

TSCC Budget Review 2020-21

Corbett Water District

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. Corbett Water District's boundaries are nine miles long and three miles wide. The District provides 1,084 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.

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 ponds are on a gravity fed system and use a biological process to clean the water. The filtered water is further treated by chlorine (to kill bacteria and organisms) and soda ash (to reduce water pH). They are the least expensive, simplest, and most efficient method of water treatment. The life expectancy of these filter ponds is 30 years. In 2004 Filter Pond 2 was upgraded to a concrete basin filter with a one million gallon reservoir.

3. Strategic Plan/Performance Objectives

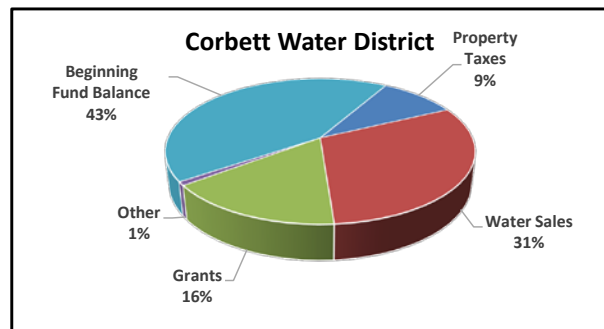
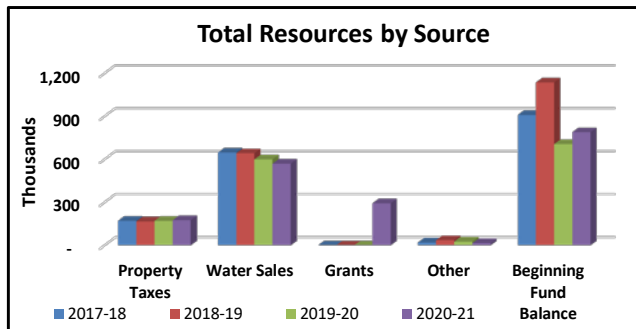
- 1) Providing safe drinking water to customers is the primary goal of the district.
- 2) The District's objective is to complete as many projects in the Master Plan as quickly and economically as possible.
- 3) The Long Term Financial Plan for the district is to borrow the least amount of money from 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.

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						
	2017-18	2018-19	2019-20	2020-21	Change	
	Actual	Actual	Rve Bud	App Bud	\$	%
Property Taxes	171,871	167,843	171,500	176,153	4,653	3%
Water Sales	648,159	642,237	600,000	570,000	(30,000)	-5%
Grants	-	-	-	293,300	293,300	100%
Other	20,421	36,492	27,200	15,000	(12,200)	-45%
Beginning Fund Balance	909,867	1,136,596	706,335	789,400	83,065	12%
Total Resources	1,750,318	1,983,168	1,505,035	1,843,853	338,818	23%



Property Taxes remain consistent all four years and make up 9% of the FY21 Resources

Water sales are the main revenue source. As shown in the chart income from water sales has been declining. The sales revenue declined because the district stopped charging customers a "Filter Pond Base Rate" which generated enough revenue to pay for the filter pond upgrade.

Water rates include a base rate collected on all active accounts each billing cycle based on the size of the meter (which range in size from 3/4" to 8" and in cost from \$25 to \$344) and metered consumption. As of July 1, 2019 the district no longer has any meters that measure in gallons. They have moved to using only those that measure in cubic feet. The rates are now \$2.95 per 100 cubic feet and not anticipated to change in FY21. The budget anticipates one new connection, same as last year, and it will generate a systems development charge fee of \$5,000.

The FY21 proposed budget included a \$264,500 grant from the Oregon Water Resources Department. In his budget message, District Manager Busto said:

A ground water well is currently under development and feasibility stages, to supply the district's current and future needs as an alternate and primary drinking water source. The Board of Commissioners voted in October 2019 to move forward with drilling a test well with a feasibility study for possible aquifer storage and recovery (ASR). The District has applied for a 50% matching grant from the Oregon Water Resources Department (OWRD) for this portion of the well project. If successful the grant will provide \$264,500 towards the estimated \$529,500 cost of the test well. This grant will be awarded in June 2020. If results of the test well are good the District will continue on to the production well phase of the project in 2021.

