

Budget Review 2022-23

Dunthorpe-Riverdale Sanitary Service District #1



INTRODUCTION & BACKGROUND

Dunthorpe-Riverdale County Sanitary Service District provides sanitary sewer services to the southwest areas of the county bordering the Willamette River and into a small portion of Clackamas County. The district consists of 572 households, including 20 in northern Clackamas County. Multnomah County Board of Commissioners governs the district, and the county's Department of Community Services manages the district's administration.

The Multnomah County Board of Commissioners created the Dunthorpe-Riverdale County Service District in 1964. It was organized to construct and operate sanitary sewer service in the unincorporated southwest areas of the county. By 1970 sewer service to this area had eliminated a significant source of pollution in the Willamette River.

The district contracts with the City of Portland to maintain the sewer system. Sewage flow treatment is performed at Portland's Tryon Creek station. User fees and connection charges fund operations. The payments are collected via special assessments added to property tax bills for properties served by the district.

Dunthorpe-Riverdale CSD	2018-19	2019-20	2020-21	2021-22
Assessment Per Month	\$130	\$150	\$170	\$195
Connections	578	570	572	572
Special Assessment Taxes Imposed	\$882,613	\$1,018,799	\$1,154,948	\$1,324,508

STRATEGIC PLAN / PERFORMANCE OBJECTIVES

There are no strategic plan/performance objectives specific to the service district, but the City of Portland developed a Sanitary System Facility Plan in 2006. It spans a 20-year preparation period to aid the agency in making decisions for managing and improving the area's sanitary sewer collection system. Since 2006, the district has targeted system needs identified in the plan and gradually increased property assessments to make the changes required to meet these goals. The current program with the City of Portland will be reaching its 20-year term in 2026.

BUDGET OVERVIEW

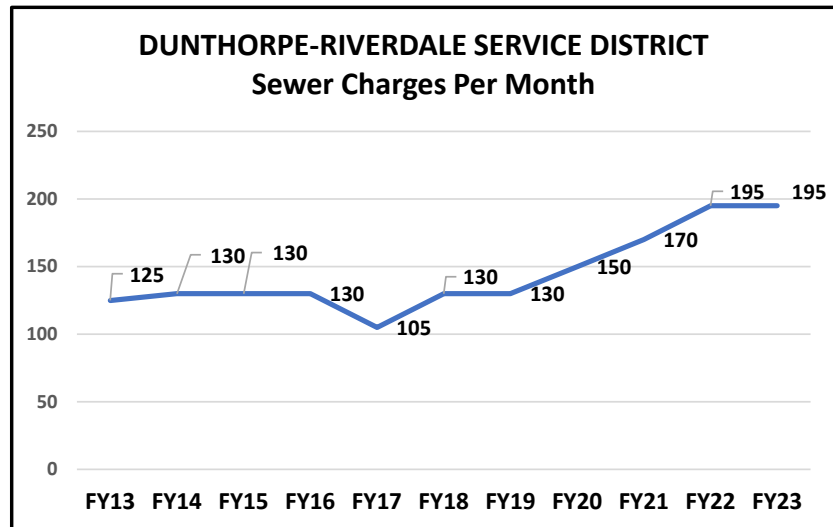
The FY 23 Approved Budget totals \$3,559,000, a 16% increase over the current year's Adopted Budget. The beginning fund balance for FY 23 is increasing from \$1,744,000 to \$2,240,000 as the district continues to coordinate planned capital maintenance projects with the City of Portland's Bureau of Environmental Services (BES). This budget covers a planned rate increase by the City of Portland at 3.2% for wastewater treatment and increases in the administration costs. The rate increases were necessary to meet capital projects identified in the District Capital Plan. The district will not be increasing the tax assessments in FY 23 following increases in FY 20 and FY 21 of 15.4% and 13.3% consecutively.

GENERAL FUND

The budget consists of only the General Fund and increases by \$483,000. This growth is planned as a reserve for future projects. The district is working with the City of Portland (BES) to ensure it is prepared to meet the future capital improvement plans over the next ten years without increasing rates substantially.

