



Crystal Springs Water District 2026-2027 Budget Message

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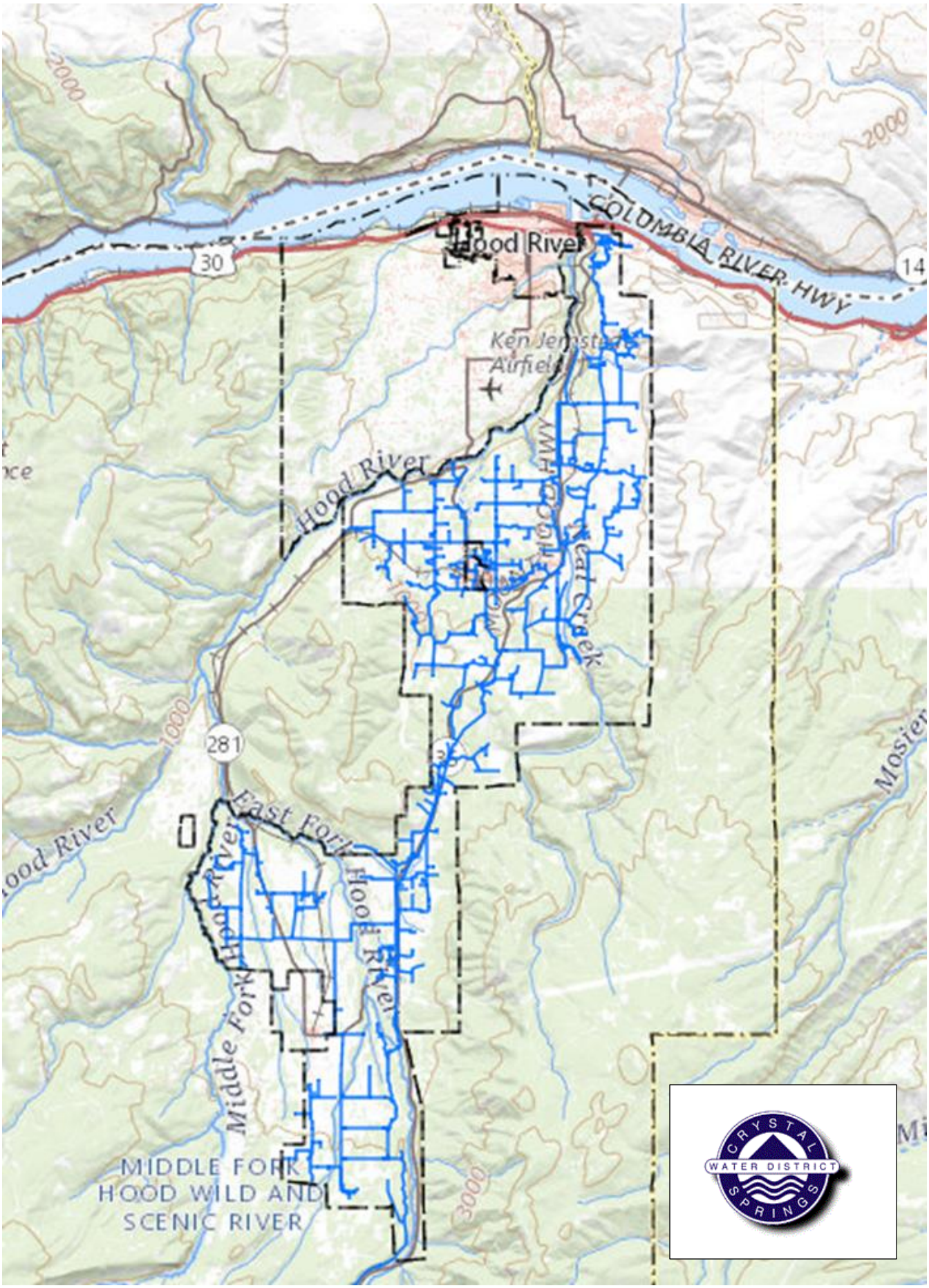
Frederick W. Schatz

5/15/25

Budget Officer
Superintendent

Table of Content:

General Information	**3**
Budget Summary	**10**
General Fund Resources	**17**
Personal Services	**18**
Material & Services	**20**
Capital Outlay	**23**
Transfers	**38**
Debt Coverage	**38**
System Development Fund	**39**
Vehicle Reserve Fund	**43**


COLUMBIA RIVER HWY
Hood River
30
14
Ken Jernstedt Airfield
Hood River
West Side Hwy
East Creek
281
1000
2000
3000
East Fork Hood River
Middle Fork Hood River
MIDDLE FORK HOOD WILD AND SCENIC RIVER
CRYSTAL SPRINGS WATER DISTRICT

Crystal Springs Water District

Budget Message

FY 2026-2027

May 5, 2026

To the Citizens, Members of the Budget Committee and Board of Commissioners:

The proposed fiscal year 2026-2027 budget for Crystal Springs Water District is attached for your review and consideration. This budget message provides background information, and highlights portions of the budget document to aid in your review of the proposed budget. The budget message is organized such that it contains information in the following categories:

- General Information
- Budget Summary
- General Fund Resources
- General Fund Expenditures
- Debt Service and Debt Coverage
- Reserve Funds
- System Development Charges (SDC) Funds

GENERAL INFORMATION:

Crystal Springs Water District (CSWD)

The Crystal Springs Water District, an Oregon special district operating under Oregon Revised Statutes, provides domestic water services to residents within Hood River County.

Initially established in 1930 as the Crystal Springs Water Company, the organization required each customer to purchase five shares of stock at a par value of $50 per share. The inaugural stock certificate, among the original two thousand shares issued, was procured by Mr. J. J. Annala on October 13, 1930. This capital allowed the company to develop essential infrastructure, including spring capping, reservoir construction, and the installation of water main pipes throughout the district.

A comprehensive plan formulated in 1963 advocated several system enhancements. Many of these recommendations have since been implemented, such as a new intake at Crystal Springs, two water storage reservoirs, pressure regulating facilities, and transmission mains.

Nevertheless, the construction of all recommended transmission mains, particularly in the northern region of the district, remains outstanding.

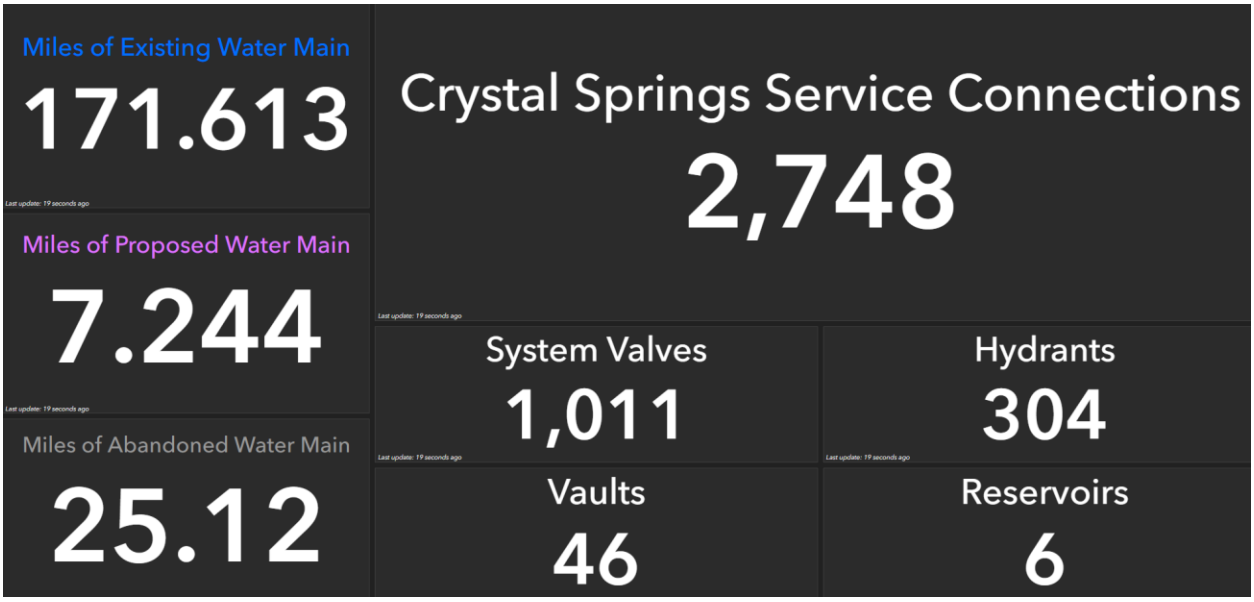
In the spring of 1990, the district engaged Lee Engineering Inc. of Oregon City to develop a Water Master Plan. This plan identified several critical improvements necessary for the system.

The Water Master Plan underwent an update in 2006, resulting in the completion of numerous recommended projects.

Subsequently, in 2015, Pace Engineering was retained to further update the Water Master Plan. This update emphasized the need for immediate infrastructure enhancements throughout the district to ensure the provision of safe drinking water and minimize water loss. The 2015 Master Plan estimated a project cost of $42 million.

The Crystal Springs Water District is responsible for supplying domestic water service to residential and commercial customers, as well as providing water for fire protection. Encompassing an area of approximately fifty-two square miles, the district serves an estimated population of 5,600 individuals and manages approximately 2,676 service connections. Notably, CSWD is recognized as one of the largest water districts in Oregon by square mileage, second only to municipal city water systems. The district maintains an extensive network of over 179 miles of piping. Situated at an elevation of 2,440 feet, Crystal Springs provides service across 11 pressure zones, culminating at a final elevation of 150 feet.

The district's primary objective is to ensure the consistent delivery of safe, clean drinking water at an affordable cost. Upon approval of the budget by the budget committee and subsequent adoption by the Board of Commissioners, the Superintendent is authorized to manage budget expenditures.





Chlorination systems at Odell Pump Station.



Pump Controls and SCADA systems for Odell Pump Station.





