

**BUDGET COMMITTEE MEETING #2**

**HYBRID MEETING: IN-PERSON ~ VIRTUAL MEETING VIA ZOOM**

**Thursday, April 11, 2024, 6:30 p.m. ~ Corbett Fire Hall 36930 E Hist. Col. Riv. Hwy**

**BUDGET COMMITTEE MEMBERS PRESENT: In-Person: Michael Arion, Allen Cress, Malcolm Freund, Angie Kimpo, Kelly Piper**

**BUDGET COMMITTEE MEMBERS PRESENT VIA ZOOM: Lauri Aunan, Sara Grigsby, Andrew Kurkinen**

**BUDGET COMMITTEE MEMBERS ABSENT: Dan Graff, Jonathan Scott**

**STAFF MEMBERS PRESENT: District Manager Ana Linden, District Clerk Heather McGivney, DRC David Jacob**

**AGENDA**

**1. Call to Order** – The meeting was called to order at 6:30pm by Budget Committee Chair Michael Arion.

**2. Roll Call** – All Committee members were present, except for Dan Graff and Jonathan Scott.

**3. Approval of the Agenda** – Kelly Piper moved to approve the agenda as presented, seconded by Sara Grigsby. (*motion passed 8 yes votes: M. Arion, L. Aunan, A. Cress, M. Freund, S. Grigsby, A. Kimpo, A. Kurkinen, K. Piper; 0 no votes*)

**4. Review and Discussion of the Fiscal Year 2024-2025 Proposed Budget** – Michael Arion reminded the Committee where we left off in the last meeting. Kelly Piper read from the Explanation of Revenue and Expenditures, starting from Materials and Services.

- Materials and Services
  - Customer: Malcolm Freund asked for clarity on the Bank Fees line item. Ana Linden explained that we used to remove bank fees from the water sales revenue, but this year we've separated it out into its own expense. It includes the cost of banking, and credit card transaction fees. The amount of these fees from Wells Fargo is part of the reason that we are switching our financial institution to Maps Credit Union. The credit card fees will remain, but the banking fees will be a lot less. There was discussion around changing the title "bank fees" to be more specific, but it is a catch-all line item.
  - Facilities and Vehicles: Sara Grigsby asked if the Utilities line item included the monthly service charges for cell phones, or the cost of purchasing cell phones? Heather McGivney answered that it was the monthly bill. Sara asked the question because currently the staff are using personal cell phones, so we might want to purchase District-owned cell phones. Michael asked if the Utilities line is possibly where we can reduce the amount budgeted, as we've only spent half of the budget when we are 2/3 of the way through the year. Ana said that it is probably possible to reduce that line. Andrew Kurkinen asked which vehicles are included in the Fuel line item? Ana responded that we have three trucks, plus some heavy equipment. Malcolm asked why the Vehicle Repairs & Maintenance line is so high when the only specific expense listed is new shocks for one of the trucks? Ana answered that the line is for mostly unexpected repairs, particularly for the Vac, which costs a lot to be repaired. Michael pointed out that this might be another line where we can reduce the amount in the new budget. Sara asked if this line item would include the

