

TSSC Budget Review 2017-18

Corbett Water

Contact Person: Candy Sutton

Telephone: 503-695-2284

Reviewed by: Tunie Betschart

1. Introduction to the District

Corbett Water District is located on the historic Columbia River Highway between Sandy River and Crown Point. The water district supplies water to an area of approximately 22 square miles in the eastern unincorporated portion of Multnomah County, lying between the City of Troutdale and the Mt. Hood National Forest, outside of Metro’s urban growth boundary. The Corbett Water District’s boundaries are nine miles long and three miles wide. The District provides 1,082 connections, with projected growth expected to be minimal. The North and South Forks of Gordon Creek act as the District’s only water source. The District maintains a water treatment plant, an extensive system of pipes, and six storage tanks. It also provides water for fire protection.



The District is managed and operated by the five-member Board of Commissioners, which is elected by the people to serve a four-year terms without compensation.

Corbett Water	2014-15	2015-16	2016-17	2017-18
Assessed Value in Millions	\$284.6	\$298.3	\$302.1	
Real Market Value (M-5) in Millions	\$336.7	\$387.0	\$412.3	
Property Tax Rate Extended: Operations	\$0.5781	\$0.5781	\$0.5781	
Measure 5 Loss	\$0	\$0	\$0	
Number of Employees (FTE's)	5.0	5.0	5.0	5.0

2. History

Corbett Water District was founded in 1932. The Water Treatment Plant has three in-ground slow sand filter ponds that were installed in the 1980’s. These filter pods are on a gravity fed system and use a biological process to clean the water. They do not require chemicals or electricity to operate. They are the least expensive, simplest, and most efficient method of water treatment. The life expectancy of these filter ponds is 30 years. Filter Pond 1 is showing signs of failure and is in need of replacement. In 2004 Filter Pond 2 was upgraded to a concrete basin filter with a one million gallon reservoir. The Board, Water District Management and Engineers are currently upgrading Filter Pond 1.

3. Strategic Plan/Performance Objectives

- 1) The goal of the district is to complete as many projects in the Master Plan as quickly and economically as possible.
- 2) The Long Term Financial Plan for the district is to borrow the least amount of money from the Oregon Economic and Community Development Department and to pay the loan back as soon as possible, without over burdening the customers of the Corbett Water District.

In addition the district has a 5 Year plan for Capital Projects which includes:

Fiscal Year	Capital Project	Est. Cost
2016-17	Filter Pond 1B Floor	\$250,000
	Pipe Replacement	\$ 40,000
2017-18	Filter Pond 1B Walls	\$250,000
	Water Main Replacement, Test Well	\$ 40,000
2018-19	Filter Pond 1B Gravel, Pipe, Control work	\$195,000
	Water Main Replacements	\$ 50,000
	Fish Passage study & design	\$ 15,000
2019-20	Drill Back--up well	\$200,000
	Fish Passage at N. Fork	\$ 30,000
2020-21	Water Main Replacement per Master Plan	\$155,000

Recent staff turnover has delayed the Capital Projects plan. Projects have been deferred as the new Manager gets up to speed in the new position. Next year these plans will be updated to reflect the current priorities and capacities of both the manager and board. For the now these are being used as a place holder.

4. Analysis of the General Fund (the district’s only fund)

Resources

The General Fund is the district’s only fund. It is used to account for all cost and capital purchases. An overview of the Resources is shown here.

Corbett Water District				
Total Resources				
	2014-15	2015-16	2016-17	2017-18
	Actual	Actual	Budget	Budget
Property Taxes	160,049	168,714	175,541	174,892
Water Sales	624,810	653,523	633,000	614,500
Connection Fees	10,000	5,900	5,000	5,000
Other	8,989	24,332	8,000	17,800
Beginning Fund Balance	588,573	552,288	506,000	632,500
Total Resources	1,392,421	1,404,757	1,327,541	1,444,692

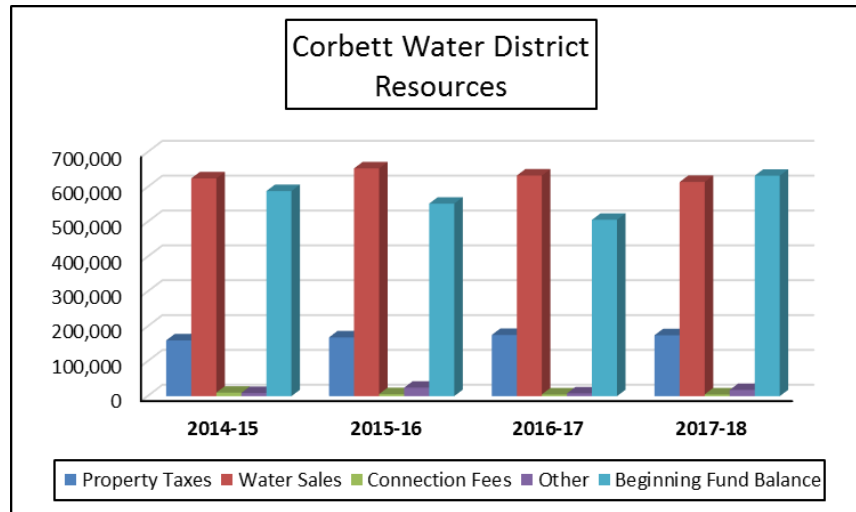
Water sales are the main revenue source. Water rates include: a