Left: Pine Grove Reservoir

Right: Pine Crest Pump Station





Left: Odell Water Reservoir

Right: Booth Hill Reservoir



Pine Crest Reservoir



South Valley Reservoir

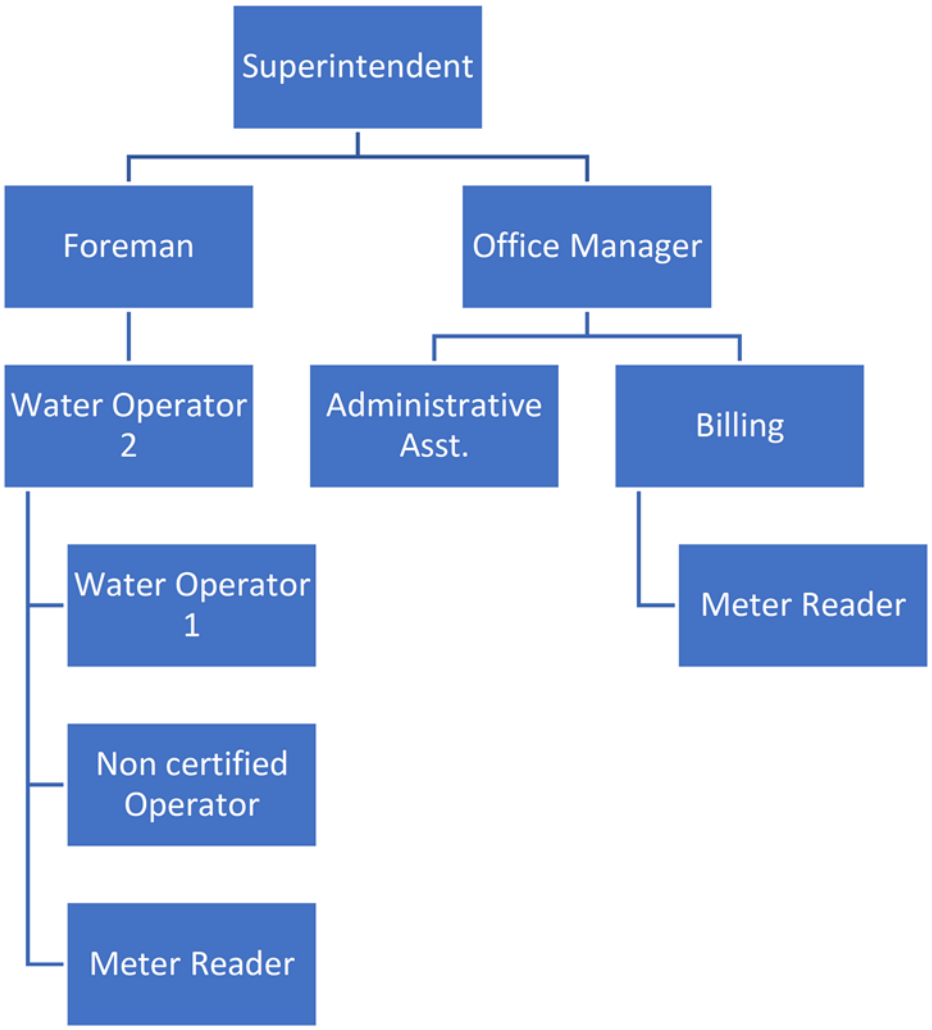


Westside Reservoir

Organization:

The district is governed by a five-member Board of Commissioners elected by voters.

Name	Title	Term
Mike McCafferty	President	2027
James Jans	Vice Pres	2027
Eric Cederstam	Secretary	2025
Craig Ortega	Treasurer	2025
Larry Brown		2027



Vision Statement:

To provide reliable, responsive, and affordable service, ensuring that all community members have access to clean, safe, and sustainable water resources. We aim to be a trusted and transparent water provider, committed to meeting the evolving needs of our customers while protecting public health and the environment.

Mission Statement:

We are dedicated to the cost-effective operation and maintenance of a reliable and sustainable water system. Through responsible resource management, infrastructure investment, and technological innovation, we strive to deliver high-quality water services that meet the present and future needs of our customers. Our mission is to ensure the long-term viability of our water resources while fostering a healthy and thriving community.

Values:

Crystal Springs Water District is committed to upholding the following core values in all aspects of our operations:

- **Service to Our Customers:** We prioritize the needs of our customers, providing responsive, courteous, and empathetic service. We are committed to clear communication, transparency, and accountability in all our interactions.
- **Productivity:** We set measurable goals and strive for excellence in all that we do. We are committed to continuous improvement, efficiency, and innovation in the delivery of our services.
- **Financial Responsibility:** We are stewards of public resources and are committed to long-term financial sustainability. We practice fiscal responsibility, transparency, and accountability in the management of our finances.
- **Teamwork:** We foster a culture of collaboration, respect, and open communication within our organization and with our external partners. We value diverse perspectives and work together to achieve our common goals.
- **Growth and Innovation:** We embrace change and are committed to continuous learning and improvement. We seek out innovative solutions and adopt best practices to enhance the efficiency, effectiveness, and sustainability of our operations.
- **Safety:** We prioritize the safety and well-being of our employees, customers, and the community. We maintain a safe working environment and adhere to all safety regulations and standards.

Transparency: We are committed to open, honest, and fair communication with the public. We provide access to information and engage in meaningful dialogue with our stakeholders to build trust and foster a strong relationship with the community.

Hood River County At-A-Glance

Population	
Population estimates, July 1, 2025, (V2025)	23,720
Population estimates, July 1, 2024, (V2024)	**23,764**
Population estimates base, April 1, 2020, (V2025)	23,978
Population estimates base, April 1, 2020, (V2024)	23,981
Population, percent change - April 1, 2020 (estimates base) to July 1, 2025, (V2025)	-1.1%
Population, percent change - April 1, 2020 (estimates base) to July 1, 2024, (V2024)	-0.9%
Population, Census, April 1, 2020	23,977
Population, Census, April 1, 2010	22,346

Income

$48,086
Per capita income

a little higher than the amount in Oregon: $45,612

about 10 percent higher than the amount in United States: $44,673

$88,947
Median household income

about 10 percent higher than the amount in Oregon: $83,011

about 10 percent higher than the amount in United States: $80,734

Household income



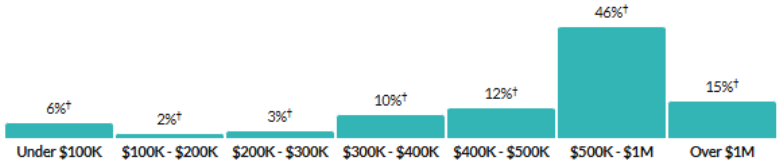
Value

$660,000
Median value of owner-occupied housing units

about 1.4 times the amount in Oregon: $477,600

about double the amount in United States: $332,700

Value of owner-occupied housing units



https://www.census.gov/quickfacts/hoodrivercountyoregon

Budget Summary

Below are comparisons of the current proposed budget compared to the prior year's budget. Variances between the years reflect Crystal Springs' response to changing external factors, as well as priorities within the organization. Discussion around each of the following highlights will be found in the body of the budget message.

Challenges

Crystal Springs Water District faces a growing number of challenges in meeting the needs of our customers. In addition to the ongoing operational pressures associated with **expansion and the maintenance of aging infrastructure**, we are also grappling with escalating **non-revenue water losses** and the increasing demand to **deliver enhanced services at reduced costs**.

- **Expansion and Aging Infrastructure:** As our service area expands and our infrastructure ages, we are encountering greater difficulties in maintaining adequate water supply and service levels. This requires significant investments in infrastructure upgrades and replacements to ensure the continued reliability and efficiency of our water system.
- **Non-Revenue Water:** Non-revenue water, which includes water lost due to leaks, theft, or metering inaccuracies, represents a substantial financial and environmental burden. We are actively implementing measures to reduce non-revenue water losses, such as advanced leak detection technologies, improved metering practices, and public awareness campaigns.
- **Increased Demand for Enhanced Services at Reduced Costs:** Customers are increasingly demanding higher quality water, improved customer service, and greater transparency, all while expecting lower rates. Balancing these competing demands requires innovative solutions and efficient resource management.

These challenges highlight the need for a proactive and adaptive approach to water management. Crystal Springs Water District is committed to investing in sustainable infrastructure, optimizing operational efficiency, and exploring innovative solutions to ensure the long-term availability and affordability of high-quality water for our customers.

Accomplishments in Current FY 2025-26

Davis Springs system (formally Odell Water Company) upgrades and will provide additional water sources to our lower portion of the district.

Construction of 900’ DIP on Bailey Rd including a creek crossing.

Replaced steel pipe on Dog River Rd. with 4,200’ of 8” DIP (Ductile Iron) and added new hydrant to increase fire protection to the area.

Replacing 10,420’ of galvanized service lines with pex pipe across the district.

SCADA (Supervisory Control and Data Acquisition) installations at critical sites. This allows us to collect data on water flows, water quality monitoring and alarm staff to issues before customers are aware of problems.

Acoustic Leak Detection pilot to assist in reducing our unaccounted water. Leaks that may have taken years to finally show up were found in weeks.

Priorities for Fiscal Year 2026-27 include:

- Baseline Rd. 2” galvanized line replacement.
- Finish installing SCADA systems at our spring. Including new security systems.
- Small Line Replacements.
- CIP 1 Dog River to Cooper Spur line installation.
- Davis springs improvements.
- Bailey Rd Upgrades.
- Reduce unaccounted water. Installation of acoustic leak detection devices.

General Fund Overview:

The proposed budget for the upcoming fiscal year totals $8,264,182.59. This represents a notable reduction of $149,179.90 when compared to the approved budget for the 2025-2026 period.

This decrease in the overall budget resources is primarily attributable to a planned reduction in one-time funding streams. Specifically, the decline is almost entirely associated with a decrease in expected loan proceeds that were previously budgeted to fund the rehabilitation of the Davis Spring infrastructure.

It is important to note that this reduction does not necessarily reflect a cut in core operating expenditures or a decline in essential services. Instead, it indicates a shift in the capital funding landscape, moving away from large-scale, debt-financed projects like the Davis Spring rehabilitation that were a major component of the prior year's budget. The proposed budget maintains a commitment to responsible fiscal management by aligning budgeted resources with the actual projected need, particularly for large capital programs that rely on external financing.

The proposed budget anticipates $ 3,310,040.38 in water sales.

