

Budget Review 2023-24

Corbett Water District



HIGHLIGHTS

- The district budget increased 33% from \$1.3 million in FY 23 to \$1.8 million in FY 24.
 - The district will begin the FY24 with an 81% higher beginning fund balance due in part to significant underspending in personnel services and materials and services this FY.
 - Capital projects also came in under budget.
- Water Rates are changing. The last rate change occurred in 2021.
 - The bi-monthly Base Rate increased in January 2023.
 - Water usage rates will move from a flat rate to a tiered structure.
 - For the first time in over 15 years, the rate charged to connect to the system will change.
- With the inflation of materials needed to supply clean, safe water, capital expenditures will increase from \$152,700 to \$191,600 (25% increase).

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, between the City of Troutdale and the Mt. Hood National Forest, outside 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 biological processes to clean the water. The filtered water is further treated with chlorine to kill bacteria and organisms and soda ash to reduce water pH.

Corbett Water	2019-20	2020-21	2021-22	2022-23
Assessed Value in Millions	\$311.8	\$328.3	\$336.1	\$348.7
Real Market Value (M-5) in Millions	\$489.1	\$510.8	\$574.9	\$675.0
Property Tax Rate Extended:				
Operations	\$0.5781	\$0.5781	\$0.5781	\$0.5781
Number of Employees (FTE's)	5	5	5	5

In April, the district completed the update of the Master Plan to guide short-range and long-range improvement planning. This meets the state water system requirements to update the plan every 20 years. (The previous plan was created in 2003). The recommended projects over the next 20 years include:

- Create an alternative source of water, such as a backup well
- Upgrade pipes in the distribution system
- Add the ability to measure CT parameters (CT is the measurement of residual disinfectant concentration)
- Install two new pressure-reducing valve stations
- Storage tank upgrades

BUDGET OVERVIEW

The district is confronting aging water infrastructure problems of old fragile pipes, insufficient backflow devices, aging equipment, and new code requirements. Sand that meets the state requirements for the filter pond treatment is in short supply and expensive.

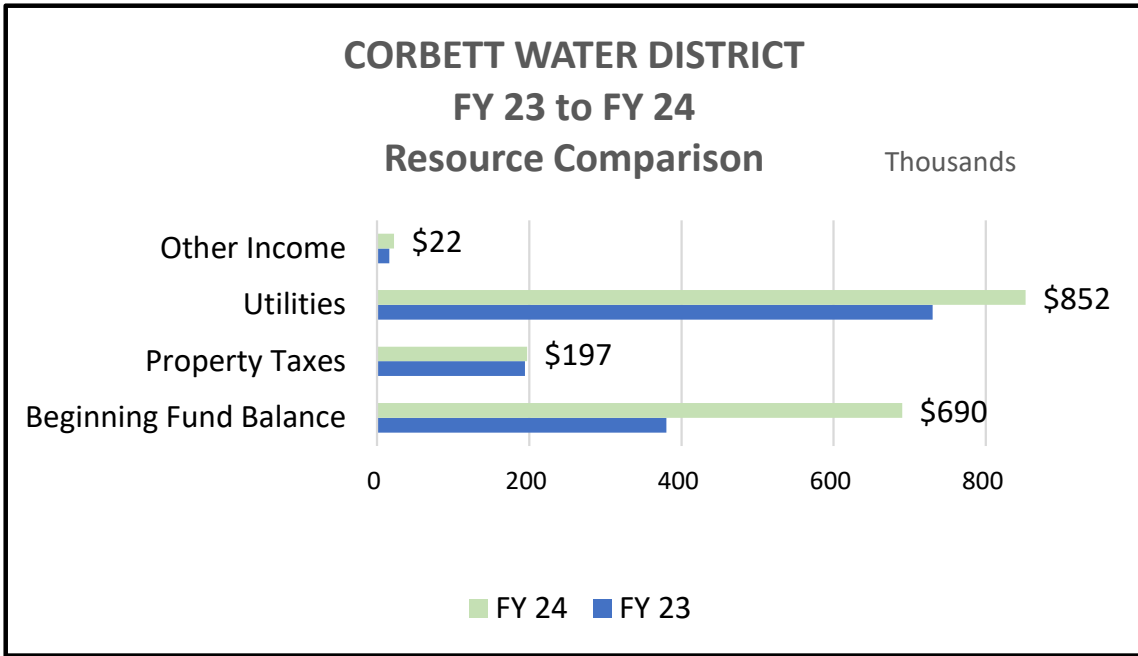
The district is finding it hard to attract and retain qualified water system workers. Recently, the board hired the District Clerk to fill the District Manager position, and the employee is attending classes to meet the qualifications for the job.

