

CORBETT WATER DISTRICT

APPROVED MINUTES

Budget Meeting: 6:00 P.M.

Tuesday, March 13th, 2007
Corbett, Oregon

Commissioners Present: Robert Gaughan, Bob Colclessor, and Jeff Hargens.

Committee Members Present: Dave Mysinger, Barb Adams, Sue Fry, and Barb Strasbaugh.

Also present were District Clerk / Budget Officer Jamie Simms and Utility Worker I Zac Bertz.

Audience Members Present: None.

Budget Committee Chairman Mysinger called the meeting to order at 6:00 p.m. at the Corbett Fire Hall.

Chairman Mysinger wanted to begin the discussion using \$52,000 as the District Managers budgeted salary, instead of the proposed \$46,000.

Barb Adams asked if pager pay was still used, and if so, where it could be found in the budget. Commissioner Gaughan said pager pay had been eliminated. Barb Adams asked if it had been rolled into the employee's salary. Zac Bertz said pager pay had been removed completely. Commissioner Colclessor said staff now received three hours of overtime pay for a call out. Commissioner Gaughan said it changed from two hours to three hours per call out. Commissioner Hargens asked if the field staff rotated the emergency pager. Zac said they both carried pagers at all times, but they did rotate on a weekly basis who responded to calls. There is also an emergency response list of phone numbers the crew can use to call additional folks for emergency help.

Barb Adams said the revenues from Water Sales, Connections, and Interest was used to fund Personnel Services. The percentage of revenues dedicated to Personnel Services was currently 48.7%. At one point this number had reached as high as 75%. Chairman Mysinger said this percentage two years ago was about 44%. Several years ago Barb conducted a National study to see this percentage for other Water Districts. At that time the District was higher than the National average. At that time there was one additional employee with an average wage and benefit cost for each employee was \$75,000. Commissioner Colclessor said in 2003/04 the Personnel Services were almost \$365,000 and Material & Services was \$157,000 and Capital Improvement was \$19,000. Commissioner Hargens said with money in system improvement pipes are being replaced instead of new bands on old pipes. Currently staff has been improving the system and therefore it would take less man hours to keep the system up, however he doesn't want to slide back. Currently with just the two field workers it has been taking most of their time to perform the weekly maintenance of the system.

Barb Adams wished to discuss the mindset the Board had for the District. She said in the past the District did not have a working manager until Frank became the manager. She asked if the Board was planning on hiring another working manager. Commissioner Hargens said he would like to but it was tough because there was a lot of paper work involved. Barb Adams questioned if the Clerk could complete some of the paperwork. Commissioner Hargens said the Clerk could, but the Manager would have to sign off on the documents and he believed the current Clerk did help. Barb Adams said the Clerk's job description was pretty heavy duty. She said it seemed that Jamie was fairly fast with a computer and

financials so she should have time to assist the manager. Jamie said she assisted Frank with the paper work as much as possible, but some aspects would take specific water knowledge to complete. Frank was also having the field crew complete project permits that required specific information. Zac Bertz said permitting took a lot of time to complete, but it helped staff understand the process and it relieved additional work from the Manager. Barbara Strasbaugh said permitting involved technical language that Jamie would have to take some time to understand. Barb Adams asked where the Board was going, where the employees were going and if both were interfacing properly and where the new District Manager (once hired) would fit into the system. Commissioner Colclessler would also like to figure out dependent health care coverage if an employee were to get married.

Barb Adams asked if two employees were trained for the front office. Jamie replied yes, the Assistant Clerk covered for vacation and sick time of the District Clerk and additional days, the total work amounted to about six hours a week. Barb Adams said the District Clerk and Assistant Clerk should be able to perform the same job functions. Commissioner Gaughan referred to a prior meeting, when the Clerk was able to provide documents to the Board within a few moments of asking because of the filing system that had been in place with the help of Barbara Strasbaugh. Jamie said Barbara's filing system worked absolutely wonderful. Sue Fry said she was very happy with what has been happening, and once a manager was in place there would be a very good blend.

Commissioner Gaughan said Commissioner Hargens has been stopping two or three times a week to meet with the staff, since the District was currently without a Manager. The Committee each expressed their gratitude to Commissioner Hargens for volunteering his time to help staff. Commissioner Hargens said the staff was doing a great job.

