

2nd BUDGET MESSAGE FY2025 - 2026



Arch Cape Domestic Water Supply District

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April 17, 2025

We are pleased to present a revised Fiscal Year 2025-26 budget to the Arch Cape Domestic Water Supply District Budget Committee, Board of Commissioners, and Public.

Executive Summary

Operating and maintaining our Districts' plants, equipment and below-ground water & wastewater infrastructure REQUIRES us to have two full time operations staff.

A. **Recommended Staffing Direction** (Explanatory Rationale for #1 & #2 is in an Appendix following the Executive Summary)

- 1) 2 full-time, experienced staff (1 of which is Matt) that are focused exclusively on the 24x7x365 operations of the plants and equipment and the technical support of District projects.
- 2) District Administration that is in addition to the operations staff.
- 3) Personnel costs that are competitively positioned to enable the District to hire and retain qualified staff (see B. below)

B. **Pressing Staffing Concern**: Districts have not been able to find/ retain qualified staff.

The budget and long range plan assume that 2 full-time, experienced operations staff (1 of which is Matt) can be hired and maintained. Since last August, that has not been the case. With the resignation of the operator-in-training, the District has been unable to fill the opened position and has been finding creative ways to augment Matt with contractors. Unspent personnel budget is being used to pay for those contractors.

Unfortunately, just this week, the contractor who has been working with Matt on specialized utility duties has been offered a less demanding job at more money. So, we are back to square 1 looking to fill an open position, and a contractor position until a full time person presents. Matt continues to single-handedly carry the burden of on-call and emergency response, which is a risk to Matt's health and the Districts.

The inability to find and retain staff for water and waste water positions is a shared experience on the North Coast. The demand to staff is driving salary ranges higher in order to attract and retain staff. This week our Kubota representatives (the vendor of our Sanitary

plant membranes) mentioned that they were recruiting for a person with Matt's credentials to work out of their Bothell Washington office with a salary over 6 figures.

Recommendation: In the next fiscal year, the Districts convene a forum to consider alternative business models for operating/ managing the utilities.

C. **Materials Cost Concern:** These budget projections assume that the cost of materials & services increase within inflation. However, over the past several years, the cost of materials used by the Districts' have exceeded inflation. If that trend continues, the long range plan will need to be adjusted.

D. **Refinements** made to the 1st version of the budget

1) FY2025-2026 Budgets

a. *General Fund:*

- i. For the **current** fiscal year, reduction of anticipated expenditures add \$22,108 to the opening balance for the next fiscal year.
- ii. For **next** fiscal year, reduction of anticipated expenditures reduce IGA revenue from the Sanitary District resulting in \$4,079 less total revenue.
- iii. For **next** fiscal year, reduction of anticipated expenditures reduce total operating expenditures by \$23,156.
 - District will not Pay premiums for employee family (subject to board approval)
 - Temporary Help contained within IGA Administrative Service is reduced by \$5,000.

Bottom Line: Ending Balance for next fiscal year is \$41,185 higher.

