

Budget Review 2025-26

Dunthorpe-Riverdale Sanitary Service District #1



BUDGET HIGHLIGHTS

- The total budget, consisting of only the General Fund, increases by \$3.2 million (89%) to a total of \$6.8 million. The increase is driven by planned debt issuance of \$4 million dollars for capital projects, including the multi-year Elk Rock Pump Station project.
- Capital outlay budget nearly doubles, with almost \$4 million budgeted for FY 26. The majority of project funds are for the Elk Rock Pump Station project (\$3.8 million). The current year budget includes funding for design and preconstruction on the project. Next year's budget will continue this work in the construction phase, which started in late FY 2025 and will complete in FY 2027. The majority of the work will occur in FY 25-26.
- The district is planning for a loan of \$4 million from Multnomah County's risk fund in the local government investment pool to cover capital project expenditures. The loan will be paid for over the next ten years with fee revenue.
- The monthly sewer assessment charge is currently \$210. Due to anticipated high construction costs, the district proposed an increase of \$14% to \$240 per month. Assessment revenue increases by 15% (\$207,000) over last year's budget.
- FY 25-26 budgeted ending fund balance is \$1.5 million and contains funds for future construction costs.

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 574 customers in unincorporated Multnomah County, including 23 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	2021-22	2022-23	2023-24	2024-25
Assessment Per Month	\$195	\$195	\$210	\$210
Connections	572	571	571	571
Special Assessment Taxes Imposed	\$1,324,508	\$1,323,665	\$1,424,339	\$1,423,228

BUDGET OVERVIEW

The FY 2025-2026 Approved Budget totals \$6,794,000, an 89% increase over the current year's adopted budget. The beginning fund balance for FY 26 decreases by nearly half, from \$2,123,000 to \$1,068,000, as funds are spent for Elk Rock Pump Station project costs. The FY 26 budget is roughly consistent with the current year budget with the exceptions of Capital Outlay increases, the addition of debt service, and an assumed ending fund balance. Last year's budget did not assume an ending fund balance; actual balance was approximately \$1 million due to project underspending. The majority of the budget (56%) will fund the City of Portland's Bureau of Environmental Services (BES) to complete the Elk Rock Pump Station project, which entered the construction stage of the process in late FY 2025.

Materials & Services costs are budgeted the same as last year. Administrative costs are budgeted at \$70K, well above historical actuals of \$27k to \$45k, but consistent with yearly budgeted amounts. The monthly sewer assessment charge is currently \$210. Due to anticipated high construction costs, the district proposed an increase of \$14% to \$240 per month. Assessment revenue increases by 15% (\$207,000) over last year's budget.

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 as project work is completed.

GENERAL FUND

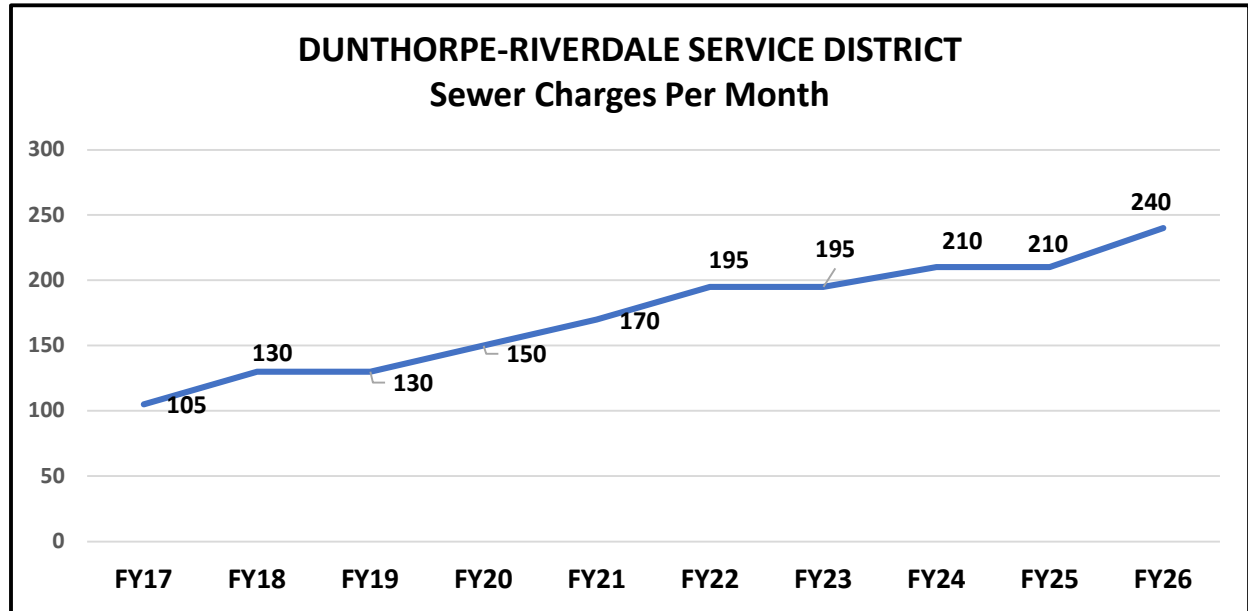
The budget consists of only the General Fund and increases by \$3.2 million. The increase is due to debt proceeds of \$4 million to fund the next stages of the Elk Rock Pump Station capital project. The district continues to work with the City of Portland to ensure it is prepared to fund future capital improvement plans over the next ten years without increasing rates more than customers can bear.