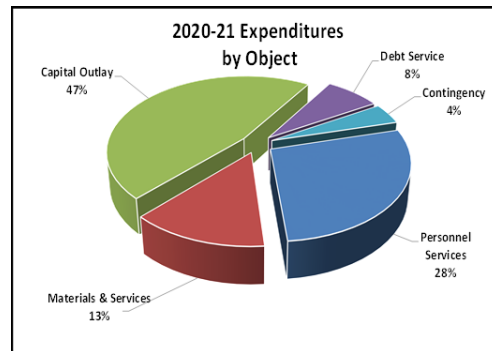
In the Approved budget, this revenue line item was increased to \$284,300. Total grant revenue for FY21 is \$293,300.

FY21 Beginning Fund Balance is budgeted at \$789,400. This is a 12% increase from the current year revised budget. This is due to underspending of some projects and moving other projects to next year.

Requirements

The Corbett Water District's 2020-21 Approved budget is \$1.8 million, \$339K (23%) higher the current year budget. That increase is driven by the test well drilling project introduced above in the revenue section of this report.

Corbett Water District					
	2017-18	2018-19	2019-20	2020-21	Budget
	Actual	Actual	Rev. Budget	Apv. Budget	% Change
Requirements by Object:					
Personnel Services	289,165	302,505	475,783	507,725	7%
Materials & Services	160,897	217,249	235,865	246,365	4%
Capital Outlay	25,204	423,506	362,200	855,000	136%
Debt Service	138,456	138,458	138,458	138,458	0%
Contingencies	0	0	180,000	80,000	-56%
Ending Fund Balance	1,136,596	901,800	112,729	16,305	-86%
TOTAL REQUIREMENTS	1,750,318	1,983,518	1,505,035	1,843,853	23%



Expenditures By Object Code

Personnel Services costs include \$262K for salaries for the six positions:

- District Manager
- Two part-time office positions (a district clerk and an office assistant), and
- Three utility workers (one is a new position for FY21).

FY21 Personnel Services Budget	
Wages	270,225
Temps, OT, & On-call	26,400
Health Insurance	19,500
PERS Pension	150,000
Statutory Benefits	41,600
Total	507,725

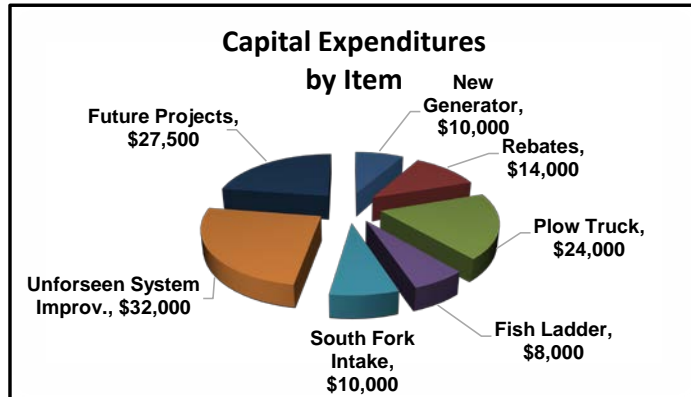
PERS rate will be 18.53 percent of payroll for non-Tier-1 and 2 and 22.83% for Tier 1 and 2 employees. This rate will remain in effect until June 30, 2021.

The \$150,000 PERS budget includes the anticipated annual cost of PERS (\$50,000) and a \$100,000 place holder. The place holder amount is included in case PERS requests a partial payment on the district's unfunded PERS liability of over \$375,000, as once happened. The \$100,000 reverts to fund balance at the end of the year if PERS does not request a payment.

