

**PALATINE HILL WATER DISTRICT
BUDGT MEETING
MAY 9, 2023**

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 5:00pm on Tuesday, May 9, 2023. Digital and hard copies of supporting materials were provided to commissioners and committee members in advance of the meeting. Instructions for public access to the video-teleconference were printed on the Agenda and noticed as required by statute.

Those in attendance were:

Budget Committee

Mark Scarlett
John Bogaty
Eric Mulligan
Paul Stefan
Maya Klein

Board Members

Leslie Goss
Laura Martin
David Veverka
Stephen Holmes
Paul Duden

Others

Brian Ginter
Matt Steidler
Saidee McKay
Roberta Allen
Danica Swanson
Tuni Betschart (Tax
Supervising and
Conservation Commission)

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

It was moved and seconded to nominate John Bogaty as chairman of the Budget Committee. The motion passed unanimously.

The Budget Committee meeting was called to order by John Bogaty at 5:08 P.M. The proposed budget for the July 2023 through June 2043 fiscal year was presented by the Budget Officer.

Questions asked by Committee members included:

- Paul asked why revenue line item had been increased by about \$160K? Danica said it was anticipated that revenues will increase due to warm weather being predicted.
- Mark \$3.2M to be spent next year is a third of what will be spent in next 10 years? Brain responded how capital schedules have been impacted by COVID, inflation and future rate increases.
- Paul Stefan asked if there is any value in bundling different projects to get better pricing and how will that affect budget? Brian mentioned bundling 2” main replacements to make bids more attractive to contractors and that concept is “baked into” this budget.

- Brian said the goal is to maintain the costs estimated in this budget by getting bid packages to contractors early to allow them most flexibility in their schedules.
- Eric Mulligan followed up asking where all these small 2” line replacements are and what materials they are replaced with.
- John Bogaty asked about startling rate increases projected in previous years not coming to fruition as quickly as anticipated.
- David Veverka followed up asking schedule of major PWB capital projects.
- Paul Stefan asked about profits generated by our rates in consideration of current wholesale agreement? It was noted that high tier users pay for about 75% of water revenues. PHWD profit will increase one year and then our unit price from PWB goes up the following year.
- John asked about PHWD rate structure and the type of user and the volumes used. Paul asked how many customers are in the top tier user category. There was further discussion about what PWB charges their retail customers versus what they charge various wholesale purchasers.
- Maya observed that demand is in-elastic, high volume users will pay whatever the asking price for water.
- Stephen reminded all that cost escalation for these proposed capital projects will continue to occur in the future years.
- Tuni suggested two clarifying corrections to the prepared Budget Message. She also asked if PHWD was experiencing labor and supply shortages.

Chairman John Bogaty asked if there were any questions from members of the public. Leslie said no one was present at the school and no one had joined the open video call. She had no questions from the public.

It was moved by Paul and seconded by Maya to approve the budget for year ending June 30, 2024 as presented. After further discussion Paul offered a clarifying amendment to the original motion which was seconded by Maya to approve \$3,347,634 for the General Fund and \$3,269,976 for the Systems Development Fund with no tax levy to be imposed. The motion passed unanimously by roll call vote.

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The meeting was adjourned at 5:53 P.M.

APPROVED:

Commissioner

Commissioner