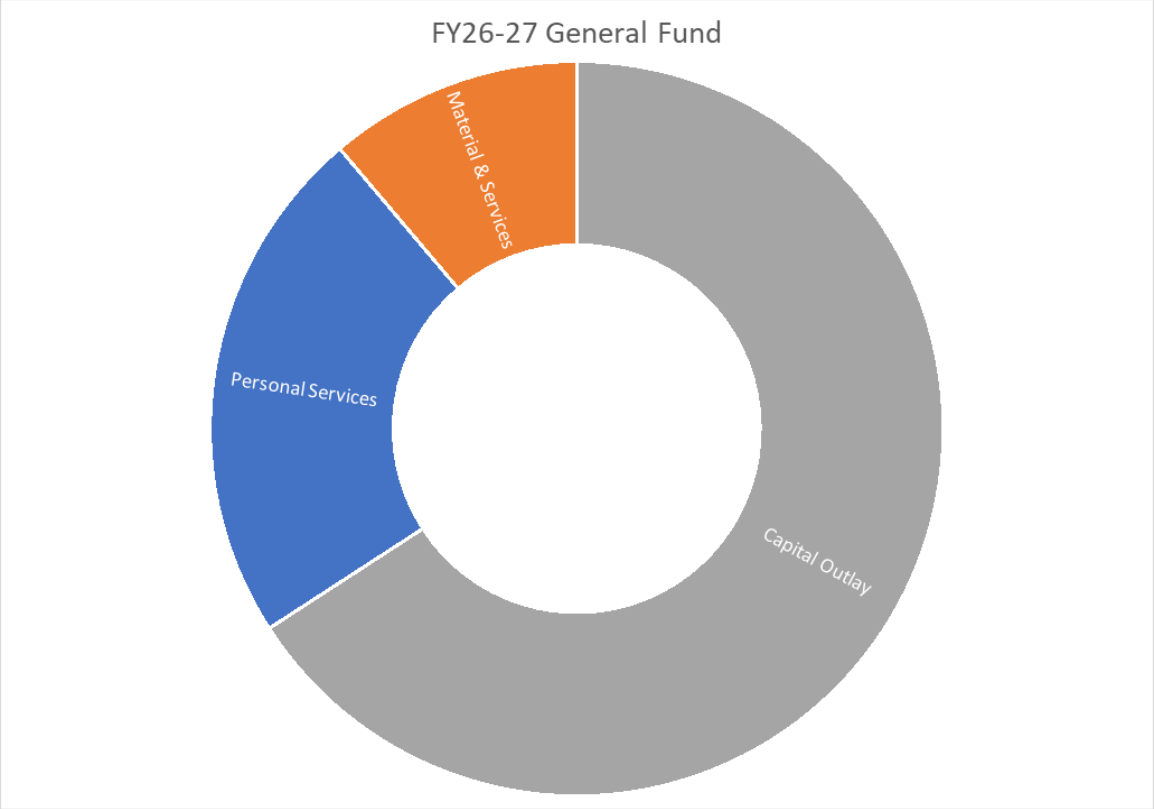
The district invests funds with the Local Government Investment Pool (LGIP). The current rate is 4.15%, down from last year’s rate of 4.8%.

Actual March 31 2026	GENERAL FUND		
Actual March 31, 2026	RESOURCES	Adopted 2025-2026	Proposed 2026-2027
$1,397,636.90	Beginning Balance	$888,000.00	$1,297,636.90
$3,581,505.31	Local Government Investment Pool (LGIP)	$3,432,521.72	$3,581,505.31
$2,517,740.30	Water Sales	$3,248,645.25	$3,310,040.38
$20,166.68	New Meters / Materials & Labor	$8,500.00	$8,500.00
$91,147.98	Interest	$165,000.00	$65,000.00
	Repair & Materials	$15,000.00	$15,000.00
$2,045.58	Miscellaneous	$1,500.00	$1,500.00
$146,055.00	Loan/Grant Proceeds	$627,981.74	$0.00
	Resources Without Funding	$7,744,166.97	$8,279,182.59
	Total Resources	$8,428,362.49	$8,279,182.59
Actual March 31 2026	EXPENDITURES	Adopted 2025-2026	Proposed 2026-2027
	Personal Services		
$520,155.74	Payroll Expenses	$828,249.34	$828,249.34
$19,080.00	Part-time	$18,000.00	$21,000.00
$25,706.51	Comp time	$35,000.00	$35,000.00
$9,888.22	Overtime	$24,000.00	$24,000.00
	Unused Vacation/sick leave	$20,000.00	$55,000.00
	Payroll Expenses		
$39,385.99	Social Security	$55,396.43	$55,396.43
$9,211.22	Medicare	$12,500.00	$13,250.00
$179,950.19	PERS	$224,700.00	$226,758.00
$232,744.80	Medical/Life/Vision	$293,448.00	$303,989.36
$4,687.71	Workers Comp Ins	$7,127.60	$7,127.60
$3,155.68	Unemployment Ins	$9,500.00	$9,500.00
$5,324.95	Clothing	$8,750.00	$8,750.00
$5,710.00	Other	$6,500.00	$6,500.00
	Total Personal Services	$1,543,171.37	$1,594,520.73

Actual March 31 2026	Materials & Services	Adopted 2025-2026	Proposed 2026-2027
$110,395.50	Repair & Maintenance Water System/Building/Reservoirs	$152,000.00	$155,952.00
$12,001.53	Vehicle/Equipment R&M	$32,000.00	$32,000.00
	Chlorinator Upgrades	$32,950.00	$0.00
	Large Meters/Meter Boxes	$0.00	$0.00
$19,233.95	Fuel	$34,940.50	$34,940.50
$2,125.29	Office Equip/Software	$9,300.00	$9,300.00
$4,314.87	Operating Supplies - Tools	$10,000.00	$10,000.00
	Operating Supplies - Miscellaneous	$10,000.00	$10,000.00
$13,916.54	Office Expense	$24,000.00	$24,000.00
$14,749.11	Postage/Billing Services	$17,500.00	$32,500.00
$8,518.08	Year Monitoring Fees Pressure Monitoring and Acoustic Sensors	$26,399.99	$26,399.99
$6,587.00	CCR Reports	$7,000.00	$7,000.00
$22,000.00	Audit	$68,000.00	$68,000.00
$20,994.35	Computer IT	$32,000.00	$32,000.00
$91,423.28	Engineer	$125,000.00	$85,000.00
$13,167.50	Legal	$15,000.00	$15,000.00
	Lead and Copper Assistance(Other FY22-23)	$15,000.00	$0.00
$865.16	Locate	$900.00	$900.00
	GIS	$18,000.00	$18,000.00
	ADA Website management	$0.00	$0.00
$29,472.00	Utilities	$49,720.00	$49,720.00
$3,185.00	Newsletters	$5,500.00	$5,500.00
$1,174.00	Billing	$7,500.00	$7,500.00
$27,681.87	Bank Fees	$31,500.00	$31,500.00
$898.27	Budget/Elections	$1,375.00	$1,375.00
$59.00	Board Mtg Expenses	$650.00	$650.00
$20,823.00	Insurance/Bond	$21,800.00	$23,108.00
$4,314.87	Rent/Lease	$12,000.00	$12,000.00
$191.94	Miscellaneous	$5,000.00	$5,000.00
$5,956.52	Training/Education	$20,000.00	$35,000.00
$1,405.00	Certification Fees	$1,650.00	$1,965.00
$1,154.80	Taxes/Licenses/Permits	$2,500.00	$2,500.00
$1,039.53	Freight	$2,500.00	$2,500.00
$5,681.99	Water Samples	$15,000.00	$15,000.00
$4,805.00	Dues	$5,950.00	$5,950.00
$15,064.57	Cost of Materials Sold	$17,500.00	$17,500.00
	Total Materials & Services	$830,135.49	$777,760.49
	Total O&M	$2,373,306.86	$2,372,281.22

Actual March 31 2026	Capital Outlay	Adopted 2025-2026	Proposed 2026-2027
$522.94	Building Improvement	$45,000.00	$45,000.00
$5,895.51	Equipment	$42,550.10	$42,550.10
	Software upgrades	$1,500.00	$98,000.00
	CIP Projects Baily Rd Phase 2	$373,067.23	$125,000.00
$79,544.75	CIP 1 Dog River(CIP Master Plan Update and Seismic Review25-26)	$95,450.00	$911,500.00
	Emergency Response Plan	$15,000.00	$15,000.00
$22,105.45	SCADA	$75,000.00	$75,000.00
	Back Up Power Project(Flow metering a micro power generationFY23-24)	$470,000.00	$470,000.00
	Auto Flushing Systems / Leak Detection Equipment	$35,000.00	$35,000.00
$28,672.06	Small Line Replacements	$70,000.00	$70,000.00
$51,961.26	Engineering for Future Projects CIP 24,26,25 (Parkdale Study FY22-23)	$55,000.00	$125,890.00
$18,857.95	Baseline Rd CIP6 (Hwy35-Cooper Spur25-26)	$175,000.00	$541,346.00
	Hilcrest Rd	$165,000.00	$165,000.00
$40,449.75	Davis Springs Repairs(West Side Reservoir/South Valley Reservoir19-23)	$885,000.00	$885,000.00
$1,408.54	New Furniture	$1,500.00	$1,500.00
	GIS Equipment	$16,500.00	$16,500.00
$12,009.98	Computer Upgrade	$15,000.00	$15,000.00
	Reserved Future CIP Projects	$2,051,182.61	$801,309.58
	Security & Safety	$135,000.00	$135,000.00
	Total Capital Outlay	$4,721,749.94	$4,573,595.68

Actual March 31 2026		Adopted 2025-2026	Proposed 2025-2026
$493,447.78	Debt Service	$745,568.21	$745,568.21
$55,000.00	Transfer to Vehicle Reserve Fund	$55,000.00	$55,000.00
	Contingency Fund	$532,737.48	$532,737.48
		$8,428,362.49	$8,279,182.59
	Expense/Revenue Budget Balance	$0.00	$0.00



