

OREGON WATER WONDERLAND UNIT II SANITARY DISTRICT

55841 SWAN RD, BEND OR 97707

www.oww2sd.com

Meeting Minutes Budget Committee Meeting April 19, 2012 – 6:30 p.m.

Call to Order - Roll Call: President Bob Chase called the meeting to order at 6:30 p.m. Members present; Brian Goins, Bob Worthean, Greg Estep and Elreta Humeston. **Committee Members:** Tim Galloway, Chuck Brooks, Bob Noble, Lynn Augustine and Stan Porter were present.

District Employees: Rick Durham and Ellie Davis **Visitors:** Melissa Durham and Candace Fronk from Harrigan Price Fronk & Co. LLP.

Candace Fronk, the District's CPA, attended the meeting to answer any questions the Board or Budget Committee Members might have. Greg asked if last year's actual deficit was extremely high and Candace replied no.

Resources on LB-10 - Chuck clarified that the beginning cash and projected income minus the expenses leaves a shortfall of about \$45,000.00. Candace explained that yes, there would be less carry over the next year if all line items were spent to the fullest. Some were concerned with how many new SDC's were likely to come in. Rick is more comfortable with 4 rather than 6. A meeting took place on March 1, 2012 to discuss the need to increase rates in order to save for future repairs (Capital Reserve). The Board would like the committee to be aware of this possibility and the need for the increase.

Capital Reserve - A discussion took place about saving money for major repairs to the system in the future. By saving money the district will not need to take out additional loans. Candace suggested adding a new line item under Capital Outlay for Capital Reserves. The amount agreed to place in that line was \$35,000; this amount had been discussed at the March 1st meeting. At this point if revenues are short, money will not be placed here and it will be the last thing funded.

Personal Services

- a. Employee Benefits - Greg explained that employee wages and benefits are set by policies and cannot be changed by the Budget Committee. However, committee members can make suggestions to the Board. Lynn phoned other sanitary districts in Oregon to find out what their employees receive in paid time off and insurance benefits. All other districts (except the largest) pay 100% of their employees and families insurance, and have retirement plans. The Manager and Operator have not received a pay increase in almost 4 years. The Board does not plan to continue this type of practice. With the committee increasing the district's contribution into the employee's retirement this next year, Lynn hopes the employees will accept that as somewhat of an increase in good faith for one more year.

Materials and Services

- a. Board Stipend - At the Board of Directors regular meeting today, the members voted as of July 1, 2012 there will no longer be a stipend.
- b. Education & Training - Rick & Ellie will most likely be the only ones attending the SDAO Conference next year in Portland Oregon. Other training would consist of educational seminars, continuing education credits and certifications. SDAO can come to the district office (up to 8 hours per year) and conduct Board Member training at no additional cost. Greg suggested reducing the proposed amount from \$2200 to \$1500.

- c. Travel, Lodging & Meals - Stan suggested reducing the amount from \$1300 to \$1200. Rick will gather more information on the actual cost of travelling to Portland for the SDAO conference.
- d. Fees, Dues and Subscriptions - Consist of annual Visa Card fee (\$25), Beaver Road District (\$600), OAWU Membership (\$300), POA dues (\$250) and a new fee charged by the State of Oregon for Government Ethics (\$260) totaling around \$1400. A decision was made to leave the proposed amount of \$1500.
- e. Licenses & Permits - Prior years seem to have been consistent, the amount was \$1600 reduced to \$1400.
- f. Accounting - The rate analysis was done this year, being the reason year-to-date was high. Staff decided to reduce the amount from \$9000 to \$7500; they feel not as much will be needed from the CPA's this next year.
- g. Legal - So far this year not much has been spent. The Board will be seeking the attorney for advice on getting the remaining sand filter systems connected to the system. Members agreed to reduce the amount from \$15,000 to \$12,000.
- h. Office Costs – Paper & Misc. – Since actual numbers are close to what was proposed it was decided to increase the amount from \$1400 to \$1500.
- i. Office Costs – Postage Meter Lease – The water district’s lease on their postage machine is to expire soon. Chuck suggested looking into working with them and sharing the cost. Greg added it would be a good idea and will look into it.
- j. Office Costs – Postage & Delivery – See above conversation. For now both items will remain the same.
- k. Utilities – Electric – Committee feels the proposed amount is fair. Rick is trying to conserve electricity by upgrading the lighting in the shop and adding timers for the lagoon aerators.
- l. Utilities – Propane – Possibly going to install a more efficient heater which will reduce the cost of propane being used.
- m. Utilities – Telephone, Internet & Cellular – Bend Broadband has been contacted on the cost of their services. Changing over to them might reduce the yearly cost by \$1,000.
- n. Plant Supplies & Testing – \$2,500 in chlorine tablets will need to be purchased before the end of the year and groundwater samples are done every quarter. The amount was left alone.
- o. Operations Maintenance & Repairs – Several items will need to be rebuilt next year and inventory needs to be restocked. Committee is fine with the proposed amount.

Capital Outlay

- a. Construction – No construction is planned, amount is mostly a placeholder.
- b. Equipment – The office computer needs to be upgraded, a new one will need to be purchased. The vacuum pumps are reaching a point where they will need to be rebuilt; Rick plans to work on these next year.

Debt Service

- a. Debt Service – The amount remains the same every year of \$281,210.00.
- b. Contingency – Amount is a buffer in case another category needs funds later in the year.

Adjourn - The meeting was adjourned by President Robert Chase at 8:30 p.m. The time and place of the next meeting is at 6:30 p.m. on Thursday May 10th, 2012 at the District Office.

Elreta Humeston
Secretary

May 17, 2012
Date