

# Budget Review 2024-25

## Corbett Water District



### HIGHLIGHTS

- The district budget increased 26.3% from \$1.6 million in FY 24 to \$2.1 million in FY 25.
  - The district will begin FY25 with a 39% higher beginning fund balance, due to significant underspending in personnel services and capital project budgets and the last three years of revenue exceeding expenditures.
- With the inflation of materials needed to supply clean, safe water, materials & services expenditures will increase \$92,698 (15.7% increase) to \$682,111.
- The district has set aside \$339,900 for capital expenditures, with the majority going to infrastructure repairs and improvements. \$164,000 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.

Corbett Water	2020-21	2021-22	2022-23	2023-24
Assessed Value in Millions	\$328.3	\$336.1	\$348.7	\$360.8
Real Market Value (M-5) in Millions	\$510.8	\$574.9	\$675.0	\$687.0
Property Tax Rate Extended: Operations	\$0.5781	\$0.5781	\$0.5781	\$0.5781
Number of Employees (FTE's)	4	4	4	4

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.

## BUDGET OVERVIEW

Corbett Water District records all resources and requirements in the General Fund. This fund is increasing by \$426,970. This surge is mainly due to the change in the beginning fund balance, which the district is saving up for future system improvements (more information on next page). Utility revenue, grants, and miscellaneous revenue also increased in FY25.

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 \$339,000 for capital projects, including infrastructure repairs and improvements. \$164,000 is for reservoir work. The district is also intentionally building a fund balance to support necessary future system improvements.

## RESOURCES

<b>Corbett Water District</b>	<b>2021 - 2022</b>	<b>2022 - 2023</b>	<b>2023 - 2024</b>	<b>2024 - 2025</b>	<b>%</b>
<b>Resources</b>	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Beginning Fund Balance	215,129	405,467	554,345	770,865	39.1%
Property Taxes	189,108	194,698	197,000	204,000	3.6%
Utilities	736,114	903,201	852,250	1,011,400	18.7%
Other Income	123,046	40,829	22,100	66,400	200.5%
<b>TOTAL RESOURCES</b>	<b>1,263,397</b>	<b>1,544,195</b>	<b>1,625,695</b>	<b>2,052,665</b>	<b>26.3%</b>

Water Utility Fees are 79% 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 is 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 at the right for details. The district has budgeted for four new connections in fiscal 2025. Overall, utility revenue is budgeted at a 19% increase over the FY24 amount.

<b>Corbett Water District</b>					
<b>Customers' Water Rates</b>					
<b>CCF</b>	<b>FY18</b>	<b>FY21</b>	<b>FY23</b>	<b>Current</b>	
				<b>\$ Change</b>	<b>%Change</b>
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%
<b>Bi-Monthly Base Rate</b>					
<b>Meter Size</b>	<b>FY18</b>	<b>FY21</b>	<b>FY23</b>	<b>\$ Change</b>	<b>%Change</b>
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%
<b>Connection Fee</b>					
<b>Meter Size</b>	<b>FY18</b>	<b>FY21</b>	<b>FY23</b>	<b>\$ Change</b>	<b>%Change</b>
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 38% of the resources and is increasing by \$216,5207 (39%) to \$770,000. The district is intentionally building a fund balance to support necessary future system improvements. Two things have created the growth in the beginning fund balance:

- 1) For a few years, resources have exceeded the budgeted amount. (Most resources have already exceeded the budgeted amount to be received in FY24, even though there are four more months to receive support from these sources.)

**CORBETT WATER DISTRICT'S REVENUE AS OF March 1, 2024**

	<b>Adopted 2023</b>	<b>Actuals</b>
	<b>7/1/23</b>	<b>As of 3/1/24</b>
Water Utility	852,250	742,050
Interest	6,000	19,619
Miscellaneous	5,500	85,432
Taxes	197,000	189,197
Grants	10,600	24,728
<b>Totals Resources</b>	<b>1,071,350</b>	<b>1,061,026</b>

- 2) The district is underspending the budgeted amount for expenditures for a variety of reasons, including vacant positions.

