

PACIFIC CITY JWSA BOARD OF DIRECTORS  
BUDGET COMMITTEE MEETING MINUTES

May 24, 2022

Chair McVicker called the May 24, 2022, Budget Committee Meeting to order at 5:02 PM via video conference call.

Committee Members Present: Anne Price, Cameron Gogas, Tom Donohue, Scott Culp, Garry Link, and Bill Hite. Carolyn McVicker, Kathy Starostka, LuAnn Anderson, and Sean Carlton were absent.

Guests Present: None

Staff Present: John Wesely, Budget Officer, and Rachelle DeLoe.

**ELECTION FOR BUDGET COMMITTEE OFFICERS:**

Vice Chair Price nominated Scott Culp for Chair of the Budget Committee. Board Member Donohue seconded. Vice Chair Price asked for all members to cast an oral and visual vote to elect Mr. Culp as Budget Committee Chair, and it carried unanimously.

Vice Chair Price handed the meeting over to Chairman Culp, and Chairman Culp called for nominations for Secretary.

Vice Chair Price nominated Bill Hite for Secretary of the Budget Committee. Budget Committee Member Link seconded. Chairman Culp asked for an oral and visual vote to elect Bill Hite Budget Committee Secretary, and it carried unanimously.

**BUDGET DISCUSSION**

Budget Officer John Wesely gave an overview of the budget report they had received and the budget committees' responsibilities.

Mr. Wesely gave the budget committee a summary of big items the Authority had done that year including hiring a new Authority Manager, bringing the Authority to be fully staffed, established fiber optic line at Horn Creek, hardware and software upgrade at Horn Creek, completed the Water Master Plan, completed the Water Management and Conservation Plan, procured a new utility truck and a Vactor/Jetter combo Trailer, before the end of the fiscal year they would have completed a fencing project around the dune wells, an obligation the Authority had as part of the Recreation and Public purposes lease with the BLM, and were on target to complete two lift station upgrades.

Mr. Wesely went over the budget committee duties and responsibilities.

Chairman Culp asked about the Master Plan fund 002 and how it was folded into the 003 fund. Ms. DeLoe responded that the 002 fund had been used for the Wastewater Treatment Plant upgrade because it was Master Plan project. Ms. DeLoe continued that once the project was completed, they had been advised by the auditors to put it into the bonded debt 003 fund because they would now be paying back the loan to USDA Rural Development. Director Gogas asked if the 002 fund would always be accessible if the Authority started another Master Plan project. Ms. DeLoe replied in the affirmative. Vice Chair Price said it had been customary to let the 002 fund stand at a zero balance Director Donohue said that the budget stated they had six funds and it would seem more practical and easier to understand if they changed that to three or four funds. Ms. DeLoe said in the past the operations funds were lumped together, but they were asked to separate them so that they could see how much money was being spent in water versus wastewater. Ms. DeLoe add that it would help the Authority get better funding, loans and financing. Director Donohue asked who asked them to do that. Ms. DeLoe said that she believed it was USDA.

Chairman Culp referred to the sewer system development charge capital improvement fund 004, it was 2013 when the Authority built the new Airport lift station, and they had a 10-year line of credit being repaid. Chairman Culp asked if the line of credit was something that they would renew once repaid. Ms. DeLoe explained that it was going to be paid off in 2024, and their hope was to keep it open in case of an emergency in the future. Chairman Culp asked if they would renegotiate the interest rate. Ms. DeLoe said they currently had a very low 1.75% interest rate and believed that would be comfortable.

Chairman Culp said for the water and sewer that the factor that we used to raise rates was to follow the construction cost index which was indicated as 7.5% but they were recommending 3%. Ms. DeLoe replied in the affirmative.

Chairman Culp said looking back at the previous fiscal year budget, there was a of 9 million, but that year it was only 7 million. Ms. DeLoe said if you look at page four of five of the budget message where it showed the funding levels, the previous years master plan fund showed a balance of 1.7 million. Ms. DeLoe continued that at the beginning of the fiscal year they had transferred that balance to the 003 fund showing that it was reflected.