Materials and Services costs increase by \$10,500 (4%) in FY21. Specific expenditure categories vary slightly year to year.

Corbett Water District Materials & Services						
	2017-18	2018-19	2019-20	2020-21	Change	
	Actual	Actual	Rev Bud	App Bud	\$	%
Tools & Shop Expenses	13,607	8,504	8,000	9,500	1,500	19%
Vehicle Maintenance & Repair	16,875	19,373	18,000	16,000	-2,000	-11%
System Maintenance & Repair	42,405	108,237	112,500	118,500	6,000	5%
Chemicals & Testing	19,387	15,447	21,000	21,000	0	0%
Office & Legal Expenses	42,067	43,174	48,700	55,300	6,600	14%
Other Services	26,554	22,511	27,665	26,065	-1,600	-6%
Total Materials and Services	160,895	217,246	235,865	246,365	10,500	4%

Capital Expenditures are budgeted at \$855K. The primary capital expenditure is the test well. The test well is key to the district’s plan to acquire additional water sources for emergency and back-up supplies. After consulting with various engineering firms and receiving bids on the project they are moving forward with the Aquifer Storage and Recovery (ASR) feasibility study. This system will capture water when abundant and store it in subsurface aquifers for recovery when needed.



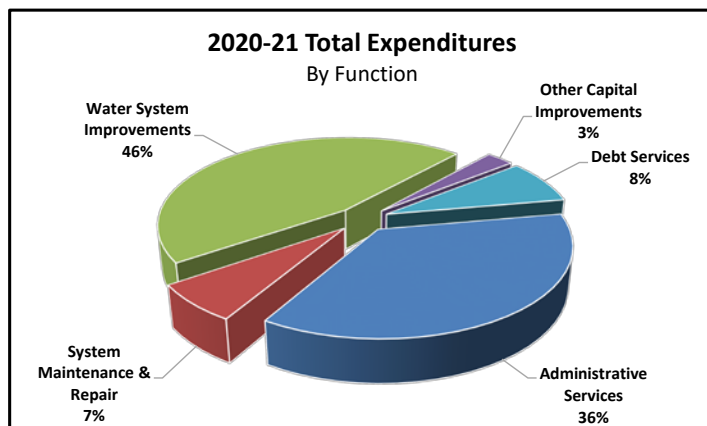
The graph at the right shows how the remaining capital dollars will be used (the test well is excluded).

The district also sets aside money for future projects in separate line items to act as a reserve for these projects.

Expenditures by Function

Total Expenditures						
	By Function				Change	
	2017-18	2018-19	2019-20	2020-21	\$	%
	Actual	Actual	Rev Bud	App Bud		
Administrative Services	407,655	411,514	599,149	635,590	36,441	6%
System Maintenance & Repair	42,405	107,890	112,500	118,500	6,000	5%
Water System Improvements	12,568	71,584	308,000	807,000	499,000	162%
Other Capital Improvements	12,636	351,922	54,200	48,000	-6,200	-11%
Debt Services	138,458	138,458	138,458	138,458	0	0%
Total Expenditures	613,722	1,081,368	1,392,307	1,827,548	435,241	-56%

Administrative Services expenses include all expenditures associated with personnel services, as well as tools and shop expenses, vehicle maintenance & repair, water testing supplies, and all office expenses.



System maintenance & repair expenses include filter pond and treatment plant maintenance, hydro & generator repair, and maintenance & distribution system repair. The distribution system includes 500 feet of service line.

Water system improvements and capital projects are all discussed under capital projects above and debt service information follows.

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 with the Oregon Economic and Community Development Department (OECDD) in 2002 for design and construction of Reservoir #6. In December 2004 the Board authorized an additional \$600,000 of loan proceeds. This was used for improvements to the water treatment plant and slow-sand filters. The revised loan interest rate decreased from 4.1% to 3.5%. FY21 Debt Service is \$114,410 in principal and \$24,048 in interest. The loan is scheduled to be paid off in 2025. The unpaid balance as of December 1, 2019 was \$797,632.