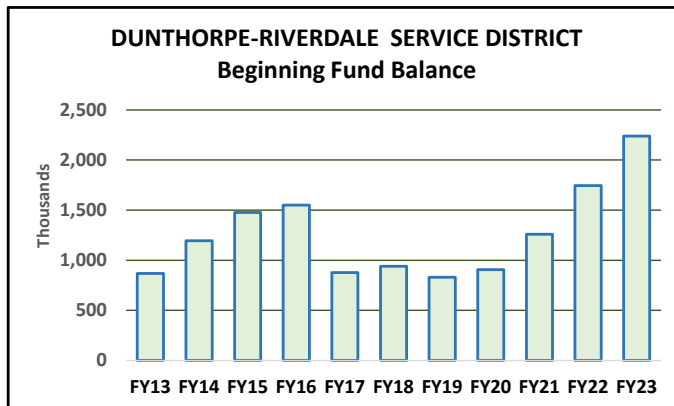
GENERAL FUND RESOURCES

Over the years the district has increased monthly service charges substantially. In 2009, 15 years ago, the assessment fee was \$104. As shown in the chart, fees remained steady for six years (except for decreasing in FY 17). Following that six year period, the monthly fees increased steadily beginning in in FY 20 and continuing through FY 22, 15%, 13% and 15% consecutively. The current rate is \$195. This rate will continue into FY 23. The escalations in fees have allowed the district to



address the capital demands identified by the City of Portland. This funding has kept pace as the maintenance required intensifies on the aging system. The district hopes to build a reserve sufficient to keep from increasing the assessment rates substantially in the future.

The district has received some revenue from connection charges in previous years, but they are not budgeting any for the upcoming fiscal year. The district continues to field inquiries and support new annexation requests presented by property owners and developers. The district's sewer infrastructure makes new residential construction opportunities feasible. The agency can provide ratepayers with high-quality service through the district's wastewater management program while protecting the area's sensitive water features from sanitary sewer overflows.



Fund balance levels has varied over the years. Previously, fund balance peaked at \$1.6 million in FY 16 due to the timing of major capital projects and then fluctuated from year to year. Since FY 20 the reserves carried forward have continued to increase. The balance carried forward to FY 23 will be increasing 28% to a new peak of \$2.2 million. The increase can be attributed to unused current year capital projects dollars. The carry-over contributes to the growth in the balance carried into FY23.

GENERAL FUND REQUIREMENTS

All operational costs are classified as **Materials & Services** because the district contracts with Multnomah County for administrative services. Included in operating expenses is the cost of permitting software of \$35,000. This software supports the district by:

- Allowing the district to track sewer connection and encroachment permits
- Supporting research on permit fees
- Providing user-friendly mapping for the district's sewer system
- Facilitating annexations into the district
- Tracking both permits and annexation applications
- Allowing for elaborate coordination and transparency

The budget for disposal (treatment) and system maintenance is \$678,000, a \$38,000 increase. These are the expenses incurred by the City of Portland for the collection system maintenance and treatment plant operations.

DUNTHORPE-RIVERDALE SANITARY SEWER DISTRICT				
Total Requirements (\$000)				
	FY 20	FY 21	FY 22	FY 23
	Actual	Actual	Budget	Budget
Administrative Costs	25	50	50	65
Maintenance & Disposal	589	613	640	678
Permitting Software	13	2	45	35
Total Operational Costs	627	665	735	778
Capital Expenditures	84	-64	740	655
Contingency	0	0	50	50
Ending Fund Balance	1,260	1,838	1,551	2,076
Total Requirements	1,971	2,439	3,076	3,559

OTHER SIGNIFICANT BUDGET AREAS

Capital Projects:

Dunthorpe-Riverdale Sanitary district expects capital projects for FY 23 to be \$655,000. This includes \$505,000 to address a pump station at the Elk Rock Pump Station, which has limited storage capacity should a system failure occur. The district's cost-share for this work is estimated at \$2.1 million over the project's 3-year period, with \$505,000 set aside in this budget. Current projections from the BES indicate the district will need \$9,000,000 in capital work over the next nine years. These projections include work at all four pump stations and interconnecting piping across the district's sewer system.

