

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
BUDGET COMMITTEE MEETING
April 20, 2017**

1
2
3
4
5
6
7 Call Budget Committee

8 Meeting to Order: Commissioner John Garcia called the Budget Committee meeting to order at 6:02 p.m.
9 Thursday, April 20, 2017.

10
11 Present: John Garcia, Board President; Glen Morris, Treasurer; Karen Otta, Member; Rob Mills,
12 Member. Appointed Budget Committee members: Barry Compton, James Senn, Barbara
13 Flewellyn. Staff: Joy S King, Office Manager; Adam Denlinger; General Manager. See
14 sign in sheet for public attendance.

15
16 Excused Absences: Sandra Mies-Grantham, Deanna Gravel

17
18 Announcements: The GM announced that Garry Helms passed away two weeks ago. Karen Otta was
19 introduced as the newest member of the board and the newest member of the Budget
20 Committee.

21
22 Elect Presiding
23 Officer: Barry Compton nominated James Senn as the Presiding Officer of the Budget Committee
24 Meeting per ORS 294.336(8).

25 Read Budget
26 Message: The Budget Message for FY 2017-18 was read by the Budget Officer, Adam Denlinger.
27 (see attached).

28 New Reserve Fund
29 SLARRA: John Garcia motioned to approve adding a new Reserve name, Short-lived Assets
30 Replacement Reserve Account (SLARRA) to existing Depreciation Reserve Fund to
31 comply with USDA requirement to set aside \$84,000 annually to replace short-lived
32 assets. Motion was seconded by Glen Morris. Motion carried unanimously.

33 Items Discussed before
34 Discussion of Budget: James Senn, asked what's the difference between PERS and OPSRP. Staff explained
35 PERS employees are those hired on or before August 29, 2003 and OPSRP employees
36 are those hired on or after August 29, 2003. He also asked if the District feels any danger
37 of losing USDA and FEMA project funding with the change in administration and the
38 federal budget. It was discussed that USDA has been funding projects for the last 80
39 years, if there's any change in funding, the district hasn't heard anything.

40 Amend/Approve
41 Budget Document: James Senn, Budget Committee Presiding Officer led the discussion in reviewing
42 and amending the proposed budget for FY 2017-18, one page at a time
43 and approve the budget by fund as follows:
44 Under General Fund:
45 Page 1, line 7 – Water Sales includes \$84,000 increase in water rates. USDA who funded
46 the Phase 3 project with \$3.451 million loan and \$2.540 million grant, requires the district
47 to establish a reserve fund named Short-lived Assets Replacements Reserve Account
48 (SLARRA). The annual contribution is \$84,000 and can be spent to replace assets with 5
49 to 15 years of life. USDA agreed to add the name SLARRA to an already existing reserve
50 fund named Depreciation Reserve Fund. The contribution could be spent anytime short-
51 lived assets need to be replaced, as long as the account shows an annual contribution of
52 \$84,000 is transferred into that reserve from the General Fund.
53 Page 2, line 5- Employees Benefits increased by 20% from the prior year due to an 8%
54 increases in PERS and OPSRP contributions and a 12% increase in health insurance
55 premium.
56 Page 2, Line 12- Professional Services increased by 18%. There are 3 new services
57 included such as new Sensus support, new firewall support, and website support.
58 Page 2, line 15- Rent and Lease. The district needs a reliable vacuum excavator. The mini
59 Vactron the district purchased in 2008 for \$66,500 is no longer reliable and is costing a lot
60 in repairs. Staff is looking into leasing the equipment through SDAO Flex Lease Program.

61 Page 3, line 3 – Salaries-Field Personnel includes out-of-class pay for two senior
62 operators who will be used as supports to RPR when Phase IV project starts.
63 Page 3, line 7 – Performance Award increased by \$3,500. There are three employees
64 who are on the top of their wage scale and no longer eligible for step increases. This line
65 item could be used to reward those with excellent performance as determined by the
66 supervisor.
67 Page 3, line 11 – Toledo Water Purchases decreased by 20%. The wholesale rate for the
68 first six months decreased by .22 cents per thousand and the water to be purchased by
69 gallons is estimated to decrease, a result of completion of Phase 3 improvements
70 replacing aging pipes throughout the district.
71 Page 3, line 26 – Building Upgrades increased by \$11,000. It includes maintenance of
72 pump stations.
73 Page 4, line 6 – Revenue Bond Fund includes transfer to pay for the principal and interest
74 of the new loans with Cashmere Valley Bank and IFA.
75 Page 4, line 7 – Depreciation Reserve Fund/SLARRA \$84,000 is the amount required by
76 USDA to replace short-lived assets.
77 Page 5 is the summary page of General Fund pages 1 through 4.
78 John Garcia motioned to approve the General Fund Budget from pages 1 through 5. Barry
79 Compton seconded the motion. Motion carried 7-0.

