

Heceta Water People's Utility District
87845 Hwy 101
Florence, OR 97439
March 16, 2021
Board of Directors' Meeting

1. CALL TO ORDER

President Rohner called the meeting of the Board of Directors of the Heceta Water People's Utility District to order at 4:00 pm on March 16, 2021.

2. ROLL CALL

Directors Wendy Rohner, Debby Todd, Crystal Farnsworth, Alan Whiteside and Mary Kauffman; Secretary of Record Mike Buckwald; General Manager Carl Neville, and Cindy Spinner present.

3. PUBLIC COMMENT

There were no public comments.

4. APPROVAL OF MINUTES

ACTION: Director Farnsworth made a motion to accept the minutes of the HWPUD Board of Directors' meeting of February 16, 2021 as presented. Director Whiteside seconded the motion. Directors Rohner, Todd, Farnsworth, Whiteside and Kauffman voted aye. There were no nay votes.

5. PRESIDENT'S REPORT

President Rohner added office hours for discussion to Item Not on the Agenda.

6. FINANCIAL REPORT

Secretary of Record, Mike Buckwald reported that the District's water revenue is coming is as projected. No over expenditures projected. GM Neville confirmed receipt of the grant notice for the Rate Study amount of \$20,000.

ACTION: Director Whiteside made a motion to accept the financial report of February 2021 as presented. Director Todd seconded the motion. Directors Rohner, Todd, Farnsworth, Whiteside and Kauffman voted aye. There were no nay votes.

7. STAFF REPORT

Following up on cyber security from February's meeting, GM Neville has reached out to Orco Tech to confirm security levels are at the highest. He has not heard back yet. We are seeking reimbursement for the two fire hydrants replaced after accidents. Director Todd inquired as to whom we were seeking reimbursement. GM Neville stated the auto insurance providers of the two drivers. President Rohner asked as to how much we expect in reimbursement. GM Neville stated approx. \$3,500 each. He also mentioned we received a forgivable loan for the \$20,000 for the Rate Study and waiting to hear the detail in the package. President Rohner questioned if resolution for allocation of funds to cover Rate Study goes away when we receive the money. Mr. Buckwald said money goes into general fund to replace what was spent on non-budgeted item. President Rohner questioned Mercer Lake repair as to what is the cost and inquired as to how we identified it needed fixing. GM Neville stated that we have to cross private property to

get to other meters and piping needs to be restricted as flows are reduced due to how pipe is laid. He stated that cost is unknown as some repaving has to be complete. President Rohner asked about on-call supervision. GM Neville explained Oregon requires Director Responsible Charge (DRC) to supervise. Jeremy, who is licensed, fills in when Carl is not available. President Rohner congratulated Rick Mason on passing State test.

8. UNFINISHED BUSINESS

a) GM Neville read a summary of the Districts' finances. He is asking for Board direction not approval of a rate increase at this time. He stated that Master Plan projects have not yet been formally approved by the Board. Director Kauffman inquired as to the sequence of events that led to projects from the Master Plan, identified in the Rate Study, that the District is proposing increasing rates to help fund. GM Neville stated that projects listed in the plan need to be completed at some point but have not yet been formally approved or identified in any particular order to be completed. He went on to say without a loan package to cover the projects it is too early to discuss specifics. He mentioned that grants are ideal and large grants are typically only available with a loan package, except in emergency situations. He stated that low rate loans containing some portion of grants are preferred and some loans require allocation of payment reserves. GM Neville said if District moves forward with all WMP projects we may be required to have \$370 thousand in reserves, per Donovan. He mentioned without a reasonable reserve, the District would be forced to borrow and pay interest on funds that will sit in reserves unutilized. Director Todd stated most utility water districts view finances different than we do and our District tries to manage money in most responsible way we can, paying as we go and being financial responsible not necessarily following industry standards. She continued mentioning that our District works to get grants before we go to the customers. GM Neville mentioned this last year water revenue brought in less than our operations and debit service continues to grow at a faster rate as we finish scheduled and unanticipated projects. He recommends district keep \$450 thousand in reserves to help protect the rate payer from heavy fluctuations in rates due to unanticipated projects, cost overruns, heavy rain falls years causing low usage, pandemics, sharp increase in building materials as District has previously experienced. Director Kauffman is concerned with the District borrowing money, paying interest when District has a reserve in the bank that could be used to pay part of the project. President Rohner commented that having reserves qualifies the District to qualify for grants and low interest rate loans. Director Kauffman understands that loans require reserves, but asked how much reserve does the District need. Board needs to determine the reserve amount taking in consideration GM Neville's recommendation. GM Neville pointed out the District spent \$680 thousand in 2020 projects, as surplus only added \$154 thousand, reducing the reserves by \$450 thousand. Director Whiteside commented that reserves are necessary to qualify for loans as we have experienced in the past. Director Farnsworth asked if GM Neville was recommending \$450 thousand total in reserve or above the current reserve balance. GM Neville responded he would like to maintain \$450 thousand above any loan requirements to be held, with understanding the balance will fluctuate with unanticipated projects. He stated that District reserves are declining at our current rate structure. He recommends increase in base rate and water consumption rates of 10%, approx. add an additional \$115 thousand a year. He commented that it would help the District complete projects with cash on hand and be less reliant on loans. GM Neville pointed out that a 10% increase is equivalent to \$4 more a month per average household of family of 4. He went on to state that this increase will fund a portion of debt service of a new loan but the increase is not