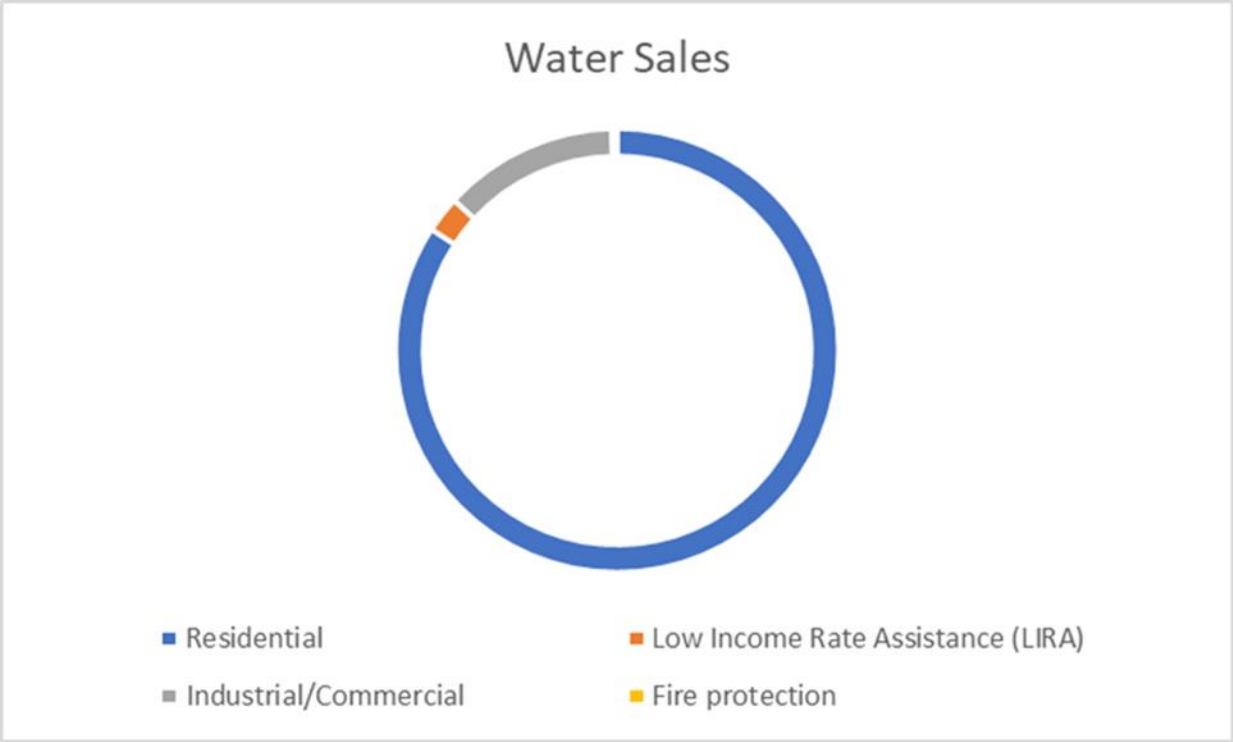


The risk of damage to roads, private property and customer inconvenience is greatly reduced by performing preventive maintenance.

Water Sales:

Sales projections were made off 2025-2026 estimated final sales.

Meter Size	Monthly Base Rate	Usage Rate
3/4" (most homes)	$ 64.60	$5.75 per 1000 gallons
1"	$ 93.30	$5.75 per 1000 gallons
1 1/2"	$ 137.50	$5.75 per 1000 gallons
2"	$ 216.00	$5.75 per 1000 gallons
3" & 4"	$ 372.75	$5.75 per 1000 gallons



Budget Message

General Fund:

GENERAL FUND	Adopted 2025-2026	Proposed 2026-2027
RESOURCES	Proposed 2024-2025	Proposed 2026-2027
Beginning Balance	$888,000.00	$1,297,636.90
Local Government Investment Pool (LGIP)	$3,432,521.72	$3,581,505.31
Water Sales	$3,248,645.25	$3,310,040.38
New Meters / Materials & Labor	$8,500.00	$8,500.00
Interest	$165,000.00	$65,000.00
Repair & Materials	$15,000.00	$15,000.00
Miscellaneous	$1,500.00	$1,500.00
Loan/Grant Proceeds	$627,981.74	$0.00
Resources Without Funding	$7,744,166.97	$8,279,182.59
Total Resources	$8,428,362.49	$8,279,182.59

Beginning Balance/Inventory

This accumulated figure represents the total funds carried forward from the conclusion of the preceding budget cycle. It is a composite amount, primarily consisting of several key financial components: firstly, any surplus or unspent operating budget from the previous fiscal year; secondly, the designated contingency reserves, which are funds set aside for unexpected expenses, emergencies, or unforeseen liabilities; and thirdly, resources that have been deliberately saved or conserved through efficient financial management and cost-reduction initiatives throughout the period. These combined resources are critical for providing a degree of financial flexibility and stability as the organization transitions into the new budget year.

LGIP

The Local Government Investment Pool (LGIP) is a centralized investment vehicle for public funds set aside for future, high-cost capital improvement projects. Its goal is to preserve and secure these public funds while achieving modest growth through pooled investment. Participating local governments benefit from professional management, diversification, economies of scale, and compliance with state regulations. The LGIP acts as a secure, liquid repository for capital reserves, enabling the financing of major infrastructure or large asset acquisitions.

2026-2027 Projected Water Sales

Residential		$2,746,490.11
Low Income Rate Assistance (LIRA)		$102,925.44
Industrial/Commercial		$448,478.08
Fire protection		$12,146.75
Total		**$3,310,040.38**

New Meter/Material & Labor

This includes inventory sold to customers for the installation of new services or for repairs due to damage.

Repair & Material

This comprises of charges caused by damage to our infrastructure by others.

Miscellaneous

Miscellaneous income is derived from sources that vary from year to year (i.e., scrap, rewards accounts).

Personal Services:

EXPENDITURES	Proposed 2024-2025	Proposed 2024-2025
Personal Services		
Payroll Expenses	$828,249.34	$828,249.34
Part-time	$18,000.00	$21,000.00
Comp time	$35,000.00	$35,000.00
Overtime	$24,000.00	$24,000.00
Unused Vacation/sick leave	$20,000.00	$55,000.00
Payroll Expenses		
Social Security	$55,396.43	$55,396.43
Medicare	$12,500.00	$13,250.00
PERS	$224,700.00	$226,758.00
Medical/Life/Vision	$293,448.00	$303,989.36
Workers Comp Ins	$7,127.60	$7,127.60
Unemployment Ins	$9,500.00	$9,500.00
Clothing	$8,750.00	$8,750.00
Other	$6,500.00	$6,500.00
Total Personal Services	$1,543,171.37	$1,594,520.73

Payroll

The district employs 8 full-time employees and 1 part-time. West Coast BOLI CPI is 2.6%.

Organization	Non-certified	Level I	Level II	Level III
Ice Fountian Water District	$25-30	$31-33	$32-44	37-46
City of Hood River	$25-29	$32-$34	$35-39	
City of The Dalles	$25-29	$29-34	$33-42	$38-44
Chenowith PUD	$22-28	$26-30	$31-35	$33-44
Rainbow Water District	$29-32	$32-38	$38-43	$41-48
Crystal Springs			$32.97/ $35.35/35.17/40.41	$35.70

As of 4/1/2025 All Systems are Level II Systems.

Part-time Labor

Part-time labor helps us not only to get projects done but they help with hydrants and valve maintenance. This coming year we will use them to help paint and maintain hydrants. Gives us full crews when full-time staff want to take vacation. Part-time laborers facilitate project completion and assist with hydrant and valve maintenance. In the upcoming year, they will contribute to hydrant painting and maintenance efforts. This provides adequate staffing levels when full-time employees take vacation. There are two strong candidates for consideration for the coming year.

PERS (Public Employee Retirement System)

PERS increases are primarily due to increases in wages.

Summary of PERS Employer Contribution Rates

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/23 - 6/30/25			Net Employer Contribution Rate 7/1/25 - 6/30/27		
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll
2571	Crystal Springs Water District	24.97%	22.95%	27.74%	26.34%	24.71%	29.98%

Medical/Life/Vision

Medical insurance premiums increased by 7% with minor changes in benefits. The rest of the increase is to anticipate changes employees may make next fiscal year.



District is liable if fire hydrants are not maintained in proper working order. Crews lube and inspect hydrants on yearly basis and keep maintenance records to prove they are in working order. The average age of our hydrants are 60 years old. Every year we have more and more fail.

Material and Services:

Materials & Services	Adopted 2025-2026	Proposed 2025-2026
Repair & Maintenance Water System/Building/Reservoirs	$152,000.00	$155,952.00
Vehicle/Equipment R&M	$32,000.00	$32,000.00
Chlorinator Upgrades	$32,950.00	$0.00
Large Meters/Meter Boxes	$0.00	$0.00
Fuel	$34,940.50	$34,940.50
Office Equip/Software	$9,300.00	$9,300.00
Operating Supplies - Tools	$10,000.00	$10,000.00
Operating Supplies - Miscellaneous	$10,000.00	$10,000.00
Office Expense	$24,000.00	$24,000.00
Postage/Billing Services	$17,500.00	$32,500.00
Year Monitoring Fees Pressure Monitoring and Acoustic Sensors	$26,399.99	$26,399.99
CCR Reports	$7,000.00	$7,000.00
Audit	$68,000.00	$68,000.00
Computer IT	$32,000.00	$32,000.00
Engineer	$125,000.00	$85,000.00
Legal	$15,000.00	$15,000.00
Lead and Copper Assistance(Other FY22-23)	$15,000.00	$0.00
Locate	$900.00	$900.00
GIS	$18,000.00	$18,000.00
ADA Website management	$0.00	$0.00
Utilities	$49,720.00	$49,720.00
Newsletters	$5,500.00	$5,500.00
Billing	$7,500.00	$7,500.00
Bank Fees	$31,500.00	$31,500.00
Budget/Elections	$1,375.00	$1,375.00
Board Mtg Expenses	$650.00	$650.00
Insurance/Bond	$21,800.00	$23,108.00
Rent/Lease	$12,000.00	$12,000.00
Miscellaneous	$5,000.00	$5,000.00
Training/Education	$20,000.00	$35,000.00
Certification Fees	$1,650.00	$1,965.00
Taxes/Licenses/Permits	$2,500.00	$2,500.00
Freight	$2,500.00	$2,500.00
Water Samples	$15,000.00	$15,000.00
Dues	$5,950.00	$5,950.00
Cost of Materials Sold	$17,500.00	$17,500.00
Total Materials & Services	$830,135.49	$777,760.49
Total O&M	$2,373,306.86	$2,372,281.22

It is extremely important that the district's distribution pipe system and reservoirs are in good repair, leaks detected, and valves operate correctly. The risk of damage to roads, private property and customer inconvenience is greatly reduced by performing preventive maintenance. By annually maintaining, inspecting, and replacing valves that fail to operate, water mains can be isolated more efficiently when a main break occurs. Community safety requires that fire hydrants are easy to find, operate when called upon by fire departments, and have the required water flow to meet demand. The district's distribution pipe system and reservoirs must be consistently maintained in good repair. This includes regular leak detection and ensures that all valves operate correctly. These practices are essential to mitigate potential damage to roads

and private property. Additionally, they play a crucial role in minimizing disruptions to customer service.

