

WEST SLOPE WATER DISTRICT

Regular Board of Commissioners Meeting

March 17, 2021

Meeting Summary

CALL TO ORDER

Present on Virtual Meeting: Chair Charles Conrad; Commissioners Michael Hoffman, Paul Schuler, Andy Smith, and Carol Wild

Management Staff: Michael Grimm, General Manager; Lucy Dawes, Finance & Customer Service Manager

Absent: None

Public: None present

1.0 – CALL TO ORDER

Chair Conrad called to order the regular meeting of the West Slope Water District Board of Commissioners at 5:04 P.M., Wednesday, March 17, 2021. The meeting was held through Zoom remote teleconferencing technology. The public was made aware of the meeting through the District’s website (agenda posted on website with the login information).

2.0 - PUBLIC COMMENTS/COMMUNICATIONS

No public comments or communications were received by the District directed for the Board.

3.0 – CONSENT AGENDA

Commissioner Schuler requested made a motion to approve the entire Consent Agenda Items 3.1 through 3.8. Commissioner Hoffman seconded the motion, and the motion passed unanimously.

4.0 – DISTRICT ACTIVITIES

4.1 – General Managers Report

Mr. Grimm briefly reviewed the Board’s work session with Portland Water Bureau Director Gabriel Solmer, Matt Glazewski from Commissioner Mingus Mapps’ office, and Water Bureau Finance Director Cecelia Huynh. The initial reaction from both District and Portland attendees about future partnerships and cooperative collaboration to work on a new wholesale water sales agreement was very positive, but there is still a lot of work to do with the financial consultants, City and wholesale customer staff, and some elected officials over the next six months.

The District is engaged with AKS Engineering & Forestry regarding alignment of the new 12-inch water main on Beaverton-Hillsdale Highway. The District is hoping to keep the pipe on the north side of the highway without being in conflict with other underground utilities. Up next will be a meeting with AKS and ODOT to talk about permitting and specific construction constraints such as the ability to work in daylight and not overnight. AKS should provide a more accurate construction cost estimate for the project before the end of March.

Mr. Grimm stated there are some significant issues facing the District which could have an impact on the FYE 2022 budget as well as the following FYE 2023 budget, but the magnitude of those financial impacts is not fully known at this time. Those issues include the afore mentioned construction costs for the Beaverton-Hillsdale Highway water main replacement project (Note: the District has an estimate of the construction cost, but AKS will have a much more accurate estimate of the construction costs for today based on other current projects and the availability of construction contractors), whether the wholesale water rate for FYE 2023 will include a full cost to the District for the City's Washington Park Reservoir #3 or not, and whether if the District has the means and opportunity to pay down some of the District's bonds from the District's 2008 Reservoir #3 construction. Mr. Grimm pointed out that the District has not raised any retail water rates since August 2019 though the cost of operating a water system continues to increase annually not to mention cover the costs for capital improvement projects, rising wholesale water rates, and the desire to pay off debt ahead of schedule. Mr. Grimm and Ms. Dawes have conferred together on these issues and believe at this point it is appropriate to propose to the Board as part of the FYE 6.30.2022 budget document a 6% water rate increase taking effect July 1, 2021. Ms. Dawes and Mr. Grimm believe this increase is necessary to financially prepare the District to manage these issues and others without the water rate shock of a potential 30% increase in the following fiscal year because of higher wholesale rates from Portland.

Chair Conrad asked if the District would need to have a separate public hearing for the rate increase, and Ms. Dawes stated she thought it could be combined with public hearing to adopt the budget but the timing of the public hearing notices need to be reviewed. Ms. Dawes commented that any rate increase now continues to keep the District on track to meet Portland's future significant rate increases when the Bull Run Water Treatment Facility is completed and operational. Ms. Dawes believes added revenue generated from an increased water rate to the District's rate stabilization fund affords the District the most flexibility to use the revenue in the future. Commissioner Hoffman asked for clarification about a gradual increase in West Slope's water rates in order to meet some amount of larger wholesale water rate increase from Portland in 2023 or 2024. Ms. Dawes confirmed it is not known how much Portland will increase its wholesale rates due to work currently underway on the new wholesale water sales agreement between Portland and its wholesale customers.