**THIS WAS A PUBLIC MEETING**

**Revised 05/14/24, 2:15pm, pg 1**

- purchase of winter chains? Heather answered yes, and it would also include parts like tires. Malcolm asked what happened to the old chains? Ana answered that they were the wrong size.
- Infrastructure Maintenance: Andrew suggested breaking down Mains Repairs & Maintenance line item to have more specific lines. Lauri Aunan asked why the year to date expenditures are so much lower than the budget for the current year? Ana answered that the line is highly volatile and we mostly tackle repairs as we become aware of them. She also tries to err on the high side of expected repair costs so that she doesn't go over budget. Sara said there are some projects that are on hold because we don't have the personnel to handle them. Angie Kimpo said that she would be reluctant to cut that line item, in case large repairs come up.
  - Office & Staff: Malcolm asked why the Computer line includes the purchase of a laptop when the District purchased tablets for Board members, which they don't use? Ana said that it isn't the same type of computer, and she doesn't think that they could use the tablets for data entry. Malcolm asked about the Staff Appreciation line item. He doesn't think that it should be a regular line item, and that the customers would not be happy knowing that the District is spending money on a staff party. Sara answered that she has a different opinion, and we got advice from the Special District Association of Oregon. SDAO said that they agree that staff appreciation events, like the end-of-year party, are a big part of staff retention. Allen Cress said that he believes that staff appreciation is a crucial part of the budget at his workplace, and it helps retention. Both Lauri and Andrew concurred that spending money to keep the staff happy is important.
  - Professional Services: Kelly asked if the DRC line item is duplicated from the Personnel Services page? What is the difference between the two expenses, as they aren't the same amount? Ana answered that the DRC line item is just for the DRC services that we receive now. Hydra Engineering's charges for contract work or for educating the crew are listed in the Engineering line item. The DRC line in Personnel Services would be providing both services in one line item. However, it is a duplicate expense, so one or the other can be eliminated. Angie asked if the Engineering line included the expert engineers for the lawsuit? Ana answered no, those fees are included in the Legal line item. Andrew asked about the Legal line item, and how that number was estimated. Ana answered that the number isn't a hard bid, but an estimate of the costs that would be associated with going all the way to trial, which is a worst case scenario. Michael added that hopefully if we spend this money the award or settlement will be more than our expenses. Malcolm asked how HR Advice relates to Membership Fees? Ana answered that our membership with SDAO includes a small amount of HR Advice, but we might have needs that exceed the amount of included advice.
  - Treatment: Sara asked about Lab Samples, and if money was included for the sand we expect to purchase for one of our filter ponds using Hydra Engineering's variance from Oregon Health Authority. Ana answered yes. David Jacob of Hydra Engineering explained the background about the variance plan to the Budget Committee members who may not have learned about it previously. Time was spent comparing estimated costs for the variance vs. purchasing the sand from Knife River, the vendor who is NSF certified. The Hydra Engineering estimate is 40% the cost of purchasing from Knife River. The amount in the Filter Pond/Treatment Plant Repairs line is enough to purchase the sand from Knife River. Andrew asked if there was an Oregon law about conflict of interest if a vendor provides consulting and then seeks to provide a product? Second, he is concerned about getting locked into a multi-year agreement. Ana responded that we won't be locked into a multi-year agreement. It took a lot of effort to get the variance from OHA, and this could have a large effect for other water utilities with slow sand filter ponds. Angie would like written confirmation from a high level

**THIS WAS A PUBLIC MEETING**

**Revised 05/14/24, 2:15pm, pg 2**

employee of OHA saying that they will honor the variance if the sand meets certain criteria. She'd like the Board to see any correspondence from OHA about their acceptance of the methodology and willingness to honor the results. Malcolm asked if the Telemetry line item will take care of the problems that we had during the January storm? Ana answered that she didn't know. These will be upgrades to the current system, and we might have citizen volunteers who are engineers take a look at our setup to help optimize it.

- Capital Outlay

- Facilities and Vehicles: Sara asked if the Building line item includes weatherization, to help with keeping the building warm in the winter? Ana said no, not this year. Angie asked about the OSHA upgrades for the building? Ana answered that it would be things like railings. Michael said that he is researching the least expensive way to provide emergency heat to the building. Angie asked if we have a generator that will provide electricity, even if it won't heat the building? Ana answered that our current generator isn't functional and might not be repairable due to its age. Lauri said that she thinks a functional generator might be more important than some of the planned remodels. There was discussion about types of generators. Andrew asked if the planned building remodels are needs or wants? Ana said that the projects are wants. Malcolm asked for clarity on the Vehicles line item. Kelly answered that this was for a permanent upgrade, where the line in Materials and Services is for repairs.
- Infrastructure: Malcolm says that he believes that the Fire Hydrant line should be zero since the plan is to set money aside. He thinks that either you plan to spend money or you don't. Lauri and Angie said that they support setting money aside for future hydrant purchases. Angie says that she also thinks a hydro study needs to be done before we place any future hydrants to see if the system can support them. Ana agreed that she would like a plan from an engineer. Ana said, and Andrew agreed, that it would be valuable to look at budgets in a more than one year increment. This would enable strategic planning. Lauri pointed out that we've applied for a grant that could fund a hydraulic study, which could help with a lot of this infrastructure planning. Malcolm asked how accurate the GIS will be in the GIS & Mapping line? Ana answered that it would be down to inches. Malcolm asked about the Reservoirs line, where did the number come from? Ana answered that a local engineer supplied a rough estimate. Angie added that there could be some reimbursement by FEMA if an emergency is declared for the January storm. Malcolm asked how System Conformity relates to the Expenses Reimbursable by Customer in Materials and Services? Ana said that many of the projects under System Conformity require changes to the system, and we wouldn't charge a customer for those changes because they were originally done in a way that didn't conform to policy. The line in Materials and Services is for projects that the customer requests around their particular water service, like meter size reductions.
- Plans & Assessments: Angie asked if we had looked at the agreement for the Toilet Rebate Grant to see if we can use the money in any other way? Malcolm responded that no, it needs to be used for that specific purpose. Malcolm asked how we estimated the amount for the ASR Feasibility Report? Ana answered that we are in the running for a grant that might pay for this report. However, we need a new report in order to perhaps parlay that into another grant that might assist with building a new ASR well. Malcolm clarified that the money in the Larch Mountain Overflow line is for an engineering plan for the repair. Ana said that she got a more accurate estimate, which will be reflected in the approved budget.
- Source/Watershed: Sara asked why no money is allocated to this category? Ana answered that there are no current plans, and also that we have several volunteers that are working on plans that might affect future projects. Lauri asked for an explanation of