80
81 Debt Service Fund:

82 Page 6, line 8 – Taxes Necessary to Balance to pay the G.O. Bonds is \$910,945 and
83 Taxes to Levy is \$979,500 to receive the \$910,945. This is due to discounts and taxes not
84 collected. There is a new 2016 G.O Bond issue and payments for principal and interest
85 due in FY 2017-18 causing an increase in the taxes to levy.
86 Page 6, lines 11, and 16 – are the new principal and interest payments for the new 2016
87 G.O. Bond Issue.
88 Page 6, lines 21 to 24 are principal and interest payments due in December and October
89 2018, before property taxes are received they are budgeted as Unappropriated Balance
90 for the following year. Glen Morris motioned to approve Debt Service Fund Budget on
91 page 6. John Garcia seconded the motion. Motion carried 7-0.

92
93 Revenue Bond Reserve Fund:

94 Page 7, line 4 – Transfer from General Fund has increased. There are 2 new additional
95 debts that require to be paid from the revenue of the district.
96 Page 7, lines 11, 14 and 16 are the new payments for IFA and Cashmere Valley Bank
97 loans. Glen Morris motioned to approve the Revenue Bond Reserve Budget. Rob Mills
98 seconded the motion. Motion carried 7-0.

99
100 2000 Loan Agreement Payment & Reserve Fund:

101 Page 8, 2000 Loan Agreement Payment & Reserve Fund has no more data and was
102 dissolved and now can be removed from the budget document.

103
104 Capital Projects Fund:

105 Page 9, line 7 – Interim Loan, Grants/G.O. Bond includes USDA Grants and IFA grants for
106 Beaver Creek Source Water -Phase 4 Project.
107 Page 9, line 8 – Loan Proceeds include USDA and IFA Loan for Beaver Creek Source
108 Water Phase 4 Project. John Garcia motioned to approve Capital Projects Fund Budget.
109 Karen Otta seconded the motion. Motion carried 7-0.

110
111 R.D. Requirement Reserve Fund:

112 Page 10, line 5 – Is the Annual transfer from the GF to comply with USDA requirement for
113 the 2012 Revenue Bond. Glen Morris motioned to approve the R.D. Requirement Reserve
114 Fund Budget. Rob Mills seconded the motion. Motion carried 7-0.

115
116 SLARRA/Depreciation Reserve Fund: A new name SLARRA (Short-lived Assets
117 Replacement Reserve Account has been added to this fund as required by USDA who
118 carried the 2016 G.O. Bond long term loan that financed the Phase 3 Projects).
119 Page 11, line 5 is the annual transfer from General Fund which is \$84,000. The money
120 could be used to replace short-lived assets. John Garcia motioned to approve

121 SLARRA/Depreciation Reserve Fund Budget. Glen Morris seconded the motion. Motion
122 carried 7-0.
123
124 System Development Charges Fund:
125 Page 12, line 7- Staff estimated 16 new service connections for FY 2017-18. John Garcia
126 motioned to approve the System Development Charges Budget. Glen Morris seconded
127 the motion. Motion carried 7-0.
128
129 Water Source & Distribution System Improvement Reserve Fund:
130 Page 13, line 5 – Transfer from General Fund has increased to help fund the Beaver
131 Creek Source Water Project. Glen Morris motioned to approve the Water Source &
132 Distribution System Improvement Reserve Budget. John Garcia seconded the motion.
133 Motion carried 7-0.
134
135 Special Project/ODOT Reserve Fund:
136 Page 14 – This Fund has no more data and was dissolved by resolution in FY 2012-13
137 and will be removed from the budget document.
138
139 SRWD Land and Building Reserve Fund:
140 Page 15 – There is no transfer from General Fund to this Reserve. The fund could be
141 used to purchase a piece of land for the Phase IV project water treatment site. John
142 Garcia motioned to approve the SRWD Land and Building Reserve Budget. Karen Otta
143 seconded the motion. Motion carried 7-0.
144 Approval of Permanent
145 Rate Limit and the
146 Exempt Bond Amount: Glen Morris motioned to approve the Permanent Rate Limit for the General Fund
147 Operations as .1259 per \$1,000 of the total assessed value of the District, and the Exempt
148 Bond amount of \$979,500 as the ad valorem property taxes to be certified for collection as
149 of July 1, 2017.
150
151 Adjournment: Board President, John Garcia adjourned the meeting at 8:25 pm.
152
153
154 Next Meeting: Budget Hearing on May 11, 2017 at 4:00 pm.
155
156
157
158
159
160
161
162

Approved by Secretary

Date