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

Yes this budget supports the district’s planned water system improvements. This can be seen by the expenditures set aside for exploring options for a safe back-up water supply.

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 2020-21 Budget to be Published in TSCC Annual Report:

- The district budget increased from \$1.5 million in FY20 to \$1.8 million (23%).
- The increase is due to the district budgeting for a feasibility study for an additional water source and aquifer storage and recovery system to supplement the current supply system.
- The district has budgeted a \$256,000 state grant to offset a portion of the costs of the feasibility study.
- Water rates charged customers will not change in FY21.

Local Budget Law Compliance:

The 2020-21 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 2018-19 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 2020-21 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

Corbett Water District

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	167,575	163,493	167,000	171,653	3%
Prior Years Property Taxes	4,296	4,350	4,500	4,500	0%
Total Property Taxes	171,871	167,843	171,500	176,153	3%
Resources:					
Beginning Fund Balance	909,867	1,136,596	706,335	789,400	12%
Property Taxes	171,871	167,843	171,500	176,153	3%
Utilities	648,159	642,587	600,000	570,000	-5%
Other Income	20,421	36,492	27,200	308,300	1033%
TOTAL RESOURCES	1,750,318	1,983,518	1,505,035	1,843,853	23%
Requirements by Function:					
Public Utilities Water System	475,264	943,260	1,073,848	1,609,090	50%
Debt Service	138,458	138,458	138,458	138,458	0%
Contingencies	0	0	180,000	80,000	-56%
Ending Fund Balance	1,136,596	901,800	112,729	16,305	-86%
TOTAL REQUIREMENTS	1,750,318	1,983,518	1,505,035	1,843,853	23%
Requirements by Object:					
Personnel Services	289,165	302,505	475,783	507,725	7%
Materials & Services	160,897	217,249	235,865	246,365	4%
Capital Outlay	25,204	423,506	362,200	855,000	136%
Debt Service	138,456	138,458	138,458	138,458	0%
Contingencies	0	0	180,000	80,000	-56%
Ending Fund Balance	1,136,596	901,800	112,729	16,305	-86%
TOTAL REQUIREMENTS	1,750,318	1,983,518	1,505,035	1,843,853	23%
SUMMARY OF BUDGET - BY FUND					
General Fund	1,750,318	1,983,518	1,505,035	1,843,853	23%
GRAND TOTAL ALL FUNDS	1,750,318	1,983,518	1,505,035	1,843,853	23%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	909,867	1,136,596	706,335	789,400	12%
Property Tax	171,871	167,843	171,500	176,153	3%
Utilities	648,159	642,587	600,000	570,000	-5%
Other Income	20,421	36,492	27,200	308,300	1033%
TOTAL FUND RESOURCES	1,750,318	1,983,518	1,505,035	1,843,853	23%
Requirements:					
Public Utilities Water System	475,264	943,260	1,073,848	1,609,090	50%
Debt Service	138,458	138,458	138,458	138,458	0%
Contingencies	0	0	180,000	80,000	-56%
Ending Fund Balance	1,136,596	901,800	112,729	16,305	-86%
TOTAL FUND REQUIREMENTS	1,750,318	1,983,518	1,505,035	1,843,853	23%
BALANCE SHEET AS OF JUNE 30 EACH YEAR					
	2017-18	2018-19			
Assets:					
Cash & Investments	963,618	717,416			
Receivables	115,598	129,896			
Inventory	17,394	17,394			
Fixed Assets	4,427,143	4,578,290			
Other	8,900	9,612			
Deferred Outflows	114,366	123,439			
TOTAL ASSETS	5,647,019	5,576,047			
Liabilities and Equity:					
Liabilities	1,301,404	1,184,967			
Equity	4,316,788	4,330,144			
Deferred Inflows	28,827	60,936			
TOTAL LIABILITIES AND EQUITY	5,647,019	5,576,047			