

BUDGET COMMITTEE MEETING

May 2, 2018

7:00 p.m.

The meeting was called to order by Chairman Hickey at 7:00 pm. Present were John Handler, Curt Lorenz, Mike Sims, and Owen Nicholson. Also present were Budget Committee Members David Dillon, David Wilson, Scott Krueger, and Chuck Winkelman. Ann Morgan was excused. Others present were Budget Officer Bruce Halverson, Keri Scott, and Janet Lease. There were no other members of the public present.

ELECTION OF CHAIRMAN

Chairman Hickey made a motion to nominate David Dillon as Chairman of the Budget Committee. The motion was seconded by David Wilson and Mike Sims. The motion passed unanimously.

DELIBERATION

Budget Officer Halverson began by reading the Management Discussion and Analysis (MD&A)/Budget Message aloud. Highlights from the MD&A include the funding for seven full time employees with the possibility of hiring a temporary summer worker if needed. The Personnel Committee recommended and the Board of Directors approved a 3.0% cost of living increase based on the personnel committee methodology set up in 2007. The NBWA continues to be a part of the Special District Association of Oregon (SDAO) health insurance program which is a self-funding program. SDAO reported there will be a possible adjustment of 10% to the premiums, therefore, the budget includes a 10% adjustment. There are no changes in the health insurance policy parameters from the current fiscal year. The NBWA continues to be a member of the Oregon Public Employees Retirement System with the employees continuing to pay their 6% contribution.

Budget Officer Halverson reviewed the General Fund highlights noting the resources are projected to be \$2,538,738.00 with a cash carry forward estimated at \$750,000.00. There will be an increase in the monthly user fees currently at \$24.00/month per Equivalent Dwelling Unit to \$27.00/month per Equivalent Dwelling Unit. The permanent tax rate for the NBWA is \$0.4088/1000 of assessed value. All investments are held with the Oregon State Investment Pool with the interest rate as of March 2018 at 1.85%.

Budget Officer Halverson reported the NBWA uses the 2014-2034 Master Plan as a guide for projects for the System Development Fund. The Capital Improvement Plan was developed from the Master Plan and all projects are evaluated to be prioritized on a yearly basis to determine whether a project needs to be done sooner than projected or can be delayed. The engineer is recommending raising the user fees over the next 20 years to help offset the cost of the projects from the current rate of \$24.00 to \$33.00. The plan is to implement the increase in \$3.00 increments with the first increase scheduled for July 1, 2018. All increases are dedicated to the System Development Fund not for the General Operating Fund.

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DELIBERATION CONTINUED

Budget Committee Chairman Dillon opened the discussion by asking for questions from those present.

Vice Chairman Sims asked for clarification on the Force Main Project completion dates. Budget Officer Halverson explained that the five-year project process included the planning time as well as actual construction time.

Budget Committee Chairman Dillon asked what the Oregon Emergency Management (OEM) grant would cover. Office Tech Scott explained the grant was written for the adoption of geospatial data, tools, and infrastructure for our agency as well as the cities of Nehalem, Manzanita, and Wheeler, and their collective water districts, along with Neahkahnie Water, and the Emergency Volunteer Corps of Nehalem Bay. When combined with local, state, and federal data, this will provide each of the participating entities with the ability to: 1) inform decision makers with the information needed regarding the nature and extent of damage across service areas, 2) provide the ability to quickly assess, stabilize, and initiate restoration of critical infrastructure, and 3) to facilitate response and recovery efforts. Chairman Dillon asked if the agency was using solar panels to recharge radios. Budget Officer Halverson responded that solar panels were not currently in use but the adoption of renewable solar energy was being explored for the Warehouse location. Director Nicholson added that the Warehouse was an ideal location to store emergency supplies and to house our equipment and trucks out of the flood plain/tsunami zone.

Chairman Dillon asked if the new treatment process of the city well water would impact the way wastewater would be treated and Budget Officer Halverson responded that it would not.

Chairman Dillon asked what an E-One pump is. Budget Officer Halverson explained the E1 pumps are used at Nehalem Point at each residence to pump the wastewater to the force main.

Chairman Dillon noted that on the 2014 Facilities Plan all of the Capital Improvement Projects had been completed under budget. Budget Officer Halverson explained that during the improvement process, once upgrades were completed, the projects did not need to use the full extent of the funds as the primary upgrades solved the problem without additional upgrades needed. Also, when the project plans were written by the engineers, the cost of financing might be included and the agency did not need to use financing options to complete the upgrades.

Chairman Dillon asked when the agency announced the User Fee increase. Budget Officer Halverson and Executive Assistant Lease explained the rate increase had been public since January 2018. The notice had been published on the website, advertised in the local papers, mailed out to local contractors, builders, and entities, and the Public Hearing was completed on April 18, 2018.

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DELIBERATION CONTINUED

Scott Krueger asked if the agency had the capacity for the upcoming developments in Manzanita, specifically the Driving Range project of approximately 300 units, and the Third St project of 26 units. Budget Officer Halverson replied that the agency does have the capacity. Halverson has met with the engineers to discuss possible lift station upgrades or Force Main upgrade to accommodate the projects. The ponds have the capacity to accommodate the growth.

Chairman Hickey noted that the largest upcoming capital improvement was the Wheeler North Pump Station Upgrade with Force Main. He asked when this would be completed. Budget Officer explained that we are still in the planning stage as the Force Main cannot be TV'd and a directional bore would be the likely process. It is possible that this project will exceed the cost estimate.

VOTE ON BUDGET

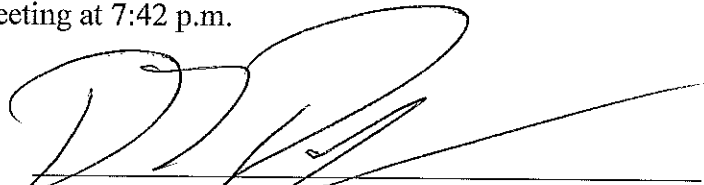
Chairman Dillon asked for any final questions or statements for the budget deliberation. Since no changes were made to the proposed budget, Chairman Dillon called for a motion to approve the proposed budget as presented. Director Lorenz made a motion to approve the 2018-2019 proposed budget as presented. The motion was seconded by Scott Krueger. The motion passed unanimously.

APPROVAL OF TAX RATE

Chairman Dillon noted the permanent tax rate for the NBWA is \$0.4088/1000 of assessed value. Director Nicholson made a motion to approve the full permanent tax rate of \$0.4088/1000. The motion was seconded by Director Lorenz. The motion passed unanimously.

Chairman Hickey thanked the staff of NBWA for an excellent presentation of the budget. Director Lorenz made note that the Facilities Plan was under budget and should be commended. Director Nicholson expressed the desire to have public present and aware of the excellent and effective local government process of the Nehalem Bay Wastewater Agency.

There being no further discussion and business regarding the 2018-2019 proposed budget, Chairman Dillon adjourned the Budget Meeting at 7:42 p.m.



David Dillon, Chairman
NBWA Budget Committee