Corbett Water District records all resources and requirements in the General Fund. This fund is increasing by \$440,827. This surge is due mainly to the change in the beginning fund balance, explained later in this review. Utility revenue also increased in FY24.

RESOURCES

Utility fees are 80% of district revenue. In January, the district changed from a flat rate billing structure to a tiered system for determining water usage rates. This new structure includes the first 300 cubic feet of water in the base rate. The change to a tiered rate system will reduce the water usage cost for some customers. The second change was an increase in the bi-monthly base rate for customers. The rate is conditional on the size of the meter. The third change is the fee charged to connect to the system. This amount is also subject to the size of the meter used. This is the first time in over 15 years that this connection fee has changed. See the chart at the right for details. The district has budgeted for four new connections in fiscal 2024. Overall, utility revenue is budgeted at a 17% increase in FY24, with the revenue from the base rate increasing by 50%.

Corbett Water District					
Customers' Water Rates					
CCF	FY18	FY21	FY23	Current \$ Change	%Change
500	\$14.75	\$16.15	\$7.00	-\$9.15	-56.7%
1,000	\$29.50	\$32.30	\$24.50	-\$7.80	-24.1%
1,500	\$44.25	\$48.45	\$44.50	-\$3.95	-8.2%
2,000	\$59.00	\$64.60	\$64.50	-\$0.10	-0.2%
2,500	\$73.75	\$80.75	\$87.00	\$6.25	7.7%
Bi-Monthly Base Rate					
Meter Size	FY18	FY21	FY23	\$ Change	%Change
3/4"	\$25.00	\$34.26	\$45.00	\$10.74	31.3%
1"	\$42.00	\$57.56	\$112.50	\$54.94	95.4%
1.5"	\$63.00	\$86.33	\$225.00	\$138.67	160.6%
2"	\$84.00	\$115.11	\$360.00	\$244.89	212.7%
4"	\$174.00	\$238.44	\$1,125.00	\$886.56	371.8%
6"	\$254.00	\$348.07	\$2,250.00	\$1,901.93	546.4%
Connection Fee					
Meter Size	FY18	FY21	FY23	\$ Change	%Change
3/4"	5,000	5,000	2,500	-2,500	-50.0%
1"	5,200	5,200	6,250	1,050	20.2%
1.5"	5,900	5,900	12,500	6,600	111.9%
2"	6,900	6,900	20,000	13,100	189.9%



The beginning fund balance contributes 39% of the resources and is increasing by \$309,677 (81%) to \$690,000. The district is intentionally building a fund balance to support necessary future system improvements.

Corbett Water District's Adjusted Expenditures

	Adopted 2023 FY 23	Adjusted FY 23
Personnel Services	585,095	350,268
Materials & Services	341,800	268,327
Capital Outlay	172,700	70,898
Debt Service	138,457	138,457
Total Expenditures	1,238,052	827,950

When the Corbett Water District begins the 2024 fiscal year, they expect to have underspent the budget they adopted in FY 23. The figure above compares the FY 23 Budget to the current adjusted spending levels. The expected underspending means the district will see an increased carry-over for a larger beginning fund balance.