Commissioner Wild stated she supported the moderate series of water rate increases over several years to lessen the impact of a significant increase in one or two years but expressed some concern over an increase early in the summer before customers had a chance to become cognizant of the rate increase and its impact on summer water practices. Commissioner Wild recalled past increases took effect in September or even later in the year, and stated she preferred that timing to reduce the shock during the peak season. Commissioner Schuler asked if the expectation is that the current wholesale water sales agreement will continue indefinitely once the five-year notification period to renew is removed, and Mr. Grimm responded the consultants should have a good idea of what a new agreement will look like by this summer, but it would not be finished until it meshes with the City's new rate model. Commissioner Schuler expressed concern that the sense of urgency on the City's part may subside without a hard

deadline. Commissioner Schuler added he supports preparing customers to expect a 2-4% increase annually just to stay current with the current cost of doing business, that taking a pause for the pandemic was a good thing to do, but that a 6% rate increase now is needed as the District's cost have increased in terms of staffing costs, materials, etc. even if the wholesale water rate from Portland did not increase.

Chair Conrad asked what would the impact to the District be if the effective date of the rate increase were moved from July 1 to September 1. Ms. Dawes simply stated the District would raise less money but did not know any exact amounts. Ms. Dawes explained it is easier for budgeting to have an increase in place for a full fiscal year. Ms. Dawes checked what other utilities have done for rate increases and found some put them in place at the start of fiscal years, some calendar years, some in the fall, and many opted not to suspend rate increases during the pandemic ... so, no real standard for all utilities. Ms. Dawes explained the decision is whether or not the Board chooses to use the opportunity of a July 1 effective date to generate additional revenue for the future.

Commissioner Smith commented that he had no strong opinion regarding the timing of the rate increase. Commissioner Hoffman agreed with Commissioner Schuler on an expectation of 2-4% annual increase but wants to be careful to do what is correct for the District and not simply follow what other utilities are doing especially if the economy is heading toward an inflationary period.

Chair Conrad asked if the Board's consensus was to move forward with the budget development process including a 6% water rate increase effective July 1. The Board had consensus with the proposal of the 6% increase. Commissioner Wild preferred the September 1 effective date but would accept the July 1 date in line with the other commissioners. Commissioner Hoffman stated he hopes the rate increase now will be used to lessen the impact to customers when larger rate increases may be needed in future years. Ms. Dawes stated she will research the notification schedule to verify the July 1 effective date is achievable.

Mr. Grimm informed the Board the cost to repair the District's portion of the Portland meter vault is around \$15,000 with the work taking place in April. The section of pipe needing replacement sprung a hole at the time when City of Portland staff replaced the large meter at Arlington Heights, but the City did not cause the leak. The District is moving forward with mapping update and GIS asset management data base project with Murraysmith and Fracta. Mr. Grimm stated he has been working with SDAO on public hearing testimony in opposition to HB 3040, a bill largely supported by homebuilders and developers. Commissioner Smith also stated the City of Hillsboro provided written comment on the bill. Mr. Grimm also stated he is working with a vendor company 120Water to create a customer service line inventory for all District customer connections in compliance with the new Revised Lead & Copper Rule. All community water systems need to create an inventory to ensure there is no lead in a customer's service line. Any lead service lines between the main and the customer's home will need to be replaced.

4.2 – District Employee Salary Scale Adjustment

Mr. Grimm stated the proposal in the Board packet is similar to the proposal previously seen by the Board in 2020 but not approved. The salary range increase for all District positions other than the General Manager position is proposed at 4.1% which is the sum of the cost of living from 2020 (2.6%) and 2021 (1.5%). Mr. Grimm also pointed out the need to adjust two specific positions (Utility Worker 1 and Utility Worker 3) in order to stay competitive with other similar positions at other Metropolitan area water utilities and one position (Customer Service

Specialist) to reflect a compilation of other tasks the employee does beyond customer service duties. Commissioner Smith asked if the increases are applied to the range adjustments or to the employee's actual salary. Mr. Grimm responded the increases applied to the salary range. Commissioner Hoffman asked about Section 3 in the Resolution allowing the General Manager to pay an employee outside of their salary range. Mr. Grimm explained the Section 3 is applied when attempting to hire a new employee to a salary range that is determined to be at that time not competitive in the regional market. Commissioner Smith made a motion to adopt Resolution #04-2021 as presented to increase each District employee salary ranges identified in the Resolution. Commissioner Schuler seconded the motion, and the motion passed unanimously. Chair Conrad thanked the Board for their attention to this issue. Commissioner Smith commented that earlier decisions by the Board in 2020 were valid decisions then based on the knowledge available at that time, and he is glad that situations and conditions have changed enough to be able to move forward with compensating District employees.