**CORBETT WATER DISTRICT'S EXPENDITURES AS OF March 1, 2024**

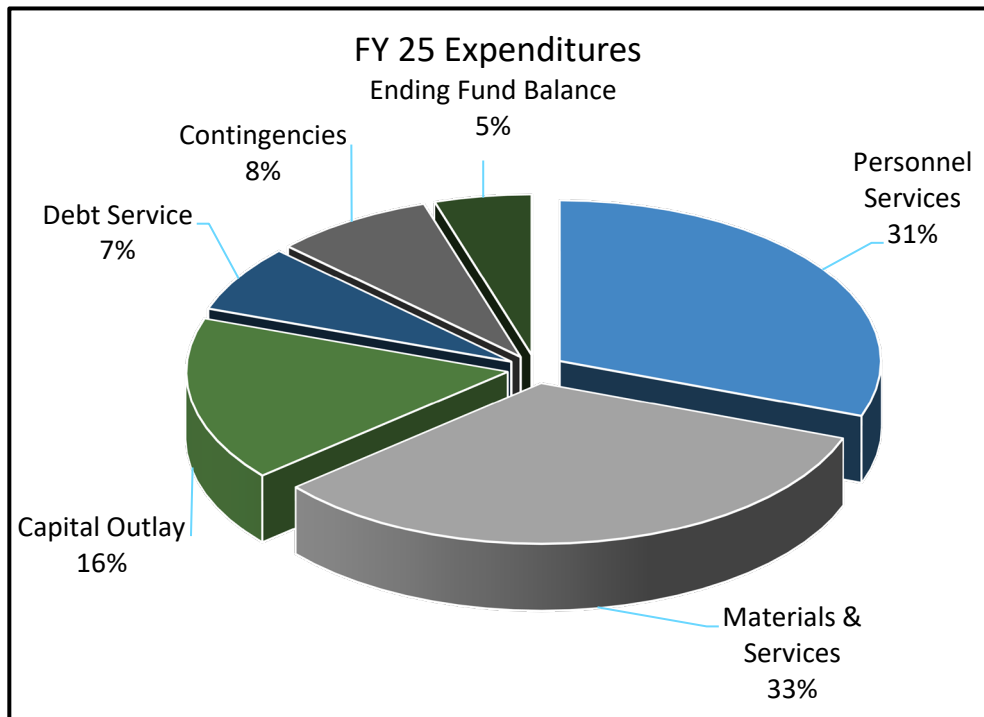
	<b>Adopted 2023 7/1/23</b>	<b>Actuals As of 3/1/24</b>
Personnel Services	1,073,172	635,286
Materials & Services	1,178,826	302,653
Capital Outlay	386,410	169,881
Debt Service	138,457	138,457
<b>Total Expenditures</b>	<b>2,776,865</b>	<b>1,246,277</b>

In FY 22 and 23, the district netted over \$190,000 and \$150,000 respectively as actual revenues came in higher than actual expenditures. For FY 24, they are on track to net a similar amount (see the previous two tables which compare the FY 24 budgeted amounts that they adopted in 2023 to the actual collections and spending levels as of March 1, 2024). With the last three years of revenue exceeding expenditures, the district will see an increased carry-over for a larger beginning fund balance in FY25.

**REQUIREMENTS**

<b>Corbett Water District Requirements</b>	<b>2021 - 2022 Actual</b>	<b>2022 - 2023 Actual</b>	<b>2023 - 2024 Revised</b>	<b>2024 - 2025 Approved</b>	<b>% Change</b>
Personnel Services	328,372	435,106	536,586	627,724	17.0%
Materials & Services	243,933	283,374	589,413	682,111	15.7%
Capital Outlay	147,168	125,686	193,205	339,900	75.9%
Debt Service	138,457	138,457	138,457	138,457	0.0%
Fund Transfers	0	0	0	0	0.0%
Contingencies	0	0	68,034	164,473	141.8%
Ending Fund Balance	405,467	561,572	100,000	100,000	0.0%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>1,263,397</b>	<b>1,544,195</b>	<b>1,625,695</b>	<b>2,052,665</b>	<b>26.3%</b>

The Corbett Water District's FY 25 Approved Budget requirements total \$2,052,665. This amount includes \$264,400 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 17% from \$536,586 to \$627,724. The budget includes salaries for six positions, including temporary and part-time help. These positions total 4.73 FTE. The district also hopes to fill the Utility Worker II position that has not been filled since the 2021 fiscal year. The district contributes 100% toward health insurance costs for employees. Corbett Water District’s salary-related benefits are \$220,634.

**Materials & Services**

For the 2024 fiscal year, Materials & Services expenditures are \$682,111. This is an increase of \$92,698, with a substantial portion set aside to cover inflation costs for materials and supplies. The cost of sand for the sand filters is \$159,000, or 23% of the materials and services expenditures. 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 the current year and plan to change one in FY25 and another in FY26. Another notable increase is continued system maintenance, including supplies such as chemicals and pipe replacements. The district has set aside \$87,000 for the repair of mains and other maintenance on the infrastructure.

**Capital Expenditures**

The district is budgeting \$339,900 for capital expenditures, with the most significant share, \$205K, being infrastructure repairs and improvements. Of this, \$164K is for reservoir work, and \$54K 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 (OECD) 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?
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 2024-25 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The fiscal year 2022-23 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 did not find any deficiencies in the district's Fiscal Year 2024-25 budget or budget process and suggest the Certification Letter contain no recommendations or objections.

## Corbett Water District

### Budget Summary

<b>SUMMARY OF ALL FUNDS</b>	<b>2021 - 2022</b>	<b>2022 - 2023</b>	<b>2023 - 2024</b>	<b>2024 - 2025</b>	<b>%</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	189,108	194,698	197,000	204,000	3.6%
<b>TOTAL PROPERTY TAX</b>	<b>189,108</b>	<b>194,698</b>	<b>197,000</b>	<b>204,000</b>	<b>3.6%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	215,129	405,467	554,345	770,865	39.1%
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<b>REQUIREMENTS BY FUNCTION:</b>					
Public Utilities Water System	719,473	844,166	1,319,204	1,649,735	25.1%
Debt Service	138,457	138,457	138,457	138,457	0.0%
Contingencies	0	0	68,034	164,473	141.8%
Ending Fund Balance	405,467	561,572	100,000	100,000	0.0%
<b>TOTAL REQUIREMENTS BY FUNCTION</b>	<b>1,263,397</b>	<b>1,544,195</b>	<b>1,625,695</b>	<b>2,052,665</b>	<b>26.3%</b>
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*Note: Corbett Water District has only one fund, the General Fund*