\$12.50 base rate for active meters, a \$5 per customer per month Filter Pond Base Rate, and a consumption rate. The District has meters that measure in gallons and meters that measure in cubic feet. This leads to two water rates: \$3.95 per 1,000 gallons or \$2.95 per 100 cubic feet.

The Filter Base Rate will expire in March, 2018 and that is reflected in the decrease in water revenue in the 2017-18 budget.

The budget anticipates one new connection and it will generate a fee of \$5,000.

Miscellaneous revenue, which is fire hydrant reimbursement from Corbett Fire District #14, is estimated at \$17,800. Total Beginning Fund Balance is budgeted at \$632,500 an increase of almost \$127K from what was budgeted in the current year.



Requirements

The board's top priority is replacing 4" or smaller water main lines with 6" mains in order to meet Oregon Health Division and fire flow code requirements. The district earmarked \$16K for that purpose within the System Maintenance & Repair line item.

Capital Projects dollars will be used for replacement and to begin the permitting process for a new well.

Total Requirements				
	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
Personnel Services	287,377	208,682	349,701	353,233
Tools & Shop Expense	4,273	3,203	4,100	5,000
Vehicle Maintenance & Repair	18,125	11,612	18,000	17,000
System Maintenance & Repair	30,804	57,108	35,000	73,500
Chlorine & Testing	11,336	11,656	14,000	10,000
Utilities	9,209	8,882	11,000	11,000
Legal	140	0	5,000	5,000
Insurance & Bonds	19,853	19,043	23,000	21,000
Other Services	51,848	34,158	35,415	47,790
Capital Outlay - Other	62,759	24,262	88,000	105,000
Capital Outlay - System Improvemen	205,952	88,602	405,867	72,300
Debt Service	138,457	138,457	138,458	138,458
Contingency	0	0	100,000	143,489
Ending Fund Balance	552,288	799,092	100,000	441,922
Total Requirements	1,392,421	1,404,757	1,327,541	1,444,692

Due to Capital Projects previously planned but not scheduled during this fiscal year the Ending Fund Balance will be higher than normal in anticipation of moving forward with those Capital Projects in the very near future.

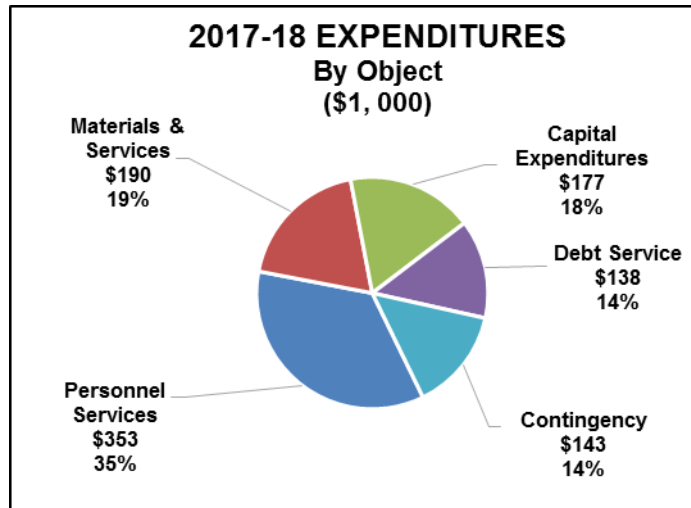
Expenditures

Personnel Services costs include \$235K for salaries for the six positions:

- District Manager,
- two part-time office positions (a district clerk and an office assistant), and
- Three utility workers.

It also includes:

- \$18,525 for health insurance. The Board contributes \$25 per month towards full time employees' health insurance costs;
- \$35,150 for temporary help, COLA, overtime and on-call expenses; and
- \$36,342 for PERS costs.