4.3 – Approval to Write-Off Customer Accounts

Ms. Dawes brought two accounts to Board to seek approval to authorize the writing off of two customer accounts. Each account is over 120 days, and Ms. Dawes stated there is very little hope of being able to collect on either of the accounts. The sum total of both accounts is \$704. The owner of one account is deceased, and the property was sold by the bank. The other property sold, and the owner who sold the property cannot be reached. The District has a \$10,000 reserve for bad debt, and the \$704 will be booked against that reserve. The consensus of the Board was to write off both outstanding amounts.

4.4 – Status of Customer Accounts Over 120 Days Old

Ms. Dawes provided an update on the customer accounts receivable over 120 days past due. The sixteen customers who are past due over 120 days have been working with the District. Seven customers have been impacted by Covid-19, seven were not impacted by Covid-19 but were frequently past due prior to the pandemic, and two customers had other issues. Since these sixteen customers were in contact with the District, their water service was not threatened to be shut off. Notices (door tags) of impending shutoff were given to ten other customers, and all responded so no services were shut off during the month. The ten door tags represent the lowest number of door tags in the last five years validating to staff the importance of being able to shutoff service for not communicating with the District. Ms. Dawes researched and concluded service shutoff is the only real option available to a utility offering a consumable service. A drinking water utility is prohibited from placing a lien on a property for an unpaid bill. Ms. Dawes wondered if requiring a \$100 deposit from owners would lessen the District's risk of an owner selling and moving out while leaving an unpaid bill behind, but more thought needs to go into that decision before the Board is presented that request.

Chair Conrad asked if all the refund checks that are issued by the District to customers go to renters. Ms. Dawes responded that not all of the checks are to renters for deposit refunds. Some are to customers who have inadvertently overpaid their bills. Commissioner Hoffman stated the solid refuse (garbage) service bills in advance for service, and he wondered if that same methodology could be applied to a metered utility. Ms. Dawes replied that she liked the concept and the methodology could be examined but the determining of each customer's typical use to bill in advance would be a large undertaking.

4.5 – Budget Transfer Resolution #05-2021 – Mapping/GIS Project

Mr. Grimm stated the resolution is needed to pay for the Murraysmith work as a capital asset expense. Ms. Dawes stated the project was not anticipated in the budget development process prior to June 2020, and Murraysmith is ready to work now and generate expenses for the

District in the current fiscal year. Through the resolution, money would be transferred from the General Fund into the Equipment Reserve Fund. Commissioner Wild made motion to adopt Resolution #05-2021. The motion was seconded by Commissioner Hoffman, and the motion was approved unanimously.

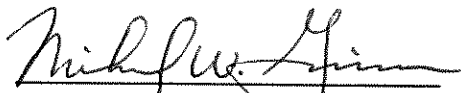
5.0 – COMMISSIONERS COMMUNICATION

Chair Conrad asked if any commissioners had attended any outside meetings, and none had done so apart from the March 5 special meeting with the City of Portland. Commissioner Schuler commented the meeting with Portland was valuable and asked if the same kind of meeting could be scheduled with members of Tualatin Valley Water District in the near future. Chair Conrad commented that cost of living salary range increases have been given to each employee position except the General Manager's salary range. Mr. Grimm suggested that topic could be addressed as part of an Executive Session during the April 21 Board meeting. Commissioner Smith asked if the other District employees were given a cost of living increase. Ms. Dawes explained the increase to employee salary ranges is a cost of living increase but applied to salary ranges instead of directly to employees. Unlike other public entities, actual employee salary increases are a combination of cost of living and merit increases (if applicable). Commissioner Smith asked if the Board could spend some time discussing issues in the Legislature impacting water systems. The rest of the Board concurred the value of a legislative discussion.

6.0 – ADJOURNMENT

Chair Conrad thanked the Board for their service through the meeting. There being no further business to discuss, Commissioner Hoffman moved to adjourn the meeting. Commissioner Smith seconded the motion, and it was approved unanimously. Chair Conrad adjourned the March 17, 2021 Regular Board of Commissioners meeting at 6:26 PM.

Respectfully Submitted,


Michael W. Grimm, P.E.
Acting Secretary

Approved:

