

Budget Review 2024-25

Dunthorpe-Riverdale Sanitary Service District #1



BUDGET HIGHLIGHTS

- The total budget, consisting of only the General Fund, decreased by \$315,000 (8.1%) to \$3.6 million due to reduced fund balance carried forward as dollars are spent on the planned construction.
- Capital Outlay increases significantly, with budgeted funds growing from \$1,780,000 to \$2,734,000 due to the increase of funds for the Elk Rock Pump Station project. The FY 25 Budget includes funding for design and preconstruction on the project. An additional capital outlay budget of \$150,000 funds various pipe rehabilitation projects to prevent inflow and infiltration of groundwater into the sewer lines.
- The monthly sewer assessment charge will remain at \$210 in FY 2025 despite increased capital project expenses.
- The district provides for no ending fund balance at the end of FY 2025 due to its large capital project in progress.

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 573 customers in unincorporated Multnomah County, including 22 customers in northern Clackamas County. The 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	2020-21	2021-22	2022-23	2023-24
Assessment Per Month	\$170	\$195	\$195	\$210
Connections	572	572	571	571
Special Assessment Taxes Imposed	\$1,154,948	\$1,324,508	\$1,323,665	\$1,424,339

BUDGET OVERVIEW

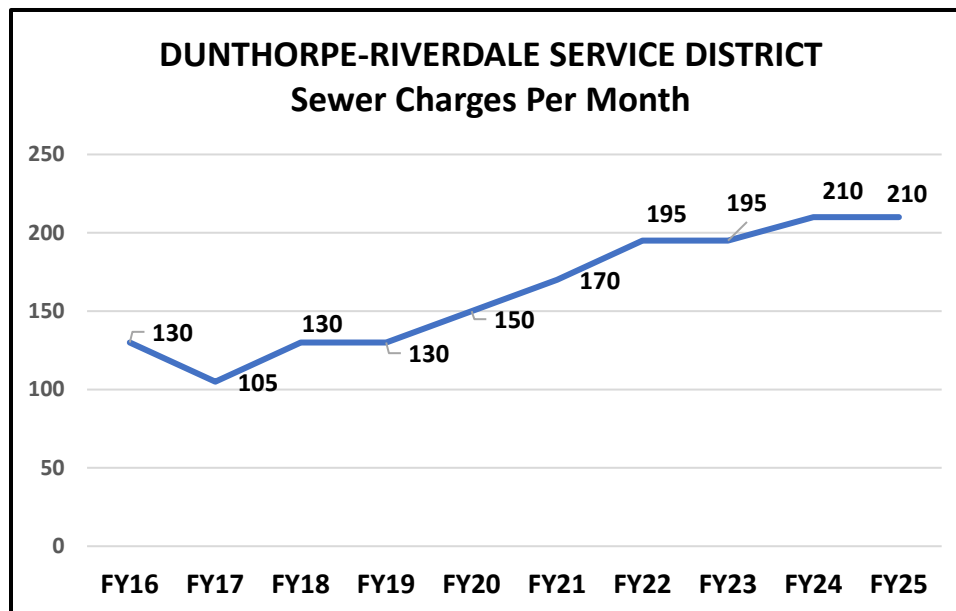
The FY 2024-2025 Approved Budget totals \$3,589,000, a 8.1% decrease over the current year's adopted budget. The beginning fund balance for FY 25 decreases from \$2,466,000 to \$2,123,000 and is similar to 2022-23 Actual level. The FY 25 Budget is consistent with the current year budget with the exceptions of Capital Outlay and Ending Fund Balance. The district is budgeted to spend all of its past savings for planned capital maintenance projects with the City of Portland's Bureau of Environmental Services (BES), specifically for the Elk Rock Pump Station. There are minimal increases in FY 25 for wastewater treatment (+\$22,000) and administrative (+\$5,000) costs. The monthly service charge for sewer assessment remains unchanged at \$210.

