

PACIFIC CITY JWSA BOARD OF DIRECTORS  
BUDGET COMMITTEE MEETING MINUTES

May 11, 2021

Chair McVicker called the May 11, 2021, Budget Committee Meeting to order at 5:00 PM via video conference call.

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

Guests Present: Tim Hirsch

Staff Present: Michelle Hughes, Budget Officer and Rachelle DeLoe.

**ELECTION FOR BUDGET COMMITTEE OFFICERS:**

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

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

Director Price nominated Kathy Starostka for Secretary of the Budget Committee. Budget Committee Member Anderson seconded. Chairman Culp asked for an oral and visual vote to elect Kathy Starostka Budget Committee Secretary, and it carried unanimously.

**BUDGET DISCUSSION**

Budget Officer Michelle Hughes gave an overview of the budget report they had received and the budget committees responsibilities.

Ms. Hughes gave the budget committee a summary of big items the Authority had done that year including hiring a new Authority Manager, completing the Wastewater Treatment Plant Upgrade, and starting the AMR project.

Ms. Hughes told the budget committee about the lack of impact Covid-19 had on the Authority's revenues and that it had increased 2%. Ms. Hughes continued that expenses on the other hand had increased significantly due to diminished supply. Ms. Hughes informed the budget committee that they were in the hiring process for an Authority Manager, Operator III, Operator in Training, and Office Assistant. Ms. Hughes continued that the office had been closed for the entire fiscal year.

Chairman Culp asked what the status of the Master Plan was. Ms. Hughes said they had received a draft of the Water Master Plan and was being reviewed by the board and staff to send back to Parametrix with comments and corrections. Ms. Hughes continued that the Sewer Master Plan had been started and they anticipated seeing the draft in October. Ms. Hughes said when the Master Plan was completed, they would most likely be changing the System Development Charge (SDC) rates. Chairman Culp referred to the monies under professional services and engineering and clarified that they were for the Master Plan. Ms. Hughes replied in the affirmative and added that there was \$125,000 specifically for the installation of a new water line on Rueppell Ave.

Director Donohue asked about the funding levels on page 4. Director Donohue clarified that the 002 Master Plan fund balance had been added to the 003 Bonded Debt fund, but still showed in the totals. Ms. Hughes replied that by budget law they had to show all revenues in each fund and the 002 fund started with a balance that would be transferred to the 003 fund so the revenue was reflected in both funds. Ms. Hughes continued that at years end the 002 fund would be zero.

Chairman Culp led discussions of the FY 21/22 budget going through each fund.

Chairman Culp began with the 002 Master Plan Fund. Ms. Hughes indicated the final page of the 002 fund, which showed a zero balance.

Chairman Culp clarified that the 003 fund was for debt owed on the Horn Creek Water Treatment Plant GO Bond and the Wastewater Treatment Plant Upgrade Bond. Ms. Hughes replied in the affirmative. Chairman Culp asked when the bonds would be paid off. Ms. Hughes replied that they were 30-year bonds, and they still had a while to go.

Chairman Culp moved on to the 004 Sewer SDC/CIC fund. Chairman Culp asked if they expected 10 SDCs again that year. Ms. Hughes replied in the affirmative. Chairman Culp asked about the apartment complex that was hoping to be built near Beachy Bridge. Ms. Hughes said the SDCs for an apartment complex was slightly different than a single-family dwelling. Director Donohue asked why the cost of the meter and personal shut off had gone up if they were not raising SDC rates. Ms. Hughes replied that it was equipment the Authority had to purchase, and the price of the items would still be increasing. Director Donohue asked why the water and sewer rates had increased. Ms. Hughes said the Construction Cost Index was at 3.8% in April 2021, so they had increased the rates by 3.8%. Ms. Hughes continued that they could only pay for operational costs with revenues from rates and with the cost of goods increasing they needed to increase rates as well. Chairman Culp asked what the line-item Professional Services was used for. Ms. Hughes replied it was used for individuals hired that were not engineers, such as a surveyor. Chairman Culp asked about the Authority's plans to replace and repair the districts step systems. Ms. Hughes said they planned to repair and maintain as many of the step systems in the coming year as they had manpower to. Ms. Anderson asked about the loan repayment line item. Ms. Hughes replied that it was a line of credit through TLC Credit Union that the Authority paid \$4586.20 per month with a low interest rate and would be paid off in the near future. Ms. Hughes continued that once it was paid off, she imagined they would talk to TLC to keep the line of credit open in case of an emergency.