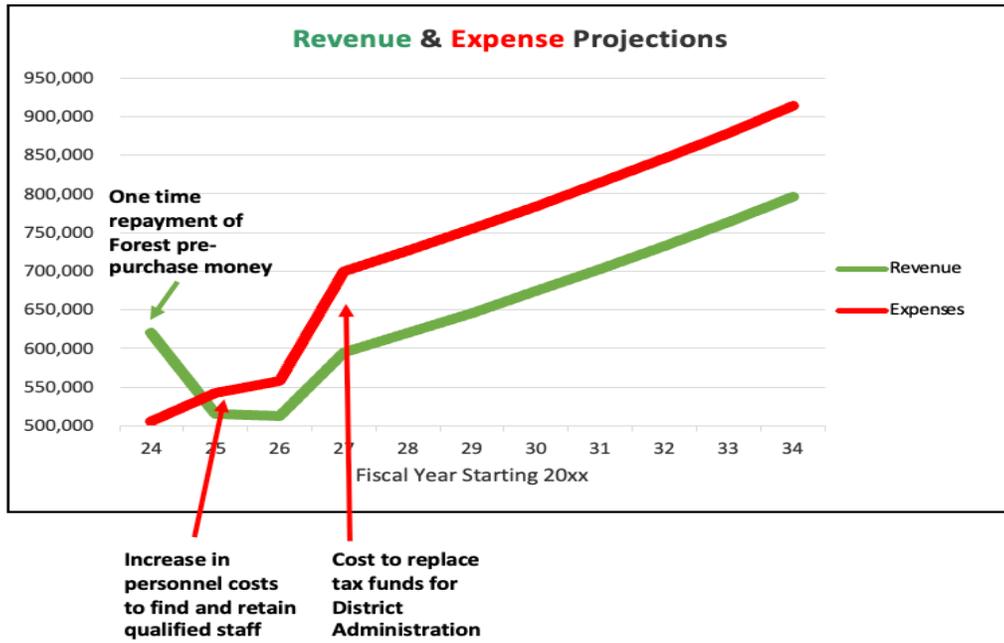
b. *Forest Fund:* For the **current** fiscal year, interest accrued is anticipated to increase to \$10,000.