The following shows the Capital Projects for the next eight years. It gives the project's estimated cost, the district's responsibility in both percentage and dollars, and the amount anticipated for each fiscal year. It indicates Tryon Creek Pump Station upgrades in FY25. The district is unsure what will happen with the pump station as no decisions have been made. However, they want to be prepared with funding available.

Dunthorpe-Riverdale Sanitary Service Capital Plan													
Projects	21-Jan			Projections (\$000)									
	Est.	Dist. %	Dist. \$	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
Elk Rock Pump Station	4,000	78%	3,132	589	1,272	1,252	0	0	0	0	0	0	Higher Priority 3-Year Project
Tryon Creek Pump Station Upgrade	3,500	67%	2,345	0	0	0	560	560	560	560	0	0	On Hold, Put back into FY25 for budget purposes. 4-Year. Project
Tryon Upsize Willamette Inceptor Project	3,567	67%	2,390	0	0	0	0	0	598	598	598	598	4-10 Years out 4-Year Project
Riverview Pump Station	763	61%	4,465	0	0	0	0	0	116	116	116	116	4-10 Years out 4-Year Project
Beebe Pump Station	726	100%	726	0	0	0	0	0	182	182	182	182	4-10 Years out 4 Year Project
Grand Total All Project				589	1,272	1,252	560	560	1,456	1,456	896	896	

In addition to the designated capital projects, Dunthorpe-Riverdale Sanitary Service District sets aside \$150,000 budgeted in FY 23 for pipe repairs to eliminate inflow and infiltration of groundwater into the sewer lines.

Contingency is budgeted at \$50,000, or 3.5% of expenditures.

DEBT STATUS

The district now has no debt.

BUDGET/STRATEGIC PLAN ALIGNMENT

The district has no Strategic Plan/Performance Objectives specific to the service district but has the 20-year project plan used when planning the budget expenditures. When the budget committee met, the need for a financial strategy based on the City of Portland's capital forecasts was discussed. The financial plan could involve debt proceeds but will be discussed and developed in a later fiscal year, possibly 2025. The FY 23 budget is in line with the 20-year plan.

HIGHLIGHTS

- The total budget, consisting of only the General Fund, increased by \$483,000 or 16% to \$3.6 million due to the increase in fund balance carried forward.
- Capital Outlay is budgeted at \$655,000, with \$590,000 for the Elk Rock Pump Station Rehabilitation Project and \$150,000 to continue with various pipe rehabilitation projects to prevent inflow and infiltration of groundwater into the sewer lines.
- Monthly service charges for line connections to the district's system will remain at \$195 to meet the wastewater treatment costs and capital projects identified by the City of Portland over the next few years.
- The district's unappropriated fund balance increased by 34% or \$525,000 to \$2,076,000 as the district prepares for continued capital maintenance investments in the Elk Rock pump station over the next three years.

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 GO 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 special assessment rate?
x		Does the audit show the district was in compliance with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2022-23 Approved Budget is in substantial compliance with local budget law.

The audit report for fiscal year FY 2020-2021 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2022-2023 budget or budget process, and we recommend the Certification Letter contain no recommendations or objections.

Dunthorpe-Riverdale Sewer

Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Total Property Taxes	0	0	0	0	0%
Resources:					
Beginning Fund Balance	907,517	1,259,766	1,744,000	2,240,000	28%
Other Taxes	1,016,151	1,156,249	1,307,000	1,307,000	0%
Fees and Charges	18,834	4,026	0	0	0%
Other Income	29,478	18,964	25,000	12,000	-52%
TOTAL RESOURCES	1,971,980	2,439,005	3,076,000	3,559,000	16%
Requirements by Function:					
Public Utilities Sewer System	712,214	601,219	1,475,000	1,433,000	-3%
Contingencies	0	0	50,000	50,000	0%
Ending Fund Balance	1,259,766	1,837,786	1,551,000	2,076,000	34%
TOTAL REQUIREMENTS	1,971,980	2,439,005	3,076,000	3,559,000	16%
Requirements by Object:					
Materials & Services	627,494	664,914	735,000	778,000	6%
Capital Outlay	84,720	(63,695)	740,000	655,000	-11%
Contingencies	0	0	50,000	50,000	0%
Ending Fund Balance	1,259,766	1,837,786	1,551,000	2,076,000	34%
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