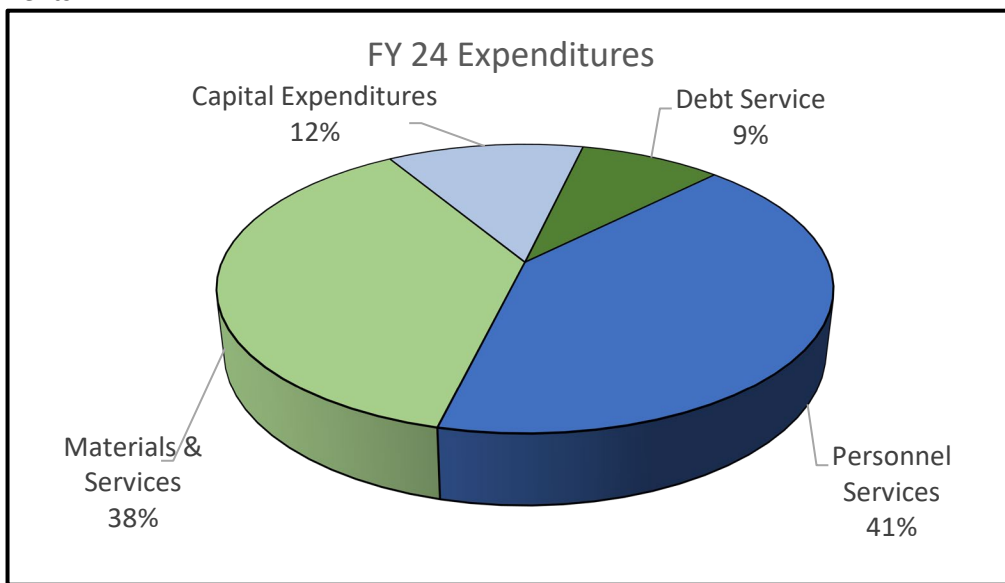
Some of the factors that added to the increase in carry-over are:

- Underspending in Personnel Services (\$235k)
 - District Manager was unfilled for a portion of the fiscal year and then filled with the District Clerk, who is attending classes for the next couple of years to qualify for the position
 - Unfilled utility worker position

- Careful spending for materials and services (\$74k)
 - Replacing the sand in the sand filters was delayed. Finding the type that meets the state requirements is very expensive and challenging.
 - Spending on office supplies and utilities is considerably less than budgeted.
- Capital projects were underspent in FY23 (\$102k).
 - The Master Plan was completed in the current year, budgeted at \$35 thousand, and actual cost was \$25 thousand.
 - The planned upgrades to the Corbett Water Office building roof were anticipated to cost \$100k and actual expenditures were around \$50k.

REQUIREMENTS

The Corbett Water District's FY 23 Approved Budget requirements total \$1,761,350. This amount includes \$200,000 in contingency and ending fund balance. As explained earlier, the district is budgeting for the "worst case scenario" should they need it, but similar to this year, are hoping to carry over a portion of the savings from underspending to the next fiscal year. They are building a reserve for future system improvements.



Personnel Services

Personnel Services are increasing by 10% from \$585,095 to \$644,885. The budget includes salaries for seven positions, including temporary and part-time help. These positions total 5.35 FTE. As mentioned earlier, the District Manager position is currently being filled by an employee in training. Once the employee is fully trained, the employee’s salary will increase. The district also hopes to fill the Utility Worker II position that has not been filled since the 2021 fiscal year. The district contributes 100% toward health insurance costs for employees. Corbett Water District budgeted salary-related benefits at \$240,715.

Materials & Services

For the 2024 fiscal year, Materials & Services expenditures are \$586,408. This is an increase of \$244,608, with a substantial portion set aside to cover inflation costs for materials and supplies. The cost of sand for the sand filters is \$175,000, or 30% of the materials and services expenditures. The district has three sand filter ponds that require changing at regular intervals. The district must use a specific type of sand that is currently hard to find and very expensive. They are looking for alternatives and hoping to find a local vendor to meet the state's requirements. They have budgeted to change out one sand filter this year and wish to change the others in the following two years. Another notable increase is for continued system maintenance, including supplies such as chemicals and pipe replacements. The district has set aside \$79,000 for the repair of mains and other maintenance on the infrastructure.

