

Clackamas River Water
Budget Committee Meeting
April 27, 2023, 6:00pm

MEMBERS PRESENT: Sherry French; Tim Fisher; Tessah Danel; Rusty Garrison; Erin Blue; Bob Rubitschun; David Shireman; Naomi Angier; Vasiliy Safin (via Zoom)

STAFF PRESENT: Todd Heidgerken, General Manager; Ted Ebor, Sr Finance and Accounting Specialist; Christina Day, Sr Finance and Accounting Specialist; Adam Bjornstedt, Chief Engineer; Joe Eskew, Engineering Manager; Michael Grose, GIS Specialist; Jon Sleight, Water Distribution Supervisor; Beth McGinnis, Emergency Manager; Mike Matranga, Water Treatment Processing Specialist; Alan Schacht, Water Quality Technician; Kati Saindon, Accounting Specialist; Jennifer Ross, Customer Service Specialist; Anthony Steele, Engineering Associate; Tracy Triplett, Water Quality & Laboratory Coordinator; Craig Crocket, Waterworks Mechanic

CALL TO ORDER AND INTRODUCTIONS:

The meeting was called to order at 6:00pm by Board of Commissioners Chairperson French and opened for nominations for Budget Committee Chairperson.

ELECTION OF CHAIR AND VICE CHAIR

French nominated Erin Blue for Budget Chairperson; second by Angier; passed unanimously. Chairperson Blue continued the meeting with nominations for Vice Chair. Angier nominated Fisher; second by Fisher; passed unanimously.

APPROVAL OF MINUTES

Chair Blue asked for discussion on the minutes from the April 22, 2021 meeting. No discussion. French moved to approve the minutes as submitted; second by Angier; passed unanimously.

BUDGET COMMITTEE PROCESS

Heidgerken discussed the Budget Committee process, noting multiple opportunities for public comment. He added that the budget would be presented by section, opened for public comment and Committee discussion. A vote to consider approval and recommendation to the Board will happen at the end. Heidgerken pointed out several updated pages provided as well.

PUBLIC COMMENT

Chair Blue opened the meeting for public comment. Tracey Triplett, representing the 30 AFSCME Local staff members at CRW, testified regarding the salary and COLA levels in the Proposed BN23-25 Budget. She stated that the COLA is intended to keep wages commensurate with increases in the economy. She noted that an 11.5%/year COLA would be needed to get wages commensurate with the CPI-W, and the Proposed Budget only includes 4%/year. Triplett noted that management had been informed about the necessary increase in time to change the budget and would not accept budgetary limits as an excuse in the future. She added that retirements and turnover have increased in the past few years, and wage levels are an important part of recruiting and retaining quality staff. Chair Blue closed the public comment period.

PRESENTATION OF BUDGET MESSAGE

Heidgerken began the presentation with a review of the budget message. He reviewed the Board's Strategic Goals and how they are addressed in the Proposed Budget. He noted that citizens do not pay property taxes to fund operation, but rather pay user fees since CRW is a utility. The user fees are the primary source of revenue. Heidgerken stated that water consumption among our customers is very stable and low growth is anticipated. System Development Charges are estimated at lower collection rates than previous years. He continued, discussing proposed expenditures in the General Fund. Heidgerken noted that water and chemical purchase costs have increased significantly, along with other utility costs such as PGE. Additionally, the budget begins to address deferred equipment and plant maintenance, and facility security. The Capital Outlay budget includes multiple carry-over projects that were not completed due to supply chain issues and Covid delays.

Chair Blue opened the meeting for public comment on the General Fund.

GENERAL FUND DISCUSSION

Rubitschun asked about the water rate comparison table, noting that more than half of other providers don't seem affected by inflation, with several showing rates that have lowered since the past biennium. Heidgerken stated that staff would review the rates in the table for accuracy, stating that rates have certainly not decreased for other providers. French concurred, noting several providers currently considering rate increases. Garrison asked about water production capacity. Heidgerken noted that production would increase with capital projects that allow expansion of the southern service area. Angier asked if the budget would be able to adjust for any changes made during labor negotiations, including a higher COLA. Heidgerken noted that year 1 of the budget and labor contract was already set. For year 2, the budget could be adjusted for changes that may arise during labor negotiations either with proposed funding levels or a supplemental budget. Shireman asked if supply chain issues have been resolved enough to complete the capitol outlay and improvement projects planned. Heidgerken was hopeful, noting that staff are purchasing some supplies and materials ahead of time to avoid supply chain delays. Angier asked how projects/purchases are prioritized. Heidgerken noted that there isn't a formal process but cited the financial software that has an upcoming end-of-life as a priority. Adjustments are made as issues arrive. Rubitschun asked about quantification of the cost savings noted in several project/purchase summaries. Heidgerken stated that those calculations have not been done, but efficiencies from the projects provide cost savings in staff time, utilities, etc.

Regarding the decision package for satellite leak detection, Bjornstedt explained that this technology can detect and pinpoint leaks in chlorinated water lines to a very close proximity. He noted that this technology would provide data to CRW's current leak detection program team to address. He added that the supplier provides one report each year. Regarding return on investment, there would be cost savings in staff costs to detect leaks, and in possible partnerships with other providers.

CAPITAL IMPROVEMENT PROJECTS DISCUSSION

Bjornstedt and Eskew reviewed the capital improvements proposed for the BN23-25, including the funding sources of interfund transfers, grants and spend-down of fund balances. Bjornstedt noted that the fund balances have accumulated from funds not spent due to delays in projects. He also discussed the key drivers in prioritizing projects, including capacity, age, water quality and resilience. He noted that other projects arise from opportunity when other utilities are making improvements around water

lines as well. Eskew noted that the prioritization and scheduling of projects for this biennium focuses on expanding the infrastructure into the south service area.

Chair Blue opened the meeting for public comment.

OTHER FUNDS DISCUSSION

Heidgerken briefly reviewed the Capital Reserve Fund, Rate Stabilization Reserve Fund, System Development Charge Reserve Fund and Revenue Bond Fund. He noted that each fund budget can be changed through a supplemental budget to access contingency funds if necessary.

Chair Blue opened the meeting for public comment.

APPROVAL ACTIONS

Heidgerken reminded the Committee that this budget is speculative since it is planning 2 years ahead, noting that there are several mechanisms to change it during the year as needed. Chair Blue confirmed that there is room in the budget for any changes due to labor negotiations. Rubitschun noted that the union argument had been presented but felt that ratepayers weren't represented and would likely have a differing opinion. He added that increasing costs ultimately increases costs to the ratepayers.

French moved to approve the General Fund biennial budget as presented, including the addition of the satellite leak detection project; second by Danel. Angier stated that she objects to the addition of the satellite leak detection project and Garrison agreed, seeing it as potentially not cost effective. Other members noted cost savings in staff time as well. Roll was called, and the motion passed unanimously.

Angier moved to approve the CIP Fund budget as presented; second by Danel; roll was called, and the motion unanimously passed.

Shireman moved to approve the Capital Reserve Fund, Revenue Bond Fund, Rate Stabilization Reserve Fund, and System Development Charge Reserve Fund; second by Garrison; roll was called, and the motion unanimously passed.

French moved to declare there is no tax levy included in the approved BN2023-25 budget; second by Rubitschun; roll was called, and the motion unanimously passed.

Heidgerken thanked the Committee for their time and efforts and noted that the Board's Budget Hearing is set for June 8, 2023, to consider adoption. French echoed the praise as well.

Fisher moved to adjourn the meeting; second by French; passed unanimously.