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Board of Commissioners: Budget Committee Meeting
Wednesday, April 25, 2018 - 6:00 p.m.

AGENDA

1. OPEN THE BUDGET COMMITTEE MEETING
2. INTRODUCTION & WELCOME OF VISITORS
3. APPROVAL OF FY 2017-2018 BUDGET COMMITTEE MEETING MINUTES
4. BUDGET COMMITTEE MEETING FOR THE FY 2018-2019 BUDGET
 - 4.1 Election of Presiding Officer
 - 4.2 Budget Message
 - 4.3 Budget Presentation and Discussion
 - 4.3.1 Public Comment
5. APPROVAL OF THE BUDGET
6. ADJOURN



B U D G E T C O M M I T T E E M I N U T E S

A meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, April 26, 2017 at 6:00 p.m.** at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ron Blake, Chair; Ernie Platt, Vice Chair; Kevin Bailey, Secretary; Steve Gaschler at 6.02 p.m.; Eric Hofeld

Board Absent: Terry Roskey

Budget Committee Present: Markley Drake; Michael Morrow; Peter Krefit; Randy Ealy; Heather Campbell; Sarah Tarnovsky; Chris Hawes

Budget Committee Absent: None

Staff Present: Wade Hathhorn, General Manager; Tim Jannsen, Engineering Manager; Carol Bryck, CFO; Cindy Richards, Administrative Assistant

Visitors Present: Robert F P Ludwick, citizen; Karen Sype, CRW staff

1. OPEN THE BUDGET COMMITTEE MEETING

Blake called the meeting to order at 6:00p.m.

2. INTRODUCTION & WELCOME OF VISITORS

Blake asked everyone for introductions.

4. BUDGET COMMITTEE MEETING FOR THE FY 2017-2018 BUDGET PER ORS 294.426

4.1 Election of Presiding Officer – Per ORS 294.414 (9)

Ernie Platt nominated Michael Morrow for Budget Committee Chair. Motion was seconded by Kevin Bailey. Motion carried unanimously.

3. APPROVAL OF FY 2016-2017 BUDGET COMMITTEE MEETING MINUTES

Chair Morrow asked for discussion on the approval of last year's minutes. **A motion to approve the minutes from April 27, 2016 was made by Chris Hawes and seconded by Steve Gaschler. The motion carried unanimously.**

4.2 Public Comment – Per ORS 294.426 (2) (b)

None.

4.3 Budget Message – Per ORS 294.403

Wade Hathhorn begin the budget message discussing the grown in the number of accounts, and growth and development in the City of Happy Valley (500-600 new connections a year). The budgeted is planning lower growth for next year after discussion with the city. Discussions include the zoning changes in the City of Happy Valley and where growth is expected. This budget anticipates 200 ERUs but if growth continues at the pace of prior years then there may be a need for supplemental budget. SDC fees pay for the annual debt service. The annual debt service is less than last year. The final payment on the bonds will be in 2024. This is the third year of a planned 3-year

rate increase of \$2 each year. This was put into place to fund infrastructure repairs and that is included in this budget. This budget includes adding staff. There is a significant capital outlay included in this budget for reservoirs, pump stations, and etc.

4.4 Budget Presentation and Discussion

Carol Bryck reviewed the General Fund. Resources increased by 5.3 percent. The budget starts with the estimated Beginning Fund Balance, then water sales and other sources of revenue, and Transfers from Other Funds provide the total available for the requirements. Local Budget Law requires a balanced budget meaning the requirements must match the resources dollars. This budget does not anticipate transfers from General Fund. Contingency is has been allocated \$500,000. Given that a majority of the infrastructure is buried we do not foresee all the potential costs. We can come to the Board and request the use of Contingency with a Transfer Resolution. The budget is for anticipate expenditures. If we do not spend it, it just stays with SWA in the Ending Fund Balance.

The General Fund has an increase in Personnel Services by 19.3 percent which is related to adding staff but also significant increases in the PERS contributions. This is the first year of the two-year PERS rate increase. Materials and Services is up by 9.5 percent. Capital Outlay increases by 34.5 percent. There is significant amount of infrastructure improvements included in this proposed budget.

