

# Budget Review 2022-23

## Corbett Water District



### INTRODUCTION & BACKGROUND

Corbett Water District is located on the historic Columbia River Highway between Sandy River and Crown Point. The water district supplies water to 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 district provides 1,080 connections, with projected growth expected to be minimal. The north and south forks of Gordon Creek act as the Corbett Water 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 the people elect to serve a four-year term without compensation.

The water treatment plant has three in-ground slow sand filter ponds. These filter ponds are on a gravity-fed system and use a biological process to clean the water. The filtered water is further treated with chlorine to kill bacteria and organisms and soda ash to reduce water pH. They are the least expensive, most direct, and most efficient water treatment method.

Corbett Water	2018-19	2019-20	2020-21	2021-22
Assessed Value in Millions	\$301.4	\$311.8	\$328.3	\$336.1
Real Market Value (M-5) in Millions	\$484.3	\$489.1	\$510.8	\$574.9
Property Tax Rate Extended:				
Operations	\$0.5781	\$0.5781	\$0.5781	\$0.5781
Number of Employees (FTE's)	5	5	5	5

### STRATEGIC PLAN / PERFORMANCE OBJECTIVES

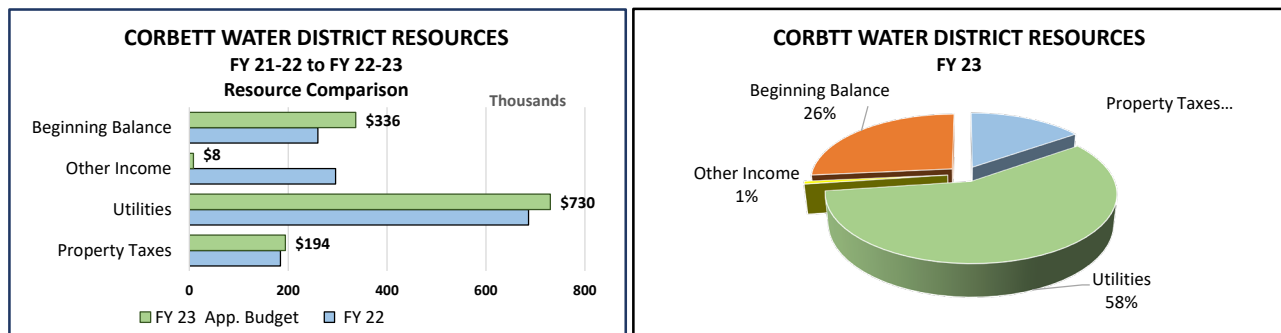
- Update the Master Plan to guide short-range and long-range improvements planning and meet state water system requirements (the current plan was created in 2003).
- Get the water district back to a dependable level of staffing necessary to provide safe drinking water to customers.
- Create a well-rounded team that can support repairs and maintenance of the water distribution system and the treatment plant's operation by meeting job market salary and benefits standards.
- Move away from expensive contract workers and provide the tools and equipment needed to do the job.

## BUDGET OVERVIEW

The district is confronting aging water infrastructure problems of old fragile pipes, insufficient backflow devices, aging equipment, and new code requirements. It is finding it hard to attract and retain qualified water system workers.

Corbett Water District uses only one fund, the General Fund, for budgeting purposes. The fund is decreasing by \$157,133. The budget message states this is due to a change in the approach to the Master Plan. Last year the district budgeted to receive \$150,000 from the Safe Drinking Water Revolving Loan Fund to have a contractor develop a master plan. However, the governing body has since decided to produce this document in-house.

## RESOURCES



Utilities are the primary revenue source. The district increased water usage rates 9.5% and the base rate 37% in the current year to keep up with the rising costs of operating the water distribution system. This source of revenue includes a base rate collected on all active accounts for each billing cycle based on the size of the meter. Meters range in size from ¾" to 8" and cost between \$34 and \$471 plus consumption costs. The increase in utility revenue is from sales due to anticipating an increase in usage in FY 23.

The beginning fund balance is increasing by 29% to \$336,489. The higher fund balance is because some expenditures budgeted in the current year did not happen, such as purchasing a dump truck and a mini excavator.

