

CORBETT WATER DISTRICT APPROVED MINUTES

Regular Meeting 7:00 p.m.

Tuesday, June 15, 2004
Corbett, Oregon

Commissioners Present: Chairman Gordon Fulks, Vice-Chairman Bob Colclessor, Ken Blanc and Lee Wyatt.

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

Audience Members Present: About 30 people were present.

Policy on Public Input.

Chairman Fulks read from the Attorney Generals Manual, concerning public meeting laws and ORS 192.630.

Changes to the Agenda.

Chairman Fulks said that item number five needed to say 'Transfer From Loan Repayment Fund' instead of 'Closure of Loan Repayment Fund.' The purchase of a GPS system needed to be added. Commissioner Colclessor made a motion to amend the agenda as stated above. Motion seconded by Commissioner Wyatt. Motion passed unanimously.

Review / Approve Minutes.

The District Clerk reported that there were five sets of minutes included in the packet.

Commissioner Blanc moved to table the minutes. Motion seconded by Commissioner Wyatt. Motion passed unanimously.

Financial Report.

The District Clerk stated the financials included a list of all approved purchase orders, 'Expense by Vendor Summary', 'Transaction List by Vendor' and a 'Budget vs. Actual.'

Utility Crew Work Report and the District Managers Report.

See attached report.

Approve Transfer of Loan Repayment Fund.

Chairman Fulks read Resolution 2004.06.07 to the Board.

Chairman Fulks said that Ed Kalberg (former Chairman of the Water Board) had come up with the current draft for the budget and this Resolution was directly related to the 2004-05 budget. Ed Kalberg said that by keeping the Loan Repayment Fund open it would give accountability to the community.

Commissioner Wyatt made a motion to approve Resolution 2004.06.07 'Transfer From Loan Repayment Fund.' Motion seconded by Commissioner Colclessor. Motion passed unanimously.

Approve Contracts with Lee Engineering.

Chairman Fulks said that the contract was for the design of the Treatment Plant upgrades. Discussion followed.

CWD 0299

9/21/2004, 11:49 AM

Dick Wand commented on the contract.

Commissioner Colclessler made a motion to approve the contract for design of the Treatment Plant upgrades. Motion seconded by Commissioner Wyatt, with the stipulation that it was okay for Lee Engineering to perform the job. Motion passed unanimously.

At 7:55 p.m. Chairman Fulks called for a recess stating that at 8:00 p.m. the Budget Hearing would commence. (The Budget Hearing minutes will follow the regular Board meeting minutes)

The regular meeting reconvened at 8:40 p.m.

Adopt Budget Resolution.

Chairman Fulks read Resolution 2004.06.08 to the Board. Discussion followed.

Commissioner Wyatt made a motion to adopt Resolution 2004.06.08. Motion seconded by Commissioner Colclessler. Motion passed unanimously.

Approve Contracts with Lee Engineering.

Chairman Fulks said that this contract would be for two DRC services for the water system. It has been estimated at \$8,000.

Torey Redfern, Dick Wand, Tom Layton and Dale Burkholder all commented on the contract and DRC.

Commissioner Wyatt made a motion to adopt Resolution 2004.06.08. Motion seconded by Commissioner Colclessler. Voting for the motion were Commissioners Fulks, Colclessler and Wyatt. Voting against the motion was Commissioner Blanc.

Consider Resolution Regarding Complaint Policy.

Commissioner Wyatt asked to table this agenda item because she had been sick.

Ed Kalberg commented on the complaint policy.

Commissioner Wyatt moved to table this item. Motion seconded by Commissioner Blanc. Motion passed unanimously.

Public Input NOT on the Agenda.

Jane Anderson read portions of a letter to Commissioner Blanc from Attorney Richard Weill. She asked that a committee be formed to investigate Richard Weill's letter. Commissioner Blanc submitted a copy of the letter for the record.

Dale Burkholder asked if Commissioner Wyatt had ever had an Attorney client relationship with any of the Board members. Commissioner Wyatt said no; no past, present or future relationship exists or will exist.

Nev Scott wanted to know how a letter from Commissioner Freund was postmarked from Corbett when he had been in Iowa. Discussion followed.

Dick Wand would like to see a motion to have the agenda and resolution a minimum of seven days prior to the meeting. Chairman Fulks said that the goal has been the Thursday before a Tuesday meeting.

Commissioner Wyatt made a motion to adjourn. Motion seconded by Commissioner Colclessler. Motion passed unanimously.

Meeting adjourned at 9:20 p.m.

CORBETT WATER DISTRICT

DRAFT MINUTES

Budget Hearing Meeting 8:00 p.m.

Tuesday, June 15, 2004
Corbett, Oregon

At 8:00 p.m. Chairman Fulks called the Budget Hearing to order. He said that the Board was looking at the 2004-05 Draft B budget.

Chairman Fulks said that the Tax Supervising and Conservation Commission (TSCC) had two objections.

1. Commissioner Per Diem – TSCC said that this line item needed to be moved out of ‘Personal Services’ and into ‘Material & Services.’ This has been done. TSCC also said that the budget committee had intentionally budget this line item at zero dollars, so unless the Board at the time of adoption, increased this line item it would be illegal to expend monies for this purpose as of July 1, 2004. To correct this \$1,000 has been moved from ‘Mains’ to ‘Commissioners per Diem.’
2. Merging Loan Repayment Fund into Headworks Project Fund – TSCC said that since the Headworks Project Fund was established as a ORS 294.525 Reserve Fund it, under law, has restricted use. It could be used for the purpose of accumulating monies for a special purpose; in this case the stated purpose is to construct a storage reservoir. It cannot be used for long term debt repayment, therefore it would be inappropriate to move the loan repayment into the Headworks fund. TSCC recommended that the Board should, in a regularly scheduled Board meeting before adopting the 2004-05 budget, close the Loan Repayment Fund during the 2003-04 Fiscal year and transfer all resources to the General Fund. To correct this the Board, after much consideration decided to transfer \$250,000 from the Loan Repayment to the General Fund, leaving \$6,899 in the Loan Repayment Fund before the Budget Hearing took place. This had been discussed with TSCC and they have approved of the process. The \$120,000 from the Reservoir Rate Surcharge will also be added into the Loan Repayment account to pay for ‘Principle and Interest.’

