

# **OWW UNIT 2 SANITARY DISTRICT**

55841 SWAN RD, BEND OR 97707

## **FISCAL YEAR 2026 – 2027 BUDGET**

### **BOARD OF DIRECTORS**

Jerry Preston  
Dan DeHaven  
James Teel  
Rick Wiser

### **BUDGET COMMITTEE**

Stan Porter

### **BUDGET OFFICERS**

Elisa Davis  
Rick Durham

# **FISCAL YEAR 2026 - 2027 BUDGET CALENDAR**

- |   |                                   |
|---|-----------------------------------|
| 1. Appoint Budget Officer                     | January 15, 2026                  |
| 2. Appoint Budget Committee Members           | March 19, 2026                    |
| 3. Prepare Proposed Budget                    | April 21, 2026                    |
| 4. Publish Notice of Budget Committee Meeting | May 4, 2026                       |
| 5. Budget Committee Meets                     | May 21, 2026<br>Time: 11:00 a.m.  |
| 6. Publish Hearing Notice                     | June 2, 2026                      |
| 7. Hold Budget Hearing and Approve Budget     | June 18, 2026<br>Time: 10:00 a.m. |
| 8. Enact Resolutions and Adopt Budget         | June 18, 2026                     |
| 9. Submit Budget to Assessor                  | July 15, 2026 *                   |

***Each meeting will be used to approve the budget for fiscal year 2026-2027***

\* Dates set by law

# **FISCAL YEAR 2026 – 2027**

## **BUDGET MESSAGE**

Presented for your information is the proposed Oregon Water Wonderland Unit II Sanitary District budget for Fiscal Year 2026 - 2027. The budget was prepared in accordance with State budget laws and uses a modified accrual basis of accounting, which is a combination of cash basis and full accrual basis for estimates and budgets. All funds within the budget are balanced, and all revenues and expenditures are identified.

FORM LB-11 – The Capital Reserve Fund was established on April 16, 2015, for the purpose of accumulating reserve funds for the purchase, repair, and renovation of District systems, facilities, and equipment. The fund was renewed by District Resolution No. 25-02 on May 15, 2025, to continue for another 10-year period. Currently, we plan to purchase additional Airvac Radio Units and remove and repave the existing asphalt, which has been deteriorating for nearly 20 years. We also intend to add \$30,000.00 to this account.

FORM LB-20 – The primary sources of revenue for the Oregon Water Wonderland Unit II Sanitary District are user fees and System Development Charges (SDCs). The district currently has 908 connected users and 79 empty lots. We have experienced a decrease in new connections over the past couple of years and have budgeted for only four new connections, as we do not anticipate significant development at this time.

Following a recent review by S&P Global Ratings, the district's credit rating was downgraded from A to BBB+, and the outlook was revised from stable to negative. The downgrade reflected concerns about utility's financial condition. Additionally, S&P indicated that the rating could be further lowered over the next two years if the district does not implement increases to monthly rates.

Over the past five years, the district has been impacted by increased costs from vendors and service providers, which we have absorbed without raising rates. However, the district will need to increase rates moving forward. During the bond refunding process, we indicated that we would maintain annual rate increases at approximately 2% if necessary, and we have not implemented those increases to date. Increasing the monthly rate from \$74.00 to \$80.00 would align with that 2% annual increase target.

FORM LB-30 – Personnel Services - There was a decrease in employee wages due to staffing changes. Health insurance costs increased significantly due to rising healthcare expenses. Overall, this category remains at a reasonable level.

- ~ Materials & Services – This area was challenging in terms of keeping increases to a minimum. Over the past few years, the district has experienced annual vendor increases of 2–3%, and that trend continues to impact us. We planned adjustments in certain areas, such as gas and diesel, while decreasing costs in other areas where items have already been addressed and are in good working order. Our current fiscal year has been significantly impacted as we worked to address deferred maintenance and operational needs. Overall, we anticipate a substantial decrease compared to the current fiscal year.
- ~ Capital Outlay – The driveway into the facility was not repaired during the last couple of budget cycles. Other items arose, and mechanical repairs became the priority. With the Airvac Radio System now up and running, we intend to continue moving forward with the installation of 100 additional units. As mentioned previously, funds from the reserve account will cover the costs of the additional radios and paving.