



March 21, 2024

TO: Arch Cape Sanitary District Board & Budget Committee
Members of the Arch Cape Community

FROM: Casey Short, Board President
Matt Gardner, District Manager

SUBJ: 2024-25 Proposed Budget

We are pleased to present the Sanitary District Proposed Budget for Fiscal Year 2024-25. This is a transition year for the district, as we work to address needed maintenance and repair issues while trying to minimize the financial burden to ratepayers. This budget proposes no rate increase for the coming year while we work as a board, staff, and community to establish long-term stable and equitable funding for the district while achieving and maintaining proper levels of quality and care of our systems and facilities in proper working order.

Through the hard work of the district manager the 10-year cost of our Capital Improvement Program (CIP) has been cut significantly, to the point that we hope to fund the CIP without incurring any new debt. This is a welcome change from our earlier expectations, and we are confident the cost reductions will not produce any reductions in quality and reliability of our services. While this was a very welcome development in the budget, the district's Long-Range Financial Plan now projects that we will have enough money to pay for operations for only four years, assuming annual 3% rate increases for the foreseeable future. Among ideas to be explored for long-term funding are a shift in rate methodology to have larger users of our water and sewer services pay a more equitable share of the total costs. We will also explore the possibility of logging on some of the district's 60 acres of land south of Arch Cape and east of the highway. Both these ideas, and others that may arise, will be examined in the coming year to see how they might work financially and be acceptable to the community.

Highlights of the coming year include rebuilding the Webb Lift Station near Arch Cape Creek. The project is expected to cost between \$297,000 - \$347,000, with the first \$297,000 covered by a grant from the U.S. Environmental Protection Agency and administered by the State Department of Emergency Management. We will be partnering with the Water District to hire some additional temporary help to address a backlog of deferred and preventive maintenance. The districts will also be working to replace and upgrade our obsolete IT infrastructure.

The Sanitary District will run a deficit of some \$73,000 in the General Fund next year in order to avoid a rate increase, meet the demands of an aging system, and resolve a long-standing

oversight with our staff, who were not being paid for their on-call duty. The Water and Sanitary districts are sharing the cost of making up for years of this error, with a cumulative cost to each district of some \$30,000; implementing a program to compensate staff for on-call time as we go forward is a necessary measure of fairness and support for the staff.

The total budget for the district in 2024-25 is \$1,787,443 in three separate funds. The General Fund is the largest, at \$1,029,162. It pays all ongoing operating costs. General Fund revenues are \$719,726, up some \$282,000 from the prior year due to EPA grant for Webb. Expenditures of \$793,390, up \$408,000, roughly 75% of which is the Webb funding. Other major spending increases include the costs of staffing and central administration of the two districts, paid through an Intergovernmental Agreement with the Water District which technically is the employer of our two employees. The increase is largely due to the cost to make up for the on-call pay, anticipated cost-of-living and merit increases for staff, and associated increases in employer taxes and pension. The other major increase is an additional \$40,000 for temporary help, as discussed above. The district starts the year with a healthy balance of \$309,436, ending with \$235,772, a deficit of \$73,664. This deficit is not expected to recur, as we plan to implement changes in our funding strategy following the work to be done next year.

The Capital Fund pays for major capital projects, such as the Webb Lift Station. Its budget is \$602,474, with a net deficit of \$41,526 as reserve funds are used to pay part of the cost of the Webb project. The only expenditure in 2024-25 is expected to be the work on the Webb Lift Station.

The General Obligation Bond Debt Service Fund receives property tax revenue approved by the voters to build a new treatment plant, with bonds issued in 2011. Property taxes are dedicated to paying off the bonds, which will be retired in 2040. The annual cost of principal and interest on the bonds is \$144,600.

We have a lot of work ahead of us, and look forward to working with the board and the community to fulfill our vision of a properly functioning operation that makes the best use of the money it takes to run a sewer and wastewater utility.