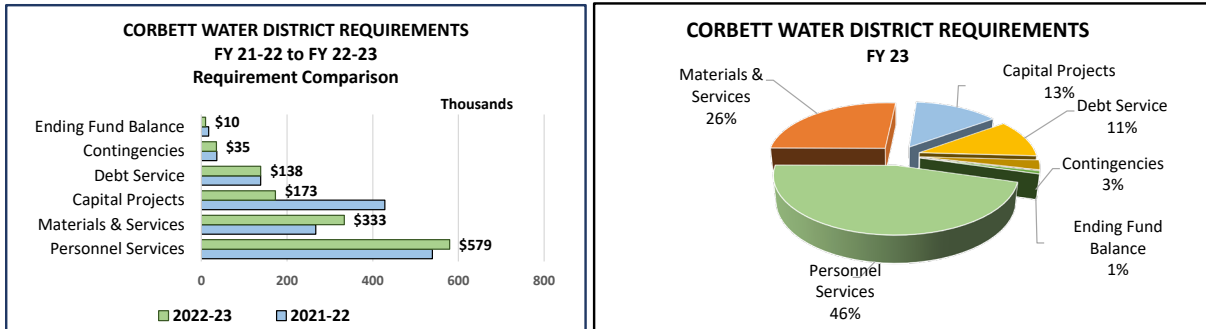
Other income includes grants significantly reduced from the current year's budget. This resource went from \$143,300 in FY 22 to \$3,000 in FY 23. The grants in the current year were to address the Aquifer Storage and Recovery (ASR) feasibility study grant (\$115,000). The study results indicate that the district will not be able to get water at that location. The district did not follow through with the plans to acquire a Sustainable Infrastructure Planning Projects Grant (\$20,000), along with \$150,000 from the Safe Drinking Water Revolving Loan Fund to update the Master Plan since they will formulate this in-house.

The \$3,000 grant in the FY 23 budget is a matching grant that the district applied for and received through the Special Districts Association of Oregon. This grant allows the district to hire a college student to help with loss control. The district plans to use this student to help organize, codify and communicate district policies.

Property Taxes remain consistent, increasing 5% over the current year's property tax revenue.

## REQUIREMENTS

The Corbett Water District's FY 23 Approved Budget expenditures total \$1,224,000. This amount decreases by \$149,000, or 11%, compared to the current year's budgeted expenditures. That decrease is due to the reduction in capital spending for FY 23. Almost 31% of the total expenses are set aside for capital projects in the current year. In the FY 23 budget, it is only 13%. The district is in a holding pattern on capital projects as they wait to fill the General Manager position.



### Personnel Services

Personnel Services are increasing \$40,145 or 7% to \$579,000. The district is budgeting an 8% salary increase for all current employees. The unfilled positions for District Manager and Utility Worker III are increasing by 38% and 17%, respectively, to fill and retain highly skilled employees. The district contributes 100% toward all health insurance costs for the employees. Corbett Water District budgeted salary-related benefits at \$222,000.

### Materials & Services

Materials & Services expenditures are \$66,000 more in FY 23 than in the current year. The district needs to replace the sand in each of the three sand filter ponds over the next three years. They plan to change out one filter pond in FY 23. The district believes the cost for one pond will be roughly \$120,000.

### Capital Expenditures

System improvements include:

- Building improvements include a new roof (\$100,000).
- Master Plan / Rate Study update (\$35,000)
- Treatment plant improvements, including computer system improvements (\$15,000)
- Two meters changed over to the radio-ready meters (\$5,000), completing the meter changeover project.

The district is keeping \$10,000 for groundwater testing if they want to investigate further on a groundwater backup system.

Improvements to the buildings also include an emergency backup generator that will replace the diesel backup generator inside the building with a propane generator located outside. This replacement will meet OSHA's requirements and enable the district employees to perform their jobs even in inclement weather.

