

BUDGET COMMITTEE MEETING #3

HYBRID MEETING: IN-PERSON ~ VIRTUAL MEETING VIA ZOOM

Wednesday, April 17, 2024, 6:30 p.m. ~ Corbett Fire Hall 36930 E Hist. Col. Riv. Hwy

BUDGET COMMITTEE MEMBERS PRESENT: In-Person: Michael Arion, Lauri Aunan, Allen Cress, Malcolm Freund, Dan Graff, Sara Grigsby, Angie Kimpo, Andrew Kurkinen Kelly Piper

BUDGET COMMITTEE MEMBERS ABSENT: Jonathan Scott

STAFF MEMBERS PRESENT: District Manager Ana Linden, District Clerk Heather McGivney, Assistant District Clerk Lynda Ronell

AGENDA

- 1. Call to Order** – Budget Committee Chair Michael Arion called the meeting to order at 6:30pm.
- 2. Roll Call** – All members of the Budget Committee were present, except for Jonathan Scott.
- 3. Approval of the Agenda** – Angie Kimpo asked if the agenda could be amended to include public comment before deliberation. Kelly Piper moved to approve the agenda with the addition that members of the public be allowed to interject comments if they so desire. Sara Grigsby seconded. *(motion passed 8 yes votes: M. Arion, L. Aunan, A. Cress, M. Freud, D. Graff, S. Grigsby, A. Kimpo, K. Piper; 0 no votes)*
- 4. Public Comments** – comments were solicited before deliberation began, but there were none.
- 5. Review and Discussion of the Fiscal Year 2024-2025 Proposed Budget by section** – Budget Committee Chair Michael Arion asked that each committee member provide input on how they propose to amend the budget.
 - Angie Kimpo created a spreadsheet that reduced many categories in Materials and Services and Capital Outlay by 10% unless there were hard expenses that couldn't be changed. She added funds to the Larch Mountain reservoir project plan in Capital Outlay, as the estimate came in at \$38,500 instead of \$30,000. She also deducted \$100,000 from the construction part of the Larch Mountain reservoir project, since we've found out that that money would more likely be spent in Fiscal Year 2025-26. She suggested moving the money to the Unappropriated Ending Fund Balance. Discussion ensued about specific line items where committee members thought that appropriations couldn't be reduced, or could be reduced more. Ana Linden pointed out that the plan for the Larch Mountain reservoir project would likely be paid in the current fiscal year so that we can get started. However, that would reflect in the 2024-25 budget by reducing the Net Working Capital that starts the year. Angie said that the FEMA disaster declaration was approved by President Biden for Oregon's January storm. We may be able to offset some of the cost for the Larch Mountain reservoir project with an award from FEMA.
 - Dan Graff expressed a desire to not necessarily haggle over each line, but rather appropriate to the larger categories. As long as each category is sufficiently funded, the individual lines can fluctuate. Also, the current year expenses may not reflect accurately to next year. Many members agreed with this sentiment. Ana added that we have one general fund, so many categories can blur a little. The only money that we can't touch is the Unappropriated Ending Fund Balance, as we are reserving those funds to start the 2025-26 Fiscal Year.

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- Sara Grigsby said that she thought that the DRC appropriations should be cleared up. The \$36,500 appears twice in the document, in Personnel Services and also in Capital Outlay. The matter was raised at the Regular Board meeting on April 16th, asking whether the District would seek a part time Field Supervisor/DRC. Dan believes that we should leave the DRC charges in the Professional Services category of Capital Outlay so that it can be a discrete allocation. He would like to take the allocation out of Personnel Services. The other part of the Field Supervisor/DRC salary can be added into the Engineering line of Professional Services in Materials and Services.
- Kelly Piper noted that there is a significant increase for the Clerk salaries in Personnel Services and asked Ana for clarification. Ana responded that when she made the proposed budget, we had two Assistant Clerks who worked more than 40 hours per week combined. At the Regular Board meeting on April 16th, the Board decided to hire an additional District Clerk who would work full time, and the Assistant Clerk position would be eliminated. However, the category of Office Crew should still have an accurate appropriation. Kelly asked about the Cost of Living line item, which was first budgeted last year. Ana responded that the line item is there so that the Committee can approve or reject it, but it is reflected throughout the year in each employee's salary, rather than in that line. Kelly confirmed that the VEBA Benefit is increasing 20%, from \$100/month for each employee to \$120/month.
- Lauri Aunan spoke about the math that she did at home. She wondered how much operating revenues would cover the projected expenses for next year. So she took out the Net Working Capital that should be in the bank at the beginning of the year and then calculated the amount available for operations after Debt Service and Personnel Services had been paid. If we spent the amount for all of the projected Materials and Services and Capital Outlay, we would be at a significant deficit. She wondered where we would be at the beginning of the 2025-26 Fiscal Year if we spent everything that we are projecting. Ana pointed out that if we spend all of the money in our accounts, our interest income would decrease. Dan said that at least one potential expense (the Larch Mountain reservoir slope stabilization) is a one-off, not a regular expense. Discussion ensued about how we've built a significant cash carryover, compared to a few years ago. The conclusions seemed to be that we are not spending all of our budget, and there were some staffing changes. In order to have money to take us into the next Fiscal Year, we may have to temper our plans and not try to fix 20 years worth of deferred maintenance in just a few years.
- Allen Cress asked if by reducing the expenditures in one line item, we are restricting the flexibility of spending for the whole category. Sara explained that related lines have been combined into a category. So we have the freedom to reduce expenses at the line level and still spend up to the level of the category. Allen feels that we should try to educate the public a little more about the expenses of running the District, and that might make people more willing to raise rates to pay for the maintenance and upgrades that we need. Lauri mentioned that the State of Oregon is asking agencies for 10 best practices about how to engage the community about water delivery. This should be helpful in the future.
- Andrew Kurkinen talked about optics and community. He said that since the loan will be paid off soon, he would recommend avoiding a rate increase this year. The January storm caused a lot of hardship for the community, and we've been hearing from community members about their disappointments surrounding the storm response. He would like to buy time to generate goodwill in the community before asking for a rate increase.
- Malcolm Freund believes that the District has the revenue that it needs, but it has a spending problem. He thinks that the Budget Committee should look at needs instead of wants. Malcolm said that we have enough revenue to cover our needs. Angie asked where he would cut funding? He responded that the proposed health coverage, to cover families at 100% is a large increase over last year, as is increasing the VEBA health benefit by 20%. Kelly responded that offering

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good benefits is also about retaining employees, when we can't necessarily offer higher salaries. Malcolm agreed, but pointed out that the District advertised for an upper level Utility Worker last year and didn't get any applications, apparently because those candidates were looking for better salaries, not good benefits. Andrew said that he supports a living wage, but he noticed that there was a significant cost of living adjustment (COLA) last year, and BOLI does not require a COLA every year. He thinks that once something like this is done on a yearly basis a few times, it might become expected. If the Board decides to approve a COLA every year, they should be prepared to present evidence to the public if it is questioned. Ana responded that the COLA proposal is based on the Consumer Price Index for the Western Region. Andrew also believes that they should be cautious about giving too much in benefits. Malcolm asked about the need for two Clerks, because he believes that many operations have been streamlined. Ana responded that she wants to provide better customer service, and that we need two Clerks to maintain our systems at an acceptable level. Sara pointed out that Ana is very good at getting volunteers, who are doing a lot of necessary work. If those volunteers were to go away, she hopes that the Clerks and Manager could handle all of the work. Dan asked for an explanation about the need for the number of hours required for the office staff. Ana responded that the past expectation for the hours was unrealistic; the Clerks always worked more hours than scheduled. She also believes that in past years, the particular employees that we had were faster at their jobs than our current Clerks. Malcolm asked about the Vehicles Repairs & Maintenance, does the proposed amount include snow chains? Ana responded that the chains have been purchased already. We are planning to replace the shocks in one of the trucks, but otherwise the amount is for unplanned necessary maintenance. Andrew recommended that we separate the maintenance for vehicles from the maintenance for heavy equipment. He also questioned the amount proposed for vehicles in Capital Outlay. He believes it is over the amount needed for running boards. Malcolm asked for clarification on what is in the Engineering line item. Discussion ensued about the appropriate amount to allocate to that line based on the Engineer of Record's time and the Larch Mountain reservoir slope stabilization project. He also asked for a breakdown of what is going into the Lab Samples line item. Ana answered that this amount includes labs for the sand variance for the filter ponds. Malcolm believes that the Building fund in Capital Outlay is too high, with more wants than needs. Ana answered that she would like to keep improving the building so that employees want to work here. Malcolm thinks that there shouldn't be money set aside for building a Fire Hydrant fund. He concluded that he wanted to know the basic amount to keep the doors open.