**ARCH CAPE SANITARY DISTRICT
FISCAL YEAR 2024-25 PROPOSED BUDGET
GENERAL FUND**

FY 2021-22 ACTUAL	FY 2022-23 ACTUAL	FY 2023-24 AMENDED	FY 2023-24 ESTIMATED	ARCH CAPE SANITARY DISTRICT	FY 2024-25 PROPOSED	\$ CHANGE FROM PRIOR	% CHANGE FROM PRIOR
RESOURCES							
BEGINNING FUND BALANCE							
163,740	111,970	117,043	181,885	Beginning Balance	226,231	109,188	93.3%
	63,697	63,697	63,697	Operating Reserve	76,281	12,584	19.8%
	6,923	6,923	6,923	USDA Loan Req. Resv	6,923	0	0.0%
163,740	182,590	187,663	252,505	TOTAL BEGINNING BALANCE	309,436	121,773	
REVENUE							
311,376	323,392	354,000	356,348	User Fees	357,000	3,000	0.8%
16,155	19,292	17,700	30,699	Excess Usage Charges	21,420	3,720	21.0%
51,184	31,447	38,232	38,486	Debt Service Surcharges	38,556	324	0.8%
0	0	0	0	Grant Revenue - Oregon Emergency Mgmt. (Webb)	297,000	297,000	-
3,375	3,750	3,750	3,750	WD Facilities Use Charges	3,750	0	0.0%
12,600	7,400	0	0	T.A.G. - Facility Plan Update	0	0	-
1,315	10	0	8,886	Interest	2,000	2,000	-
0	0	0	0	Bond Receipts	0	0	-
2,606	0	0	0	Miscellaneous	0	0	-
398,611	385,290	413,682	438,169	TOTAL REVENUE	719,726	306,044	74.0%
562,351	567,880	601,345	690,674	TOTAL RESOURCES	1,029,162	427,817	71.1%
REQUIREMENTS							
EXPENDITURES							
				MATERIALS & SERVICES			
150,221	109,593	157,500	145,626	Water District IGA Charges	202,888	45,388	28.8%
8,766	15,020	16,100	15,905	Liability & Property Insurance	18,500	2,400	14.9%
3,109	0	3,500	3,190	Licenses	3,600	100	2.9%
50	0	0	0	Miscellaneous	0	0	-
94,921	72,898	110,400	110,400	Maintenance	150,000	39,600	35.9%
0	0	2,000	2,000	Inflow & Infiltration	2,000	0	0.0%
7,555	11,019	7,000	2,801	Chemicals	7,000	0	0.0%
1,381	4,841	1,200	2,765	Dues / Taxes	3,000	1,800	150.0%
14,959	5,865	5,000	1,000	Professional Services	5,000	0	0.0%
0	0	500	500	Emergency Sanitation	500	0	0.0%
9,000	0	10,000	9,000	Auditing	10,000	0	0.0%
0	0	5,000	3,000	Legal Services	5,000	0	0.0%
315	316	700	350	Notices	700	0	0.0%
36,070	41,930	46,000	46,000	Utilities	49,500	3,500	7.6%
326,347	261,482	364,900	342,537	TOTAL MATERIALS & SERVICES	457,688	92,788	25.4%