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 which decreases by \$315,000. The decrease is due to reduced beginning fund balance as the the district began planning and design on the Elk Rock Pump Station capital project in FY 24. The district continues to work with the City of Portland to ensure it is prepared to fund 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, the assessment fee was \$104. Fees remained steady at \$130/month starting in FY 14, with a one-year decrease to \$105 in FY 17. Monthly fees increased steadily beginning in FY 20. The current rate of \$210/month was adopted 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 receives some revenue from connection charges but that revenue is not budgeted in the current or upcoming years as it is unpredictable and generally less than \$15,000. 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 increases to \$700,000 from \$678,000 in FY 24. 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 (\$1,000)				
	FY 22	FY 23	FY 24	FY 25
	Actual	Actual	Budget	Budget
Administrative Costs	75.7	53.0	65.0	70.0
Maintenance & Disposal	634.0	658.8	678.0	700.0
Permitting Software	19.6	0.5	35.0	35.0
Total Operational Costs	729.3	712.3	778.0	805.0
Capital Expenditures	198.4	505.4	1,780.0	2,734.0
Contingency	-	-	50.0	50.0
Ending Fund Balance	2,277.5	2,472.7	1,296.0	-
Total Requirements	3,205.2	3,690.4	3,904.0	3,589.0

OTHER SIGNIFICANT BUDGET AREAS

Capital Projects

Dunthorpe-Riverdale Sanitary district expects capital projects for FY 25 to be \$2,734,000. The largest capital project on the horizon for the district is the Elk Rock Pump Station. This budget includes \$2,584,000 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 late FY 2025 and is scheduled to be finished by FY 2027. Projections for the district’s share of capital work on the Elk Rock Pump station total \$11.2 million as project costs have increased due to inflation. The estimates include work at all four pump stations and interconnecting piping across the district's sewer system. The amount budgeted in FY 2025 will fund design and preconstruction costs on the project and requires all available funding, leaving no budgeted ending fund balance. If the project continues as expected and there is no beginning fund balance to start FY 2026, then the district will be limited to sewer assessment revenue of just over \$1.4 million at the current assessment rate for the annual construction budget. Knowing this, the district anticipates obtaining a capital loan to finance the project. The budget document does not identify a capital loan source or if future assessment rates will increase to finance the debt; during the budget committee

discussion district staff said they will likely continue to raise rates as they have done in the past, and may also borrow funds.

In addition to the designated capital projects, the district sets aside \$150,000 for pipe repairs to eliminate inflow and infiltration of groundwater into the sewer lines. This amount is unchanged from the current budget year.

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		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
N/A		Did the budget committee set the special assessment rate? – <i>no rate changes this year</i>
X		Does the audit show the district was in compliance with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2024-25 Approved Budget is in substantial compliance with local budget law.

The audit report for fiscal year FY 2022-2023 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2024-2025 Approved Budget or budget process, and recommends the Certification Letter contain no recommendations or objections.

Dunthorpe-Riverdale Sewer

Budget Summary – General Fund (only fund)

<u>SUMMARY OF ALL FUNDS</u>	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>PROPERTY TAX BREAKDOWN:</u>	Actual	Actual	Revised	Approved	Change
TOTAL PROPERTY TAX	0	0	0	0	0.0%
RESOURCES:					
Beginning Fund Balance	1,837,787	2,277,466	2,466,000	2,123,000	-13.9%
Other Taxes	1,330,048	1,322,470	1,408,000	1,419,000	0.8%
Fees and Charges	21,332	12,315	0	0	0.0%
Other Income	15,989	78,182	30,000	47,000	56.7%
TOTAL RESOURCES	3,205,156	3,690,433	3,904,000	3,589,000	-8.1%
REQUIREMENTS BY OBJECT:					
Materials & Services	729,326	712,295	778,000	805,000	3.5%
Capital Outlay	198,364	505,426	1,780,000	2,734,000	53.6%
Contingencies	0	0	50,000	50,000	0.0%
Ending Fund Balance	2,277,466	2,472,712	1,296,000	0	-100.0%
TOTAL REQUIREMENTS BY OBJECT	3,205,156	3,690,433	3,904,000	3,589,000	-8.1%

The district has one fund – the general fund.