

Budget Review 2025-26

Corbett Water District



HIGHLIGHTS

- Corbett Water District's budget increased 30% from \$2 million in FY 25 to \$2.7 million in FY 2025-26.
 - The district will begin FY26 with a beginning fund balance of \$960,240—a 25% increase over the prior year, helping to support large increases in personnel costs, including a 2.4% cost-of-living adjustment and higher employer PERS contribution rates.
- Grant revenue will significantly increase in FY26, rising from \$16,400 in FY25 to \$375,777 in FY26.
 - Corbett Water District is in the application process and expects to receive funds from several grants with HGMP Funds and Biz OR Emergency Infrastructure Funding being the largest at \$200,000 and \$50,000, respectively.
 - This increase supports critical infrastructure improvements, reservoir maintenance, pipeline replacements, and technological enhancements for water quality monitoring.
- The district has set aside \$764,080 for capital expenditures, with the majority going to infrastructure repairs and improvements. Of that total, \$350,000 is reserved for reservoir projects.
- Corbett Water District will make the final payment on its outstanding long-term debt obligation in December 2025.

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 and 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.

In April 2023, 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, which require updating 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; and
- Replace media in slow sand filters.

Corbett Water	2021-22	2022-23	2023-24	2024-25
Assessed Value in Millions	\$336.1	\$348.7	\$360.8	\$373.8
Real Market Value (M-5) in Millions	\$574.9	\$675.0	\$687.0	\$677.1
Property Tax Rate Extended:				
Operations	\$0.5781	\$0.5781	\$0.5781	\$0.5781
Number of Employees (FTE's)	4	4	4	5

BUDGET OVERVIEW

Corbett Water District records all resources and requirements in the General Fund. This fund is increasing by \$618,534, or 30%. This surge is mainly due to the newly awarded grants, which the district is using for system and infrastructure improvements (more information on the next page).

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. This budget includes \$764,080 for capital projects, including infrastructure repairs and improvements. \$350,000 is for reservoir work. The district has also been intentionally building a fund balance to support necessary future system improvements.

The budget includes \$375,777 in anticipated grant revenue, supporting a range of infrastructure, water conservation, and resiliency projects. The largest grant for FY26 is the FEMA Hazard Mitigation Grant Program (HMGP) at \$200,000, which will fund infrastructure improvements aimed at reducing the district's vulnerability to natural hazards and strengthening system resilience. The Aquifer Storage and Recovery (ASR) Feasibility Study Grant contributes \$78,577 to support research and planning efforts for long-term groundwater storage solutions—an important step in increasing the district's future water supply reliability.

The Business Oregon Emergency Infrastructure Fund will provide \$50,000 to support critical emergency-related infrastructure needs, ensuring continued water delivery during crises. The Bureau of Reclamation Small-Scale Water Efficiency Projects Grant, budgeted at \$40,000, will fund conservation and efficiency measures, such as leak detection, meter replacements, or operational improvements that reduce water loss. The Union Pacific Foundation (U.P.) Grant, budgeted at \$7,200, will support infrastructure

maintenance and upgrades near rail-adjacent assets. These grants collectively reduce the financial burden on ratepayers while ensuring the district can maintain and enhance its essential services.

RESOURCES

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
RESOURCES:	Actual	Actual	Revised	Approved	Change
Beginning Fund Balance	405,467	561,572	770,865	960,240	24.6%
Property Taxes	194,698	200,727	204,000	200,000	-2.0%
Utilities	903,201	1,027,807	1,011,400	1,035,700	2.4%
Other Income	40,829	148,598	52,400	461,259	780.3%
TOTAL RESOURCES	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

Water Utility Fees are 61% of district revenue. In January 2023, the district changed from a flat rate billing structure to a tiered system for determining water usage rates. This structure includes the first 300 cubic feet of water in the base rate. The change to a tiered rate system will reduce the cost of water usage for some customers.

The second change was an increase in the bi-monthly base rate for consumers. The rate is conditional on the size of the meter.

The third change was 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 on the right for details. The district has budgeted for four new connections in fiscal 2025. Overall, utility revenue is budgeted at a 2% increase. The chart above reflects the most recent rate change that occurred; there has not been a rate change since FY23.