Carol Bryck asked for questions on the General Fund. The Budget Committee ask about budgeted and current Capital Outlay projects, emergency water plans, and Personnel Services wage increases.

It was noted on page 21 General Fund Resources that dollars the same for fiscal years 2014 and 2015. This is a typo in the document and will be corrected for the final document.

Additional questions on the 152nd Avenue Reservoir, the Sunridge Tank study or repair, and the areas where Capital Outlay is spent (Damascus area versus the City of Happy Valley).

Discussion on the SDC (Construction) Fund reimbursing the General Fund the remaining \$2.7 million. Carol Bryck referred to page 21 and the Transfer of \$500,000 from the SDC (Construction) Fund. Discussion about the amount to transfer and how much reserve should remain in the SDC (Construction) Fund. Discussion about the current SDC fees and when the rate is adjusted.

Chair Morrow asked for further comments. There were none.

Markley Drake asked if staff was done with presentation. Carol Bryck said there are other small funds to discuss.

Carol Bryck reviewed the other funds, Reserve Fund, SDC (Construction) Fund, Revenue Bond Fund and the 172nd Advance Financing Fund.

The resources for Reserve Fund are cell tower lease revenue. The requirements are replacement of vehicles and equipment. Question asked about new leases? These are long term leases, so SWA has a steady revenue stream. Chair Morrow asked for questions. No questions were asked.

Carol Bryck reviewed the SDC (Construction) Fund. Budgeting 200 ERUs for the year. This is conservative. Capital Outlay reimbursement and improvement is for upsizing pipe where SWA would like a larger pipe than a developer would need to install. This pays the difference for a larger size. Uses of funds are Transfers to Other Funds for Debt Service and to reimburse the General Fund. Chair Morrow asked for questions. No questions were asked.

Carol Bryck reviewed the Revenue Bond Fund. SWA issued bonds in 2014. The use of fund is for the Debt Service payment, principle and interest. Resource is the Transfer in from SDC

(Construction) Fund to make that payment. Chair Morrow asked for questions. No questions were asked.

Carol Bryck stated 172nd Advanced Financing Fund was closed by the Board during FY 2017. Originally this was a loan from Clackamas County. In the last year's budget SWA proposed to pay the loan off early. This fund will be reflected in the budget document once more. Local Budget Law requires two years of history before is it no longer in the budget. Chair Morrow asked for questions. No questions were asked.

Next was the Other Funds presentation. Chair Morrow asked for questions on the proposed budget.

General questions about the proposed budget and SWA working with the City of Happy Valley were asked. Questions on how the Happy Valley right-of-ways fees are distributed to SWA customers, communications from cities or county about paving project, and purple pipe requirements and use. Right-of-way fees are passed on to customers within Happy Valley. The City of Happy Valley uses the fees for streets and not their general fund. SWA works with cities and county to complete work prior to paving to reduce repairs and cuts after paving. Purple pipe is still in SWA's rules and regulations. There is limited used at this point but continuing to look for ways to use it.

Chair Morrow asked for additional discussion on the proposed budget. There was none.

5. PUBLIC COMMENT

Chair Morrow asked for public comment. None given. Chair Morrow noted a few typos within the proposed budget document particularly in 152nd project. Typos and other corrections will be reviewed and corrected in the adopted budget document.

6. APPROVAL OF THE BUDGET – PER ORS 294.428 (1)

A motion to approve the proposed FY 2017-18 budget as presented by Eric Hofeld and seconded Ernie Platt. The motion carried unanimously.

Hathhorn thanked everyone for their participation. It's valuable to us, pleasure to have you. Peter Kreft asked why we didn't have to open the regular Board meeting prior to the Budget Committee Meeting. Opening the regular Board Meeting is not a requirement. Wade Hathhorn said adoption of the FY 2017-2018 Budget will be at next regular meeting on May 24, 2017.

Adjourned at 6:54 p.m.