**ARCH CAPE SANITARY DISTRICT
FISCAL YEAR 2024-25 PROPOSED BUDGET
GENERAL FUND**

				CAPITAL OUTLAY			
0	7,400	0	0	T.A.G. - Facility Plan Update	0	0	-
0	7,400	0	0	TOTAL CAPITAL OUTLAY	0	0	-
326,347	268,882	364,900	342,537	TOTAL OPERATING EXPENDITURES	457,688	92,788	0
				INTERFUND TRANSFERS			
0	0	0	0	Transfer to Capital Fund - Webb Lift Station	297,000	297,000	#DIV/0!
0	0	0	0	TOTAL INTERFUND TRANSFERS	297,000	297,000	#DIV/0!
				DEBT SERVICE			
14,712	7,791	0		QDEQ - Irrigation Site Loan - Matured 2022	0	0	-
14,784	15,458	16,163	16,163	OECD - Facility Engineering Loan (Principal)	16,900	737	4.6%
4,535	3,861	3,156	3,156	OECD - Facility Engineering Loan (Interest)	2,419	(737)	-23.4%
12,561	12,866	13,179	13,179	IFA Loan/Grant - Facility Improvement (Principal)	13,499	320	2.4%
6,822	6,517	6,205	6,205	IFA Loan/Grant - Facility Improvement (Interest)	5,885	(320)	-5.2%
53,414	46,493	38,702	38,702	TOTAL DEBT SERVICE	38,702	0	0.0%
379,761	315,375	403,602	381,239	TOTAL GENERAL FUND EXPENDITURES	793,390	389,788	96.6%
				CONTINGENCY & ENDING BALANCE			
0	0	54,735	0	Contingency	100,000	45,265	82.7%
6,923	6,923		6,923	USDA Loan Required Reserve	6,923	6,923	-
175,667	245,582	143,008	302,513	Unappropriated Balance	128,849	(14,159)	-9.9%
182,590	252,505	197,743	309,436	TOTAL CONTINGENCY & UNAPP BAL (ENDING)	235,772	38,029	19.2%
562,351	567,880	601,345	690,674	TOTAL REQUIREMENTS	1,029,162	427,817	71.1%
0	0	0	0		0	0	

**ARCH CAPE SANITARY DISTRICT
FISCAL YEAR 2024-25 PROPOSED BUDGET
CAPITAL FUND**

005

FY 2021-22 ACTUAL	FY 2022-23 ACTUAL	FY 2023-24 AMENDED	FY 2023-24 ESTIMATED	ARCH CAPE SANITARY DISTRICT	FY 2024-25 PROPOSED	\$ CHANGE FROM PRIOR	% CHANGE FROM PRIOR
RESOURCES							
107,587	133,901	191,275	191,273	Beginning Balance	285,382	94,107	49.2%
107,587	133,901	191,275	191,273	TOTAL BEGINNING BALANCE	285,382	94,107	49.2%
REVENUE							
26,314	57,372	19,698	39,109	Systems Development Charges	20,092	394	2.0%
26,314	57,372	19,698	39,109	TOTAL REVENUE	20,092	394	2.0%
INTERFUND TRANSFERS							
0	0	0	55,000	Transfer From General Fund OEM Grant for Webb)	297,000	297,000	-
0	0	0	55,000	TOTAL INTERFUND TRANSFERS	297,000	297,000	-
133,901	191,273	210,973	285,382	TOTAL RESOURCES	602,474	391,501	49.2%
REQUIREMENTS							
EXPENDITURES							
CAPITAL OUTLAY							
2	0	55,000		Webb Lift Station	347,000	292,000	530.9%
2	0	55,000	0	Total Capital Outlay	347,000	292,000	530.9%
2	0	55,000	0	TOTAL EXPENDITURES	347,000	292,000	530.9%
CONTINGENCY & UNAPPROPRIATED BALANCE							
0	0	155,973	0	Contingency	150,000	0	-
0	0	155,973	0	Total Contingency	150,000	0	-
133,899	191,273	0	285,382	Unappropriated Balance	0	0	-
133,899	191,273	0	285,382	Total Unappropriated Balance	105,474	0	-
133,899	191,273	155,973	285,382	TOTAL CONTINGENCY & UNAPP. ENDING BALANCE	255,474	99,501	63.8%
133,901	191,273	210,973	285,382	TOTAL REQUIREMENTS	602,474	391,501	594.7%

**ARCH CAPE SANITARY DISTRICT
FY 2024-25 PROPOSED BUDGET
GO BOND DEBT FUND**

006

FY 2021-22 ACTUAL	FY 2022-23 ACTUAL	FY 2023-24 ADOPTED	FY 2023-24 ESTIMATED	ARCH CAPE SANITARY DISTRICT	FY 2024-25 PROPOSED	\$ CHANGE FROM PRIOR	% CHANGE FROM PRIOR
RESOURCES							
BEGINNING FUND BALANCE							
(191)	4,657	15,426	16,143	Beginning Fund Balance	11,207	(4,219)	-27.3%
(191)	4,657	15,426	16,143	TOTAL BEGINNING BALANCE	11,207	(4,219)	-27.3%
REVENUE							
149,448	148,310	144,600	136,834	Bond Proceeds	144,600	0	0.0%
	7,775		2,830	Bond Interest	0	0	-
149,448	156,085	144,600	139,664	TOTAL REVENUE	144,600	0	0.0%
149,257	160,742	160,026	155,807	TOTAL RESOURCES	155,807	(4,219)	-2.6%
REQUIREMENTS							
EXPENDITURES							
				DEBT SERVICE			
68,662	71,408	71,408	74,457	USDA Plant Upgrade [P]	77,058	5,650	7.9%
75,938	73,192	73,192	70,143	USDA Plant Upgrade [I]	67,542	(5,650)	-7.7%
144,600	144,600	144,600	144,600	Total Debt Service	144,600	0	0.0%
144,600	144,600	144,600	144,600	TOTAL EXPENDITURES	144,600	0	0.0%
CONTINGENCY & UNAPPROPRIATED BALANCE							
0	0		0	Contingency			
4,657	16,143	15,426	11,207	Unappropriated Balance	11,207	(4,219)	-27.3%
4,657	16,143	15,426	11,207	TOTAL CONTINGENCY & UNAPP. ENDING BALANCE	11,207	(4,219)	-27.3%
149,257	160,742	160,026	155,807	TOTAL REQUIREMENTS	155,807	(4,219)	-2.6%

**ARCH CAPE SANITARY DISTRICT
LONG RANGE FINANCIAL PLAN
FY 2024-25 – 2033-34**



KEY ASSUMPTIONS:

- 2 connections per year, moving to 3 connections per year fiscal year 2025-26 Expense allocation: blended at 53% Sanitary.
- Expense growth (inflation) set at 5% (driven primarily by increase in personnel costs from implementation of On-Call policy)
- Rates adjusted to retain a minimum of 16% of operating expenses on hand.
- Contingency set at approximately 20% of operating expenses.
- Transfers from the General Fund to the Capital Fund
 - \$297,000 in 2024-25 (pass-through of grant)
 - \$200,000 in 2028-29
 - \$100,000 in 2029-30 and 2030-31
- No loans taken to pay for capital projects for the next 4 years.
- User rates adjusted for operating and capital projections:
 - Rate increase 0% 2024-25
 - Rate increase 3% 2025-26
 - Rate increase 3% 2026-27

EXPECTED FUTURE CAPITAL FUND EXPENDITURES

- **\$40,000 collections system repairs 2025-26**
- **\$40,000 collections system scoping 2026-27**
- **\$25,000 cost share for duty truck**
- **\$350,000 membrane replacement 2028-29**
- **\$125,000 Asbury lift station rehab 2029-30**
- **\$125,000 North end lift station rehab 2031-32**