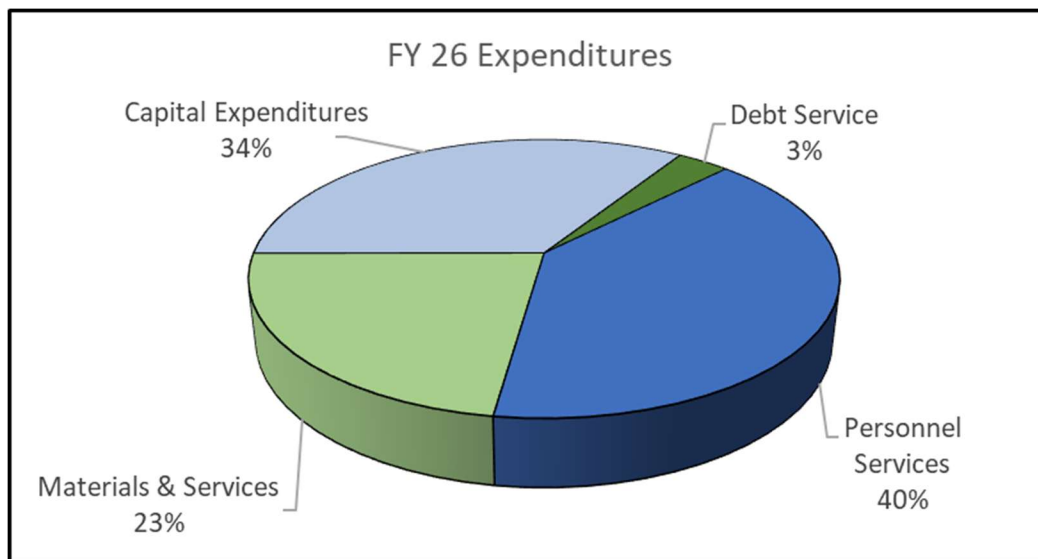
Corbett Water District					
Customers' Water Rates					
CCF	FY18	FY21	FY23	Current \$ Change	%Change
500	\$14.75	\$16.15	\$7.00	-\$9.15	-56.7%
1,000	\$29.50	\$32.30	\$24.50	-\$7.80	-24.1%
1,500	\$44.25	\$48.45	\$44.50	-\$3.95	-8.2%
2,000	\$59.00	\$64.60	\$64.50	-\$0.10	-0.2%
2,500	\$73.75	\$80.75	\$87.00	\$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 36% of the district's total resources for FY26 and is increasing by 25% to \$960,240. This increase is primarily the result of unspent funds carried over from FY25, including delayed capital outlay for infrastructure projects and grant-funded initiatives that will continue into the new fiscal year. Additionally, lower-than-anticipated spending in several operational categories, particularly materials and services, helped preserve resources

REQUIREMENTS

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
REQUIREMENTS:	Actual	Actual	Revised	Approved	Change
Personnel Services	435,106	495,227	627,724	890,732	41.9%
Materials & Services	283,374	428,887	678,111	507,670	-25.1%
Capital Outlay	125,686	100,171	329,900	764,080	131.6%
Debt Service	138,457	138,457	138,457	76,153	-45.0%
Contingencies	0	0	164,473	143,564	-12.7%
Ending Fund Balance	561,572	775,962	100,000	275,000	175.0%
TOTAL REQUIREMENTS	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

The district's FY26 requirements total \$2,657,199. This amount includes \$418,564 in contingency and ending fund balance. The district is budgeting for the "worst case scenario" if needed, but similar to this year, they hope to carry over a portion of the savings from underspending to the next fiscal year. They are building a reserve for needed future system improvements and are hoping to pay as they go, so they will not need to acquire long-term debt.



Personnel Services

Personnel Services are increasing by 42% from \$627,724 to \$890,732. The budget includes salaries for six positions, including temporary and part-time help. These positions total 6.3 FTE, an increase from FY25 (4.8 FTE). The district also hopes to fill the Utility Worker III position. Personnel increases were also due to cost of living increases as well as PERS rate increases. The district contributes 100% toward health insurance costs for employees. Corbett Water District's salary-related benefits are \$270,921.

Materials & Services

Materials & Services expenditures are \$507,670, a decrease of \$170,000 from FY25. The cost of sand for the sand filters is \$50,000, down from \$158,926 in FY25. The district has three sand filter ponds that require changing at regular intervals. They must use a specific type of sand that is currently hard to find and very expensive. This budget includes hiring an engineering company to conduct a test, allowing the

district to use cheaper sand. They have budgeted to change out one sand filter in FY25 and another in FY26. Another decrease is in system maintenance, which includes supplies such as chemicals and pipe replacements, this budget is decreasing from \$219,491 in FY25 to \$117,265 in FY26. The district has also set aside \$115,565 for the repair of mains and other maintenance on the infrastructure, an increase of \$52,720 from FY25.

Capital Expenditures

The district is budgeting \$1,247,580 for capital expenditures, a 278% increase from FY25. The most significant share, \$883,500, being infrastructure repairs and improvements. Of this, \$350K is for the planning and design of new reservoirs that will replace the aging Larch Mountain reservoir, enhancing storage capacity, improving seismic safety, and ensuring long-term water system resilience. \$65k is for treatment plan maintenance and \$45K is for facilities and equipment.

