

Budget Review 2023-24

Dunthorpe-Riverdale Sanitary Service District #1



BUDGET HIGHLIGHTS

- The total budget, consisting of only the General Fund, increased by \$345,000 (or 9.7%) to \$3.9 million due to the increase in fund balance carried forward as well as a \$101,000 increase in sewer assessment revenues.
- Capital Outlay nearly tripled, with budgeted funds growing from \$655,000 to \$1,780,000 due to the increase of funds for the Elk Rock Pump Station project from \$505,000 to \$1,630,000. The remaining capital outlay budget of \$150,000 will fund various pipe rehabilitation projects to prevent inflow and infiltration of groundwater into the sewer lines.
- The district is proposing an 8% increase in monthly charges from \$195 to \$210 in FY 2024 to meet the wastewater treatment costs and capital projects. The last increase occurred in FY 2020-21.
- The district's unappropriated fund balance decreases by 37.5% (\$780,000) from \$2,076,000 to \$1,296,000 due to continued capital maintenance investments into the Elk Rock Pump Station.

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 571 households, including 21 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 Sanitary CSD	2019-20	2020-21	2021-22	2022-23
Assessment Per Month	\$150	\$170	\$195	\$195
Connections	570	572	572	571
Special Assessment Taxes Imposed	\$1,018,799	\$1,154,948	\$1,324,508	\$1,323,665

BUDGET OVERVIEW

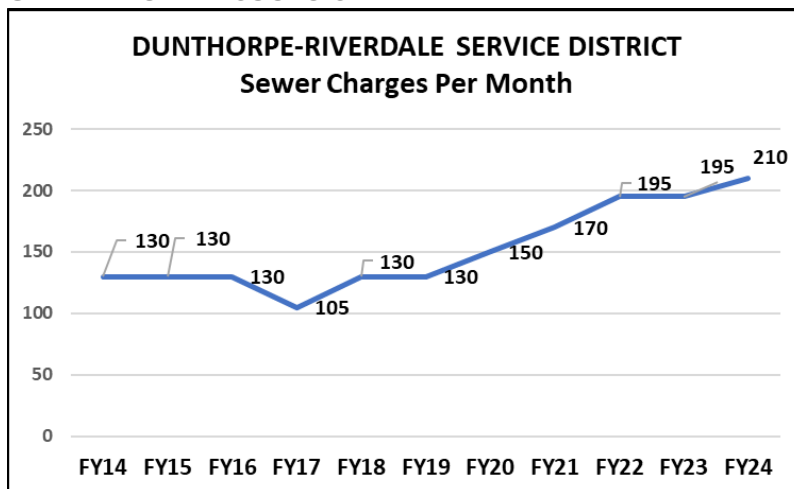
The FY 24 Approved Budget totals \$3,904,000, a 9.7% increase over the current year's Adopted Budget. The beginning fund balance for FY 24 is increasing from \$2,240,000 to \$2,466,000 as the district continues to save for planned capital maintenance projects with the City of Portland's Bureau of Environmental Services (BES). There are no increases in FY 24 for wastewater treatment and administrative cost. However, it was necessary to increase the monthly service charge to meet capital project demands identified in the District Capital Plan. After not increasing the tax assessment last year, the district will be increasing the tax assessment by 8% from \$195 to \$210 to keep up with the work needed for all the capital projects in process.

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. This plan guides the work needed to maintain the system and is used to justify increases to property assessment.

GENERAL FUND

The budget consists of only the General Fund and increased by \$345,000. 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. In 2009, 15 years ago, the assessment fee was \$104. As shown in the chart, fees remained steady for five years (except for decreasing in FY 17). Following that six year period, the monthly fees increased steadily beginning in FY 20. After one year of no increase in FY 23, the current rate of \$195 will increase to \$210 in FY 24. 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.

GENERAL FUND REQUIREMENTS

All operational costs are classified as **Materials & Services** because all services are contracted: with Multnomah County for administrative services and permitting software; and with the City of Portland for maintenance and disposal services.

