

**PALATINE HILL WATER DISTRICT
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
May 7, 2024**

The Budget meeting of the Board of Commissioners convened live at Riverdale Grade School, 11733 S Breyman Avenue, Portland, OR, and by video-teleconference at 5:00 P.M. on Tuesday, May 7, 2024. Digital and hard copy supporting materials were provided to commissioners and 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

John Bogaty
Brent Hutchings
Kelly McDermott
Paul Stefan

Board Members

Maya Klein
Laura Martin
Eric Mulligan
David Veverka

Others

Brian Ginter
Matt Steidler
Roberta Allen
Saidee McKay
Danika Swanson

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

Brent moved and Kelly seconded to nominate John Bogaty to serve as chairman of the Budget Committee. The motion passed unanimously.

The Budget Committee meeting was called to order by John Bogaty at 5:05 P.M. The proposed budget for the July 2024 through June 2025 was presented by the Budget Officer.

Questions asked by Committee members included:

- Brent asked about the status of current projects and whether the anticipated amounts had been spent as planned.
- John asked whether the Portland Filtration System project had increased in cost since last year. Brian noted the cost recently increased from \$2.1B to \$3.0B, while originally in 2020, it was \$700M.
- Eric asked how far out capital expenditures are planned and Brian clarified that the District focuses on a couple of years of work with a Master Plan of 20 years of CIP. Priorities are shifted should any unanticipated surprises arise, but at this time there is enough money to carry out our immediate needs.
- Kelly asked about the increase in cost of the Portland Filtration System project and whether there had been any changes in scope. Brian attributes most of the increase to inflation and more conservative estimation techniques as the project progresses.
- Brent asked whether there is an estimate of the impact of funding capital projects and current operations through customer rate increases. Brian said that the rate increase in 2020 carries us through to 2024, and after that, it will make sense to evaluate and forecast possible rate increases. Maya stated that in increasing our rates in 2020, the approach was

to be proactive and stay ahead of the wholesale rates with gradual yearly increases rather than sudden increases.

- Paul asked whether there are any risk factors for maintenance projects or upgrades that should be handled in the short run rather than waiting to complete them when we are also dealing with wholesale rate increases. Brian said we have been proactive by funding two projects in the upcoming year to reduce main break repairs and replace meters, saving money in the long run.
- John asked whether the District should use a bond to raise capital in order to be ready for future wholesale rate increases and fund capital projects. There was discussion on whether this is the right time to consider that.
- Paul stated that we should consider raising rates to pay for water and fund future projects proactively. To fund planned projects, the District needs to have \$790,000 every year. It was suggested that the District use forecast modeling to use the base rate to fund capital expenditures and use tiered rates to pay for the increases in water cost. This would smooth the impact on our customers.

It was moved by John and seconded by Kelly to approve the budget for the year ending June 30, 2025 as presented with a recommendation that the Board consider 7% increase to the base rate on January 1, 2025 and also evaluate an increase on usage not to exceed 10% on January 1, 2025. The motion passed unanimously.

The meeting adjourned at 6:23 P.M.

APPROVED:

Commissioner

Commissioner