

**WEST SLOPE WATER DISTRICT**

**Regular Board of Commissioners & Budget Committee Hybrid Meeting**

**May 17, 2023**

**Meeting Summary**

**CALL TO ORDER**

Present: Chair Paul Schuler; Commissioners Susan Meamber, Andy Smith, and Carol Wild. Budget Committee Volunteer Members Chris Eppler, Drew Marsch, Marjorie Taylor, and Ron Witcosky

Management Staff: Michael Grimm, General Manager; Wendy Irwin, Finance Manager

Absent: Commissioner Ramesh Krishnamurthy and Budget Committee Volunteer Member Michael Smith

Public: None

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**1.0 – CALL TO ORDER**

Chair Schuler called to order the meeting of the West Slope Water District Board of Commissioners at 5:02 P.M., Wednesday, May 17, 2023. The meeting was held as a hybrid meeting – in person and virtual. The public was made aware of the meeting through the District’s website (the meeting agenda and Zoom meeting link were posted on the website).

**2.0 - PUBLIC COMMENTS/COMMUNICATIONS**

The District had not received any public comments regarding agenda items or other issues related to the proposed budget for the Board to consider.

**3.0 – CONSENT AGENDA**

Commissioner Meamber made a motion to accept the entire Consent Agenda Items 3.1 through 3.7. Commissioner Smith seconded the motion, and the motion passed unanimously (4-0).

**4.0 – BUDGET COMMITTEE MEETING**

Chair Schuler suspended the regular meeting at 5:04 PM and began the Budget Committee meeting with the four volunteer members officially joining the meeting. Chris Eppler nominated Marjorie Taylor as the Budget Committee Chair for this meeting. Commissioner Wild seconded the motion, and the motion passed unanimously (8-0).

Mr. Grimm reviewed the process and order of the Budget Committee meeting including the presentation and the hearing and consideration of public testimony. The goal of this committee is to review, consider, and discuss the proposed budget and vote to approve a budget. The approved budget would then be shared with the public for public input at the June 21, 2023

Budget Hearing where the Board of Commissioners will ultimately adopt the District's budget and make appropriations for spending.

Ms. Irwin, the Budget Officer, presented a highlight summary of the Budget Document through a PowerPoint presentation (see separate MS PowerPoint file). The presentation included a summary of District accomplishments, a review of the District's past and anticipated revenue, and a review of the District's past and anticipated expenses. Ms. Irwin also reviewed the proposed needs in each of the District's reserve funds including a discussion about the District's capital improvements reserve fund. Ms. Irwin pointed out the Immediate capital projects are two water main replacement projects, a water system master plan & water rate study, and a new resilient 3.0 MG reservoir. Ms. Irwin displayed through graphical form where the District's revenue is obtained (the majority through water rates) and how each dollar collected by the District is spent. Ms. Irwin stated the District is in a sound financial position.

Questions and comments from the Budget Committee members included:

- Mr. Eppler asked how does the wholesale water rate increase by the Portland Water Bureau compare against the proposed retail rate increase by West Slope. Ms. Irwin stated the increase to Portland's wholesale water rate to the District does not reflect in an exact percentage to percentage increase for the District's retail water rate since the cost of purchasing water from Portland is roughly 1/3 of the District's budget.
- Commissioner Wild stated the Board's discussions over the past few months have been to support an increase in capital expenses to replace aging infrastructure even while the Portland wholesale water rate to the District increases.
- Mr. Marsch and Mr. Eppler asked why Portland wholesale water rates at times in the past were projected to sharply increase but then did not increase to the anticipated magnitude. Mr. Grimm stated the difference is directly related to the District not having to pay a higher share of Portland's Washington Park #3 reservoir as part of the current wholesale agreement cost pool cost allocation. Portland agreed the beneficial use of the reservoir was predominantly for Portland's retail customers. This discussion led to the three cost pool allocation method (Portland retail, Eastside wholesale, & Westside wholesale) in the negotiations for a the new wholesale water sales agreement.
- Ms. Taylor asked why some recent years showed a small difference between the amount of water used (demand) from Portland and the amount of water sold to West Slope customers while other years showed a much larger difference between the two amounts. Mr. Grimm stated much of the District's non-revenue water is due to water main breaks, water main flushing, and leaking water services and valves. The District places a high priority on repairing water mains and leaking services as quickly as possible to limit non-revenue water. Chair Schuler asked about a utility's commonly accepted non-revenue rate (about 8-10% in the United States).
- Mr. Marsch expressed concern that personnel costs that include 7%+/- COLA adjustments may become a larger expense than the cost of water. Mr. Grimm pointed out the District COLA adjustment is a Board practice not a mandate but is based on consumer price index (CPI-U Pacific) that accurately reflects the buying power of consumers in western urban Pacific NW communities.
- Mr. Grimm gave a brief overview of the capital projects identified in the Budget Document including the needs and funding options for each of the projects.

Ms. Taylor recognized there were no other members of the public with comments to hear and consider either in person, on the Zoom meeting, or in writing.