Chairman Culp moved on to the 005 Water SDC/CIC fund. Chairman Culp asked if there was a project planned for Horn Creek Water Treatment Plant. Ms. Hughes said they did have plans to add another

skid as well as replace the membranes. Ms. Hughes continued that Pall Corporation had recently been at Horn Creek Water Treatment Plant to determine the condition and longevity of the current system. Ms. Hughes said they did not have an official report back yet, but they had said Horn Creek was the cleanest plant they had seen and looked brand new. Ms. Hughes gave kudos to Leonard Whiteman for his diligence. Chairman Culp asked if the water rights were still in good standing. Ms. Hughes said they were, and they were working with a water rights attorney to complete some items. Chairman Culp clarified that they were using the wells on occasion. Ms. Hughes said they did use them in the winter quite a bit and when equipment was being calibrated.

Chairman Culp moved on to the 104/105 Operation and Maintenance funds. Chairman Culp noticed that the customer assistance program had not been utilized that year. Discussion ensued regarding the requirements to use the customer assistance program and delinquent accounts. Chairman Culp asked how the new Wastewater Treatment Plant was running. Ms. Hughes replied that it was working wonderful to keep them in compliance. Ms. Hughes continued that they had not anticipated the cost of chemicals and that was why the chemical line item had increased. Ms. Anderson asked about the transfer to 004 fund line item. Ms. Hughes said when they have money available at the end of the year they will sometimes transfer the money to the 004 fund for projects. Chairman Culp asked about the increase in legal fees. Ms. Hughes said because they had to utilize attorneys more that year with contracts and legal questions, she anticipated they may need to do so more in the future. Director Donohue referred to the revenue line item for Hydrant Water. Ms. Hughes responded that if a contractor was doing a project in town, they could sell them water from a fire hydrant with a hydrant meter. Director Donohue referred to the overtime allowance and asked if \$10,000 would be enough. Ms. Hughes said there was enough buffer in the labor above if it was not. Ms. Hughes continued that her hope was to hire enough people to be fully staffed and not need to use the overtime line item. Ms. Hughes said they were planning for two employees but a third would be beneficial. Director Gogas said if they were not going to use the Assistant Manager position then it did not need to be budgeted for. Ms. Hughes responded that having the flexibility to move someone to that position or hire for that position can only help the Authority. Discussion ensued regarding the wage scales and possible candidates for the Assistant Manager when interviewing for the Authority Manager. Chairman Culp indicated the Chemicals line item, noticing that it was double the previous year. Ms. Hughes said the cost of chemicals had risen quite a bit. Discussion ensued regarding the biosolids process with the new treatment plant. Ms. Anderson asked if the Beaver property was owned by the Authority. Ms. Hughes replied in the affirmative.

Discussion ensued regarding prepaid lots and how they affect SDC revenues.

Director Gogas asked under which line item did they pay for employee health insurance. Ms. Hughes replied that it was on page 9 and page 12. Director Gogas clarified that the Authority paid for health insurance for staff and their families. Ms. Hughes replied in the affirmative. Director Gogas said the Authority paid for the employees' retirement as well. Ms. Hughes said that was incorrect. Ms. Hughes continued that the Authority would match the employee's contribution up to 6%. Ms. Anderson asked what retirement group the Authority used. Ms. Hughes replied Nationwide, and they were in a pool.

Ms. Hughes gave a brief explanation of the wage brackets and indicated that the numbers on top of each row were the employees' current salaries. Chairman Culp clarified that employees received reviews and pay increases on the anniversary of their employment.

The committee discussed the Authority Manager job search.

Director Gogas asked if they planned to replace any vehicles in the coming fiscal year. Ms. Hughes responded that they would be replacing the '05 Chevy. Ms. Hughes continued that they would be purchasing a vacuum trailer as well, which would fall under the rolling stock line item on page 6 and page 8. Discussion ensued regarding the procurement process for vehicles.

**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 21/22 proposed budget. Budget Committee Member Starostka seconded, and the motion passed unanimously.

Chairman Culp adjourned the meeting at 6:09 PM.

The PCJWSA Board of Directors approved these minutes on June 1, 2021, by the following votes:

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

**ATTEST**

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

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Kathy Starostka, Budget Committee Secretary

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Carolyn McVicker, Board of Directors Chair

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Michelle Hughes, Authority Manager