

# Alto Park Water District

## Tax Measure Review - Measure 26-226

### November 8, 2022 Election



#### OVERVIEW

<b>Type of Measure</b>	Local Option Levy - Renewal
<b>Ballot Title</b>	26-226
<b>Tax Impact</b>	A five-year operating levy of \$0.600 per \$1,000 of assessed value beginning in FY 23-24.
<b>Estimated \$ Raised</b>	\$97,000 for five years <sup>1</sup>
<b>Purpose</b>	To meet the operating expenses of the district and maintain a contingency for unanticipated expenses.
<b>Hearing Date and Time</b>	October 5, 2022 at 11:00 am

#### MEASURE SUMMARY

Alto Park Water District is seeking voter approval for a local option levy of \$0.600 per \$1,000 of assessed value. The previous levy of the same amount will expire in 2022, the current tax year. This new levy would be effective from FY 2023-24 to FY 2027-28.

#### Summary from Request for Ballot Title

**Summary:** The taxes will be used to meet the operating expenses of the Alto Park Water District and to maintain a contingency fund for future operation expenses. The primary operating expense is a contract for fire protection services with the Lake Oswego Fire Department.

An estimate of the total amount to be raised each fiscal year is:

\$18,802.65 in 2023-2024

\$19,366.73 in 2024-2025

\$19,947.73 in 2025-2026

\$20,546.16 in 2026-2027

\$21,162.55 in 2027-2028

The estimated tax cost for this measure is an **ESTIMATE ONLY** based on the best information available from the county assessor at the time of the estimate. The estimated tax cost for this measure is an **ESTIMATE ONLY** based on the best information available from the county assessor at the time of estimate and may reflect the impact of early payment discounts, compression and the collection rate.

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<sup>1</sup> The estimates provided by the district in the ballot title summary are for taxes imposed and total \$99,800; our estimate of \$97,000 accounts for discounts/delinquencies to provide an estimate of actual taxes to be received.

**BACKGROUND**

Alto Park Water District is located between Portland and Lake Oswego and serves approximately 40 residents. Contrary to its name, it is a fire district. Before 1971, Alto Park Water District provided water services and contracted fire protection for the district’s citizens. The City of Portland began providing water services for residents of the district in the 1971-72 fiscal year.

<b>Alto Park Water</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Assessed Value in Millions	\$27.6	\$28.5	\$29.5	\$30.5
Real Market Value (M-5) in Millions	\$46.2	\$47.5	\$47.9	\$50.4
Property Tax Rate Extended:				
Operations	\$1.5985	\$1.5985	\$1.5985	\$1.5985
Local Option	\$0.6000	\$0.6000	\$0.6000	\$0.6000
<b>Total Property Tax Rate</b>	<b>\$2.1985</b>	<b>\$2.1985</b>	<b>\$2.1985</b>	<b>\$2.1985</b>

Alto Park Water District has a permanent property tax rate of \$1.5985 per \$1,000 of assessed value. The district had a local option levy from 2011 through 2016 and 2018 to present (the district did not renew the levy for 2017 and therefore did not receive the local option revenue that year; they spent down reserves to cover operating costs). The local option levy rate has consistently been \$0.6000 per \$1,000 assessed value.

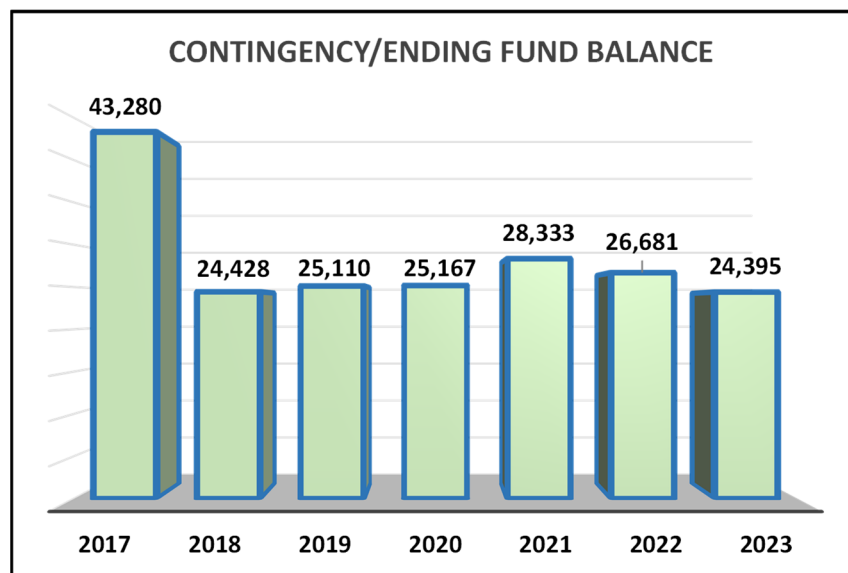
The district has had a contract with the City of Lake Oswego for fire protection service since 1970.. The current agreement was signed in early 2022 and will next expire in June 2027.

<b>Alto Park Water District</b>				
	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Adopted</b>
Beginning Fund Balance	25,110	25,167	27,862	28,733
Property Tax	60,212	65,198	63,000	66,000
<b>Total Resources</b>	<b>85,322</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>
Fire Protection Contract	54,648	56,715	58,416	60,473
Administrative Costs	5,517	5,317	5,765	9,865
Contingency/Ending FB	25,110	25,167	26,681	24,395
<b>Total Requirements</b>	<b>85,275</b>	<b>87,199</b>	<b>90,862</b>	<b>94,733</b>
<b>Annual Gain/Loss</b>	<b>47</b>	<b>3,166</b>	<b>-1,181</b>	<b>-4,338</b>

The Adopted Budget for FY 2022-2023 is a total of \$94,733 and the majority of expenses (91%) are for the Lake Oswego fire contract. Administrative costs increased in the FY 23 Adopted Budget to pay for costs associated with the levy renewal.