Commissioner Gaughan asked about the proposed budget for the employees. Jamie said they were based on current wages and did not include a wage or COLA increase.

Barb Adams asked how the field staff Wage and Step scale worked. She questioned if all field staff could operate the system. Commissioner Hargens said there would be a manager and two field employees. Currently the two field employees had slightly different strengths but were mostly equal, and eventually they both will be capable of running the District. Currently both field employees have a Distribution I license and are working on obtaining additional certification. Barb Adams referred to the past when there was a manager, water treatment plant operator, Utility Worker II, and Utility Worker I.

Barb Adams referred the following questions from the Board Policy and Procedures Manual and Jamie answered the questions.

- Q. Duties will be assigned to individuals in such a manner that no one individual can control all phases of collecting cash, recording cash, and processing transactions.
- A. Jamie and Elzina process the payments with the District Manager overseeing the operation.

- Q. The person that does the reconciliation of District accounts should not be the same person that writes the checks.
- A. The District Manager opens the bank reconciliation statements and the Clerk performs the reconciliation. The Clerk produces the checks, while the District Manager and one Board officer signs the check.

- Q. Petty cash is used strictly for customer change. It cannot be used to buy items.
- A. Petty cash is only used to make change.

- Q. Bonded employees must take mandatory annual vacations of at least five consecutive working days.

A. Yes. This includes the District Manager, District Clerk and Assistant District Clerk.

Q. A general journal log must be obtained.

A. Yes. This log includes initials for who entered, reviewed and approved the general journal including a copy of the entry.

Commissioner Hargens asked about Education expenses. He felt that with young staff learning their positions he would have thought Education would have increased instead of decreased. Zac said Kevin and he have planned to take several classes through the AWWA to renew/obtain their certificates at an estimated cost of \$1,500 for next year. Several classes are offered through vendors that are free to the District. Commissioner Hargens would like to see staff precede further then the required education level and he would like to investigate those class options. He asked if the budgeted \$2,000 included the employee's hourly wage. Jamie said no, that cost was covered under Utility Worker I. Education expense would cover tuition, books, travel expenses and accommodations if needed. Barb Adams would like to see a list of classes the staff would like to attend. Commissioner Gaughan asked if this category needed to be increased. Commissioner Hargens also wanted to keep in mind that the new District Manager would probably need additional training courses. The Committee felt it would best to raise Education to \$5,000.

Barb Adams would like to see a document projecting the ending budget vs. actual for the current budget year. Jamie will provide this document at the next budget committee meeting.

Barb Adams asked about Worker's Comp. Jamie said the Worker's Comp insurance was paid with a lump sum check at the beginning of the year and then very small amounts were paid monthly based on the number of hours worked (between \$10 and \$12 a month).

Commissioner Hargens spoke about newer employees receiving higher raises but that eventually the employee would reach a plateau. Commissioner Gaughan felt that at the present time the District employees had nowhere to go but up. Commissioner Hargens said everything in the water business had increased including the cost of water materials and labor. There was nothing wrong with the price of water also increasing gradually. Zac Bertz said in the past three years the price of copper had had tripled and the cost of ductile iron and PVC had doubled. Chairman Mysinger asked what it would take by the Board and the Budget Committee to raise water rates. Commissioner Colclessor said it would have to be done with the budget committee and a public hearing would have to take place. Barb Adams believed it would be better to raise rates 1% every other year then raise rates 10% every 5 years.

Barb Adams spoke about the options of the price of water. Having different rates for different amounts of water, so folks who use less water were charged a lower fee per gallon used and a higher rate for going over X amount of gallons. Commissioner Hargens spoke about the unknown affects this could have on the budget because Water Sales would be difficult to estimate because you would not be able to forecast how much water folks would conserve. Commissioner Gaughan referred back to when PGE asked folks to conserve and then they did not have enough funds so they had to ask the State for more money. Barbara Strasbaugh referred to a prior meeting with Frank about water availability and she felt this might be a good time to start finding ways to conserve water. Barb Adams said she was not in favor of penalizing the farmers for high water usage. Commissioner Hargens was surprised the farmers had not installed a well for water. Commissioner Gaughan said it was very expensive to install a well. Zac said there were also a number of restrictions on the installation of a well. Chairman Mysinger said the bottom line was the District had to cover the rising cost and at some point rates would have to be increased. Commissioner Hargens didn't believe the past couple years were wrong in having a flat scale but the District could not stay flat forever because everything else was increasing. Barb Adams and Sue Fry spoke about the past rate increases of 25%. Commissioner Colclessor said although the rates had been

increasing by 25% nothing had been getting done with the system. Sue Fry said there was nothing wrong with a gradual rate increase.

