

CORBETT WATER DISTRICT

APPROVED MINUTES

Budget Committee Meeting 7:00 p.m.

Tuesday, March 1, 2005
Corbett, Oregon

Commissioners Present: Bob Colclessor, Lee Wyatt, Malcolm Freund, Ken Blanc, and Robert Gaughan.
Budget Committee Members Present: Dave Mysinger, Barb Adams, Marion Kirkham, Dan Graff and Sue Fry.

Present from Lee Engineering was Brian Lee.

Also present were District Manager Frank Sterzinar and District Clerk Jamie Simms.

Audience Members Present: Donna Colclessor, Kathy Werner, Tom Layton and Dale Burkholder.

Bob Colclessor called the meeting to order at 7:15 p.m. at the Corbett Fire Hall.

Malcolm Freund nominated Dave Mysinger for Chairman. Barb Adams seconded the motion. Motion passed unanimously.

Discussion of the 2005/06 Budget.

Chairman Mysinger turned the floor over to Frank Sterzinar, the Budget Officer.

Frank Sterzinar said this was his first time dealing with the Tax Supervising and Conservation Commission (TSCC). The main priority is to solve water loss problems, because it cost money to produce. The long-term financial plan ~~was-is~~ to focus on borrowing the least amount of money to obtaining the District's goal of reducing water loss. Operating budget assumptions include the following: current health insurance rates will decrease \$40 per employee/month, but the co-pay will increase by \$5 per visit. ~~Currently-Employers contribution to~~ PERS is expected to increase.

Frank said that Net Working Capital was an estimate ~~for-of~~ monies ~~unspent-not spent~~ at the end of the fiscal year.

Frank said the Resolution decreasing water rates from \$3.65 per 1,000 gallons, to \$3.00 would be expiring as of July 1st, 2005. ~~Lee Wyatt commented that it would hit a sunset.~~ Ken Blanc questioned increasing the rate back to \$3.65 without holding a public hearing. He asked how the community would be notified. Frank replied it will be by newsletter. Lee Wyatt asked how the community had been notified of the reduction. Frank replied it had been by a Board meeting and a newsletter. Barb Adams thought the Board would be required to hold a hearing. Ken Blanc commented that the newsletter previously sent out had said establishing rates not a temporary rate. Frank will check with legal ~~council-counsel~~ to see if a hearing is required for a course of action.

Chairman Mysinger asked how the two different water rates would affect the budget. Frank replied that the proposed water sales of \$510,000 were based on \$3.65 per 1,000 gallons.

Tom Layton asked what the procedure was for public comment. Chairman Mysinger said that tonight's meeting would be a budget workshop and public comment would not be taken until March 15th.
Chairman Mysinger then said he would like to here-hear Tom's comment.

Tom Layton asked why the rates decreased last year instead of extra funds going towards the new reservoir.

Chairman Mysinger wanted-wants to leave the rate at \$3.65, and then look to see where the budget could be cut if rates staid-stayed at \$3.00.

Bob Colclessor spoke about the upcoming Water Treatment Plant upgrades. He also spoke about unknown problems at the Mershon Reservoir and PRV stations.

Lee Wyatt asked about looking at the \$3.00 and \$3.65 rate difference. Chairman Mysinger said he would like to look into the \$18,000 difference. Frank has looked at the projects that are needed to be accomplished next year and he felt that there was some room to remove \$18,000 from the budget.

Chairman Mysinger asked about new hydrant installations. Frank replied that he had purchased four hydrants and Chief Layton and himself have discussed where the hydrants needed to be placed. Tom Layton spoke about the fire department's flow tests. Red and orange hydrants have low pressure and blue and green have high pressure. Brian Lee spoke about the benefits of a hydraulic model. Malcolm Freund spoke about the Fire Department matching the District in funds for new hydrant installation.

Frank said he had considered three projects to be more expendable if revenue decreased by \$18,000: Reynolds main, Nielson, Cabbage Hill reservoir and connecting a new line from Mr. Yoshida. Frank noted that, as to the Yoshida line, the entire cost, including labor, would be borne by the property owner because the connection is outside the present District boundaries by being across the Sandy River. Frank also let the Board know that plans are not definite yet on going forward with the Yoshida line because the property owner has not made a final decision or paid any funds.