- General discussion began about which categories could be cut to find an adequate amount for an Unappropriated Ending Fund Balance to begin Fiscal Year 2025-26.
 - No changes to Revenue estimates.
 - The DRC was eliminated from the Salaried Positions category. That was the only change made to Personnel Services.
 - On Materials and Services, the Customer category was not changed. Facilities and Vehicles was reduced to \$60,000. Infrastructure Maintenance was reduced by 10%, though that means that we might not be so proactive about trying to find leaks. The Office and Staff category was not changed. Malcolm asked if Training & Education included Ana's college? She responded that she hasn't been going to college this year, but it includes all other training and conferences for the entire staff. They decided to leave that figure as is to encourage safety and training for staff. In Professional Services, Andrew asked if the line item for legal fees is a worst case scenario, and Ana responded that it is the estimate for if the lawsuit goes all the way to trial. Andrew advised communicating with the community about how much of a settlement might be gained by spending this money. For Professional Services, Sara proposed that since Engineering has already been reduced by \$30,000, that should be enough of a reduction to get to 10% for the whole category. The Treatment category was not changed.

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- On Capital Outlay, in the Facilities and Vehicles category, Dan suggested cutting the Building line item by half, and to complete the remodels more slowly. Angie pointed out that the Building line could also include purchasing a large generator for electricity coverage during potential power outages. Sara suggested a compromise by reducing the category by 10% rather than reduce by line item. For Infrastructure, Michael pointed out that \$100,000 could be reduced from the Reservoirs line because part of the work for the Larch Mountain reservoir slope stabilization will be done in Fiscal Year 2025-26. There was discussion about removing the money from the Fire Hydrants line, but it was ultimately decided to increase that line to \$12,000. Andrew asked for clarity on the System Conformity line, whether it was a need or a want? Ana answered that it was more of a need because it involves bringing system irregularities to within legal and policy guidelines. The category was reduced to \$205,000. The Plans & Assessments category was increased to \$65,900 because the bid for the Larch Mountain reservoir plan came in at \$38,500 rather than \$30,000. Everything else in that category was unchanged. The Source/Watershed category had nothing proposed, and was unchanged. The Treatment Plant category was unchanged.
- Debt Service is a fixed cost, and it was unchanged.
- The totals page showed a savings of \$203,675 compared to the proposed budget. Ana asked if the \$203,675 is the Unappropriated Ending Fund Balance that the Committee wants to forward at the starting capital for Fiscal Year 2025-26? She reiterated that this is money that we can't spend, and we have to reserve for next year. Dan suggested that we move a good portion of that money into Contingency, so that we can use it in an emergency. Sara asked for clarity about what would need to happen to use the money from Contingency? Heather McGivney responded that there would have to be a Board resolution to spend money from Contingency. She also pointed out that, per a conversation with Multnomah County TSCC, she was advised that many budgets put all of their excess funding into Contingency and have an Unappropriated Ending Fund Balance of \$0. This leaves the funding accessible, if needed. The group decided to leave \$100,000 in the Unappropriated Ending Fund Balance, and make the Contingency \$164,473. The Committee double checked the totals for each category, and each page of the budget.
- Sara Grigsby thanked the members of the Budget Committee for their thoughtful questions and deliberations.

6. Public Comments – None.

7. Approval of the Corbett Water District budget for Fiscal Year 2024-2025 – Kelly Piper moved to approve the budget at \$2,052,665 for Fiscal Year 2024-25. Andrew Kurkinen seconded. (*motion passed 9 yes votes: M. Arion, L. Aunan, A. Cress, M. Freud, D. Graff, S. Grigsby, A. Kimpo, A. Kurkinen, K. Piper; 0 no votes*) Kelly Piper moved to approve the property tax rate at \$0.5781 per \$1,000 of assessed value for the Fiscal Year 2024-25. Lauri Aunan seconded. (*motion passed 9 yes votes: M. Arion, L. Aunan, A. Cress, M. Freud, D. Graff, S. Grigsby, A. Kimpo, A. Kurkinen, K. Piper; 0 no votes*)

ADJOURNMENT OF MEETING – Dan Graff made a motion to adjourn the meeting at 8:55pm, seconded by Lauri Aunan. (*motion passed 9 yes votes: M. Arion, L. Aunan, A. Cress, M. Freud, D. Graff, S. Grigsby, A. Kimpo, A. Kurkinen, K. Piper; 0 no votes*) The meeting was adjourned at 8:55pm.

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