

CORBETT WATER DISTRICT APPROVED MINUTES

Special Meeting: 9:00 A.M.

Wednesday, March 15th, 2006
Corbett, Oregon

Commissioners Present: Malcolm Freund, Robert Gaughan, Bob Colclessler, and Marion Kirkham.

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

Audience Members Present: Barb Adams, Barbara Strasbaugh, and Linda Hargens

Chairman Freund called the special meeting to order at 9:00 a.m. at the Corbett Water District.

Approval of the Agenda.

Commissioner Colclessler moved to approve the agenda. Motion seconded by Commissioner Gaughan. Motion passed unanimously.

I-Deposit.

Frank said the District was not federally insured, so he has some concerns about entering into the I-Deposit program. He was also not satisfied with West Coast Bank's internet security. At this point in time, Frank is not willing to commit to the program until all of his questions were answered to his satisfaction. Commissioner Gaughan asked if the checks would be marked 'Void'. Frank said the account numbers would still be visible. He questioned if the District's insurance rates would increase, because of the increased liability. Frank spoke about someone creating a false District check and cashing it at a nearby store. A number of errors were on the check, but it listed Corbett Water District as the payee.

Barb Adams commented that this was a new technology and she thought it might be good to let others work out the kinks in the program. Chairman Freund spoke about the exposure of District staff traveling to the bank with customer checks and cash.

Commissioner Colclessler moved to table this decision until more information was available. Motion seconded by Commissioner Gaughan. Motion passed unanimously.

State Revolving Loan Fund.

Frank and Commissioner Wyatt previously met with Ken Blanc, Dick Wand, and Janet Helus to discuss the possibility of increasing the loan. Commissioner Gaughan asked Frank to report on that meeting. Frank said the community members agreed to borrowing \$300,000 pending the Resolution stated that any monies left over from the Loudon Reservoir repair would be directed to other major priority projects. Frank said it was his opinion to not borrow \$600,000 because it scared him and it would be illegal to invest those funds because the loan proceeds came from tax bonds according to Tom Linhares with Tax Supervising Conservation Committee (TSCC). Mr. Linhares advised Frank not to invest the funds because if the District were to get caught they would be hit hard legally.

Frank would like to see a system development charge. If the District borrowed \$600,000 from the State Revolving Loan Fund, each customer would be assessed an additional surcharge of \$1.50 per month, to

pay for the additional \$300,000. This would increase the base rate to \$13.50 per month or \$27 per bill. Frank suggested that instead of borrowing the additional \$300,000 the District could increase the base rate to \$14 per month and direct those additional monies to a fund called system improvements. This money would be put into this fund with an annual contribution of \$25,400. This money could be placed into a high yield CD, and in three years be worth \$64,505 and over six years \$125,876.

The purpose of the system development fund would be to have cash carryover each year. This fund would have no appropriations. The Board could use this money for a line of credit with a bank to purchase the needed material for a project. Frank said that all new meter installs now included a system development fee, so this money would be included into option number one. Each new customer adds stress onto the system, so a portion of each new service fee would be designated for system development.

Frank said that if the Board preferred to borrow the full \$600,000 rates would have to increase by \$1.50 per customer per month to satisfy the State. Instead of doing this Frank would like to borrow only \$300,000 and raise the base rate by \$2 per customer per month for a system development fee.

Commissioner Gaughan questioned why the Board should settle for \$300,000 when they had been told they could borrow \$355,810 without raising the base rate. Frank said the community members were happy with \$300,000 and unsure of the additional \$55,810. If the Board chose the full \$600,000 they wanted to see \$300,000 of that money locked away, which is not legal.

Commissioner Gaughan said if the Board chose the full \$600,000 and opted to pay \$12 per month, per customer the loan would be paid off sooner and the District would have the funds for projects now.

Chairman Freund asked if overhead was considered when calculating the cost of installing a new water meter. Frank said it was incorporated into the cost, but it was not a separate line item.

Commissioner Colclessler would like to see the base rate at \$15. He questioned how much money the District needed to borrow to get the pressure off of the District. He spoke about the need to repair the Loudon Reservoir and replacing the water lines on Christensen and Nielsen roads. Commissioner Colclessler asked about the issues with the Nielsen water main leak. Frank said if anything the District had a case against the homeowner for making the pipe inaccessible because he was afraid of a possible landslide, where the customer did landscaping.

Barb Adams felt it should be a no go, on the borrowed money because she felt the trouble and risk were not worth it. She believed that \$200,000 went to capital outlay every year from water sales and tax revenue. Barb would like to see the tax revenue set aside for capital improvements. She also thought it would be a good idea to increase the base rate by \$2 a month.