Zac Bertz spoke about the water loss. He said the percentage of water loss was an estimated number because of all the uncertainties that are used in the calculation. For example meters are only read in 1,000 of gallons and there are 1070 customers. Commissioner Colclessor spoke about Reservoir No. 4 overflowing because the altitude valve had yet to be installed. Once the power conduit has been installed the altitude valve will be installed to stop the Reservoir from overflowing. Zac said an accepted number for water loss was 15%.

The Committee decided to budget for a step increase for each employee, so if the Board decided to increase wages in July there would be room in the budget. This changed the following budget items:

District Clerk - \$28,500	Utility Worker I - \$76,000	Asst. District Clerk - \$6,500
Social Security - \$12,470	Pension - \$26,605	

The adjusted total Personnel Services would become \$254,075.

Commissioner Hargens questioned if Material and Services – Engineering and surveys included enough funding for DRC. Zac Bertz would have his certificate for Treatment I, upon the passing of his certification test in May. The DRC for Distribution would not be eligible for current staff until the end of 2007, which would leave six months of DRC Distribution in this proposed budget year. DRC Distribution has been estimated at \$1,000 a month, so \$10,000 should be more than enough to cover the six month DRC position. Chairman Mysinger commented that if an issue did arise and Kevin Moran was not able to obtain his Distribution II license then the Board could use ‘Contingency’ funds to cover the difference.

Commissioner Hargens asked what the \$2,000 in Computers covered because computers became outdated quickly. Jamie said this amount covered the yearly renewal fees for software and software upgrades. Zac said the current computers were sufficient for at least then next year or two.

Jamie spoke with Gail Griffith at the Fire Department and she said they were able to match \$2,000 for fire hydrants in the upcoming year. The committee agreed to increase the Fire Hydrant category to \$2,000 to match the Fire Department.

Commissioner Hargens asked about Shop and Office. Zac said there was no major work planned to the building; however a window in the front office will have to be replaced.

Commissioner Hargens spoke about purchasing a Bobcat. There was some discussion if this item should be held off until there was a District Manager because they may have another idea. Barb Adams asked what the Bobcat would be used for. Zac said it would be used on projects to backfill, sweep, compact, forks, etc. and it would also be used to clean the filter pond. Currently the crew rents a Bobcat to complete the work for about \$1,000 a week and a new Bobcat would cost the District about \$32,000. Commissioner Gaughan said the price did not include attachments. Commissioner Hargens believed that a Bobcat would make a huge difference in what a staff of three could complete in a given day. He believed the District needed a Bobcat. Barb Adams questioned if a Bobcat could be purchased now. Commissioner Hargens felt it would be best to hire a District Manager first. Zac felt a Bobcat would be a very usable piece of equipment because of its diversity. Zac said the Bobcat could sweep the road clean in a few minutes, while it could take two field crewmen an hour to manually sweep the same area. Chairman Mysinger thought it would be best to designate the funds to New Equipment-Vehicle to cover the cost of a Bobcat, and if the Bobcat was not purchased the funds could then be moved back to System

Improvement. The Committee agreed to increase New Equipment – Vehicle to \$35,000 to cover the possible purchase of a new Bobcat. The Board also has an option of purchasing a Bobcat in the current budget year if the Board passed a Resolution transferring Contingency funds to cover the cost.

Chairman Mysinger said with all the changes made the new total for Capital Outlay – System Improvement would become \$564,426, with a total Capital Outlay of \$606,426.

The next budget committee meeting will be held on Tuesday March 20th at 6:00 pm at the Fire Hall.

With no other business to discuss Barb Adams moved to adjourn. Motion seconded by Barbara Strasbaugh. Motion passed unanimously. Meeting adjourned at 8:15 pm