Chair Schuler pointed out the discrepancy in the projected operating cost increases to the District vs. the proposed rate increase and asked why only a 10% increase is being proposed. Ms. Irwin stated staff believed a 10% rate increase might be at the limit of customer tolerance for a water rate increase without conducting a detailed look at the impacts of tiered rates and equity issues in a water rate determination. Commissioner Wild asked about the process of applying the rate increase to each customer while the consumptive rate is equal for all customers versus the application of tiered water rate increase. Ms. Irwin stated the rates either flat or tiered would be rebuilt through the District's billing software so there would be no additional complexity over either rate structure. Commissioner Smith thanked Ms. Irwin for an informative and clear presentation, and he reiterated his desire to set a water rate that would allow the District to continue to be aggressive in its pursuit of completed needed capital projects for the next year while still covering the District's operating expenses. The Budget Committee engaged in lengthy discussion about what that rate should be and its impact on District customers. The Committee's consensus was the rate should be higher than the rates in the proposed Budget Document.

(Mr. Witcosky and Mr. Marsch left the meeting at this time)

Mr. Eppler made a motion to approve the proposed budget with the proposed water rate increase of 3% on the fixed (meter) charge and an increase of 10% on the consumptive portion of the water bill. Ms. Taylor seconded the motion. Discussion continued on the adequacy of the proposed rate increase combination to cover all costs and invest in needed capital projects in FYE 2024. The motion was defeated one vote to five votes (Mr. Eppler voting in favor). Chair Schuler made a motion to approve the proposed budget with a 3.5% increase to the fixed portion of the water charge and a 14% increase in the consumptive portion of the water charge. Commissioner Smith seconded the motion, and the motion passed five votes to one vote (Mr. Eppler voting in opposition). (Note: Staff confirmed with the positive votes that the intent of the additional increase in water rates over the proposed rates would be applied to transfers to the District's capital improvement reserve).

Ms. Taylor thanked the Budget Committee members for their review of the proposed budget and their work to discuss and approve the budget with a water rate increase at this meeting. Ms. Taylor adjourned the Budget Committee meeting 7:39 PM. Chair Schuler resumed the regular meeting after a short break. Ms. Taylor left the meeting at this time.

## **5.0 – DISTRICT ACTIVITIES**

5.1 – General Manager's Report: Mr. Grimm highlighted several key issues from the General Manager's report:

- Beaverton-Hillsdale Hwy Water Main Project: Mr. Grimm stated construction will begin in early June with locating, potholing, and pavement cutting between SW Scholls Ferry Road and SW 78<sup>th</sup> Avenue. Actual installation of pipe will begin in mid June
- Fracta update: Mr. Grimm stated he will talk with Fracta representatives at the AWWA Annual Conference & Exposition (ACE) in Toronto, CA in June to see a demonstration of the new dashboard developed for Fracta customers and discuss refining the priorities listed in the current total business risk exposure based on additional modifications and new data for the risk algorithm.
- While at ACE, Mr. Grimm will also meet with 120Water representatives to see if they can accelerate the completion of the initial inventory and identify customer service lines that need further investigation to increase the confidence level of their model.

- Mr. Grimm mentioned eight consulting firms are interested in working with the District on the upcoming capital projects. Staff has met with several already at the District's office and more meetings are scheduled during ACE.

5.2 – Finance Manager's Report: Ms. Irwin stated most of her time has been spent preparing the proposed budget and the Budget Document but also mentioned the District's new web site went live on May 1. The website was created by Streamline, a partner with SDAO.

5.3 – Cost of Living Adjustment (COLA) Approval: Mr. Grimm gave a brief summary of the Board's discussion in February 2023 to defer the effective date of a COLA increase to July 1. Staff wished to shorten the time delay between the determination period of the COLA adjustment (January 2022 to January 2023) and the effective date. At that time, the Board agreed to the determination period of January 2022 to April 2023 with a July 2023 effective date. The determination period for future years will be April to April. The COLA presented in Resolution 04-2023 is 7.2% based on the CPI-U Pacific index. Commissioner Meamber made a motion to approve a cost of living adjustment of 7.2% to District employee salaries and salary ranges effective July 1, 2023. Commissioner Smith seconded the motion, and the motion passed unanimously.

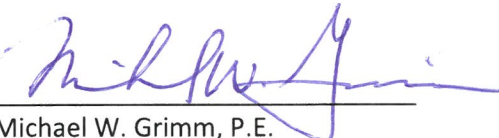
**6.0 – COMMISSIONERS COMMUNICATIONS**

Chair Schuler stated that he has been contacted by Tualatin Valley Water District (TVWD) Board Chair Todd Sanders about setting up a joint meeting of both boards to discuss the cost of purchasing water from TVWD and other mutually beneficial issues to both water districts. The Board directed the General Manager to contact TVWD CEO Tom Hickmann to set a draft meeting agenda that both boards could review prior to a joint board working meeting. No other topics were raised for this meeting. The Board recognized the May 2023 election results from Washington County Elections Division declaring Chris Eppler as the winner for District Commissioner Position #2 defeating incumbent Carol Wild. Commissioner Wild congratulated Mr. Eppler and mentioned the Board will need to appoint a new representative to the Regional Water Providers Consortium Board of Directors to fill the position she is vacating. The Board expressed its desire to hold a reception for Commissioner Wild to honor her years of service to the District. The Board's consensus was the meeting went well with very positive outcomes.

**7.0 – ADJOURNMENT**

There being no further business to discuss, Commissioner Wild moved to adjourn the meeting. Commissioner Smith seconded the motion, and the motion was approved unanimously. Chair Schuler adjourned the May 17, 2023 Board of Commissioners regular meeting at 8:09 PM.

Respectfully Submitted,

  
 Michael W. Grimm, P.E.  
 Acting Secretary

Approved:  
