

Heceta Water People's Utility District

87845 Hwy 101

Florence, OR 97439

June 27, 2023

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 June 27, 2023.

2. ROLL CALL

Directors: Wendy Rohner, Crystal Farnsworth, and Frank Spencer; Budget Member Vito Coviello; Secretary of Record Mike Buckwald; Attorney Josh Soper; General Manager Carl Neville and Cindy Spinner, all present. Director Debby Todd was absent.

3. PUBLIC COMMENT

No public comment.

4. APPROVAL OF MINUTES

ACTION: Director Spencer made a motion to accept the minutes of HWPUD Board of Director's meeting of May 16, 2023, as presented. Director Farnsworth seconded the motion. Directors Rohner, Farnsworth, and Spencer voted aye. There were no nay votes.

5. PRESIDENT'S REPORT

President Rohner stated that after receiving the resignation from Mary Kauffman in May she reached out to Vito Coviello and discussed with him about coming back to the Board for the remainder of Mrs. Kauffman's term.

6. APPOINT NEW BOARD MEMBER

ACTION: President Rohner made a motion to accept Vito Coviello to fill Subdivision seat #4 after Mary Kauffman's resignation in May. Director Farnsworth seconded the motion. Directors Rohner, Farnsworth, and Spencer voted aye. There were no nay votes. Vito Coviello took the Oath of Office as a newly appointed Director.

7. FINANCIAL REPORT

Secretary Buckwald reported that the District is in good financial condition. He stated the District is not in danger of over expenditure and water revenue is under projections at \$52,000 but believes the revenue will be more in June. He stated that auditors are expected to request information soon and Buckwald is prepared to provide the materials once the request is made. Secretary Buckwald stated the District needs to re-sign signature cards to update signers and each exiting member needs to sign as well. Director Spencer asked for expenditures paid that is more than normal to please point it out at future meetings. Secretary Buckwald stated that he will work with GM Neville to make sure the Board is informed. President Rohner asked about what all goes into Office Supplies. Secretary Buckwald stated that all the equipment leases, such as the copier, and postage machine with postage is included. Director Spencer inquired if we found out if the account held for xPress Bill Pay (XBP) pays interest. Secretary Buckwald stated that the account is a pass-thru account used to collect money paid in XBP and the money is transferred into OPB to earn interest at least once a month. Director Spencer inquired as to why the District pays invoices weekly rather than just once a month. Secretary Buckwald stated that the invoices vary as far as the due date and often by the time we receive the invoices the due date is due within two weeks.

ACTION: Director Spencer made a motion to accept the financial report of May 2023, as presented. Director Coviello seconded the motion. Directors Rohner, Farnsworth, Spencer and Coviello voted aye. There were no nay votes.

8. STAFF REPORT

GM Neville spoke about Kyler passing his operator in training treatment level 1 test, with three tests passed in three months. He went on to say Greg has successfully passed his Small Water Systems course and has completed his 6-month probation. GM Neville mentioned customer complaints, specifically the homeowner that complains about their neighbor cutting brush and pouring concrete. He stated that the District has repeated inspections and found no damage to the infrastructure. Director Spencer inquired about illegal connections with fines and disclosures. GM Neville stated we do not have any current illegal connections; we are updating fines in our policy revisions and by signing up for water the customer agrees to abide by the District's rules and policies. GM Neville stated that Schneider Water Service removed the broken raw water pump, raising it through the skylight of the pump house adjacent to Clear Lake. President Rohner asked how long to get the replacement and if a common occurrence how often do we have to replace. GM Neville stated we have adjusted our schedule and the shaft should be replaced in the week following July 4th. He stated that we try to alternate once a month, utilizing an equal amount of time on the pipes. He mentioned that the roof is in bad shape and is researching to replace it as we need the skylight in order to get the pipe out with a crane. GM Neville informed the Board of the status of Knife River including the progress on the supplies and the preconstruction meeting last week with the County for the project. President Rohner commented that it is fantastic to hear and see how the staff is working throughout the District in a positive manner. Director Spencer commented that it is impressive how much education the staff receives.

9. UNFINISHED BUSINESS

a) SDC Ordinance – Josh Soper, Attorney with Berry Elsner and Hammond

GM Neville asked Attorney Soper to provide a summary of the ordinance and explain what funds can be used for out of SDC funding accounts. Attorney Soper stated that the SDC ordinance follows what the State law prescribes, which is covered in Section 6 with a few key restrictions. He stated that any capital improvement project, either with reimbursement or improvement funds must be included in the capital improvement plan included in section 8 of the ordinance. He went on to say that section 4 outlines that a portion of reimbursement or improvement funds can be used for administrative ordinance which includes hiring someone to develop the SDC methodology calculation. He noted that the District has recently updated its SDC methodology. He stated that section 6 of the ordinance covers what is authorized expenditures and section 7 covers restrictions for expenditures which include construction of administrative office facilities unless it is a small portion of the project, routine maintenance, and operation of capital improvements. Attorney Soper stated that the difference between the two funds is that improvement fund is for future improvements that increase capacity of systems and reimbursement fund is to reimburse agency for the existing infrastructure. He noted that the reimbursement fund in the ordinance and the statutes is a little more ambiguous and can be utilized to pay down debts occurred prior to methodology. Director Spencer inquired if the District is allowed to offset wages for time worked by staff puts directly into projects with the SDC funds. Attorney Soper stated that this is more of an accounting question as the statutes list the District can use funds for capital improvements. President Rohner stated that the District takes out loans to fund these projects and does the District really want to utilize these loans for salary offset. GM Neville stated that the balance in the SDC funds is not enough to offset salaries and the District budgets salaries separately. Director Spencer questioned for future projects that we include the time staff would dedicate to the project as part of the construction costs. GM Neville stated that he does not foresee any projects large enough in the near future. Attorney Soper recommended the District update the methodology as a future project to cover what the District charges

for SDCs. Secretary Buckwald inquired as to who would challenge the expenditures. Attorney Soper stated anyone may challenge the expenditures. Director Spencer questioned the current ordinance penalty being too low and asked if the District is allowed to modify. Attorney Soper stated that penalties can be modified and have tighter restrictions at the Board discretion and that methodology will not cover fees. He stated that the attorneys can help revise the penalty section. GM Neville stated that the District will complete an SDC methodology and will update the ordinance, which will include updating the penalties. He stated that he will look to getting a grant to cover the cost of the methodology study. GM Neville will contact other like districts to gather what penalty other districts charged for violation of water connection.

10. NEW BUSINESS

a) Approve Resolution 2023-02 – FY 2023-24 Budget

ACTION: Director Spencer made a motion to approve Resolution 2023-02 to adopt the FY 2023-24 Budget as presented. Director Coviello seconded the motion. Directors Rohner, Farnsworth, Spencer and Coviello voted aye. There were no nay votes.

11. ITEMS NOT ON THE AGENDA

No item not on the agenda.

12. AGENDA SUGGESTIONS FOR FUTURE MEETINGS

- a) 2023 SDAO Board Training
- b) Employee Benefits
- c) HWPUD Rules and Policies

13. ADJOURNMENT

The meeting was adjourned at 4:56 pm.