Chairman Freund said it was \$460,000 for three major projects that were discussed at the last meeting. He said the Headwork's project took the District's resources down to a minimum. The loan folks offered the District an opportunity for a reimbursement for the monies the District had used on the Headwork's project. Chairman Freund said the reimbursement money would allow for the District to have funds sooner rather than later. He felt that a rate increase would dribble money into the District through the year. Frank said he was trying to look into the future to assess the needs of the District. He said all these projects could not be completed in one year's time and the earliest the loan funds would be received would be in July and maybe not until October. Frank said that if the full \$600,000 was reimbursed the District would have to raise the base rate by \$1.50 in order to satisfy the State. Chairman Freund questioned Frank's statement that the District would have to raise rates. He said the amount allocated to the Loan repayment would have to increase, but the additional funds did not have to come from increased

rates. He said the money came from a pot, and so \$11.42 per customer, per month would have to be allocated to that pot to pay off the loan. He said the State could care less where the money specifically came from. Chairman Freund previously spoke with Janet Hillock with the OECDD and she told him as long as the Board could show the money was available they would be happy.

Frank said that when the District used all of the loan proceeds it would be back to being a hand to mouth situation. He felt that creating a system development fund as a way to save money for the future would be a better way to proceed, rather than borrowing \$600,000.

Chairman Freund felt the loan reimbursement would allow the District access to funds in a timely matter. Barbara Strasbaugh said the price of materials was always increasing, so she thought it would be best to borrow the money and purchase the needed materials. She felt that a 4% loan payment would be less expensive to the District than the increase cost in materials. Linda Hargens felt if the Board chose Frank's way of funding projects instead of the additional loan proceeds it would be several years for the District to accumulate enough funds to complete a project. She felt the \$600,000 would be a way to quickly fix several problems within the District.

Frank spoke about the work required at the South Fork intake.

Commissioner Colclessor spoke about the population growth in Corbett.

Commissioner Kirkham spoke about the need to install a new filter pond now, rather than in the future.

Barb Adams said it was the Boards' decision whether or not the full \$600,000 should be added to the current loan as a reimbursement to the District. She would like for the budget committee to discuss how much money could be placed into system improvements. She would also like to discuss Frank's idea of a system improvement charge.

Commissioner Gaughan asked if a prior resolution on new meter install fees would have to be adjusted to show the system improvement fee. Frank said the current resolution took into consideration \$3,400 for time and material, and \$1,600 for a system improvements charge, so the resolution did not need to be adjusted.

Commissioner Gaughan thought it would be a good idea to authorize the Chairman to write the letter for the full \$600,000 to get things started. He felt that the Board could, at a later time, decide exactly what funds should be drawn.

Chairman Freund recalled at a prior meeting that Commissioner Wyatt had stated that there would be no way she would see a rate increase. He questioned why the Board was having a rate discussion when Commissioner Wyatt was adamant that rates would not increase. Frank said it came from Commissioner Wyatt and the discussion with the three community members. In that discussion Frank pitched his idea of the District raising its own funds for the future. Frank said Commissioner Wyatt did not support raising water rates, but she had been in favor of a base rate increase.

Frank said a decision would have to be made in the budget committee. So he would like to know the Boards' direction. Frank said if the Board did not allocate the funds in the budget during the budget committee those funds would be locked up until the next fiscal year when they could be budgeted.

Barbara Strasbaugh commented that she appreciated the Board taking the time to talk with community members and to allow audience members to comment.

Barb Adams was in favor of borrowing \$355,000 instead of the full \$600,000 for several different reasons. She believed the currently elected Board was good and she felt that the \$600,000 was not worth the potential of losing good Board members.

Chairman Freund said the community members wanted a resolution stating how the funds would be appropriated but he felt that would be too restrictive. He questioned what would happen if an emergency occurred. Chairman Freund said there was still an option to ask for the full \$600,000 but to not expense the full amount.

Chairman Freund said the letter to the OECDD at this time was meant to give the OECDD direction as to where the Board wished to proceed. He said this was the next appropriate step the Board needed to make.

Commissioner Gaughan appreciated Commissioner Wyatt and Frank meeting with community members and getting their opinions. He said the Board had been elected to listen to community members and to try and be fair. He would like to put the \$600,000 into the budget to see what the final numbers would look like for next year. Chairman Freund said the key was that once the letter was issued the Board would not be able to increase the amount but only decrease the requested additional loan proceeds.

Commissioner Gaughan moved for Chairman Freund to write a letter to the Oregon Economic Community Development Department asking for \$600,000. Motion seconded by Commissioner Kirkham. Motion passed unanimously.

Chairman Freund summarized result of the vote “I move to give the Board Chairman authority to send a letter of request to the OECDD stating that the Corbett Water District wishes to replace \$600,000 of the original cash match commitment with loan dollars. (Project #S03001)”

It was decided that the next budget Committee meeting will be held on March 22nd, 2006 at 6:00 pm.

With there being no objections Chairman Freund adjourned the workshop at 10:45 a.m.