

**Rivergrove Water District  
Minutes-Budget Committee Meeting  
May 17, 2017**

**CALL TO ORDER:**

Board Chair Shon DeVries (in the absence of Budget Chair Rich Refvem) called the Rivergrove Water Fiscal 2017-2018 Budget Committee meeting of the Rivergrove Water District to order at 5:45 PM at 17661 Pilkington Rd., Lake Oswego.

Commissioner Budget Committee members in attendance: Shon DeVries, Chris Roth, Jonathan McDowell, Jim Johnson, and Sherry Patterson.

District Budget Committee Members: Sylvia Smith, Brian Gerritz, and Peter Klaebe were present. Rich Refvem was absent. Prospective Budget Committee member Gerald Thacker and guest Lake Grove Water District Manager Tammy Schalk were present. Manager DJ Ezell and Assistant Budget Officer Dan Zimmerman were present. Introductions were done.

Budget officer DJ Ezell explained the introduction budget cycle and the exhibits in the book.

*Member Chris Roth nominated Gerald Thacker to a three year term on the budget committee. Member Sherry Patterson seconded. Motion passed unanimously.*

**BUDGET MINUTES: 5-19-2016 Budget Committee Meeting**

*Member Chris Roth moved that we approve the minutes of May 19<sup>th</sup>, 2016 Budget Committee meeting. Member Sherry Patterson seconded. Motion passed unanimously.*

**BUDGET COMMITTEE CHAIR/BUDGET COMMITTEE SECRETARY ELECTION:**

*Member Chris Roth moved to nominate Member Peter Klaebe as Chair of the Budget Committee. Member Jim Johnson seconded. Motion passed unanimously.*

*Member Shon DeVries moved to nominate Member Sylvia Smith as Secretary. Member Jim Johnson seconded. Motion passed unanimously.*

**Budget message:** Budget Officer DJ Ezell gave an overview of Budget Process. She would like to entertain questions on the budget message and details.

1. DJ noted that in the message she tried to do what the Committee wanted her to do in the goals section. She included what we actually accomplished for the projected goals this year along with the goals for the upcoming fiscal budget year.
2. Chair Peter Klaebe had some corrections to the Budget message. On page 2 there was a typo on Executive Summary 2<sup>nd</sup> paragraph strike the word "that" and replace with "than". He asked DJ to explain the 51% decrease in Capital Outlay projects. She stated that Capital Outlay isn't always used but this decrease is due to the fence again. Some funds were used to tidy up our well site on Old Gate Road due to complaints from a neighbor. DJ did get some bids but seemed like it was pulling teeth to get them. She was hoping for Brian to show up to see if he could point her in the direction of some decent fence contractors. Any bids were over budget. She is hoping when the next big project comes up with Reservoir #3 maybe getting the fence could be completed then. Two fire hydrants will be installed by year end. She added that the other items are really there for unforeseen

issues like main breaks, etc. We didn't buy any tools or items for the trucks that were over \$5,000. What we did do was use some of the funds for new fencing in the frontage at Old Gate and a new gate and intend to put in an automatic gate to finish that up. Our Engineer has agreed that the driveway to the site needs to be redone and neighbors want us to partially pave it in the front. We have inquired to LO and they said we couldn't. DJ noted that the Committee will see this throughout the budget numbers that the Contractor that we are dealing with to do an electrical upgrade for our portable generator at the site is way behind with his project being complete and has caused us problems getting some other things done. Parts we ordered for the backflow program haven't been delivered due to trenches still open. It was supposed to be done in February but they are still not completed. Liquidated damages were discussed.

3. Chair Peter Klaebe's next question-page 5 the comment about the rate increase and it happening. This is the first time he read about a rate increase is that something that was decided on before? DJ stated that it was actually approved in 2015 and that there were four years of increases approved after the rate study was done. And this one will be the third rate increase.

**Brian Gerritz entered the meeting at this time.**

DJ continued that we went through all the public hearings at that time but no public attended those meetings.

Member Shon DeVries noted that the purpose behind the rate increases besides raising money for Capital Improvement Projects was to accumulate funds for at least a 90 day operating contingency. We inquired to the consultant about how we know when we are there and if we would need to the last increase-she gave us a formula to figure that out. Discussion continued on contingencies and budgeting for a deficit and how that is not the proper way to do it.

