

**SEAL ROCK WATER DISTRICT
MINUTES OF THE
BUDGET COMMITTEE MEETING
April 19, 2018**

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7 Call Budget Committee

8 Meeting to Order: Commissioner Glen Morris called the Budget Committee meeting to order at 6:30 p.m.
9 Thursday, April 19, 2018.

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11 Present: Commissioner Glen Morris, Commissioner Karen Otta. Appointed Budget Committee
12 members: Barry Compton, James Senn, Barbara Flewellyn, Tom Runyon. Staff: Joy S
13 King, Office Manager; Adam Denlinger; General Manager. See sign in sheet for public
14 attendance.

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16 Excused Absences: Commissioner John Garcia, Commissioner Sandra Mies-Grantham, Commissioner Rob
17 Mills, and Appointed Budget Committee Member Deanna Gravel.

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19 Announcements: The newly appointed Budget Committee member, Tom Runyon was introduced.

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21 Elect Presiding
22 Officer: Barry Compton nominated James Senn as the Presiding Officer of the Budget Committee
23 Meeting. Commissioner Karen Otta seconded the nomination. Nomination carried 6-0.

24 Read Budget
25 Message: The Budget Message for FY 2018-19 was read by the Budget Officer, Adam Denlinger.
26 (see attached). The Presiding Officer, James Senn commended the Budget Officer for a
27 well-done Budget Message.

28 Amend/Approve
29 Budget Document: James Senn, Budget Committee Presiding Officer led the discussion in reviewing
30 and amending the proposed budget for FY 2018-19, one page at a time
31 and approved the budget by fund as follows:
32 Under General Fund:
33 Page 1, line 7 – Water Sales include \$5,000 increase in water rates. The wholesale rate
34 from source water was increase by 1.5%.
35 Page 1, line 8 – New Service connections is estimated to be 17 services for \$25,500.
36 Page 1, line 12 – Sale of Equipment is \$5,000 for the old vac. truck.
37 Page 2, line 5 – Employees Benefits increased by 6% from the prior year due to an
38 increase in health insurance premium.
39 Page 2, Line 6 – Employer Payroll Tax Expense decreased by 7% due to decreases in
40 unemployment and workers' comp rates.
41 Page 2, lines 7, 8, and 9 – There's a slight increase to line items pertaining to employee
42 training. There is a possibility for a staff to attend an outside of the state free tuition
43 training but has to pay for travel and lodging expenses.
44 Page 2, line 12 – Professional Services increased by 10%. This includes Legal,
45 Engineering, Auditor, technical support and other consultant expenses. Licensing for
46 proprietary software has increased.
47 Page 2, line 14 – Office Supplies and Postage increased by 2%. There is a small increase
48 in bulk mail and special rates.
49 Page 2, line 16 – Phone Expense. The District will upgrade the communication services of
50 three pump stations from radio to DSL. The communication services of the administrative
51 office will also be upgraded by using transferring service with Charter Communications
52 due to availability of a faster internet connection. For the AMI project which is a cloud
53 base system to work well, the District needs a much faster internet connection.
54 Page 2, line 25 – Office Equipment/Computer Hardware. The Administrative computers
55 are 6 years old and need to be replaced with a newer model to be able to maximize the
56 use of web based software and data for AMI.
57 Page 3, line 7 – Performance Award increased by \$1,500. There are three employees
58 who are on the top of their wage scale and no longer eligible for step increases. This line
59 item could be used to reward those with excellent performance as determined by the
60 supervisor.

61 Page 3, line 11 – Water Purchase increased by 4% to reflect the increase in the whole
62 sale rate for the first 6 months and another increase in the last six months of FY 2018-19.
63 Page 3, line 12 – SRWD System Maintenance increase is for scheduled Driftwood and
64 Lost Creek Reservoir inspection and cleaning, and 3 pump station upgrades.
65 Page 3, line 15 – Replacement Meter/AMR/AMI System budget is for the AMR meters on
66 South Bay Road that will not be replaced with AMI because of the location. The distance
67 will create a problem communicating with the towers.
68 Page 3, line 23 – Shop Equipment. The District needs a handheld meter reader that can
69 be used to resolve issues that can't be resolved through the online cloud based AMI
70 system.
71 Page 3, line 26 – Building Upgrades budget is for maintenance of 8 pump stations.
72 Page 4, line 7 – Depreciation Reserve Fund/SLARRA. \$84,000 is the amount required by
73 USDA to replace short-lived assets and \$50,000 for vehicle rolling stock reserve.
74 Page 5 is the summary page of General Fund pages 1 through 4.
75 Commissioner Glen Morris motioned to approve the General Fund Budget from pages 1
76 through 5. Commissioner Karen Otta seconded the motion. Motion carried 6-0.