Chairman Culp led discussions of the FY 22/23 budget going through each fund.

Chairman Culp began with the 002 Master Plan Fund. Committee member Link asked about the line item for debt service that had a \$396,000 that he did not understand. Ms. DeLoe apologized and said that was a mistake and that should have been deleted and reflect a balance of \$0.

Chairman Culp clarified in the 003 Debt fund that all balances were for the ten months the Authority had completed. Discussion ensued regarding working capital and bond interest. It was noted that the \$396,000 was an annual loan payment and the money came from the Wastewater Treatment Plant Capital Improvement Charge.

Chairman Culp moved on to the 004 Sewer SDC/CIC fund. Chairman Culp asked why the working capital was \$0. Ms. DeLoe replied that working capital was reflected in the adopted section of the spreadsheet and explained that working capital was their best guess at how much money would be left in

that fund on June 30th. Chairman Culp asked why the System Development charge year to date was higher than they had budgeted. Ms. DeLoe responded that each year they received a different amount of SDC's, the previous year they received 10 SDC's, and thus far that year they had received 16. Ms. DeLoe continued that they had budgeted for 10 SDC's for the coming fiscal year. Discussion ensued regarding what projects the Authority planned for the coming fiscal year and which line items they would be spent from.

Chairman Culp moved on to the 005 Water SDC/CIC fund. Director Donohue noted that the working capital had increased about \$50,000. Ms. DeLoe responded that they had not spent a lot from that fund as they had just completed the Water Master Plan and would like to begin those projects in the coming year. Discussion ensued regarding planned projects such as flow monitoring, water rights, sample stations, and main replacements along several streets. There was a question about being under budget for 2022. Ms. DeLoe said that one of the big issues the Authority was facing was an inability to get needed supplies.

Chairman Culp moved on to the 104/105 Operation and Maintenance funds. Chairman Culp noticed that the user fee will be going up 8% that year. Mr. Wesely said that the cost of everything was going up and gave several examples. Chairman Culp noted that the monthly user fees would be similar to those of the 17/18 fiscal year. Discussion ensued regarding previous years user fees, the lab testing revenue line item, customer assistance program, and contract sludge hauling. Chairman Culp asked the difference between an Operator I, II and III. Mr. Wesely replied that it was largely certification level, tenure, and experience. The committee discussed expectations of how to move from one position to another and a potential Assistant Authority Manager. Director Donohue asked about the line-item Newsletter under expenses. Ms. DeLoe said the Authority had produced a newsletter in the past and the line item and budget were available if they ever decided to use it or bring it back.

Discussion ensued about a power outage the night before. Discussion about increased cost of chemicals and fuel.

Director Price noticed an increase for the line-item advertising. Budget was \$1500, we had discussed more in the past. This is to do public meeting notices and notices in the SUN, job openings, etc.

Discussion ensued about Covid and how the employees fared.

Director Gogas asked about the water management and conservation line item for \$6575. Ms. DeLoe said they had just sent a payment to the State. Ms. DeLoe continued that they had not anticipated the program the previous year and had not budgeted for it.

Discussion ensued regarding rate increases.

## **GUEST QUESTIONS AND COMMENTS**

No questions were submitted.

## **BUDGET APPROVAL**

Chairman Culp entertained a motion for budget approval.

**Motion**

Director Price moved to approve the FY 22/23 proposed budget. Board Member Donohue seconded, and the motion passed unanimously.

Chairman Culp adjourned the meeting at 6:19 PM.

The PCJWSA Board of Directors approved these minutes on June 14, 2022, by the following votes:

Aye\_\_\_\_\_ Nay\_\_\_\_\_ Abstain\_\_\_\_\_ Absent\_\_\_\_\_

ATTEST

\_\_\_\_\_  
Scott Culp, Budget Committee Chairman

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Bill Hite, Budget Committee Secretary

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Anne Price, Board of Directors Vice Chair

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John Wesely, Authority Manager