solely driven by a new loan or based on having a new loan. He commented that a portion of the 10% includes 2.2% increase that Donovan's calculation to level out our revenue and expenses. GM Neville mentioned a project the county has for this summer to shoot concrete nails to keep Mercer Lake Road from sliding which includes three miles of our water line. He commented that if county damages our water lines it is the Districts responsibility to replace. He stated that cost of repair would be hard to determine. President Rohner asked if there was a way we could use Ground Penetrating Radar (GPR) to determine where lines are located. GM Neville felt our equipment is not flexible enough to be able to mount on the side and find lines. Director Whiteside asked about county responsibility if they do hit our lines. GM Neville responded that county owns the road and allowing District to use as a pathway to supply our customers. GM Neville then asked for direction from the Board for the next meeting. Director Kauffman asked that her prior and current questions be addressed at the next Board meeting. GM Neville will work with the Engineer and Donovan to address all questions and bring answers back to the next meeting. President Rohner asked that Donovan work to find water only districts for comparisons in the rate study.

9. NEW BUSINESS

a) Elect Budget Officer

ACTION: President Rohner nominated GM Neville as budget officer. Director Farnsworth seconded the motion. Directors Rohner, Todd, Farnsworth, Whiteside and Kauffman vote aye. There were no nay votes.

10. ITEMS NOT ON THE AGENDA

a) Office Hours

President Rohner inquired as to what the office hours are now. GM Neville stated the office is open from 8am to 4pm, closed 11am to 12pm for lunch. President Rohner stated that she thought we were going to keep the office open with office coverage by the operators. She commented that we have a full crew now and a responsibility to our customers to be open from 8am to 4pm. Director Todd recommended opening 9 to 4, run errands between 8 and 9. President Rohner inquired as to what reasons we are closing for the lunch hour. GM Neville indicated coverage would take 5 hours each week from Operators duties. Mrs. Spinner discussed her process with bank deposits and other errands which take half the hour the other half is her lunch. She also mentioned District is using this hour to cover all staff training. Director Whiteside mentioned that it takes time for customers to adjust to change and without a large number of complaints; we should monitor and make changes accordingly. Mrs. Spinner mentioned there have been no direct complaints from customers since we started on January 1, 2021. GM Neville commented that foot traffic has lessened significantly since Covid-19 hit in March 2020. Director Farnsworth commented to keep track of customers' complaints. GM Neville agreed we will keep track of any complaints and how many calls received during the lunch hour and address as the need arise.

b) Director Todd inquired about report of lead in our water. GM Neville explained we have been notifying customer for a year on the back of the bi-monthly bills since the high levels happened in June of 2019. He commented that we completed two tests of about 125 homes, with no excessive lead found. He stated that the message was removed from the bills at the end of 2020.

11. AGENDA SUGGESTIONS FOR FUTURE MEETINGS

a) COLA (Action Item)

12. ADJOURNMENT

The meeting was adjourned at 5:05 pm