GENERAL FUND RESOURCES

The primary ongoing source of revenue for the district are sewer assessment fees, totaling \$1.6 million for FY 26. The monthly fee is increasing in FY 26 from \$210 to \$240 for an individual home connection, a 14.29% increase.

The district has increased monthly service charges steadily since FY17, when the assessment fee was lowered from \$130 in FY 16 to \$105 in FY 17. The fee was lowered due to the completion of large construction projects, but was again increased in FY 18.

After holding steady for two years, monthly fees then began steadily increasing in FY 20. The current rate of \$210/month was adopted in FY 24. Fee increases have allowed the district to address the capital demands identified by the City of Portland.



The district also budgets \$100,000 in interest revenue, double from the previous year as the district anticipates higher interest due to the cash held for future work on the district's large-scale construction project.

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 a relatively small amount (an average of \$16,500 in the last two years of actuals). The district continues to field inquiries and supports new annexation requests from 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 (sewer treatment) and system maintenance stays consistent at \$700,000 in FY 26. 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 23	FY 24	FY 25	FY 26
	Actual	Actual	Budget	Budget
Administrative Costs	53.0	43.9	70.0	70.0
Maintenance & Disposal	658.8	694.6	700.0	700.0
Permitting Software	0.5	7.0	35.0	35.0
Total Operational Costs	712.3	745.5	805.0	805.0
Capital Expenditures	505.4	837.3	2,734.0	3,946.0
Debt Service				509.1
Contingency	-	-	50.0	50.0
Ending Fund Balance	2,467.4	2,446.3	-	1,483.9
Total Requirements	3,685.1	4,029.1	3,589.0	6,794.0

SIGNIFICANT BUDGET AREAS

Capital Projects

Dunthorpe-Riverdale Sanitary district is budgeting total capital outlay at \$3,946,000 for FY 26. The majority, 96%, of these funds are for the Elk Rock Pump Station (\$3,796,000). The station has limited storage capacity should a system failure occur. Initial planning and work for the project have been ongoing for the last several years, with initial spending in FY21 and then every year since.

The Elk Rock Pump Station construction phase begins in late FY 2025 and is scheduled to be finished in FY 2027. Projections for the district's share of capital work on the Elk Rock Pump station are approximately \$9 million spanning over 7 years, per the district. The estimates include work at all four pump stations and interconnecting piping across the district's sewer system. The amount budgeted in FY 2025 funded design and preconstruction costs on the project and assumed all available funding would be spent, leaving no budgeted ending fund balance. Actual fund balance is estimated at \$1 million, moving funds forward to be available in FY 26.

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 current and prior budget years.

Debt Service

This year the district plans to obtain a capital loan to finance the Elk Rock project. The district will be borrowing funds in order to keep rate increases at a manageable level for customers. Funds will be borrowed in the amount of \$4 million from the Multnomah County Risk Fund in the local government investment pool. Debt service for the loan is \$509,116 for FY 26. The loan will be paid over the next 10 years with fee revenue.

DEBT STATUS

The district is budgeting for a capital loan for \$4 million, to be issued in FY 25-26 from the Multnomah County Risk Fund. The loan will be paid over the next 10 years with fee revenue.

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?
X		Did the budget committee set the special assessment rate? – <i>in approving the budget, they approved the increase</i>
X		Does the audit show the district was in compliance with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2025-26 Approved Budget is in substantial compliance with local budget law. The audit report for fiscal year FY 2023-2024 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2025-2026 Approved Budget or budget process and recommends the Certification Letter contain no recommendations or objections.

Dunthorpe-Riverdale Sewer

Budget Summary – General Fund

	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	%
	Actual	Actual	Revised	Approved	Change
<u>SUMMARY OF ALL FUNDS</u>					
PROPERTY TAX BREAKDOWN:					
TOTAL PROPERTY TAX	0	0	0	0	0.0%
RESOURCES:					
Beginning Fund Balance	2,272,125	2,467,371	2,123,000	1,068,000	-49.7%
Other Taxes	1,323,866	1,414,871	1,419,000	1,626,000	14.6%
Fees and Charges	10,919	22,078	0	0	0.0%
Other Income	78,182	124,818	47,000	100,000	112.8%
Debt Proceeds	0	0	0	4,000,000	0.0%
TOTAL RESOURCES	3,685,092	4,029,138	3,589,000	6,794,000	89.3%

REQUIREMENTS BY OBJECT:

Materials & Services	712,295	745,552	805,000	805,000	0.0%
Capital Outlay	505,426	837,296	2,734,000	3,946,000	44.3%
Debt Service	0	0	0	509,115	0.0%
Contingencies	0	0	50,000	50,000	0.0%
Ending Fund Balance	2,467,371	2,446,290	0	1,483,885	0.0%
TOTAL REQUIREMENTS BY OBJECT	3,685,092	4,029,138	3,589,000	6,794,000	89.3%

The district has one fund – the general fund.