

**CORBETT WATER DISTRICT
SECOND BUDGET COMMITTEE MEETING**

Budget Chairman Rick Weaver called the Budget Committee Meeting to order at 7:50 p.m. Budget members, Barb Adams, Dave Mysinger, Troy Falconer and Renee' Jimenez were present. Board members present were Jeff Grover, Ed Kalberg, Henry Schwartz, Steve Wilson and Ken Blanc. Superintendent Randy Stark and District Clerk Kathie Cicerich were also present.

Community members present were Gordon Fulks, Bob Colclessor and Barb Giddeon.

No person stated he or she had a conflict of interest. Chairperson Rick Weaver asked each Board and Budget member to comment on the proposed budget. Mr. Weaver and Mr. Falconer said the budget was put together very well and each has one area of concern. Mr. Schwartz made a motion to accept the 2002-2003 Corbett Water District budget as is. Mr. Grover and Mr. Kalberg thought the budget was put together well. Mr. Wilson, Mr. Blanc and Mr. Mysinger had no comment at the moment. Mrs. Jimenez had two questions regarding the budget. Barb Adams would like to find \$25,000 to put into the reservoir fund.

Barb Adams said with a \$10.00 monthly surcharge added on to each customer's water bill, the average monthly bill would rise to approximately \$37. to \$47. a month. These amounts include a \$7.00 monthly property tax. Mrs. Adams did a rate comparison with other water districts and found Corbett to be the highest of the rates she read aloud. She did not indicate if the other water district rates included an approximate monthly property tax. Some discussion followed.

Discussion for general fund resources followed. The proposed water sales are estimated \$943.00 higher than the previous year to balance the budget. The \$2500.00 proposed interest is from general fund money in the Local Government Investment Pool.

Mr. Weaver asked why the increase for personal services was so high compared to the previous year. Mr. Stark said the adopted \$315,250 in personal services for 2001/2002 was not the number that was proposed originally. The budget committee reduced it to \$305,250. This year's proposed increase includes a cost of living, a possible 5% merit increase, a possible \$1,000 bonus and also \$1,000 per employee for audit adjustments. The auditor includes any untaken vacation, comp time, pager pay and $\frac{1}{2}$ of sick time in personal services as if it had been spent. Superintendent Randy Stark does a wage comparison every year with Troutdale, Fairview, Wood Village and Oak Lodge Water District's. Wage scales are compared for each position. Corbett Water District's wages are competitive but not high on the pay scale.

Barb Adams did some research for hourly rates from 1998 on various jobs from the Oregon Data Base. Budget member Renee' Schwartz would rather compare wage scales with other comparable water districts and not general information Barb Adams has presented. Rick Weaver said the proposed wages are not out of line. Barb Adams said the District should to be very conservative with personal services because it uses 59% of the District's income. She suggested increasing the total figure from personal services to 3%, which would reduce the proposed figure of \$352,772 to \$324,707. She would like the remaining \$28,000 put into the reservoir fund. Mrs. Adams suggested Superintendent Randy Stark figure out where to put the 3% increase at on the line items under personal services.

Budget member Troy Falconer stated he gets up at 1:00 AM, is on call for free and works every 5th Saturday for free. He has taken a 10% pay cut this year and pays \$540.00 a month towards his health insurance. Mr. Grover talked about the harsh working conditions for the District employees. Barb Adams said the District employees are not our slaves and they can quit if they don't like it. Mr. Stark reminded the budget committee the growth of personal services is limited by policy that is already in place. If there is a decrease in wages it needs to come from the Board members not the budget committee members. Dave Mysinger said it would make more sense if the \$1,000 audit adjustment and \$1,000 bonus per employee were separate from employee wages and put on a separate line on the budget document. This would show a truer picture of the wage increases.

Barb Adams said if an employee is worth more than what the Board agrees to, the employee or employees will just quit and that is just a fact of life. She said the wages are not inadequate, but rates are high and in order to have money for a reservoir and pipe replacement the wages need to be controlled. She added wages can be controlled by having fewer employees or be conservative with wages. There was some discussion regarding employees paying a portion of their health insurance rather than reducing wages.

Mr. Grover made motion to accept page 2 (personal services) as proposed by budget officer. Mr. Kalberg said in the near future the District will be doing several capitol improvement projects and the employees of the District have the knowledge of the area and that has an intangible value to the District and makes the employees invaluable. Troy Falconer made comment on where does one draw the line though. The District has approximately 1000 customers and there is no infinite supply of income potential in Corbett. There was some discussion.

Under audience comments Gordon Fulks talked about the percentage difference in personal services from budget year 99/00 to the purposed budget year 02/03. Mr. Fulks said staff costs are huge. He suggested raising health deductibles to reduce health insurance payments and give District employees a certain amount of money towards their deductible. Bob Colclessor talked about his employment and retirement from Freightliner. Mr. Colclessor also spoke about current wages and health benefits at Freightliner. Barb Giddeon said she checked with some other water districts and found they didn't give bonuses or merit pay increases. She suggested comp time instead of being paid overtime to reduce personal services. Jeff Grover's motion failed due to lack of being seconded.

Barb Adams made motion to raise personal services as a whole, 4% from budget year 2001/2002, which would amount to \$327,860 on line 26 and put the difference of \$24,913 into capital outlay/operating contingency line 9. Steve Wilson seconded the motion. Members voting for the motion were Ken Blanc, Steve Wilson, Ed Kalberg, Henry Schwartz, Troy Falconer, Barb Adams and David Mysinger. Members voting against the motion were Jeff Grover, Rick Weaver and Renee' Jimenez. Motion passed.

Discussion continued regarding page 3, materials & services. Replacing meters would come under line 4, meters. Leak detection would come under line 3, mains and or line 4, meters. A new generator is needed at the filter plant, which is covered on line 7, filter plant. Computer supplies, software and repairs if needed come under line 18, computer.

Under audience comments Gordon Fulks thought the new generator for the treatment plant should go under the reservoir project as opposed to filter plant under materials and services. Bob Colclessor questioned why elections, line 14 had no money budgeted. Three Board members will be up for re-election at the end of budget year 2002-2003 and expenses will be incurred. Barb Giddeon made comment that line 15, chlorine and testing could be reduced if the percent of treated water loss was lessened.

Conversation continued regarding page 4, capital outlay. Pipe replacement and the master plan would come under line 3, systems improvements.

Under Capital Improvement Fund - Headworks Projects, Steve Wilson made comment on the site prep & reservoir construction line. He is optimistic the reservoir project can be completed for substantially less than what is budgeted and to make these resources spread a lot further than just the reservoir project.

Talks continued regarding the Loan Repayment Fund. The proposed reservoir rate surcharge of \$10.00 per customer per month would become effective 7/1/02 per Randy Stark. A rate increase hearing will be held in June 2002. There was some discussion.

Mr. Grover moved that the 2002-2003 budget be approved as changed by the Budget Committee, certifying that the permanent tax rate of 0.5781 per \$1,000 of assessed value shall be used to calculate Taxes Necessary to Balance Budget in the General Fund Resources category. Renee' Jimenez seconded the motion. Members voting for the motion were Ken Blanc, Ed Kalberg, Jeff Grover, Henry Schwartz, Troy Falconer, Rick Weaver, Barb Adams, Renee' Jimenez and David Mysinger. Motion passed unanimously.

Rick Weaver adjourned the meeting at 9:50 p.m.