Correction on percentage of what the contingency is to operations. Instead of 50% the number should be 5.7%. Not enough for a 90 day contingency or 25% so the rate increase remains in budget.

4. Chair Peter Klaebe had a question on page 6 how we estimated the number of new meters. Dan answered we estimate based on the possible developments and lots that are ready for sale-Timberland development: 3 plus % of the 4th, Canal Rd: 3 possible here, 2 at 5550 Jean Rd. Discussion took place on terminated meters and process to reinstate meter.
5. Member Brian Gerritz asked if the projects mapped out by the 20 year study come to the budget committee level or just at the Board level. Member Shon DeVries noted it is public information and that it is available for viewing. Discussion continued on the Master planning and the future projects. Member Brian Gerritz asked about if in the future budget meeting that the project lists can be added to the appendix in the budget document to show numbers and also progress.
6. Chair Peter Klaebe asked about the status of the Loan that the District has applied for through the SDWLF. DJ stated that as far as she knew the loan application is being reviewed and that they will have to come out and do a capacity assessment as the next step. Our LOI has been approved, our application is being reviewed, and the State has the money, the interest at last she heard is 1.77 % which is great. We went this way because the next project involved several things and we don't have enough put away to do the projects but with this we do and the interest makes it look good in comparison to

the interest we are earning on what we put away in the LGIP. She is not aware of the status of the Source water protection grant but announcements are supposed to be made soon.

7. Chair Peter Klaebe asked where we intended to install the two new fire hydrants. DJ said she didn't know that she just contacts the Engineer and asks him where to add them.
8. Member Sylvia Smith asked about the Health benefits for employees and do we really think that they will go up that much? DJ said there is a reason-one employee opts out of our group coverage to cover his family with a plan that is supplied by his wife's Native American association. We just budgeted for the possibility if the employee didn't opt out and used our health plan that is what it would be.
9. Member Shon DeVries mentioned on page 8 it notes as a goal that we want to win the subsection and section Top Operations Contest. He didn't feel that really should be a goal. DJ said that it is one for her and Brian. Member Shon DeVries stated that he is glad they are competitive but to label it a goal in the context of a budget document he felt it was not the place. Members Brian Gerritz and Sylvia Smith like it. Member Brian Gerritz felt that we don't need to dry it out to all those numbers and bones. DJ explained the contest to the Committee members. Member Jonathan McDowell noted that he had been to GIS conferences which has not much to do with water and he talked to other people from water conferences and Rivergrove is known because they keep winning these awards. DJ is known. Consensus of Committee members was to leave it in.
10. DJ noted that she did forget one goal which we will be starting at the beginning of the fiscal year. We are going to be updating our Water Service Ordinance and especially our leak adjustment policy. She also mentioned that we are also going to be out doing fire flows with the Tualatin Valley Fire District personnel. We already did some and they mentioned how clean our water was.

#### **Discussion on Budget Detail sheets**

11. Chair Klaebe asked if there were any questions on the General Resource sheet. Member Shon DeVries asked where the amount \$245,814 came from and the previous year column had \$250,635 where did the \$5,000 go. DJ explained the process and showed him that after estimating fiscal yearend figures on June 30 that the \$245,814 comes from that on page 2. The previous year's estimate in that same scenario was \$250,635. They really don't correlate other than that.
12. No comments on page 2-Chair Klaebe asked on page 3 if a 5% increase is what is estimated. DJ noted yes.
13. Why is personnel listed as 1.5 in Administration? DJ noted that a percentage of her time goes into Administration and split between Operations. Dan noted that we put 42 weeks of DJ's wage into Administration and 10 weeks into Operations so the amount isn't ½ and ½ more like .8 Admin and .2 Operations.
14. Chair Klaebe asked how the Board evaluates wages. Member Shon DeVries noted that we several things. We compare what other water systems that are close to our population pay employees. We look at performance review of our employees to see if they are getting things accomplished. Then we discuss with the employees what we are willing to give. We haven't come to a conclusion yet that will be discussed in our regular Board meeting.
15. Member Shon DeVries asked if we allocated the same percentage of time for DJ the year before. He said that if it wasn't then the higher percentage going to Admin rather than

Operations makes sense. Dan will look into it. DJ said another thing that goes into it is Brian was not full time the entire previous year. He was hired fulltime on June 1<sup>st</sup> and worked 40 hours for a few months before that but he wasn't full time throughout the whole 16-17 fiscal year.