Public Testimony Pertaining To The Budget.

Fred Erickson questioned if the draft budget included the water rate reduction. Chairman Fulks said yes, \$85,000 was removed from ‘Water Sales’ and from ‘System Improvement’ to keep the budget balanced. Fred Erickson asked why the extra money had not been spent on ‘System Improvements’ instead of the rate reduction. Chairman Fulks said that out of the budgeted \$431,268, \$140,000 was carryover for the repainting of Reservoir # 4. He said that there was more than enough money in ‘System Improvements’ for the year.

Janet Helus said that if six \$18,000 projects are performed it would equal \$90,000, which was about the same as the rate reduction. She said that if the PRV / vaults were not online it could create a safety concern. Chairman Fulks said that the PRV stations came under ‘System Improvements’ and each new PRV would be considered a project. Chairman Fulks said that it had been previously discussed to purchase PRV vaults, but the crew can rebuild the existing PRVs at a much lower cost.

Jane Anderson said that the budget committee was important and the Board needed to take into consideration their opinion. She said that the huge rate reduction came after the budget committee process and she felt that if the rate reduction had been foreseen it should have been proposed to the budget committee. She also said that the budget committee felt very strongly against having money in the 'Commissioner Per Diem'; she said it was an insult to the budget committee to move money into the 'Commissioner Per Diem' category. Jane Anderson said that the employee's wages should not have been reduced in the budget, if anything they should have remained the same.

Tom Layton (Fire District 14 Chief) said that he had two concerns. He said that the District had not purchased all of the shoring needed and 'Safety' for 2004-05 was budget for \$1,000.

His other concern was for fire hydrants. He said that fire hydrants benefit everybody in the community including the water system because they allow for a place to bleed off the lines. Chief Layton said that he had spoken to the District Manager and was told that the District wanted to install an additional fire hydrant on Deverell road and Larch Mountain to deal with air in the line. He said that \$2,500 was budgeted for fire hydrants and the Board asked the Fire Department to match that amount, which they have. Chief Layton said that for several years the Fire Department has budgeted for fire hydrants as a cooperative agreement with the Water District. He said that it was created because of the Water Board's tight budget constraints and now the Board has decided to cut water rates, when the money should be going into system improvements. He said that both 'Safety' and 'Fire Hydrants' should be increased in the budget.

Dan Graff (budget committee member) said that during the budget process Chairman Fulks said that as much money as possible needed to be put into Capital Outlay. He said that during the budget process there was a discussion on rate reductions and Chairman Fulks had replied that there would not be a rate reduction because of the extent of the decaying infrastructure, and now, two months later, the rates went down 17%.

Ed Kalberg (Former Chairman of the Board and a Certified Public Accountant (CPA)) handed out a cost analysis worksheet to the Board. He said that fundamentally the Board was doing things on a short term basis which would cause an effect in the future.

Ed Kalberg said that if it was truly a rate reduction that would be terrific, but by not paying down the debt it was just a deferral. He said that the Board was not giving but loaning money back to the rate payers because there is an existing loan that the Board has to pay interest on. By giving the money back and not paying off the loan it will cost in interest alone \$103,919 dollars over the period of the loan. Ed Kalberg said that the Board had not thought out the rate reduction.

Ed Kalberg said that the Board had rounded the Reservoir Rate Surcharge to \$120,000 instead of the original minimum of \$123,600. The difference of \$3,600 would cost the district over \$15,000 and will extend the loan an additional six months. He said that he wanted to get the loan paid off and then have a permanent rate reduction of 25% instead of mortgaging the future.

Ed Kalberg commented that he was not questioning the Board motives but the speed of the process.

Ed Kalberg said that \$35,000 for legal fees was too high. He would like to see the Board put \$5,000 in legal fees as a good faith estimate and if in the future the Board needed additional money in the category they could move some into it as needed.

Bonnie Vaughan said that looking at the Budget for 2004-05 it did not appear that the crew would be paid less, she asked for clarification. Chairman Fulks said that the original \$233,000 was a nominal amount. He said that the job categories had changed and there is no longer a Superintendent. The new categories are a loaded number. He said that the wages were subject to Union negotiations. He said that he knew what the

District Manager will cost in 2004-05 and the other wages will be adjusted relative to the new District Managers salary.

Jamie Simms, the Budget Officer, said that currently Marc Caldwell, who is the highest paid field worker, holds the title of Water Treatment Plant Operator who has a budgeted salary in 2003-04 of \$49,773. When looking at the 2004-05 budget the highest paid field worker is Worker II who is budget at \$50,000 but this amount includes a 25% loaded amount for PERS, Worker's Comp, Social Security and Medicare. The actual salary for Worker II is \$40,000; this would be a budgeted decrease of almost \$10,000. Chairman Fulks said that the Board had not designated who Worker I and Worker II were. He said that the only salaries he knew for sure were the District Manager, District Clerk and the Office Assistant.

There were no other public comments.

Commissioner Wyatt made a motion to adjourn the Budget Hearing. Motion seconded by Commissioner Colclesser. Motion passed unanimously.

Meeting adjourned at 8:40 p.m.