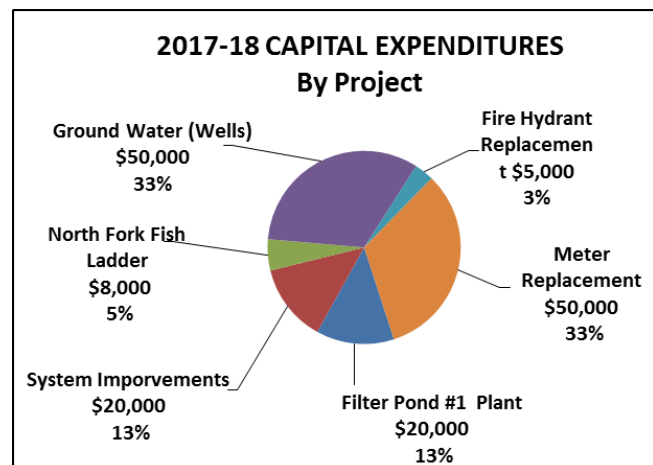
PERS rate will be 14.02 percent of payroll. This rate would be considerably higher had the district not paid off the Unfunded Actuarial Liability of \$195,308 in 2007. That action saved money at that time and continues to save the district money. This PERS rate will remain in effect until June 30, 2019.

Materials and Services expenditures include the following.

- Vehicle repair and maintenance and fuel
- Maintenance and repair of the distribution system and minor repairs to reservoirs
- Engineering & survey fees
- Audit and legal expenses
- Office supplies and utilities

Some of the Capital Project dollars will be used for:

- Filter Pond #1B repair and inspection (\$20K).
- Improvements to the system (\$20K)
- Ground Water (\$50K) to begin permitting process of installing a well
- Meter replacement (\$50,000)
- Fish ladder improvements at north fork (\$8K).
- Replacement of electrical circuits, wiring and the Computer System at the Treatment Plant (\$14,500)



The following table show district expenses by function.

Total Expenditures				
By Function				
	2014-15	2015-16	2016-17	2017-18
Administrative Services	402,161	297,236	460,216	470,023
System Maintenance & Repairs	30,804	57,108	35,000	73,500
Water System Improvements	205,952	88,602	405,867	72,300
Other Capital Improvements	62,759	24,262	88,000	105,000
Debt Service	138,457	138,457	138,458	138,458
Contingencies	0	0	100,000	143,489
Total Expenditures	840,133	605,665	1,227,541	1,002,770

Administrative services includes all expenditures associated with personnel services, as well as tools and shop expenses, vehicle maintenance & repair, supplies for testing water samples and offices expenses.

5. Analysis of other Funds

The district budgets in only the General Fund.

6. Debt History:

The District entered into a \$1.5 million State Safe Drinking Water Revolving Loan Fund agreement with the Oregon Economic and Community Development Department (OECD) in 2002 for design and construction of Reservoir #6. In December 2004 the Board authorized an additional \$600,000 of loan proceeds. The revised loan interest rate decreased from 4.1% to 3.5%.

Payments are due annually on December 1, and are based on the amount borrowed. Debt Service to be paid in 2017-18 includes \$103,191 in principal and \$35,267 in interest. The loan is scheduled to be paid off in 2025. The unpaid balance as of December 1, 2016 was \$1,107,326. Loan proceeds were used for improvements to the water treatment plant, as well as slow-sand filters.

Corbett Water District	6-30-2014	6-30-2015	6-30-2016	6-30-2017 est.
Debt Outstanding	\$1,296,727	\$1,203,655	\$1,107,326	\$1,007,625

7. Is the Budget in Sync with Strategic Plan/Performance Objectives

Yes the budget supports the planned capital improvements for 2017-18

8. Budget Process & Budget Compliance

Yes	No	Compliance Issue (If not in compliance, explain below)
x		1. Did district meet publication requirements?
x		2. Do resources equal requirements in every fund?
NA		3. Does the G.O. Debt Service Fund show only principle and Interest payments
x		4. Are contingencies shown only in operating funds?
x		5. Did budget committee approve the budget?
x		6. Did Budget committee set the levy?
x		7. Does audit show the district was in compliance with budget law?

9. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- The district budgets only in the General Fund which increased from \$1,327,541 in FY17 to \$1,444,692 for 2017-18.
- The Reservoir Rate Surcharge will remain flat at \$12.50 per account per month for ¾” meters, prorated for larger. Of the amount collected, \$138,458 will be used to repay the SLRLF loan.
- The Filter Pond Temporary Base Rate of \$5 per month per customer is expected to raise \$44,500 in revenue to support the construction costs of the new filter pond.
- The district has budgeted \$50,000 for to replace outdated water meters.
- Water rates will remain the same as in 2016-17, \$3.95 per 1,000 gallons of water. Currently there are 1,082 hookups.

Local Budget Law Compliance:

The 2017-18 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for fiscal year 2015-16 does not note any expenditures in excess of budget.

Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the district's FY 2017-18 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.