- 16.** Member Gerald Thacker said just combine the two and compare the numbers. Discussion continued on the percentage of increase seemed to be around 6.1% and 6.8% was what Chair Peter Klaebe got on Actuals. (Which would have been two fiscal years not one.) Chair Peter Klaebe asked the Board does that seem reasonable? Member Shon DeVries said yes because the COLA was 2.6% plus a merit increase which varied with the employees. Chair Peter Klaebe stated that his company gave an annual 1.9% merit/COLA increase to employees. Member and Board Chair Shon DeVries stated they did some analysis trying to compare ourselves to similar sized districts we are a little lower than most of the Districts from Manager on down. That's part of it-not that we have to keep up with others but we are sensitive to the Marketplace and we don't really want people to leave if we can avoid it. Board members Roth and McDowell concurred and McDowell felt that especially when you get an employee like Brian and pay \$17.00 per hour they need to get increased to a decent wage or they may go elsewhere that is making \$10 an hour more. DJ noted that she spoke with a student that graduated with Brian and that individual was hired at \$26.00 per hour. Member Shon DeVries stated that we will have some succession issues at least in the next year with Rick and in a few more than that DJ will be retiring. It is important to get, compensate adequately, and keep good employees.
- 17.** Chair Peter Klaebe asked if there were any other questions on the next section-Material Services? Member Shon DeVries asked DJ where the line item was in Operations for personal protective equipment. It was discovered that a page had been omitted-the Material Services Operations page. DJ made copies and distributed those to the Committee. She said major changes to that section is that costs for Diesel for both the generators brought up the line item Gas and Oil. We deleted the line item Fire hydrants and fire flow in the Materials Expense section and will be using the one in the Capital Outlay section instead as it is usually more than the \$5,000 for those expenses. PPE/Safety equipment line item we did increase. Last year was the first time we purchased shirts both winter/summer shirts for Brian as he was just wearing bright orange safety shirts no name on them. She doesn't think that Rick will be ordering more this year unless his current ones become all holey. We will also be deleting the Cross Connection Customer Expense. DJ explained why.
- 18.** Chair Peter Klaebe asked about pages 6 & 7? Member Shon DeVries asked about the amount budgeted for the Attorney should it remain at \$9,000? DJ named off some projects that we are doing like upgrading the Ordinance, etc so decision was to have it remain.
- 19.** DJ explained the projects we are looking at under the Capital Outlay section-replacement of two fire hydrants, repair of the fence at well site 2 and she asked Member Brian Gerritz if he knew of any good fence contractors to let her know.
- 20.** Page 8 the Unemployment Fund: Chair Klaebe asked why we have it set up that way. DJ said that in talking with our Attorney's they said even though we had to pay out some they felt it was a money waster to pay unemployment taxes rather than having a fund. DJ said it was this way when she came and it hasn't changed.

21. Page 9 Capital Improvement Fund: DJ stated this page has some assumptions in it. We are projecting we get the loan and also get SDC's for 8 homes. We are projecting we will be spending the money for the loan projects. She knows that this won't happen because things don't move that fast. But if for some reason it does move fast and the money is needed to be spent it will have been budgeted. DJ said the split on what is being spent will be 89% from Capital Improvement funds and 11 % from SDC funds according to our Engineer.
22. Discussion held on keeping some of the money expensed in a Contingency line item rather than budgeting all of it. Budget Committee consensus was to have 10 to 15% out of the expenses in the Capital Improvement Fund to line items for unappropriated balances for Capital Improvement Fund and System Development Fund unappropriated line item. The Committee felt more comfortable rather than budgeting to 0 to put \$195,791 into line 21 and \$372,001 to line 20 to show reserve for future Capital Improvement Projects.
23. Page 10 DJ stated that we are transferring more money to beef up the fund to replace the ten year old Chevy Colorado probably by next budget cycle.

*Member Shon DeVries moved we approve the Rivergrove Water District budget for 2017-2018 as amended. Member Sherry Patterson seconded. Motion passed. Budget Committee Members DeVries, Roth, McDowell, Patterson, Smith, Johnson, Klaebe, and Gerritz voted aye. Motion passed.*

**ADJOURN: Chair Peter Klaebe adjourned the meeting at 7:17 PM.**

Respectfully,

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Sylvia Smith

Secretary  
Rivergrove Water District Budget Committee

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