

**CORBETT WATER DISTRICT
FIRST BUDGET COMMITTEE MEETING FOR
2003-2004**

Chairman Ed Kalberg called the Budget Committee Meeting to order at 8:15 p.m. Budget committee members Rick Weaver, Dave Mysinger, Renee' Jimenez, Barb Adams and Doug Geller were present. Introductions were made. Nominations were opened for Budget Committee Chairperson. Ken Blanc nominated Dave Mysinger, Rick Weaver nominated Doug Geller, Ed Kalberg nominated Barb Adams, but Barb declined. Individuals voting for Dave Mysinger were, Barb Adams, Doug Geller, Ken Blanc, Steve Wilson and Jeff Grover. Individuals voting for Doug Geller were, Rick Weaver, Renee' Jimenez, Dave Mysinger, Ed Kalberg and Henry Schwartz. With a tie vote, Dave Mysinger declined and Doug Geller was appointed the Chairperson for the Budget Committee.

No person stated he or she had a conflict of interest. After some discussion rules for public comment were established. Public comments are limited to three minutes each and comments are to be about the budget itself.

Mr. Stark presented his Budget Message for the 2003-2004 Corbett Water District budget. Revenue sources come from water sales, property taxes, estimated carryover from current fiscal year and reservoir rate surcharge. The purposed budget has a 3% increase in water rates and is not calculated on the reservoir rate surcharge.

Under expenditures there are three categories; personal services, material & services and capital outlay. The purposed budget for personal services includes a 1.3% COLA increase, and a maximum 5% merit increase. Pension costs will increase to 18.82% and health insurance is estimated to increase 20%.

There are no big expenditure adjustments under the Materials and Services category. There is a new line item added to the budget titled: Safety Equipment, which has a purposed budgeted amount of \$8,000.

Under Capital Outlay, the main focus will be on repainting and repair work on Reservoir # 4, which is on Larch Mountain Road. This tank has had minimal maintenance since it's construction in 1970. Also a new control valve vault is being proposed. The third proposed item under this category is for a pickup truck and a tractor backhoe. \$ 20,000 is being proposed for the truck and tractor with the intent of using SDAO'S Flexlease program to spread the cost of the vehicles over several years.

There are two reserve funds and one special fund in the 2003-2004 budget. The Capital Improvement Reserve Fund – Headworks Project is for the construction of a reservoir and improvements to the Water Treatment Plant. The Loan Repayment Special fund was established in 2002 to repay the \$1.5 million SRLF loan. The Reservoir Rate Surcharge funds the Loan Repayment account. There is a new reserve fund this year. It's called the Property & Facilities Reserve Fund and it is intended to save monies for a new shop and office.

Mr. Stark said the budget is a good faith estimate and is a financial plan on where the District is headed in 2003-2004. The Budget Committee's task is to meet publicly to review the budget document and provide an opportunity for the public to comment and ask questions on the budget. The Budget Committee compares the proposed data against the actual data from the two previous fiscal years. The Budget Committee through majority action has the authority to specify the amount of tax revenue for all funds, establish a maximum expenditure total for each fund, approve the total taxes as an amount and/or rate and has the final authority is to approve the budget.

When the deliberation and public questions and comments are finished, two formal actions need to occur from the budget committee. The first is to approve the expenditures for each fund. This can be done by approving the budget as a whole or can be accomplished by approve the budget for each fund. The second formal action is to set the maximum, tax levy for the District. Mr. Stark has two suggested motions for approving the budget in the back of the budget message.

Mr. Stark made two suggestions. The first is to go through the budget one fund at a time, line item by item. This will help keep track and record the process. The second suggestion is to keep the budget balanced. If a line item is increased or decreased, then another line item needs to be increased or decreased to keep the budget balanced when the process has ended.

Following Mr. Starks budget message, copies of the budget proposal were handed out to the community members in attendance. The goal is to have the budget approved by the May 2003 Board meeting. This allows Tax Supervising & Conservation Commission (TSCC) time to review the document and to make any recommendations or changes in time for the June 2003 Board meeting where the Board adopts the budget.

Mr. Stark explained how he arrived at the proposed budget figures. The Budget Committee and Board examined the proposed budget, asked questions and discussed the proposed 3% water rate increase, Personal Services and the Loan Repayment Fund. The 2002-2003 budget for Personal Services was only increased 4% from the previous year, which has left Personal Services under-funded. For the 2003-2004-budget year, \$391,458 has been proposed. Much discussion centered on the cost of health insurance and what occurred during last year's budget process. Barb Adams said that Personal Services absorbs more of the District's revenue each year, which leaves less money for other projects. Rick Weaver said the cost for Personal Services didn't seem out of line. Jeff Grover suggested ending the conversation about what occurred last year during the budget process and focus on the budget at hand.

Rick Weaver made a motion to accept the line item amounts under Personal Services as proposed by the Budget Officer. Jeff Grover seconded the motion. There was some discussion. Under audience comments, Gordon Fulks commented on employee bonuses and health insurance. Torey Redfern suggested that if comparisons are going to be made with the private sector, they should be with private water utility companies. Bob Colclessor talked about Freightliner wages and benefits. Member Rick Weaver voted for the motion. Members voting against the motion were Doug Geller, Barb Adams, Renee' Jimenez, David Mysinger, Ken Blanc, Steve Wilson, Ed Kalberg, Jeff Grover and Henry Schwartz. Motion failed.

Jeff Grover suggested keeping all personal service lines the same dollar amount as the current year, with the exception of health insurance and the pension. Health insurance would stay at \$60,590 and pension would stay at \$48,519 as proposed by the budget officer. Mr. Grover suggested putting the dollar difference into contingency. There was discussion on some of the other line items that would change if this were to occur. Renee' Jimenez would like to see some other health insurance options. The Board is scheduled to discuss health insurance options at the May 2003 Board meeting.

Water sales for the current budget year 2002-2003 are estimated at approximately \$525,000, which is about \$25,000 more then budgeted amount. Based on this information, Mr. Kalberg suggested not to increase rates 3% and to budget water sales at \$525,000 for the 2003 2004 year not \$532,543. The remaining difference of \$7,543 could be trimmed out of the budget.

After there was discussion between the Budget and Board members, Ed Kalberg made a motion that line item #6 (Water Sales) on page one, be reduced from \$ 532,543 to \$525,000 based on a no rate increase. Jeff Grover seconded the motion. Under audience comments, Gordon Fulks said it was a good idea not to increase water rates. Members voting for the motion were Doug Geller, Barb Adams, Rick Weaver, Renee' Jimenez, David Mysinger, Ken Blanc, Steve Wilson, Ed Kalberg, Jeff Grover and Henry Schwartz. Motion passed unanimously. This motion also changes line 24 on page 1 under Total resources, except taxes to be levied to \$802,627 and line 27 on page 1 under Total Resources to \$903,507.

Renee' Jimenez moved to adjourn the Budget meeting. Ed Kalberg seconded the motion. Members voting for the motion were Doug Geller, Barb Adams, Rick Weaver, Renee' Jimenez, David Mysinger, Ken Blanc, Steve Wilson, Ed Kalberg, Jeff Grover and Henry Schwartz. Motion passed unanimously. Meeting adjourned at 9:45 pm.