Property taxes are the district's only source of revenue and the fire contract and district administrative costs are the only expenditures. In FY 2021-22, the district imposed roughly \$49,000 in permanent rate taxes and \$18,000 in local option levy taxes. The local option levy provides roughly 37% of annual revenue for the district.

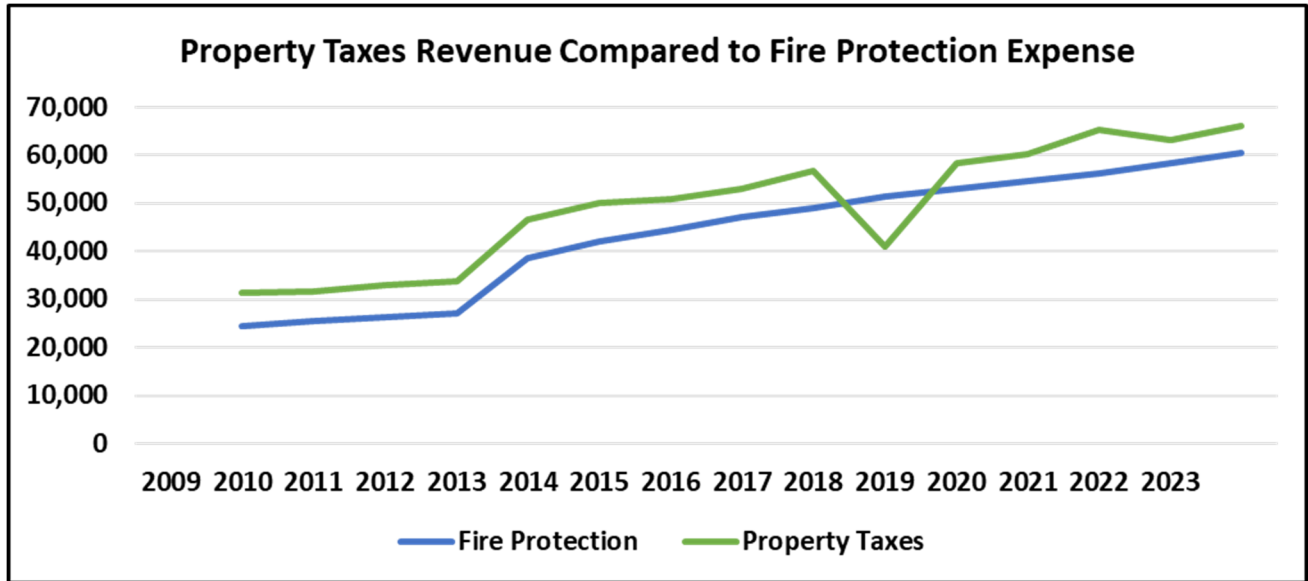
Current reserves for FY 22-23 are budgeted at 35% of total expenditures, or \$24,000. This is more than one year's worth of local option levy proceeds, so if voters were to decline to renew the levy, the district would have time to explore other options.



## MEASURE ANALYSIS

Over the five-year period of the proposed local option levy, the district estimates the levy would amount to just under \$100,000 in additional taxes imposed. When accounting for discounts and delinquencies, we estimate the total revenue to the district over five years would be approximately \$97,000.

The primary purpose of the levy is to fund the fire protection services contract with Lake Oswego. The contract rate is \$1.92 per \$1,000 AV for fire protection services. As can be seen in the following chart, without the local option levy, the district does not have sufficient property tax revenue to cover costs.



The estimated revenues included in the ballot measure paperwork list the expected tax imposed. For our purposes, TSCC has calculated the expected taxes to be received, taking into account the delinquency rate (assumed at 3%) and compression (assumed at \$0 based on historical trends).

	22/23	23/24	24/25	25/26	26/27	27/28
<b>Assessed Value</b>	\$30,425,000	\$31,337,750	\$32,277,883	\$33,246,219	\$34,243,606	\$35,270,914
<b>Local Option Levy</b>						
(\$0.6000 per \$1,000)	\$18,255	\$18,803	\$19,367	\$19,948	\$20,546	\$21,163
- discounts & delinquencies	\$548	\$564	\$581	\$598	\$616	\$635
- compression	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Est. Levy Revenue</b>	<b>\$17,707</b>	<b>\$18,239</b>	<b>\$18,786</b>	<b>\$19,349</b>	<b>\$19,930</b>	<b>\$20,528</b>
<b>Permanent Rate Property Tax</b>						
(\$1.5985 per \$1,000)	\$48,634	\$50,093	\$51,596	\$53,144	\$54,738	\$56,381
- discounts & delinquencies	\$2,432	\$2,505	\$2,580	\$2,657	\$2,737	\$2,819
- compression	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Est. Permanent Rate Revenue</b>	<b>\$46,203</b>	<b>\$47,589</b>	<b>\$49,016</b>	<b>\$50,487</b>	<b>\$52,001</b>	<b>\$53,562</b>
<b>Total Combined Revenue</b>	<b>\$63,910</b>	<b>\$65,827</b>	<b>\$67,802</b>	<b>\$69,836</b>	<b>\$71,931</b>	<b>\$74,089</b>
<b>Contract Rate (1.92/1,000)</b>	<b>\$58,416</b>	<b>\$60,168</b>	<b>\$61,974</b>	<b>\$63,833</b>	<b>\$65,748</b>	<b>\$67,720</b>

The average property has an assessed value of \$708,200 and is currently paying \$1,130 in permanent rate property taxes to the district. With the local option levy in place, the average property owner in the district pays roughly \$425 in local option levy property taxes.