

**OTTER ROCK WATER DISTRICT
MEETING SUMMARY
BUDGET COMMITTEE MEETING #2, 5/26/20**

IN ACCORDANCE WITH OREGON PUBLIC RECORDS LAW, A RECORDING OF THIS MEETING IS POSTED, IN LIEU OF WRITTEN MINUTES, ON THE DISTRICT WEBSITE, AND IS PRESERVED ON DIGITAL MEDIA AS A PERMANENT RECORD

A. Call to Order:

The second Budget Committee meeting of the Otter Rock Water District was held via online video conference on May 26, 2020. The meeting convened at 6:50 p.m., with commissioner Beth Elliker presiding.

B. Roll call:

Budget Committee Members in Attendance: Patrica Anderson, Buz Backenstow, Joknee DeMott, Beth Elliker, Graece Gabriel, Dan Gleason, Stan Hart, Kenny Hunt, Lisa Hall, Mike Mullin

Staff Members Present: Superintendent Osburn

Public Attendance: Jerry Davis, Mike Meyer, Dale Powers,

C. Actions taken:

No revisions to the draft budget were made during this meeting. There was discussion of several topics by committee members and members of the public (see below). The committee decided to meet for a third time in June 2 to allow time to consider the discussion before making further revisions to the draft budget.

D. Discussion topics:

Below are some of the major topics discussed and information provided by board members and our superintendent during the discussion:

- *Significantly lower income projection:*

This budget has significantly lower income projections compared to the last few years. The largest negative impact is that on recent budgets, the cash carry-over from the preceding year was entered as income for the coming year, which it is not. When our treasurer contacted the state about this, the person she talked to said that other districts have run into this error, and it is one reason that the state budget reporting forms have now been revised. Smaller negative impacts were the result of reporting more customer service hookups than actually exist and the use of estimates of preceding years' expenses rather than accurate reporting of actual expenses. All these errors have been recently discovered as a result of our treasurer working diligently to get the district's bookkeeping systems in order and working properly. The books are now in order and the district will have accurate and current data to work with going forward.

- *Much lower funding for meter installation:*

The rate increase from \$30 to \$50 per month, begun for the 2018-2019 fiscal year, was justified by the need to fund installation of meters on the service hookups of residential customers in the district. The need for service meters was described as being primarily for three purposes:

(1) *Government loans and grants*, which often are the least expensive alternative for infrastructure funding, generally require that the district be metered.

(2) *Leak detection and repair*- Meters are very useful for detecting the presence of leaks in a customer's water system, and by providing data about the amount of water reaching the customers, help measure the amount of leakage in the distribution system. Once meter installation began, leaks were also found at customer service connections. Leak detection is important both for ensuring an adequate supply but for water safety, since leaks are a major source of contamination.

(3) *Water conservation*-meters provide data about water consumption by the district in different conditions. If it becomes necessary, a district can decide to structure its rate schedule to incentivize conservation.

The draft budget has much less funding devoted to meter installation, compared to previous years, and this is a matter of concern to several committee members and some members of the public. The board is still committed to having the entire district metered, but this year's proposed budget allotment is much lower than usual because of:

- (1) The lower income (see above) pushed a re-ordering of all priorities.
- (2) Higher maintenance and repair expenses.
- (3) Funding proposed for system improvement projects that also work toward the three goals listed above for meter installation. These are considered a priority by our superintendent and the board member working on infrastructure goals.
- (4) The recent information that the district does not need to have fully completed its meter installation to qualify for loans and grants, as long as the infrastructure project being funded includes the completion of metering.

Members of the committee and the public expressed interest in finding a means for providing more meter funding than currently projected for the fiscal year. Reallocation within the budget or drawing down savings are two possible options. There seemed to be little enthusiasm for increasing rates this next year. Doing only mission-critical projects and using cash carry-over were also suggested as possible pathways.

- *Do the infrastructure budget estimates include labor as well as materials?*

Yes. Further documentation exists and will be distributed within the next 24 hours.

- *Why have these budget changes not been more transparent?*

Most of the changes have occurred within the last two weeks, as the true fiscal status of the district became clear. The first announcement was the distribution of the draft

budget to the community. It is regrettable that there was not more time to prepare the public beforehand. Any member of the public may ask questions of the board and review documents and should feel free to do so.

The Budget Committee agreed to meet for a third meeting via Zoom! on June 2, 2020 at 6:00 p.m.

Meeting was adjourned by Commissioner Beth Elikor at 8:30 p.m.

Respectfully submitted,

Dan Gleason
Joknee DeMott
Stan Hart