Capital Expenditures

The district has set aside \$191,600 for capital expenditures, with the most significant share going toward system improvements, with adding two pressure relief valves (\$100,000) and treatment plant improvements (\$15,000) as top priorities.

DEBT STATUS

CORBETT WATER DISTRICT				
Debt Summary				
	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Debt Outstanding	687,092	572,682	454,269	151,711
Debt Service Payments	138,456	138,456	138,457	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 proceeds were used to improve the water treatment plant and slow-sand filters. The district structured the loans so that the payments are the same yearly (\$138,457). The interest rate was reduced 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 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 2021-22 does not note any expenditures above the budget resolution or any other violations of Local Budget Law.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's Fiscal Year 2023-24 budget or budget process and suggest the Certification Letter contain no recommendations or objections.

CORBETT WATER DISTRICT

Budget Summary

TSCC Dist #48

	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	%
					Change
SUMMARY OF ALL FUNDS					
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	185,613	189,108	190,000	197,000	3.7%
Prior Years Property Taxes	0	0	4,300	0	-100.0%
TOTAL PROPERTY TAX	185,613	189,108	194,300	197,000	1.4%
RESOURCES:					
Beginning Fund Balance	997,529	215,129	380,323	690,000	81.4%
Property Taxes	185,613	189,108	194,300	197,000	1.4%
Utilities	619,791	736,114	730,000	852,250	16.7%
Other Income	186,257	123,046	15,900	22,100	39.0%
TOTAL RESOURCES	1,989,190	1,263,397	1,320,523	1,761,350	33.4%
REQUIREMENTS BY FUNCTION:					
Public Utilities Water System	1,492,615	719,473	1,099,595	1,422,893	29.4%
Debt Service	138,456	138,457	138,457	138,457	0.0%
Contingencies	0	0	35,000	100,000	185.7%
Ending Fund Balance	358,119	405,467	47,471	100,000	110.7%
TOTAL REQUIREMENTS BY FUNCTION	1,989,190	1,263,397	1,320,523	1,761,350	33.4%
REQUIREMENTS BY OBJECT:					
Personnel Services	308,566	328,372	585,095	644,885	10.2%
Materials & Services	360,867	243,933	341,800	586,408	71.6%
Capital Outlay	823,182	147,168	172,700	191,600	10.9%
Debt Service	138,456	138,457	138,457	138,457	0.0%
Contingencies	0	0	35,000	100,000	185.7%
Ending Fund Balance	358,119	405,467	47,471	100,000	110.7%
TOTAL REQUIREMENTS BY OBJECT	1,989,190	1,263,397	1,320,523	1,761,350	33.4%
SUMMARY OF BUDGET - BY FUND					
General Fund	1,989,190	1,263,397	1,320,523	1,761,350	33.4%
GRAND TOTAL ALL FUNDS	1,989,190	1,263,397	1,320,523	1,761,350	33.4%
DETAIL OF GENERAL FUND					
RESOURCES:					
Beginning Fund Balance	997,529	215,129	380,323	690,000	81.4%
Property Tax	185,613	189,108	194,300	197,000	1.4%
Utilities	619,791	736,114	730,000	852,250	16.7%
Other Income	186,257	123,046	15,900	22,100	39.0%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	1,989,190	1,263,397	1,320,523	1,761,350	33.4%

REQUIREMENTS:

Public Utilities Water System	1,492,615	719,473	1,099,595	1,422,893	29.4%
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Contingencies	0	0	35,000	100,000	185.7%
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TOTAL FUND REQUIREMENTS	1,989,190	1,263,397	1,320,523	1,761,350	33.4%

Note: Corbett Water District has only one fund, the General Fund