

WEST SLOPE WATER DISTRICT

Regular Board of Commissioners and Budget Committee Meeting

May 17, 2017

Meeting Summary

CALL TO ORDER

Present: Chair Noel Reiersen, Commissioners Charles Conrad, Micky Hoffman, and Bob Rieck

Absent: Commissioner Davis

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

Budget Committee: John Ryan, Rosalie Stevenson, Mike Smith (absent were Phil Miller and Hester Nau)

Public: None

1.0 – CALL TO ORDER

Chair Reiersen called to order the Regular meeting of the West Slope Water District Board of Commissioners at 4:57 P.M., Wednesday, May 17, 2017.

2.0 - PUBLIC COMMENTS/COMMUNICATIONS

There were no written or oral comments received by the District from the public except one involving an existing agenda item.

3.0 – BUDGET COMMITTEE MEETING

Chair Reiersen suspended the regular meeting to begin the Budget Committee meeting. Chair Reiersen asked for nominations from the floor for a Budget Committee Chair. John Ryan nominated himself. Rosalie Stevenson seconded the nomination. No other nominations were provided, and the Committee unanimously approved Mr. Ryan as Budget Committee chair.

Mr. Grimm provided a brief review of the District's accomplishments and achievements over the last 12 months:

- On-going management of the wholesale water purchase agreement with the Portland Water Bureau (PWB)
- Resolved the cost allocation dispute over Powell Butte 2 construction costs between PWB and the wholesale water purchasers
- Addressed water quality issues related to lead and cryptosporidium with PWB
- The District's on-line bill pay feature through the website is working and being utilized
- A new project has begun to overhaul and redesign the District's web site

- Built process into the District's billing system to manage the calculation, collection and payment to Beaverton for the right-of-way use fee/tax
- Developed a five-year financial plan for revenue/expense evaluations in the current year and the next four years after
- Developed a five-year capital improvement program (CIP) plan based at this point largely based on frequency of water main repairs
- Booked PERS transitional liability for audited financial statements
- Oregon Health Authority conducted a sanitary survey and awarded the District as an "outstanding performing water system"
- Switched to Xfinity/Comcast from Integra for internet service
- Managed the Green Tank foundation upgrade project designed to add seismic resiliency to the foundation

Mr. Ryan thanked Ms. Dawes and Mr. Grimm for the work done this past year and addressing the questions raised in 2016. Particularly, Mr. Ryan was pleased with Section 6 of the Budget Document as well as the five-year financial model. Mr. Ryan asked if a rate stabilization account is something that could be used for the District. Ms. Dawes gave a brief background of rate stabilization accounts and mentioned she will attend a financial conference where she can ask other professional colleagues about such accounts. Commissioner Rieck also expressed satisfaction with the five-year financial projection.

Ms. Dawes gave a short Powerpoint presentation calling out several main points:

- The District followed the Strategic Plan in developing the proposed budget as the District does with all tasks
- The main outcome for the Board to pass at the June 2017 meeting is the appropriation resolution which formally allows the District to spend money during this next fiscal according to the proposed budget plan
- The Budget Committee will ultimately recommend a budget for approval to the Board of Commissioners. Once there is a proposed budget for approval, a public hearing will be held at the July 21 regular meeting of the Board to hear public comments and testimony before approving the budget.
- When the weather is cooler and wetter, water sales revenue go down. Operating expenses went down as well, and this year will see lower water sales revenue because of the weather.
- With this fiscal year budget, the District is close to the net operating revenue needed to meet the bond debt coverage ratios. Water revenues are down for the year, but expenses are also less than projected.
- PERS costs continue to have an impact on the District budget as it is for all public entities.
- The proposed capital and equipment expenses for the new fiscal year was reviewed.
- The Portland Water Bureau has provided a five-year projection on the wholesale water rates for the District. These projected rates have been inserted into the District's five-year rate model to better understand when the District will need to increase retail rates and by how much in the coming years.

Mr. Smith asked how was the order and priority of the CIP projects determined. Mr. Grimm stated the District selected these projects based on the frequency of pipe repair in these areas. There is no distinct order within these projects, so outside influences such as road improvement projects by others (City, County, and ODOT) can "reshuffle" the order of the projects to take

advantage of a paving project (cost savings realized through not having to be solely responsible for asphalt restoration).

Commissioner Conrad asked if this year would be a good year to establish a rate stabilization account. Ms. Dawes commented that the establishment of that account would ideally take place in a high water sales / high revenue year such as 2015-16. There was a broad agreement among the Board to investigate and acquire more information on establishing a rate stabilization account.

Mr. Ryan made a motion to recommend the proposed budget as presented to the Board of Commissioners. The motion was seconded by Ms. Stevenson, and the motion was approved unanimously. Chair Reiersen expressed his thanks to the Budget Committee for their work reviewing the budget and providing input. Chair Reiersen adjourned the Budget Committee meeting at 6:05 PM and reconvened the regular Board meeting. Chair Reiersen thanked Ms. Dawes for her preparation of the budget document, the presentation, and the orientation sessions. Several commissioners expressed their thanks for a clear, concise, accurate budget that was readable and understandable.