**ARCH CAPE SANITARY DISTRICT
GENERAL FUND
LONG RANGE FINANCIAL PLAN**

008

ASSUMPTIONS	2021-22	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
GENERAL INFLATION	7.0%	7.0%	6.0%	3.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
HOOKUPS	346	352	354	356	358	361	364	367	370	373	376	379	382	385
Change in Hookups	2	6	2	4	2	3	3	3	3	3	3	3	3	3
System Development Charge	9,360	10,015	9,849	9,849	10,341	10,859	11,293	11,745	12,214	12,703	13,211	13,739	14,289	14,861
Excess usage Charge % of User Fees	5.2%	6.0%	5.0%	8.6%	6.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
SD Quarterly User Rates- New	271	264	277		277	286	294	303	312	321	331	341	351	362
Usage Charges - New	232	237	250		250	259	268	290	299	308	318	328	338	352
Debt service surcharges	39	27	27	27	27	27	27	13	13	13	13	13	13	13
Annual increase - Total	7.1%	-2.6%	5.0%	5.0%		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual increase - Usage chg. Only	7.5%	2.2%	5.4%	5.4%	-	-	3.5%	12.0%	11.7%	6.4%	6.4%	6.4%	6.4%	4.0%
	Act	Act	Budget	EOYP	RESOURCES									
	2021-22	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
BEGINNING BALANCE	163,740	182,590	187,663	252,505	309,435	235,771	178,533	118,917	327,756	33,715	(89,923)	(193,875)	(4,347)	(364)
REVENUE														
EARNED INCOME														
User Fees	311,376	323,392	351,784	356,348	357,000	370,478	386,270	421,803	438,777	456,372	474,610	493,515	517,172	542,083
Excess Usage Charges	16,155	19,292	17,589	30,699	21,420	37,048	38,627	42,180	43,878	45,637	47,461	49,352	51,717	54,208
Surcharge for Debt	51,184	31,446	38,232	38,486	38,556	38,702	38,702	19,383	19,383	19,383	19,383	19,383	19,383	19,383
Logging Revenue								250,000						
Other	19,896	3,790	3,750	12,636	5,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
TOTAL EARNED INCOME	398,611	377,920	411,355	438,169	422,726	449,978	467,350	737,117	505,788	525,142	545,205	566,000	592,022	619,424
GRANT & LOAN PROCEEDS														
Loans														
Grants		7,400			297,000									
TOTAL GRANT & LOAN PROCEEDS		7,400			297,000									
INTERFUND TRANSFERS														
Debt Service Fund														
TOTAL INTERFUND TRANSFERS														
TOTAL REVENUE	398,611	385,320	411,355	438,169	719,726	449,978	467,350	737,117	505,788	525,142	545,205	566,000	592,022	619,424
TOTAL RESOURCES	562,351	567,910	599,018	690,674	1,029,161	685,749	645,883	856,034	833,544	558,857	455,281	372,125	587,675	619,061