2) Long Range Financial Plan

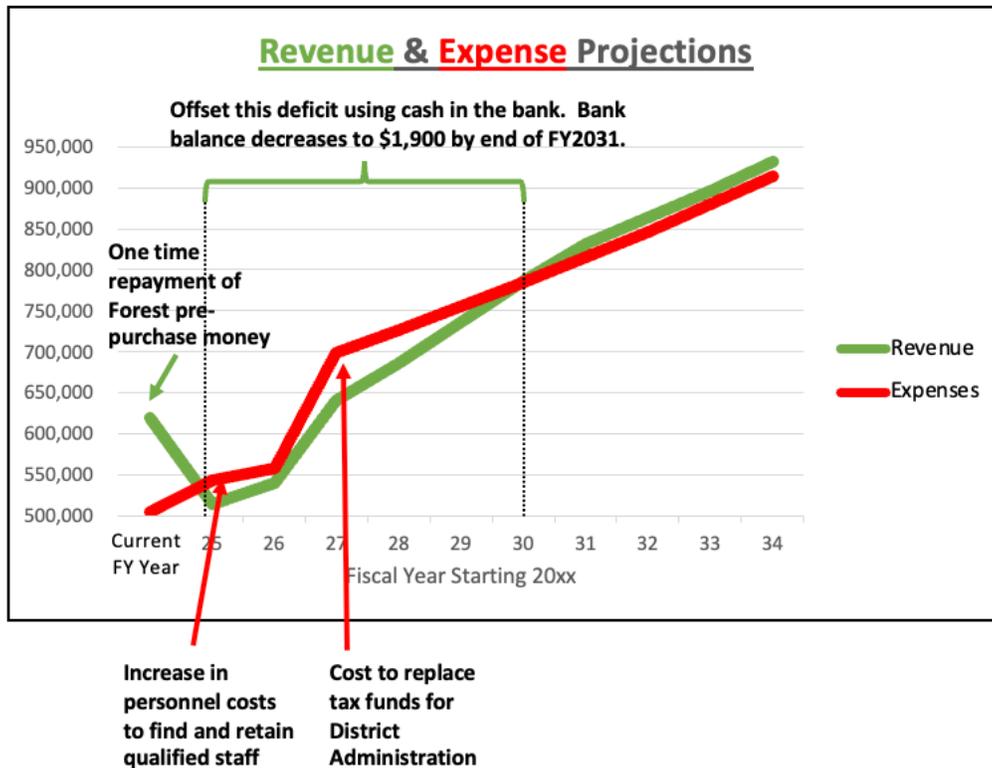
General Fund – Revenue & Expense

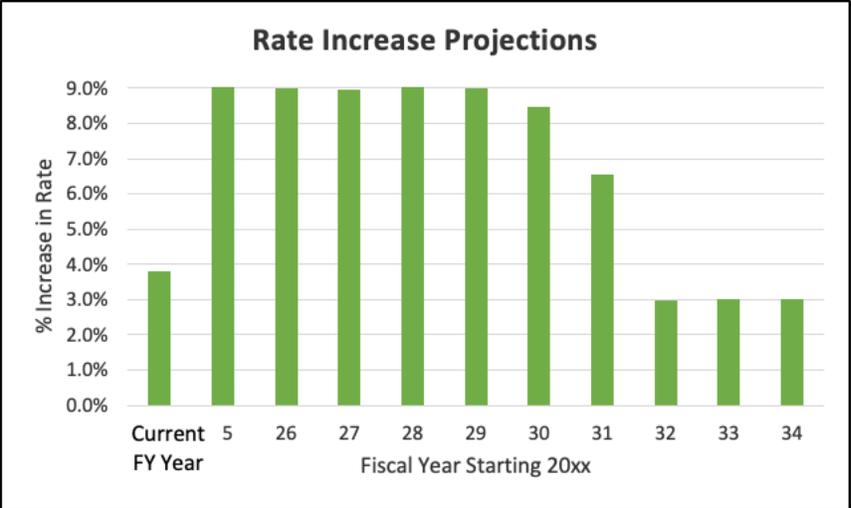
- a. One additional new hookup every other year starting FY2026-2027, i.e., 3 hookups in FY26, 2 hookups in FY27, 3 hookups in FY28, etc.
- b. An added \$125,000 a year expense for administration starting in FY2027-2028 that would be split with the Sanitary District

If we leave rates at increasing the current rate of 3.8% / year, expenses will greatly exceed revenue & cash in the bank.

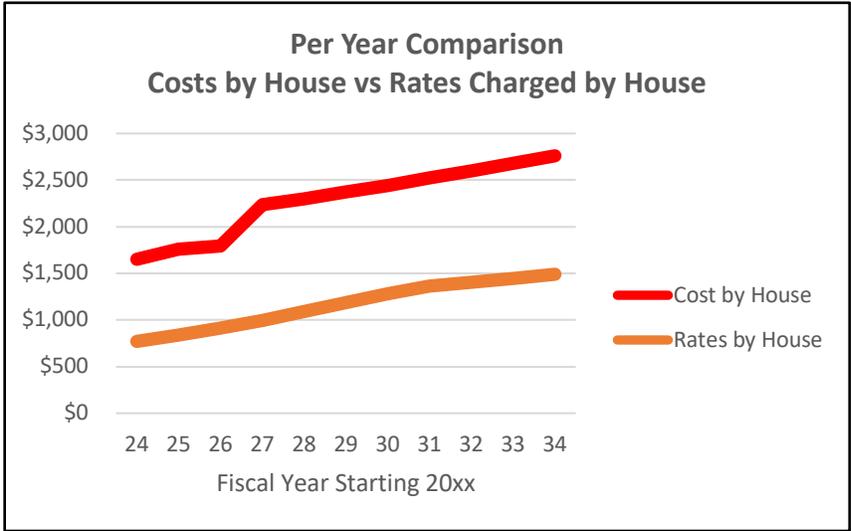


If we increase rates as described below, the long range plan balances.





This is the financial impact by households (averaging the costs for the different types of connections):



Capital Fund – Revenue & Expense

- a. One additional new hookup every other year starting FY2026-2027, i.e., 3 hookups in FY26, 2 hookups in FY27, 3 hookups in FY28, etc.
- b. Removed a \$40,000 transfer from the General Fund in FY2026-2027 (I overlooked removing this in the previous version)
- c. Reduced FY2026-2027 capital expenditure for a truck to \$37,500 (Water District’s split of a \$75,000 expense)
- d. Eliminated the FY2032-2033 transfer of \$150,000 to capital fund for building of south end water tower.