DEBT STATUS

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 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 on the revised loan was reduced 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? – <i>noticing issues</i>
x		Do resources equal requirements in every fund?
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 2025-2026 Approved Budget is in substantial compliance with local budget law, with the exception of unmet public noticing requirements. Per ORS 294.426(b), notice must be published twice 5 to 30 days prior to the meeting where the Proposed budget is presented. Meetings were scheduled 1/27, 2/10, 3/10 and 4/26. Corbett Water's notice was posted in newspaper 1/15 and posted on website 1/30. The website posting did not meet meeting requirements because the date was incorrect (screenshot says the first meeting was 1/21 - per the website, that was a regular board meeting and not when the budget was Proposed) and because it was posted after the first meeting taking place. The newspaper had the correct date of 1/27.

Estimates were judged to be reasonable for the purpose shown. The Proposed Budget was submitted to the budget committee and the public as unbalanced.

The fiscal year 2023-2024 audit report does not note any expenditures above the budget resolution or any other violations of Local Budget Law.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff suggest the Certification Letter contain no objections and two recommendations.

First, the proposed budget was submitted to the budget committee and the public as unbalanced. TSCC staff spoke with the district, and they intended to give the budget committee some flexibility and didn't realize the budget needed to be balanced. Staff quickly corrected the issue and made changes with the budget committee so that the approved budget was balanced. Our recommendation is that the district consider sending a draft of the proposed budget to TSCC before release for an initial review to help identify any key compliance issues.

Additionally, the district scheduled budget committee meetings on January 27, February 10, March 10, and April 26, 2025. The meetings were published in the paper appropriately. However, discrepancies exist regarding the website notice of the January meeting:

- The district's website listed the first budget committee meeting as occurring on January 21, 2025, which appears to have been a regular board meeting. The newspaper posting showed the first meeting scheduled for January 27.
- A newspaper notice published on January 15, 2025, announced the meeting scheduled for January 27, 2025, but the district's website shows the meeting notice posted on January 23, 2025, four days prior to the meeting.

These inconsistencies suggest that the district did not provide timely notice for its January meeting as required under Oregon Revised Statutes (ORS) 294.426(b), which specifies notice must be published twice. Notice may be published once in a newspaper, not more than 30 days before the meeting date and not less than five days before the meeting date, and once on the municipal corporation's Internet website, in a prominent manner and maintained on the website for at least 10 days before the meeting date.

TSCC staff recommend that the district add posting dates for the website notice to their budget calendar to help track when notices need to be posted.

Corbett Water District

Budget Summary

	2022 - 2023 Actual	2023 - 2024 Actual	2024 - 2025 Revised	2025 - 2026 Approved	% Change
<u>SUMMARY OF ALL FUNDS</u>					
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	194,698	200,727	204,000	200,000	-2.0%
TOTAL PROPERTY TAX	194,698	200,727	204,000	200,000	-2.0%
RESOURCES:					
Beginning Fund Balance	405,467	561,572	770,865	960,240	24.6%
Property Taxes	194,698	200,727	204,000	200,000	-2.0%
Utilities	903,201	1,027,807	1,011,400	1,035,700	2.4%
Other Income	40,829	148,598	52,400	461,259	780.3%
TOTAL RESOURCES	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

REQUIREMENTS BY OBJECT:

Personnel Services	435,106	495,227	627,724	890,732	41.9%
Materials & Services	283,374	428,887	678,111	507,670	-25.1%
Capital Outlay	125,686	100,171	329,900	764,080	131.6%
Debt Service	138,457	138,457	138,457	76,153	-45.0%
Contingencies	0	0	164,473	143,564	-12.7%
Ending Fund Balance	561,572	775,962	100,000	275,000	175.0%
TOTAL REQUIREMENTS BY OBJECT	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

SUMMARY OF BUDGET - BY FUND

General Fund	1,544,195	1,938,704	2,038,665	2,657,199	30.3%
GRAND TOTAL ALL FUNDS	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

DETAIL OF GENERAL FUND**RESOURCES:**

Beginning Fund Balance	405,467	561,572	770,865	960,240	24.6%
Property Tax	194,698	200,727	204,000	200,000	-2.0%
Utilities	903,201	1,027,807	1,011,400	1,035,700	2.4%
Other Income	40,829	148,598	52,400	461,259	780.3%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

REQUIREMENTS:

Public Utilities Water System	844,166	1,024,285	1,635,735	2,162,482	32.2%
Debt Service	138,457	138,457	138,457	76,153	-45.0%
Contingencies	0	0	164,473	143,564	-12.7%
Ending Fund Balance	561,572	775,962	100,000	275,000	175.0%
TOTAL FUND REQUIREMENTS	1,544,195	1,938,704	2,038,665	2,657,199	30.3%

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