

**PALATINE HILL WATER DISTRICT
BUDGET MEETING
May 6, 2025**

The Budget meeting convened live at Riverdale Grade School, 11733 S. Breyman Avenue, Portland, OR, and by video conference at 5:05 p.m. on Tuesday, May 6, 2025. Digital and hard copy supporting materials were provided to the commissioners and the committee in advance of the meeting. Instructions for public access to the teleconference were printed on the Agenda and noticed as required by statute. In attendance were:

Budget Committee

Heather Bogaty
Vasanth Kottur
Jeff Krenek
Mark Scarlett
Paul Stefan

Board Commissioners

Carrrie Gentry
Brent Hutchings
Laura Martin
Eric Mulligan
David Veverka

Others

Brian Ginter
Matt Steidler
Roberta Allen
Danica Swanson
Leslie Goss
Boone Scholibo

Vasanth Kottur provided the following statement via email in advance of the meeting: This is an email to let you know that my participation in the budget committee discussions is purely on an individual basis, as someone living in the community and approached by a Board member to attend this meeting. This has nothing to do with my job, or employment or work and nothing to do with the State or government. There will also be no exchange of compensation of any kind, monetary or non-monetary, and there will be no transaction commercial or otherwise that involves me in any way.

Danica Swanson of BB Tax & Accounting, LLC was appointed Budget Officer by the Board of Commissioners.

Paul Stefan volunteered to serve as chairman of the Budget Committee with unanimous agreement from those in attendance.

The Budget Committee meeting was called to order by Paul Stefan at 5:05 P.M. The proposed budget for July 2025 through June 2026 was presented by the Budget Officer.

Notable discussion points by Committee or Board members included:

- Brent asked whether the current rate structure would be sufficient to accommodate the projected increases of approximately 137% anticipated from Portland. Paul added that the Willamette River Crossing Project is temporarily paused but has a higher cost than originally planned. Danica stated that we are using the best estimates at this time and that increases are still expected in the future. We are currently under contract with the Portland Water District for wholesale rates that were recently negotiated and terms that are more equitable for wholesale purchasers. Brian stated that a \$10 per unit future cost for water to our customers is not out of the question and that our current practice of completing as many projects in our district as soon as possible is desirable.
- Brian provided an explanatory memo discussing technology upgrades included in the budget:

- Meter replacement with upgraded units that provide real-time data from antennas, rather than radio readings, to bring the district up to date with current technology. Meter life expectancy is 15-20 years.
 - Implementation of an electronic billing system as a companion to meter replacement, which is catching up to industry standards, improving customer experience, and providing efficiency for the processing of payments. Raleigh Hills has utilized Springbrook since the 1990s and has had a positive experience.
 - Develop a communication strategy utilizing available software that effectively reaches customers through the website, a customer portal, and other communication vehicles.
- Kottur inquired about the sources of funding for capital improvements and whether bonding is an option. Furthermore, he asked if it is more or less expensive than funding through water rates. Brian mentioned that the Valley View Water District uses this option, but it is not necessarily equitable for property owners, as property values do not always correlate with water use.
 - Heather inquired about the timeline for the \$10.8 million capital improvement plan. Brian clarified that the District focuses on budgeting a few years of work in conjunction with a 20-year Master Plan for ongoing construction. Priorities are adjusted if any unforeseen circumstances arise, and currently, there is adequate funding to meet immediate needs.

Paul clarified and summarized the key topics discussed:

- The District employs a sliding scale (larger users pay more) approach for high water users and experienced a steep increase in the base rate in 2020, followed by a straight increase in 2025.
- The District continues to front-load the capital budget by making system improvements that improve infrastructure, utilizing a pay-as-you-go approach through current water rates.
- There have been few surprises in the budget-to-actual variances for years, based on the District's method of budgeting.
- The District will benefit from addressing all sources of water loss, including repairing infrastructure and enhancing customer communication regarding individual usage rates.

Paul moved, seconded by Jeff, to approve the budget for the year ending June 30, 2026, as presented. The motion passed unanimously. Considering the recent 20% increase in March 2025, it is recommended to maintain steady rates for the next year and continue evaluating the impact of increasing wholesale rates on District operations as they are communicated.

The meeting adjourned at 6:23 P.M.

APPROVED:

Commissioner

Commissioner