Preventive maintenance is key to reducing these risks. Annual maintenance, inspection, and replacement of faulty valves enable more efficient isolation of water mains during a break, thereby minimizing the impact of such an event.

Community safety is also paramount. Fire hydrants must be easily locatable and operational. They need to function effectively when called upon by fire departments and deliver the necessary water flow to meet the demands of firefighting efforts.

Professional Services

Engineering provides crucial support for general service work and plays a vital role in the initial stages of project development through feasibility studies. Furthermore, their expertise is essential in preparing comprehensive future funding applications, laying the groundwork for vital infrastructure improvements. Over the preceding two years, the district has experienced a notable surge in the volume and complexity of building and project applications submitted. This escalating demand places a significant strain on our existing systems, which are already operating near their maximum capacity across various functional areas. Consequently, the processing of these new applications often necessitates in-depth reviews of engineering plans and the execution of detailed hydraulic modeling to ensure compliance and system compatibility. This increased workload underscores the growing need for enhanced resources and capabilities within the engineering to effectively manage current demands and accommodate future growth.

A well-designed and robust Geographic Information System (GIS) is of paramount importance for effective future modeling and comprehensive planning initiatives. Such a system provides the capability to analyze spatial data, visualize geographic patterns, and integrate diverse datasets, thereby enabling more informed decision-making in areas such as resource management, infrastructure development, environmental conservation, and emergency response. The ability to conduct sophisticated spatial analysis and create predictive models based on geographic variables is crucial for addressing complex challenges and achieving sustainable development goals.

In the course of its operations, the Board occasionally identifies the need for specialized studies or external consulting services to gain expertise or conduct in-depth analyses on specific issues. These engagements can range from technical assessments and feasibility studies to strategic planning and policy recommendations. To accommodate the financial implications of these unforeseen yet necessary expenditures, a dedicated budget category is established. This category serves as a contingency fund to cover the costs associated with procuring these external services and ensures that the Board has the flexibility to access specialized knowledge and support when required, without disrupting other planned activities or budgetary allocations

Postage/Billing Services

The increase in this specific line item is directly attributable to the essential requirement for external assistance with utility billing operations. This support is necessary to ensure the continuous and timely processing of utility billing, particularly during periods when regular office staff are preoccupied or otherwise unable to dedicate the necessary time to these tasks. By contracting for this service, the district gains the critical capacity to manage and operate our utility billing system, as well as the preparation and mailing of physical bills.

A key benefit of this augmented staffing strategy is the estimated savings of three full days of labor. This saving is realized during those specific times when internal staff would otherwise be wholly unable to perform the comprehensive utility billing tasks themselves due to competing priorities, limited personnel availability, or other unforeseen circumstances. This investment ensures that essential administrative functions, such as customer invoicing and revenue collection, remain uninterrupted and efficient, thereby safeguarding the district's cash flow and maintaining a consistent level of service to our customers. This external support acts as a vital continuity measure, mitigating risks associated with staff absence or peak workload periods.

Monitoring Fees

Fees are for pressure monitors and acoustic sensors. These reduce staff time in the field and reduce risk do to damage created by catastrophic leaks. Realtime data helps us reduce impacts to customers and will help us address our unaccounted water loss.

Audit

The number of accounting firms in Oregon willing and able to perform municipal audits has significantly decreased in recent years. This reduction in available firms has created a considerable challenge for local governments and special districts attempting to meet their statutory financial reporting requirements. Our organization has been directly affected by this statewide trend, leading to a substantial backlog in our financial reviews.

Specifically, we are currently three years behind on our mandatory municipal audits. This deficiency not only poses a compliance risk but also hinders effective internal governance and transparency. To address this critical situation, we have successfully engaged a specialized firm that is currently working diligently to bring our audits up to date. This engagement involves reviewing multiple fiscal years simultaneously, a complex and resource-intensive undertaking. We anticipate that this firm's dedicated effort will resolve our backlog and ensure we return to a timely annual audit schedule in the near future. The long-term strategy, however, will need to address the underlying market scarcity for these specialized audit services.

Utilities

The increase in utilities is due to security/SCADA at key sites throughout the district.

Capital Outlay:

Capital Outlay	Adopted 2025-2026	Proposed 2025-2026
Building Improvement	$45,000.00	$45,000.00
Equipment	$42,550.10	$42,550.10
Software upgrades	$1,500.00	$98,000.00
CIP Projects Baily Rd Phase 2	$373,067.23	$125,000.00
CIP 1 Dog River(CIP Master Plan Update and Seismic Review25-26)	$95,450.00	$911,500.00
Emergency Response Plan	$15,000.00	$15,000.00
SCADA	$75,000.00	$75,000.00
Back Up Power Project(Flow metering a micro power generationFY23-24)	$470,000.00	$470,000.00
Auto Flushing Systems / Leak Detection Equipment	$35,000.00	$35,000.00
Small Line Replacements	$70,000.00	$70,000.00
Engineering for Future Projects CIP 24,26,25 (Parkdale Study FY22-23)	$55,000.00	$125,890.00
Baseline Rd CIP6 (Hwy35-Cooper Spur25-26)	$175,000.00	$541,346.00
Hilcrest Rd	$165,000.00	$165,000.00
Davis Springs Repairs(West Side Reservoir/South Valley Reservoir19-23)	$885,000.00	$885,000.00
New Furniture	$1,500.00	$1,500.00
GIS Equipment	$16,500.00	$16,500.00
Computer Upgrade	$15,000.00	$15,000.00
Reserved Future CIP Projects	$2,051,182.61	$801,309.58
Security & Safety	$135,000.00	$135,000.00
Total Capital Outlay	$4,721,749.94	$4,573,595.68

SCADA

SCADA stands for "Supervisory Control and Data Acquisition." The SCADA system is essentially a distributed computer system that is used by operations and management for process monitoring. With two new reservoirs and four existing reservoirs, we need to plan on a uniform way to monitor and control water levels. This system will also provide us with real-time chlorine residual monitoring and other water quality data. We have 80% of our system reporting back to our SCADA and we need to finish so all major systems are reporting in.

SCADA will become required for all systems by the EPA over the next 10 years. The data SCADA can provide in emergency situations is extremely valuable. The district is in the process of finishing phase I of SCADA implementation. This year will include expanding systems to OWC assets, flushing and pressure sensors.

Small Line Replacement Program

Service lines, the smaller diameter pipes connecting the water mains to individual customer meters, represent a critical area of focus for the district due to their significant contribution to both dirty water incidents and low water pressure complaints reported by our customers. Furthermore, these aging service lines are responsible for a substantial portion of the unaccounted-for water loss within our distribution system, representing a considerable operational inefficiency and financial burden. The district currently manages an estimated 100,000 linear feet of these service lines, a significant portion of which are now exceeding their typical 50-year service life by two decades or more. Recognizing the increasing frequency of failures and the associated water

quality and loss issues, the district has implemented a proactive replacement program, currently averaging approximately 12,000 linear feet of service line replacements annually. This ongoing effort aims to systematically address the aging infrastructure, improve water quality delivery to our customers, and reduce the amount of non-revenue water within the system. Continued investment in and prioritization of this program is essential to maintaining a reliable and efficient water distribution network.

Phase 2 Baily Rd Project:



Phase 1 Baseline Rd.

During the 2025-2026 budget cycle, the District successfully completed a initial phase of the Bailey Road water line extension project. This phase involved the installation of 900 linear feet of 8-inch diameter Ductile Iron (DI) pipe, along the designated route on Bailey Road. This initial installation also included the placement of one new fire hydrant to enhance local fire suppression capabilities and increase public safety.

However, the completion of the entire planned extension has been temporarily delayed. The original project scope included an additional 980 linear feet of piping required to connect the system and create a critical water loop. Unfortunately, a boundary dispute involving a key parcel of private property necessary for the final phase of the installation prevented us from laying the remaining pipe as scheduled.

We are actively working to resolve this issue. The property in question is currently in the process of being sold, which presents a clear pathway for resolution. Concurrently, the District is in the process of obtaining the necessary permanent utility easements from the current and prospective landowners. Successfully securing these easements is the final hurdle to restarting construction.

Once the property transaction is finalized and the easements are officially obtained, the district will immediately mobilize to finalize the installation of the remaining 980 feet of pipe. Completing

this final segment is crucial, as it will connect the new line to the existing infrastructure, thereby creating a vital looped water system. This looped system is a significant operational improvement, provide greater redundancy and reliability in the event of a main break, and prove overall system capacity for current and future water demands.



Back UP Power for Critical Infrastructure



Typical Natural gas backup power for pumpstation.

The increasing frequency of power outages poses a significant threat to essential services, particularly fire protection. Pump stations, critical for maintaining adequate water pressure for firefighting efforts, must have an uninterrupted power supply to function effectively. The water district's current operational procedure involves renting and temporarily deploying generators on an as-needed basis during power disruptions. However, this reactive approach presents several challenges. The availability of rental generators, especially during widespread emergencies or prolonged outages, is often limited and unreliable. Logistical hurdles associated with transporting, installing, and fueling rental units can lead to critical delays in restoring power to pump stations. Furthermore, the costs associated with repeated generator rentals can accumulate substantially overtime, representing an inefficient allocation of resources. A more proactive and resilient solution is necessary to ensure the consistent operation of fire protection pump stations and safeguard the community during power emergencies.