## DEBT STATUS

<b>CORBETT WATER DISTRICT</b>				
Debt Summary				
	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Debt Outstanding	797,632	687,092	572,682	454,269
Debt Service Payments	138,458	138,456	138,458	138,457

The district entered into a \$1.5 million State Safe Drinking Water Revolving Loan Fund with the Oregon Economic and Community Development Department (OECD) in 2002 to design and construct Reservoir #6. In December 2004, the board authorized an additional \$600,000 of loan proceeds. These resources were used to improve the water treatment plant and slow-sand filters. The district structured the loans so that the payments are the same every year (\$138,457). The interest rate decreased on the revised loan from 4.1% to 3.5% in 2006. The district will make its last payment on this loan in December 2025.

## BUDGET/STRATEGIC PLAN ALIGNMENT

This budget supports the district's current plan for water system improvements while maintaining a competitive, safe, productive work environment for employees. Planning for improvement within the district is evident in the resources set aside for:

- A qualified manager to oversee the district operations
- Improved working conditions through building improvements,
- Increased training and education opportunities for employees
- Generator replacement to create a safe environment for employees

## HIGHLIGHTS

- The district budget decreased from \$1.4 million in FY 23 to \$1.3 million (-11%).
- The decrease is due to the change in strategies for the Master Plan. The district plans to develop the Master Plan in-house instead of hiring a contractor.
- Corbett Water District has been looking to fill the District Manager position since June 2022 and has increased the current salary by 37%.
- Other employee wages are estimated to increase by 8%.
- The district pays 100% of insurance premiums for all eligible employees.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with budget law?

## **LOCAL BUDGET LAW COMPLIANCE**

The 2022-23 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for the fiscal year 2020-21 does not note any expenditures above the budget resolution.

## **CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff did not find any deficiencies in the district's FY 2022-23 budget. However, public comment was not addressed in the first budget committee meeting on March 15, as stated in the Public Notice and on the district's agenda:

**RECOMMENDATION:** Public comment was not addressed in the first budget committee meeting on March 15, as stated in the Public Notice and on the district's agenda. Public comment and proper public noticing of the budget committee meetings are a required component of Oregon budget law (ORS 294.426). In the future, we recommend the budget committee chair closely follow the agenda to ensure the opportunity for public comment is given as described in the public notice.

# Corbett Water District

## Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Property Tax Breakdown:</b>					
Permanent Rate Property Taxes	170,368	185,613	180,000	190,000	6%
Prior Years Property Taxes	4,200	0	4,300	4,300	0%
<b>Total Property Taxes</b>	<b>174,568</b>	<b>185,613</b>	<b>184,300</b>	<b>194,300</b>	<b>5%</b>
<b>Resources:</b>					
Beginning Fund Balance	901,800	997,529	260,122	336,489	29%
Property Taxes	174,568	185,613	184,300	194,300	5%
Utilities	554,868	619,791	686,000	730,000	6%
Other Income	48,029	186,257	295,700	8,200	-97%
<b>TOTAL RESOURCES</b>	<b>1,679,265</b>	<b>1,989,190</b>	<b>1,426,122</b>	<b>1,268,989</b>	<b>-11%</b>
<b>Requirements by Function:</b>					
Public Utilities Water System	543,278	1,492,615	1,234,650	1,085,595	-12%
Debt Service	138,458	138,456	138,458	138,457	0%
Contingencies	0	0	36,023	35,000	-3%
Ending Fund Balance	997,529	358,119	16,991	9,937	-42%
<b>TOTAL REQUIREMENTS</b>	<b>1,679,265</b>	<b>1,989,190</b>	<b>1,426,122</b>	<b>1,268,989</b>	<b>-11%</b>
<b>Requirements by Object:</b>					
Personnel Services	270,663	308,566	539,200	579,345	7%
Materials & Services	175,506	360,867	267,150	333,450	25%
Capital Outlay	97,109	823,182	428,300	172,800	-60%
Debt Service	138,458	138,456	138,458	138,457	0%
Contingencies	0	0	36,023	35,000	-3%
Ending Fund Balance	997,529	358,119	16,991	9,937	-42%
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<b>DETAIL OF GENERAL FUND</b>					
<b>Resources:</b>					
Beginning Fund Balance	901,800	997,529	260,122	336,489	29%
Property Tax	174,568	185,613	184,300	194,300	5%
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