77
78 Debt Service Fund:

79 Page 6, line 8 – Taxes Necessary to Balance to pay the G.O. Bonds is \$716,360 and
80 Taxes to Levy is \$770,300 to receive the \$716,360. This is due to discounts and taxes not
81 collected.
82 Page 6, lines 11 - 19 are the principal and interest payments for the 2011- 2016 G.O.
83 Bond Issues.
84 Page 6, lines 21 to 24 are principal and interest payments due in October and December
85 2019, before property taxes are received they are budgeted as Unappropriated Balance
86 for the following year.

87
88 Revenue Bond Reserve Fund:

89 Page 7, line 4 – Transfer from General Fund. There are 2 debts that require to be paid
90 from the revenue of the district.
91 Page 7, lines 11, 14 and 16 are principal and interest payments for IFA and Cashmere
92 Valley Bank loans.

93
94 Capital Projects Fund:

95 Page 8, line 7 – Interim Loan, Grants/G.O. Bond includes USDA grants and IFA grants for
96 Beaver Creek Source Water Phase 4 Project.
97 Page 8, line 8 – Loan Proceeds include Line of Credit from Cashmere Valley Bank for
98 Beaver Creek Source Water Phase 4 Project.

99
100 R.D. Requirement Reserve Fund:

101 Page 9, line 5 – Is the annual transfer from the General Fund to comply with USDA
102 requirement for the 2012 Revenue Bond.

103
104 SLARRA/Depreciation Reserve Fund:

105 A new name SLARRA (Short-lived Assets Replacement Reserve Account) has been
106 added to this fund as required by USDA who carried the 2016 G.O. Bond long term loan
107 that financed the Phase 3 Projects. The annual contribution is \$84,000. This reserve also
108 holds the vehicle rolling stock to replace district vehicle.

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110 System Development Charges Fund:

111 Page 12, line 7 – Staff estimated 16 new service connections for FY 2018-19 for \$58,728.
112 Spending SDC collections has a restrictive guideline. This reserve could be used to fund
113 an update to the Master Plan which was last updated in 2010 and an update to the Water
114 Conservation Plan.

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116 Water Source & Distribution System Improvement Reserve Fund:

117 Page 12, line 5 – Transfer of \$189,570 from General Fund has increased to fund the
118 Beaver Creek Source Water Project. Commissioner Glen Morris motioned to move the
119 Capital Outlay budget of \$200,000 from line 17 - City of Toledo Improvements to line 20 –
120 SRWD System Improvements.

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122 SRWD Land and Building Reserve Fund:
123 Page 13 – There is no transfer from General Fund to this Reserve. The fund could be
124 used to purchase a piece of land for the Phase 4 project water treatment site.
125 Approval of Budget
126 Document: Commissioner Glen Morris motioned to approve the FY 2018-19 Budget document with
127 changes on page 12, transferring \$200,000 from line 17 to line 20. Barry Compton
128 seconded the motion. Motion carried 6-0.
129 Approval of Permanent
130 Rate Limit and the
131 Exempt Bond Amount: Commissioner Glen Morris motioned to approve the Permanent Rate Limit for the General
132 Fund Operations as .1259 per \$1,000 of the total assessed value of the District, and the
133 Exempt Bond amount of \$770,300 as the ad valorem property taxes to be certified for
134 collection as of July 1, 2018. Motion seconded by commissioner Karen Otta. Motion
135 carried 6-0.
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137 Adjournment: Commissioner Glen Morris adjourned the meeting at 8:35 p.m.
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140 Next Meeting: Budget Hearing on May 10, 2018 at 4:00 p.m.
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Approved by Secretary _____ Date _____