Estimated Electrical Construction Cost (CSWD Office Station)

Item #	Mark	Description	Quantity	Units	Material Unit Cost	Labor Unit Cost	*Combined Unit Cost with Overhead and Profit	Total $
		Site: CSWD Office Station						
1		200-Amp Panelboards 1-Phase	1	EA	$1,811.25	$954.50	$4,285.00	$4,285
2		30kW single phase Generator	1	EA	$35,280.00	$5,600.00	$59,010.00	$59,010
3		100 Amps ATS, 3-Poles, 1-Phase	1	EA	$6,500.00	$3,200.00	$14,940.00	$14,940
		Feeders						
1		60-Amp Feeder, 1 Phase	25	LF	$8.49	$7.13	$30.00	$750
2		20-Amp Feeder, 1 Phase	25	LF	$2.56	$3.52	$15.00	$375
3		100-Amp Feeder, 1 Phase	20	LF	$12.45	$9.53	$35.00	$700
4		100-Amp Feeder, 1 Phase	20	LF	$12.45	$9.53	$35.00	$700
5		100-Amp Feeder, 1 Phase	25	LF	$12.45	$9.53	$35.00	$875
							Sub-Total	**$81,635**
							30% Contingency	**$24,491**
							Total	**$106,126**

* - 10% material profit, 50% labor overhead and profit, 10% equipment overhead and profit

Estimated Electrical Construction Cost (Odell Pump Station)

Item #	Mark	Description	Quantity	Units	Material Unit Cost	Labor Unit Cost	*Combined Unit Cost with Overhead and Profit	Total $
		Site: Odell Pump Station						
1		80kW 3-phase Generator	1	EA	$45,800.00	$7,500.00	$77,040.00	$77,040
2		250 Amps, Service rated 3-Poles ATS	1	EA	$8,600.00	$3,900.00	$19,140.00	$19,140
		Feeders						
1		250-Amp Feeder, 3 Phase	40	LF	$45.60	$28.52	$120.00	$4,800
2		250-Amp Feeder, 3 Phase	25	LF	$45.60	$28.52	$120.00	$3,000
3		250-Amp Feeder, 3 Phase	20	LF	$45.60	$28.52	$120.00	$2,400
							Sub-Total	**$106,380**
							30% Contingency	**$31,914**
							Total	**$138,294**

* - 10% material profit, 50% labor overhead and profit, 10% equipment overhead and profit

Estimated Electrical Construction Cost (Pine Crest Pump Station)

Item #	Mark	Description	Quantity	Units	Material Unit Cost	Labor Unit Cost	*Combined Unit Cost with Overhead and Profit	Total $
		Site: Pine Crest Pump Station						
1		60kW single phase Generator	1	EA	$38,500.00	$6,800.00	$65,690.00	$65,690
2		400 Amps, 2-Poles ATS	1		$10,500.00	$3,900.00	$21,750.00	$21,750
		Feeders						
1		200-Amp Feeder, 1 Phase	35	LF	$36.48	$20.42	$90.00	$3,150
2		400-Amp Feeder, 1 Phase	25	LF	$72.96	$40.83	$180.00	$4,500
3		400-Amp Feeder, 3 Phase	25	LF	$72.96	$40.83	$180.00	$4,500
							Sub-Total	**$99,590**
							30% Contingency	**$29,877**
							Total	**$129,467**

* - 10% material profit, 50% labor overhead and profit, 10% equipment overhead and profit

Estimated Electrical Construction Cost (Crystal Springs Source Station)

Item #	Mark	Description	Quantity	Units	Material Unit Cost	Labor Unit Cost	*Combined Unit Cost with Overhead and Profit	Total $
		Site: Crystal Springs Source Station						
1		10kW Single Phase Generator	1	EA	$30,890.00	$4,300.00	$50,540.00	$50,540
		100 Amps, 3-Poles ATS, 1-Phase	1	EA	$6,500.00	$3,200.00	$14,940.00	$14,940
		100-Amp Panelboards 1- Phase	1	EA	$1,250.00	$850.00	$3,315.00	$3,315
		100 Amps Circuit Breaker, 1-Phase	1	EA	$455.00	$200.00	$1,005.00	$1,005
		Feeders						
1		40-Amp Feeder, 1 Phase	40	LF	$7.30	$4.08	$20.00	$800
2		100-Amp Feeder, 1 Phase	22	LF	$12.45	$9.53	$35.00	$770
3		100-Amp Feeder, 3 Phase	22	LF	$12.45	$9.53	$35.00	$770
							Sub-Total	**$72,140**
							30% Contingency	**$21,642**
							Total	**$93,782**

* - 10% material profit, 50% labor overhead and profit, 10% equipment overhead and profit

Auto Flushing Stations

EPA is considering stronger rules on the maintenance of dead-end mains. Currently it takes our crews four to five days to flush all our dead-end mains on a quarterly basis. The EPA is considering new sampling programs for systems that do not have flushing programs. Due to the time it takes and potential new rules I'm looking to install auto flushing stations on at least the most critical mains.

Table 4
Summary of water quality problems associated with water age

Chemical issues	Biological issues	Physical issues
*Disinfection by-product Formation	*Disinfection by-product Biodegradation	Temperature increases
Disinfectant decay	*Nitrification	Sediment Deposition
*Corrosion control effectiveness	*Microbial regrowth / recovery / shielding	Color
Taste and odor	Taste and odor	

* Denotes water quality problem with direct potential public health impact.

EPA manual on Effects of Water Age on Distribution System Water Quality

Odell Source Improvements

The current spring cap dates back to a hasty installation in 1942, an expedient measure undertaken at the very beginning of World War II. Given its age and the conditions under which it was originally placed, this antiquated cap no longer meets modern standards for water safety and security. To uphold our commitment to providing the safest, highest-quality water possible to our residents, the complete replacement of this cap is essential.

This modernization project has been complex, requiring extensive preparatory work. Over the past year, we have diligently navigated the rigorous process of securing all necessary permitting, with a significant focus on obtaining the required wetland permits to ensure environmental compliance while moving this vital infrastructure project forward. This groundwork is now complete, positioning us to proceed with the cap replacement and secure the long-term purity of our spring water source.

Acoustic Leak Monitoring Systems

The EchoShore®-DX leak monitoring system improves water service by detecting emerging leaks and preventing damage from catastrophic leaks on surrounding infrastructure. Each leak monitoring sensor is integrated into the network and connected to the water distribution system in hydrants, valve boxes, fire hydrants, and air release valves. The sensor and signal processing system enables early detection of leaks and quick intervention. A rapid response results in savings from reduced water loss as leaks will be found earlier and further reducing the risk of damage to surrounding infrastructure. Leaks are automatically identified every day. The acoustic sensitivity of the system, combined with advanced signal processing algorithms, minimizes false positive leak warnings. The system's data analysis and reporting software is entirely web-based for easy access and improved customer support.

Security & Safety

The district is proactively leveraging new fiber optic infrastructure to significantly enhance operational security and efficiency across critical sites. The installation of networked security cameras and surveillance systems is underway, providing comprehensive, real-time monitoring capabilities. This upgrade is paramount for protecting vital assets and infrastructure.

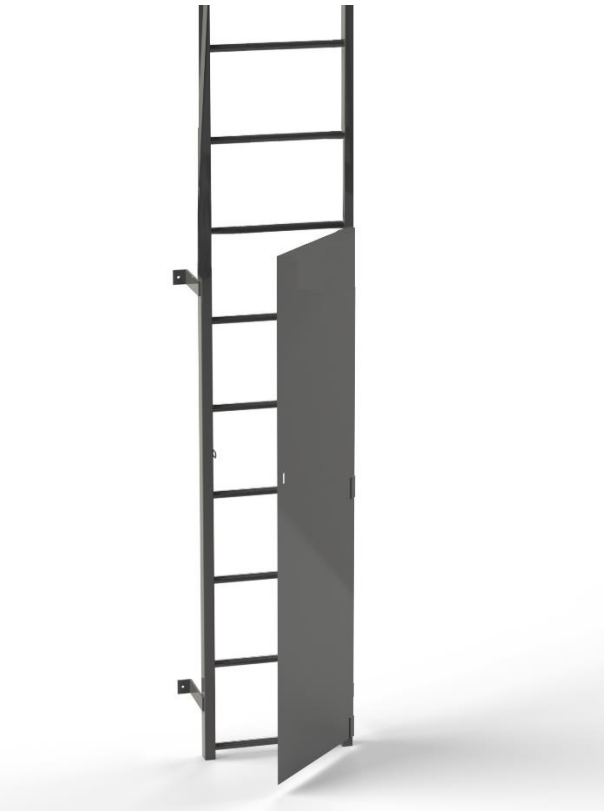
Furthermore, the integration of fiber optics has substantially improved communication reliability and speed for the Supervisory Control and Data Acquisition (SCADA) systems. This enhanced connectivity is crucial for remote monitoring, control, and rapid response to operational issues, contributing to the overall stability and performance of the water system.

In a concurrent effort to elevate safety standards, a thorough site assessment was conducted in collaboration with the district's insurance representatives. This comprehensive review resulted in a prioritized list of essential safety upgrades. Key recommendations identified during this process are now being addressed.

A critical safety measure is the implementation of lockable ladder access doors across relevant facilities. This upgrade directly addresses security concerns and prevents unauthorized access to elevated or contained areas, thereby minimizing liability and protecting personnel and infrastructure.

Additionally, a significant number of existing vault lids have been identified as structurally compromised or no longer compliant with current safety regulations for confined space entry. To

rectify this and ensure worker safety, the district plans to replace these unsafe lids with new, standardized models featuring larger openings. This essential modification will facilitate safer and more efficient confined space entry and exit procedures, reducing risk during maintenance and inspection activities.



Besides fencing around our reservoirs, we would install lockable doors on our ladders to reduce chances of anyone accessing our tanks

Software Updates

Currently, the district operates with three distinct and non-integrated software systems for managing core functions: utility billing, financial accounting, and work order management. This siloed approach creates significant operational hurdles and inefficiencies.

Data Redundancy and Manual Transfer: Because these systems are not linked, critical data—such as customer information, payment records, and work order costs—must be manually transferred between all three platforms. This hand-transfer process is not only time-consuming and labor-intensive but also introduces a high risk of human error, leading to potential inaccuracies in financial reports and customer billing.

Auditing and Reporting Difficulties: The lack of integration severely complicates the auditing process. When auditors request a comprehensive review of district operations, staff must print separate reports from each of the three different software systems. These reports are often in

disparate formats, making a unified, coherent review challenging and confusing for both the district staff and the auditors.

High Cost and Delays for Custom Reporting: Obtaining specialized or non-standard reports is a costly and slow process. The district is currently required to contract separately with each software vendor for custom reporting requests. This results in unpredictable costs and unacceptable waiting periods, sometimes lasting weeks, before the necessary data becomes available. For instance, our auditing firm recently required several unique reports that could only be furnished by engaging outside help from our software providers, further highlighting the system's limitations.

Based on the challenges outlined above, and upon the recommendation of our external auditing firm, the district has been actively evaluating the Spring Brook platform. Initial demonstrations confirm that this single, integrated system offers substantial advantages that will fundamentally improve the district's operational efficiency and financial accuracy.

Key Benefits of the Spring Brook Platform:

1. **Cloud-Based Architecture:** The Spring Brook platform is entirely cloud-based. This eliminates the district's dependency on a robust, costly, and high-maintenance physical server to host the software. The transition to the cloud will reduce IT infrastructure costs and ensure higher accessibility and reliability.
2. **Simplified Maintenance and Updates:** Currently, software patches and updates must be scheduled during periods when staff are present, and these updates often result in hours of system downtime. With the cloud-based Spring Brook system, installations of patches, updates, and major version upgrades can be performed seamlessly by the vendor at any time, minimizing disruption to daily operations.
3. **Enhanced Customer Billing Capabilities:** The system will allow for the efficient and accurate billing of secondary charges, such as parts used for repairs and System Development Charge (SDC) fees, directly through the normal utility billing process. This consolidation will benefit the district's customers by providing clear, comprehensive invoices.

Guaranteed Data Accuracy and Faster Reporting: The most critical advantage is the complete integration of utility billing directly into the financial software. This single source of truth for all financial data will automatically ensure that customer payments, utility revenues, and associated fees are accurately reflected in the general ledger. This integration will dramatically accelerate the creation of financial reports, eliminate the current need for manual data reconciliation, and guarantee the accuracy of all reported financial information for board review, management, and regulatory compliance.

Planning for Future Projects

Currently, we have three projects that have reached the 60% completion mark in their design phase. The remaining 40% of the design work for these three projects is scheduled to be finalized within the fiscal year 2025-2026. A recent observation regarding our funding acquisition process indicates that securing approval for the last several funding packages was protracted due to the extended timelines associated with the completion of the design work for the corresponding projects. Completing the design phase fully would mean that when the time arrives for actual construction, only relatively minor adjustments, if any, would be necessary. Possessing a portfolio of "shovel-ready" projects, characterized by fully completed designs and all preliminary approvals, could potentially unlock significant opportunities for securing future funding packages, as these projects would be in an immediate state of readiness for implementation upon the allocation of funds, making them highly attractive to funding agencies seeking swift and impactful project execution.



Projects will require significant road restoration like Neal Creek Rd Project featured on the left.

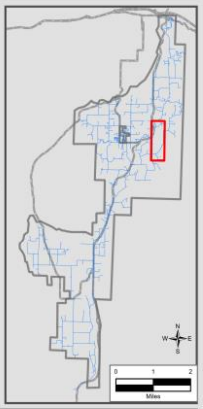
CIP 24: Neal Creek Road and Thomsen Road Water Line Replacement

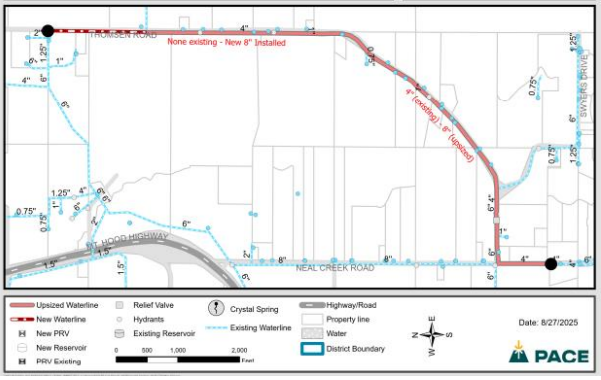
Project Cost: $3,100,000

Project Priority: Medium

Project Description

Beginning on Neal Creek Road, approximately 9,800 ft of 8-in water line will be installed, upsizing existing 4-in lines and providing a new route for water to flow on Thomsen Road. The waterline will end on Thomsen Road approximately 2,000 ft south of Fir Mountain Road, will install a new pipe in an area with known leaks, and will improve fire flows, distribution capacity, and redundancy within the Odell Pressure Zone.





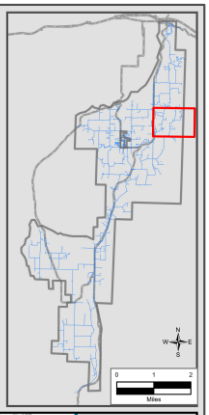
CIP 25: Fir Mountain Road and Wells Drive Water Line Replacement

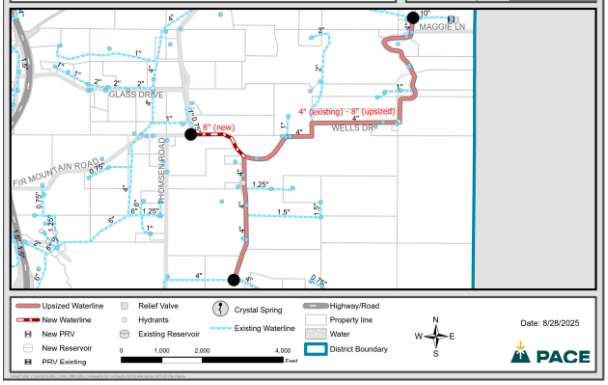
Project Cost: $3,200,000

Project Priority: Medium

Project Description

Starting on Fir Mountain Road, approximately 10,900 ft of 8-in water line will be installed, upsizing existing 4-in lines and providing new ways for water to reach Eastside Road via Fir Mountain Road. The replacement will start roughly 3,000 ft south of the intersection of Fir Mountain Road and Wells Drive and will end at two locations: the intersection of Fir Mountain Road and Eastside Road and at the existing 10-in water line that crosses Wells Drive from the Pine Grove Reservoir. The completion of this project will improve fire flows, distribution capacity, and redundancy within the Odell Pressure Zone and will install a new pipe in an area with known leaks.





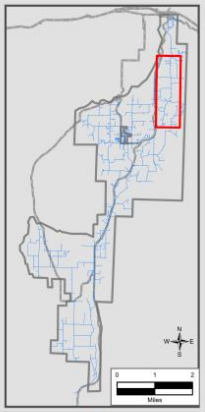
CIP 26: Thomsen Road and Eastside Road Water Line Replacement

Project Cost: $6,300,000

Project Priority: High

Project Description

Starting on Thomsen Road at the end of approximately 2,000 ft south of Fir Mountain Road, this project will install approximately 20,000 ft of 8-in water line, upsizing existing 4-in lines and adding new 8-in routes along Eastside Road and its intersections with other roads. The project will end at the intersection of Old Dalles Road and Hidden Oaks Drive, will install a new pipe in an area with known leaks, and provide improved fire flows, distribution capacity, and redundancy within the Odell Pressure Zone.







Cost estimates list on this page are from 2025 Master Plan. Project 26 is estimated to have increase to around $6million.

We have funds set aside in this budget to start saving for construction of 26 in 2026-2027 budget.

Baseline Rd CIP 6:

This necessary replacement project is fully aligned with the district's current Master Plan, specifically Capital Improvement Project (CP) 6. The comprehensive Master Plan outlines the eventual replacement of this pipeline with a 12-inch Ductile Iron Pipe (DIP) extending all the way to the Cooper Spur intersection.

Due to funding and immediate infrastructure needs, the current plan is to execute the replacement in phases. This initial phase will involve the replacement of the entire 2-inch galvanized pipe section. This new main will then tie into an existing 6-inch pipe located at Evans Creek.

The successful execution of this project is anticipated to yield several significant benefits for the service area and the system as a whole:

Dramatically Increased Fire Protection: The upgrade from a 2-inch to a larger diameter pipe will substantially increase the available water flow and pressure. This is a critical enhancement that will dramatically improve fire suppression capabilities and protection for all properties within the area.

System Reliability and Reduction of Service Interruptions: Replacing the failing, corrosion-prone galvanized pipe will eliminate the chronic issue of frequent leaks, repairs, and service interruptions, leading to a much more reliable water supply for residents.

Increased Global Volume and System Performance: The larger diameter pipe will increase the overall water volume capacity flowing through this section of the system. This not only benefits the immediate area but also contributes to better pressure and performance across the wider network.

Long-Term Cost Savings: By replacing the failing infrastructure now, the district will eliminate the escalating costs associated with emergency leak detection, constant repair work, and the wasted water from system losses.



Baseline Rd Project

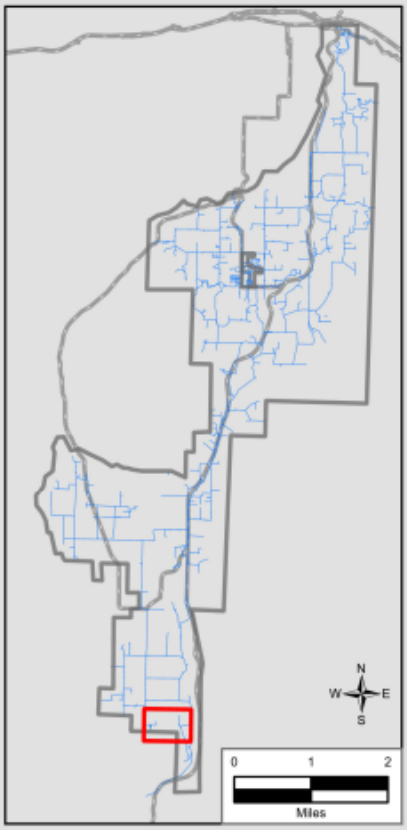
CIP 1: Dog River Road to Cooper Spur Road

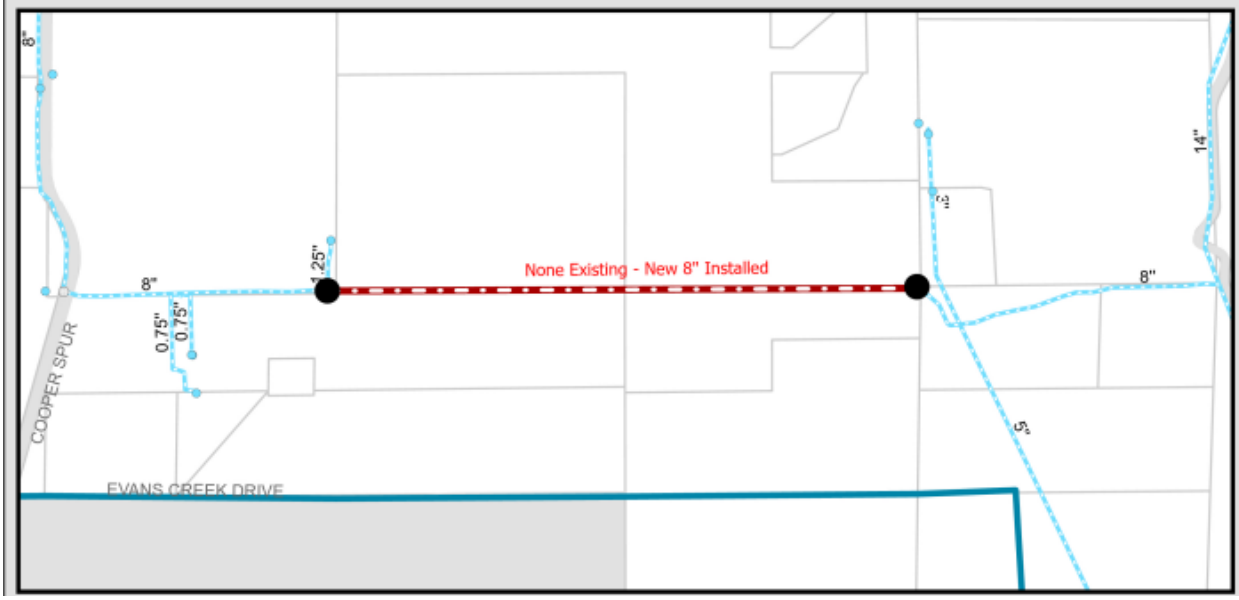
Project Cost: $1,261,500

Project Priority: High

Project Description

Approximately 2,900 ft of new 8-in water line will be installed, starting just east of Cooper Spur Road and ending at the 8-in water line that comes off of Dog River Road. The new water line will run west from the new 8-in near the old 5-in line to the existing 8-in line that comes off of Cooper Spur Road, provide redundancy in the south part of the District, increase distribution capacity, and improve fire flows.





.	25-26	26-27
Debt Service	$745,568.21	$745,568.21
Transfer to Vehicle Reserve Fund	$55,000.00	$55,000.00
Contingency Fund	$532,737.48	$532,737.48
	$8,428,362.49	$8,279,182.59
Expense/Revenue Budget Balance	$0.00	$0.00

Transfers:

The proceeds of the IFA (Oregon Revolving Fund) Loan will be transferred into our LGIP account when reimbursements are made, then transferred into general funds to be spent on the actual cost associated with construction.

The Vehicle Reserve fund will include a transfer of $55,000.00 from the general fund.

Contingency Reserve:

The district has a contingency reserve of $535,737.48. Contingency reserves are to cover unforeseen costs to the district.

Debt Service:

For 2025-2026 there will be four separate loan payments due.

2025-2026 Debt Service:

Umpqua (Columbia River Bank) 2015: $40,850.76

Loan for the construction of the new office in 2015.

Mid-Valley Reservoir (Westside): $364,968.00

Loan for 13,000’ of mainline and 570,000-gallon reservoir.

South Reservoir: $269,956.00

Loan for 1,700’ mainline and 870,000-gallon reservoir.

Odell Consolidation and Spring Repairs: $69,793.45

Purchase of Odell Water Company and then repairs to spring.

Total Debt Service 2025-2026: $745,568.21

System Development Fund:

System Development Fees

Meter Size	Current Fee
5/8" x 3/4" meter	$15,594
3/4" x 3/4" meter	$15,594
1" meter	$38,996
1 1/2" meter	$77,971
2" meter	$124,753
3" meter	$389,854
4" meter	$389,854

SDC Resources		25-26	26-27
Beginning Balance		$263,066.57	$526,743.22
LGIP		$1,260,000.00	$1,260,000.00
Due to/Due From		$61,332.00	$61,332.00
Interest		$32,125.00	$32.57
SDC FEES		$311,880.00	$77,970.00
Total Resources		**$1,928,403.57**	**$1,926,077.79**
Expenditures			
Water Rights Certification		$35,000.00	$56,590.00
Baseline			$1,053,654.00
Neal Creek			
Reserve for Future CIP		$1,593,403.57	$15,833.79
Watershed Enhancements /Fire Prevention		$0.00	
Dog River to Cooper Spur		$100,000.00	$350,000.00
Davis Springs Upgrade/Interties		$200,000.00	$450,000.00
South Valley Res			
Total		**$1,928,403.57**	**$1,926,077.79**
Balance		$0.00	**$0.00**

SDC funds are comprised of restricted funds that projects must qualify for before funds can be expended.

This budget year we foresee 5 new ¾” services being applied for. This will result in $77,970 of revenue for this fund.

Davis Springs Repairs:



Davis Springs



Left: Current collection system that needs replaced.

Water Right Certification

Our organization faces a crucial decision regarding the renewal of our existing water right permit, which is currently set to expire in 2028. This upcoming process is projected to be far from routine and carries the potential for significant administrative and legal complexities that could span multiple years if we proceed with a standard renewal.

This specific permit authorizes the use of 2.65 cubic feet per second (cfs) of water for domestic use. Unlike the process we undertook for the certification of our municipal water right, which was comparatively straightforward, the renewal of this domestic-use permit is considerably more challenging. The current regulatory environment and the nature of the permit itself present a high risk of protracted legal and bureaucratic entanglement.

Expert Recommendation: Seek Certification Instead of Renewal

In light of these potential complications, we have engaged with experts specializing in water rights and regulatory compliance. Their unanimous recommendation is that we should seek to have this right certified rather than pursuing a standard renewal. Certification, while an initial undertaking, offers a definitive solution that will secure the right's status long-term.

The Certification Trade-Off

It is important to acknowledge the primary drawback of pursuing certification: it will unfortunately necessitate the loss of a small, minor portion of the current 2.65 cfs entitlement. The experts have advised that this slight reduction is a necessary trade-off to achieve the long-term stability and security offered by certification.

Long-Term Stability and Security

The paramount benefit of achieving certification is that, once completed, we will no longer be subject to the complicated, costly, and time-consuming renewal process in perpetuity. Certification establishes the water right as a vested, permanent entitlement, removing the recurrent administrative burden and the risk associated with every future renewal cycle. This move is essential for ensuring the long-term, uninterrupted supply of water for domestic use without the uncertainty posed by future regulatory reviews.

Baseline & Dog River Projects

The Baseline Road and Dog River Road projects have been determined to be eligible for System Development Charge (SDC) funding. This eligibility stems directly from the fact that both projects demonstrably increase the overall capacity of the infrastructure, a key criterion for SDC expenditure. To accurately calculate the proportional amount of SDC funds that can be legally and appropriately applied to these projects, I utilized the comprehensive 2017 SDC Update prepared by FCS Group. This specific report provided the necessary methodology and data to establish the percentage of SDC funds that are justifiable for use, ensuring compliance with relevant regulations governing the application of these capital improvement fees.

Davis Spring Rehabilitation:

The current scope of work focuses on completing all necessary repairs and upgrades entirely within the designated wetlands area. However, it is important to acknowledge that the initial funding allocation may not cover all future eventualities. Specifically, additional funds may be required after the final design phase is completed and a more accurate cost estimate is established.

A key objective of this project is to maximize the utilization and transfer capacity of water from the Davis Springs source to the Crystal Springs portion of the overall water system. To achieve this critical enhancement, the project necessitates the design and construction of supplementary intertie vaults. These new intertie points are essential for optimizing flow and ensuring system resiliency.

Furthermore, a strategic financial plan is in place regarding the project budget. Any funds that are allocated for the current repairs but ultimately remain unspent—meaning, funds not required for the immediate remediation work—will be strategically re-allocated. These residual funds will be dedicated to developing and implementing the comprehensive intertie plan, thereby funding the design and construction of the vital additional intertie vaults needed for system optimization. This approach ensures that all capital is used effectively to improve the long-term functionality and capacity of the water distribution network.

Vehicle Reserve Funds:

To ensure the long-term sustainability and operational integrity of the district's infrastructure, it is imperative to establish a capital asset replacement fund. This fund is specifically designed to cover the future replacement costs of critical, high-value assets beyond the regular maintenance budget.

In order to adequately address the upcoming, and inevitable, replacement cycles for essential district assets—including but not limited to aging water distribution pumps, telemetry system components, and key vehicle fleet units—a significant and immediate allocation is required.

Therefore, a transfer of $55,000 is necessary to initiate and build the necessary reserves within this fund. This strategic allocation will provide a financial buffer, allowing the district to manage anticipated asset failures and scheduled end-of-life replacements without relying on emergency appropriations or incurring unexpected debt, thereby stabilizing future budget cycles.

Planned Fleet Replacements

As part of the district's continuous effort to maintain an efficient and reliable service fleet, the purchase of two replacement work trucks has been prioritized for the current fiscal cycle. These vehicles are essential tools for daily operations, including infrastructure inspections, maintenance, and emergency response.

The planned acquisitions include:

1. 1-Ton Heavy-Duty Work Truck: This vehicle will be a crucial addition to the maintenance team, equipped with a specialized work box for carrying heavy tools, spare parts, and essential equipment. Its 1-ton capacity is required for towing heavy equipment and carrying materials necessary for significant repair and construction projects. This truck will be the primary response unit for complex infrastructure repairs.
2. District Superintendent's Vehicle: A second, smaller truck will be purchased for the exclusive use of the District Superintendent. This vehicle is required to provide the Superintendent with reliable and responsive transportation for site visits, inter-agency meetings, oversight of field operations, and timely response to critical incidents across the district's service area. The emphasis for this purchase is on operational efficiency, reliability, and appropriate capacity for administrative oversight duties.

Vehicle & Equipment Reserve			**2025-2026**		**2026-2027**
Beginning Balance			$155,055.31		$165,055.33
Transfers General Fund			$10,000.00		$55,000.00
Total Resources			$165,055.31		$220,055.33
Expenditures:					
Truck Purchase			$0.00		$120,000.00
Reserved for Future			$165,055.31		$100,055.33
Total Expenditures			$165,055.31		$220,055.33
Reserved for Future					
Fund Balance			$0.00		$0.00