**THIS WAS A PUBLIC MEETING**

**Revised 05/14/24, 2:15pm, pg 3**

the category. Angie and Kelly answered that it has to do with protecting the watershed, or installing improvements to the intakes.

- Treatment Plant: Angie asked if there was a computer at the Treatment Plant and the answer is that there is a computer, but this expense is for upgrading equipment. Andrew asked if there was backup power at the Treatment Plant? Ana answered that we have a backup generator and backup batteries. It is very critical that the telemetry at the Treatment Plant stays up and running.
- Debt Service This is a fixed cost, and must appear in the budget as is.
- Budget Totals
  - Unappropriated Ending Fund Balance: Michael asked for clarity on this figure. Ana answered that this is the money that will start us out for the next Fiscal Year. It correlates to the Net Working Capital in the Revenue section. Ana said that her original Proposed Budget, this number was larger, but we got the Larch Mountain reservoir repair estimates just before we had to send the Proposed Budget to Committee Members. Lauri strongly feels that we need to have money with which to start the next Fiscal Year. Michael feels that the Committee needs to decide what to cut in order to have an Unappropriated Ending Fund Balance. Sara pointed out that they either need to cut expenditures or raise revenues, which the Board will discuss a rate increase at the April Regular Board Meeting.

Angie made the suggestion that we contact FEMA to see if the Emergency has been declared, and second that each Committee member should look at the numbers before the next Budget Committee meeting to come up with ideas of where money can be cut. Angie asked what number should be the goal for the Unappropriated Ending Fund Balance? Michael said that he's thinking \$300,000. Allen said that there are several items in the budget that don't appear to be optional. Andrew asked if there were any plans for the funds freed up when the debt is paid? Ana said no plans at this moment. Malcolm asked for the dollar amount needed to operate the District on a monthly basis? What are the basic expenses to open the door and operate? He feels that this money should be an absolute minimum for the budget. Lauri said that she thought there should be an Unappropriated Ending Fund Balance that could run the District even if there were no income.

## **5. Public Comments –**

- Community member April Eaton wants to follow along with the information related to stabilizing the slope at the Larch Mountain reservoir. The estimates that we have now seems like a large chunk of the budget. She hopes that FEMA will pay part of it, but that still leaves approximately \$75,000. She thinks that this cost will drive the Board to want to raise rates. However, there was a lack of preparation for that storm. A qualified employee could have prevented the damage. Prior and proper preparation prevents poor performance. She is able to pay a potential rate increase, but she's concerned about people on fixed incomes who may not be able to handle the rate increase. Angie suggested that April watch the video of the presentation on the options for stabilizing the slope at Larch Mountain, because it provided some great information about the problem. Ana pointed out that there have been washout events on the Larch Mountain reservoir slope before, so this event isn't the sole cause for needing stabilization. The owner of the property would also like an engineered solution for the overflow problem so that the damage doesn't happen again.
- Community member Alivia Pence commended the Committee for their hard work, and wished them a good night.

**6. Announcement of a third Budget Committee Meeting, to take place on April 17, 2024 at 6:30pm** – Public comments will be accepted at this meeting. The Budget Committee will vote to approve the Fiscal Year 2024-25 Budget. It will be in-person at the Corbett Fire Hall, and online via Zoom.

**THIS WAS A PUBLIC MEETING**

**Revised 05/14/24, 2:15pm, pg 4**

**ADJOURNMENT OF MEETING** – Kelly Piper made a motion to adjourn the meeting at 8:55pm. Lauri Aunan seconded. (*motion passed 8 yes votes: M. Arion, L. Aunan, A. Cress, M. Freund, S. Grigsby, A. Kimpo, A. Kurkinen, K. Piper; 0 no votes*) The meeting was adjourned at 8:55pm.

**THIS WAS A PUBLIC MEETING**

**Revised 05/14/24, 2:15pm, pg 5**