**ARCH CAPE SANITARY DISTRICT
GENERAL FUND
LONG RANGE FINANCIAL PLAN**

009

	Act	Act	Budget	EOYP	REQUIREMENTS									
EXPENDITURES	2021-22	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
OPERATING EXPENDITURES														
WD IGA CHARGES		109,593	157,500	145,626	202,888	180,974	190,022	199,523	209,499	196,413	204,270	212,441	220,938	229,776
MAINTENANCE & CHEMICALS		83,902	119,400	113,201	157,000	164,850	171,444	178,302	185,434	192,851	200,565	208,588	216,931	225,609
UTILITIES		41,930	46,000	46,000	49,500	51,975	54,054	56,216	58,465	60,803	63,236	65,765	68,396	71,131
GEN'L & ADMINISTRATIVE		26,087	42,000	37,710	48,300	50,715	52,744	54,853	57,047	59,329	61,703	64,171	66,737	69,407
MATERIALS & SERVICES	326,347	261,512	364,900	342,537	457,688	448,514	468,264	488,895	510,446	509,397	529,773	550,964	573,003	595,923
CAPITAL OUTLAY		7,400				20,000	20,000	20,000	20,000	20,000				
TOTAL OPERATING EXPENDITURES	326,347	268,912	364,900	342,537	457,688	468,514	488,264	508,895	530,446	529,397	529,773	550,964	573,003	595,923
DEBT SERVICE	53,414	46,493	38,702	38,702	38,702	38,702	38,702	19,383	19,383	19,383	19,383	19,383	19,383	19,383
INTERFUND TRANSFERS														
Transfer to Capital Fund					297,000				250,000	100,000	100,000			
TOTAL INTERFUND TRANSFERS					297,000				250,000	100,000	100,000			
TOTAL GENERAL FUND EXPENDITURES	379,761	315,405	403,602	381,239	793,390	507,216	526,966	528,278	799,829	648,781	649,156	570,347	592,386	615,306
ENDING BALANCE	182,590	252,505	195,416	309,435	235,771	178,533	118,917	327,756	33,715	(89,923)	(193,875)	(198,222)	(4,711)	3,755
TOTAL REQUIREMENTS	562,351	567,910	599,018	690,674	1,029,161	685,749	645,883	856,034	833,544	558,857	455,281	372,125	587,675	619,061
CONTINGENCY			54,735		100,000	70,277	73,240	76,334	79,567	79,410	79,466	82,645	85,950	89,388
DESIGNATED RESERVES	20,256	14,676	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923
UNDESIGNATED	20,256	136,209	5,226	302,512	128,848	101,333	38,754	244,499	(52,775)	(176,256)	(280,264)	(287,790)	(97,584)	(92,557)
REVENUE OVER/(UNDER) EXPENSE	18,850	69,915	7,753		(73,664)	(57,237)	(59,616)	208,839	(294,041)	(123,638)	(103,952)	(4,347)	(364)	4,118
RESOURCES OVER/(UNDER) REQ.	0	0	0		0	0	0	0	0	0	0	0	0	0

**ARCH CAPE SANITARY DISTRICT
CAPITAL FUND
LONG RANGE FINANCIAL PLAN**

010

	Act	Act	Budget	EOYP				PROJECTED					
RESOURCES	2021-22	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
BEGINNING BALANCE	107,587	133,903	191,275	195,368	185,066	132,158	123,200	115,174	123,106	57,027	66,965	202,951	115,017
REVENUE													
SDC REVENUE	26,316	57,372	59,093	19,698	20,092	31,042	31,973	32,933	33,921	34,938	35,986	37,066	38,178
TOTAL REVENUE	26,316	57,372	59,093	19,698	20,092	31,042	31,973	32,933	33,921	34,938	35,986	37,066	38,178
TRANSFER FROM GENERAL FUND					297,000				250,000	100,000	100,000		
TOTAL RESOURCES	133,903	191,275	250,368	215,066	502,158	163,200	155,174	148,106	407,027	191,965	202,951	240,017	153,195
REQUIREMENTS													
EXPENDITURES													
Webb Station Upgrade			55,000	30,000	370,000								
Screening Upgrade													
Collection System Repairs						40,000							
Scoping the Pipes							40,000						
North Pump Station										125,000			
Asbury Pump Station												125,000	
Membrane Replacement									350,000				
Truck (50%)								25,000					
TOTAL EXPENDITURES			55,000	30,000	370,000	40,000	40,000	25,000	350,000	125,000		125,000	
ENDING BALANCE	133,903	191,275	195,368	185,066	132,158	123,200	115,174	123,106	57,027	66,965	202,951	115,017	153,195

ARCH CAPE SANITARY DISTRICT
GO BOND DEBT SERVICE FUND
LONG RANGE FINANCIAL PLAN

	Act	Act	Budget	EOYP	PROJECTED									
RESOURCES	2021-22	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
BEGINNING BALANCE	(191)	4,657	15,426	16,143	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207
REVENUE														
PROPERTY TAX RECEIPTS	149,448	156,085	144,600	139,664	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
TOTAL REVENUE	149,448	156,085	144,600	139,664	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
TOTAL RESOURCES	149,257	160,743	160,026	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807
EXPENDITURES														
EXPENDITURES	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600	144,600
ENDING BALANCE	4,657	16,143	15,426	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207	11,207
TOTAL REQUIREMENTS	149,257	160,743	160,026	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807	155,807