%, the District may need to cut overtime, withdraw from the Central Oregon Rescue program, and reduce staffing levels.

The contingency fund is budgeted at less than \$60,000, and although the District has historically not drawn from it, there has been past use of the contingency in the 716 Capital Fund. While reserves are traditionally intended for capital projects, more agencies are now using them to support operating budgets.

The Resources tab includes revenue sources for the District, which remain largely unchanged since the last meeting. Chief Boos asked about the SROA contract, noting the District charges them roughly \$36,500 annually for rules enforcement, while SROA charges the District \$40,000 per year for the land lease agreement. He noted this to be a financial imbalance. Administrator Holliday acknowledged that while the contract may currently seem like a wash, over time our service costs and operational fees have and will continue to increase, while the lease rate remains static. She emphasized the need to renegotiate the SROA contract. Chair Fister agreed and noted that ongoing conversations with SROA are essential. Lastly, conflag fire reimbursement figures are best estimates and highly dependent on fire activity.

Each department has a tab, which shows previous fiscal year actuals, the current fiscal year spending to date, projected year end spending, and their requested FY 26 budget.

To make the budget balance, the Chiefs and Administrator Holliday proposed:

1. Keeping the Police Captain position open for the first six months of the new fiscal year.
2. Not moving the Administration Executive Assistant position to full-time.
3. Reducing Fire overtime and the reserve program expenses by \$50,000 each.
4. Reducing the contingency from \$90,000 to \$40,000.
5. The Fire and Police Chief foregoing the 3% COLA.

For the administration budget, additional savings are being achieved contracting legal services with Deschutes County. Administrator Holliday is also taking on more accounting responsibilities, further reducing the need for external contractors.

Administrator Holliday also stated the budget includes a 6% increase in health insurance costs, a 4% increase in PERS, and an increase in workers compensation and property insurance. In addition, some expenses previously budgeted under police and fire are being shifted to the administration budget.

Administrator Holliday asked the Finance Committee if there were any comments or questions. Mr. Dishaw expressed concern, stating the budget remains too tight and not enough significant changes have been made to identify a clear and sustainable funding pattern.

There was discussion about expanding police services to neighboring areas as a potential to increase revenue.

Mr. Dishaw and Mr. Cooney verbalized the District is in financial trouble. They shared concern on how to get through the next couple of years when this year is not in good standing.

#### 716

Administrator Holliday stated all previous fiscal year figures have been reviewed and are in balance with the audit. Fire department is requesting a new Ford F-250, Lucas 3 Chest Compression Systems, and a Supervac PPV Fan for a total of \$121,698. Police is requesting rifle suppressors for a total of \$9,650. Currently, the transfer from Fund 715 to Fund 716 is \$150,000. The FY 26 716 budget reflects a projected positive balance of \$43,000. There was discussion about vehicle replacement and the current fleet.

Mr. Cooney acknowledged that while the presentation was well-prepared, he feels that no substantial action has been taken to address the District's financial challenges. He stated the SSD is in serious trouble and that, at best, this year's approach has only served as a temporary fix. He warned the reserve fund could be depleted very quickly if more meaningful changes are not implemented.

#### 717

Administrator Holliday review this document and stated the Resources tab for the upcoming fiscal year reflect levy proceeds and estimated interest earnings. As far as the Requirements tab, construction costs have increased from the original estimate of \$100,000 to \$140,000, leaving the account with very slim margins.

As property values continue to rise, the levy is expected to generate increased revenue to assist in creating a sustainable reserve.

Administrator Holliday asked the Board if they had any changes or suggestions for the 715, 716 or 717 budgets as presented. None were provided, so she will continue to process these budgets accordingly to present final documents at the April 17, 2025 Board meeting.

#### **4. Discussion on SSD 5-year financial forecast**

Chair Fister shared financial forecast. It is a digital Excel document where multiples scenarios can be used and auto populates. This document is in development and will continue to be refined as more accurate numbers become available.

A key consideration is understanding the current amount of property tax being collected this fiscal year, as it forms the foundation for future projections. The plan includes major expense categories such as personnel salaries, healthcare, PERS contributions, and materials and services.

Chair Fister changed various numbers to provide projections to visualize the impacts for future years. Key figures to monitor are the surplus/deficit and the operational reserve surplus/deficit. This financial model serves as a tool to explore "what-if" scenarios and assess SSD's long-term sustainability. Based on current projections, a 3% annual increase is the most the district can afford over the next five years. Chair Fister stated that continuing to present a deficit to the county is not sustainable, and adjustments will be necessary to bring the budget back into balance.

The Board discussed the need to identify new sources of income and consider a full restructuring of the district to ensure long-term financial sustainability. The current financial model serves as a tool to explore different strategies and scenarios. Including past employment history in the model would enhance accuracy and trend analysis. A possible solution could be to build a "vacancy dial" into the spreadsheet—an adjustable feature that accounts for unfilled positions and adjusts totals accordingly. This would give greater flexibility and precision in future planning.

#### **Motion to Adjourn**

Chair Fister moved to adjourn; seconded by Dir. Ralston. The motion passed unanimously.

Meeting adjourned at 11:10 a.m.

Submitted by Executive Assistant Fobi