The budget for disposal (treatment) and system maintenance remains at \$678,000. 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 21	FY 22	FY 23	FY 24
	Actual	Actual	Budget	Budget
Administrative Costs	50	50	65	65
Maintenance & Disposal	613	640	678	678
Permitting Software	2	45	35	35
Total Operational Costs	665	735	778	778
Capital Expenditures	-64	740	655	1,780
Contingency	0	50	50	50
Ending Fund Balance	1,838	1,551	2,076	1,296
Total Requirements	2,439	3,076	3,559	3,904

OTHER SIGNIFICANT BUDGET AREAS

Capital Projects

Dunthorpe-Riverdale Sanitary district expects capital projects for FY 24 to be \$1,780,000. The largest capital project on the horizon for the district is the Elk Rock Pump Station. This budget includes \$1,630,000 to address the Elk Rock Pump Station, which has limited storage capacity should a system failure occur.

The Elk Rock Pump Station project will begin in FY 2025 and is scheduled to be finished by FY 2027. Last year projections for the district’s share of capital work on the Elk Rock Pump station totaled \$9 million dollars over coming years. The most recent cost estimates now show total district share to be \$11.2 million as project costs have increased due to inflation. The district plans to do further updates to projections this summer. The estimates include work at all four pump stations and interconnecting piping across the district's sewer system.

In addition to the designated capital projects, Dunthorpe-Riverdale Sanitary Service District sets aside \$150,000 budgeted in FY 24 for pipe repairs to eliminate inflow and infiltration of groundwater into the sewer lines (this is the same amount as in prior years).

DEBT STATUS

The district has no debt.

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 2023-24 Approved Budget is in substantial compliance with local budget law.

The audit report for fiscal year FY 2021-2022 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2023-2024 budget or budget process, and we recommend the Certification Letter contain no recommendations or objections.

Dunthorpe-Riverdale Sewer

Budget Summary

<u>SUMMARY OF ALL FUNDS</u>	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
PROPERTY TAX BREAKDOWN:	Actual	Actual	Revised	Approved	Change
TOTAL PROPERTY TAX	0	0	0	0	0.0%
RESOURCES:					
Beginning Fund Balance	1,259,766	1,837,787	2,240,000	2,466,000	10.1%
Other Taxes	1,156,249	1,330,048	1,307,000	1,408,000	7.7%
Fees and Charges	4,026	21,332	0	0	0.0%
Other Income	18,964	15,989	12,000	30,000	150.0%
TOTAL RESOURCES	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
REQUIREMENTS BY FUNCTION:					
Public Utilities Sewer System	601,219	927,690	1,433,000	2,558,000	78.5%
Contingencies	0	0	50,000	50,000	0.0%
Ending Fund Balance	1,837,786	2,277,466	2,076,000	1,296,000	-37.6%
TOTAL REQUIREMENTS BY FUNCTION	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
REQUIREMENTS BY OBJECT:					
Materials & Services	664,914	729,326	778,000	778,000	0.0%
Capital Outlay	(63,695)	198,364	655,000	1,780,000	171.8%
Contingencies	0	0	50,000	50,000	0.0%
Ending Fund Balance	1,837,786	2,277,466	2,076,000	1,296,000	-37.6%
TOTAL REQUIREMENTS BY OBJECT	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
SUMMARY OF BUDGET - BY FUND					
General Fund	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
GRAND TOTAL ALL FUNDS	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
DETAIL OF GENERAL FUND					
RESOURCES:					
Beginning Fund Balance	1,259,766	1,837,787	2,240,000	2,466,000	10.1%
Other Taxes	1,156,249	1,330,048	1,307,000	1,408,000	7.7%
Fees and Charges	4,026	21,332	0	0	0.0%
Other Income	18,964	15,989	12,000	30,000	150.0%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	2,439,005	3,205,156	3,559,000	3,904,000	9.7%

REQUIREMENTS:

Public Utilities Sewer System	601,219	927,690	1,433,000	2,558,000	78.5%
Contingencies	0	0	50,000	50,000	0.0%
Ending Fund Balance	1,837,786	2,277,466	2,076,000	1,296,000	-37.6%
TOTAL FUND	2,439,005	3,205,156	3,559,000	3,904,000	9.7%
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