4.0 - CONSENT AGENDA & FINANCE MANAGER'S REPORT

Commissioner Rieck made a motion to approve the consent calendar. Commissioner Hoffman seconded the motion, and the motion passed unanimously.

5.0 - DISTRICT ACTIVITIES

5.1 – Operations Report: Mr. Grimm stated the low water sales trend is continuing from April into May due to the cooler, wetter weather. Weather forecasts are calling for this pattern to continue into June. Commissioner Rieck asked if the two water demand graphs could highlight the weekend days to see if those days typically have higher demands. Mr. Grimm mentioned the recent Joint Monitoring Program results found the 90th percentile value for lead at 14.5 ppb which is just under the EPA's action level for lead (15 ppb). Through the lead in home testing program offered through the Portland Water Bureau (the "LeadLine"), the District became aware of a home that tested for lead at 33 ppb, and Mr. Grimm is following up with that family.

5.2 – Green Tank / SW 73rd Avenue Pipe Project: Mr. Grimm stated Keith Blackerby exchanged email messages with the District over the landscaping in the area between the north side of his fence and the end of the pavement on SE 73rd Avenue. The issue for Mr. Blackerby is to replace all the plants that were present before construction started. Mr. Grimm assured Mr. Blackerby the District would restore this area as close to pre-existing conditions as possible as long as the plantings placed back into the District's easement do not interfere with District access or send roots that could work their way into the District's pipe joints. Other project issues include:

- The District and Murraysmith (with their structural engineering consultants) are reviewing the proposed change order to swap out the bolts in the tank's roof joist c-channel members. At issue is whether or not it makes sense to disturb the c-channels by removing the existing bolts and potentially see the c-channel material break away. The District will still follow-through with purchasing the bolts since they have already been ordered.
- The contractors are beginning the final foundation and retaining wall segments in the project.
- Paving on SW Ridgewood and in front of the new vault will be accomplished in the near future with the more favorable weather on the horizon.

5.3 – District Website Upgrade Project – Staff is continuing to pursue the upgrade project with internal meetings scheduled to discuss appearance and layout. Once those issues are affirmed, staff will complete the appearance work with Revize and move on to visual content for the website and organization of information.

5.4 – Personal Development Employee Benefit – As requested by the Board at the April meeting, Mr. Grimm provided additional details about the proposed benefit program criteria for opportunities covered under the program (such as gym memberships, community college classes, etc.). Chair Reiersen asked if staff is interested in a program such as the one proposed. Mr. Grimm replied that the staff is aware of the proposed program and has expressed an interest in utilizing the opportunity. Commissioner Rieck stated there might be value in asking LGPI or SDAO to see if there are other organizations who may have similar benefit programs. Chair Reiersen pointed out the proposed program appears to have two sides: 1) underwriting an employee's current activity; or 2) encouraging an employee to embark on a new activity. Mr. Grimm stated indeed the proposed program could be used for either depending on the desire of the employee, but the District will not be "coaching" any employees into any particular activity. At the June meeting, Mr. Grimm will present the Board with information from SDAO or LGPI about similar benefit programs at other public agencies.

5.5 – Manager's Report – Mr. Grimm relayed a number items for information only to the Board which does not require any vote by the Board at this meeting:

- Managers from other Portland wholesale water purchasing water systems will be meeting with Mike Stuhr to discuss corrosion control treatment and cryptosporidium treatment costs and timelines. Also at issue is the pending revocation of the treatment variance by OHA.
- The WMAB is continuing to resolve the remaining two outstanding issues from the Raftelis audit: 1) Capitalized overhead costs; and 2) Doubling first year asset values. Paul Matthews (TVWD) and Cecelia Huynh (Portland) are negotiating a proposal for the WMAB to approve.
- Amid fears of legislative changes to PERS, many top engineers at PWB decided to retire before PERS benefits are changed. As many as 30 engineers recently left the Bureau leaving Portland in a tight spot to find staff to complete studies and projects.
- Portland is examining the possibility of needing to replace an aging Conduit #3 with a new Conduit #5. This project would be another large capital project by Portland that wholesale customers would share the construction cost with Portland through the wholesale water rates.

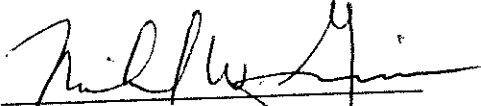
6.0 – COMMISSIONERS COMMUNICATION

Chair Reiersen mentioned the Board needs to come up with a process to replace a vacated Commissioner's position on the Board if Commissioner Davis moves out of the District before the end of her Board position term. Chair Reiersen also stated the Board needs to discuss the new Commissioner officer roles for the next fiscal year. Both issues will be discussed as agenda items at the June 21, 2017 meeting.

7.0 – ADJOURNMENT

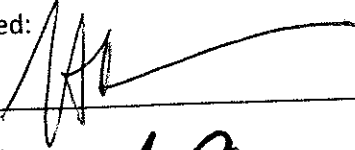
There being no further business to discuss, Commissioner Conrad moved to adjourn the meeting. Commissioner Hoffman seconded the motion, and it was approved unanimously.

Respectfully Submitted,



Michael W. Grimm, P.E.
Acting Secretary

Approved:



Charles B. Conner