Frank said interest was an estimate based on past history. He also said taxes were calculated using standard procedures.

Under Personal Services Frank would like to fund for an apprentice, and no Utility Worker II. He would like to move Zac Bertz to Utility Worker I, and hire an apprentice. Barb Adams questioned if the District could get along without a more experienced Utility Worker. Frank replied yes, but he would like to have someone with more experience and certification. There was some discussion of the hourly wage for each position.

Barb Adams asked about summer help. Frank said it would fall under the category of 'Temporary Help.' Barb also asked about a wage and step scale. Frank said he had created one for the Board to review/approve at the next regular Board meeting.

Ken Blanc asked about the increase under 'Auditor.' Frank replied that he was currently working on receiving bids for a new auditor and the amount was unknown.

Dan Graff asked what items would fall under 'Safety.' Frank replied that some of the cost would be for the rental of shoring and training videos.

Ken Blanc asked about the \$3,000 proposed for 'Reservoir.' Frank replied that it was for minor repair and service of the District's reservoirs. Ken questioned eliminating items 2-7 on page 3 and adding them to Capital Outlay. Barb Adams said she liked more details.

Barb Adams asked what Frank planned on purchasing under 'New Equipment.' Frank was looking at purchasing a 6" tapping machine because currently the crew is limited to a 4" maximum tap. The 6" tap for 366th had cost \$3,200. The committee seemed to agree that the larger tapping machine would pay for itself.

Ken Blanc asked about the amount under 'Transfer to Headworks.' Frank said it was an estimate that came out of 'System Improvements.' The WTP upgrade went out to bid with an engineering estimate of \$1.1 million.

Ken Blanc asked about the total draw down amount from the State Revolving Loan Fund. The District Clerk replied that \$544,177 had been drawn, leaving \$945,823 to be used on the WTP upgrades. Ken commented on the additional \$250,000 that had been transferred from the Loan Repayment Fund to the General Fund. He questioned using the full \$1.5 million instead of decreasing the amount by \$250,000. Malcolm Freund asked if the surcharge had been to pay off the loan or to complete the Headworks project. Ken believed it was to pay off the loan.

Ken Blanc suggested that the District back off on pipe replacement and put the money into the WTP and then next year, with a proper level of staff work on pipe replacements. Bob Colclessor asked Frank if it was true, that the District currently did not have staff to replace pipes. Frank replied that more staff would have to be hired. He spoke about the need to hire additional employees who have experience in order to perform work safely.

Lee Wyatt raised the issue of whether the staff oversight at the WTP would conflict with staff efforts to move forward on pipe replacement. Brian Lee pointed out that the WTP upgrades were expected to be finished by October 2005. He suggested that once the WTP tasks are finished, staff could return to concentrating on pipe replacement work again for the remainder of 2005, Spring and Summer 2006. In this way, staff would not be spread too thin. Frank Sterzinar concurred. Lee Wyatt agreed with Brian Lee's analysis.

Robert Gaughan asked about budgeting money for a Utility Worker II. Frank replied that Personal Services of \$227,000 was his goal which included a 25% fudge factor.

Malcolm Freund spoke about the \$120,000 Reservoir Rate Surcharge. Frank said the loan payment was \$111,000 per year. If the full \$120,000 was applied to the loan every year it could cut back the time of the loan by almost four years. Robert Gaughan questioned the terms of the \$1.5 million dollar loan.

The Clerk spoke about the partial payment made to OECDD. If the Board wished to carryover the \$60,000 to the Loan Repayment Fund it would need to be added under 'Working Capital.'

Ken Blanc asked about engineering fees. Brian Lee said that engineering fees outstanding for WTP upgrades were \$32,000 - \$45,000, with the expected amount to be paid out of next years budget of \$15,000 - \$18,000.

Chairman Mysinger moved to adjourn the meeting until March 15th 2005 at 8:00 pm.

Meeting adjourned at 9:20 p.m.