



REMOTE MEETING of the BUDGET COMMITTEE

Committee Attendance by Zoom Video/Telephone

Public Attendance by Telephone Only

March 31, 2020 at 6:00 p.m.

1. Call to Order
2. Meeting Facilitation Protocols
3. Call for Public Comment

Members of the public are welcome to testify for a maximum of three minutes on each agenda item.

4. Election of Budget Committee Officers
5. Consent Agenda
 - a. April 18, 2019 Budget Committee Meeting Minutes
 - b. April 23, 2019 Budget Committee Meeting Minutes

6. Orientation Presentation
7. Call for Public Comment

Members of the public are welcome to testify for a maximum of three minutes on each agenda item.

8. Adjourn Regular Meeting

AGENDA ITEM

Title	Call for Public Comment
Item No.	3
Date	March 31, 2020

Summary

Members of the public are invited to identify agenda items on which they would like to comment or provide testimony. The Budget Committee may elect to limit the total time available for public comment or for any single speaker depending on meeting length.

STAFF REPORT

To	Budget Committee
From	Sarah Jo Chaplen, General Manager
Title	Election of Budget Committee Officers
Item No.	4
Date	March 31, 2020

Summary

Annual election of Budget Committee Officers for the following positions: Chair and Secretary/Vice Chair.

Background

Oregon Local Budget Law ORS 294.336(9) requires the Budget Committee to elect a presiding officer from among its members at the first meeting after its appointment. The Oak Lodge Water Services District Budget Committee has named the office of the presiding officer the Budget Committee Chair.

Historically, the Budget Committee has also elected a Secretary to chair meetings in the absence of the presiding officer. The formal title of this position is Secretary/Vice Chair, mirroring the titles and responsibilities of the Oak Lodge Water Services District Board of Directors.

Other responsibilities of both officers include execution of the budget document and execution of approved meeting minutes.

Past Budget Committee Actions

During the fiscal year 2019/2020 budget process the following Budget Committee members served as officers:

John Klum as Budget Committee Chair
Amanda Gresen as Budget Committee Secretary

Recommendation

Staff requests that the Budget Committee appoint the Chair and Secretary/Vice Chair for the 2020/2021 Oak Lodge Water Services District Budget Committee.

Suggested Budget Committee Motion

“I move that the Budget Committee elect the following Budget Committee member as Chair for fiscal year 2020/2021.”

“I move that the Budget Committee elect the following Budget Committee member as Secretary/Vice Chair for fiscal year 2020/2021.”

CONSENT AGENDA

To Budget Committee
From Sarah Jo Chaplen, General Manager
Title Consent Agenda
Item No. 5
Date March 31, 2020

Summary

The Board of Directors has a standing item on the regular monthly meeting agenda called "Consent Agenda." It is proposed that the Budget Committee do the same for its regular business. This subset of the regular agenda provides for the Board to relegate routine business functions not requiring discussion to a consent agenda where all included items can be acted upon by a single act.

The Consent Agenda includes:

- a. **April 18, 2019 Budget Committee Meeting Minutes**
- b. **April 23, 2019 Budget Committee Meeting Minutes**

Options for Consideration

1. Approve the Consent Agenda as listed on the meeting agenda.
2. Request one or more items listed on the Consent Agenda be pulled from the Consent Agenda for discussion.

Recommendation

Staff requests that the Budget Committee approve the items listed under the Consent Agenda.

Suggested Budget Committee Motion

"I move to approve the Consent Agenda."

Approved By _____	Date _____
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OAK LODGE

WATER SERVICES

Budget Committee Meeting Minutes – 6:00 p.m.
Meal Served at 5:30 p.m.
April 18, 2019

Board of Directors - Members Present:

Susan Keil	President
Kevin Williams	Vice President/Secretary
Lynn Fisher	Treasurer
Paul Gornick	Director
Nancy Gibson	Director

Board of Directors - Members Absent:

None

Citizen Budget Committee – Members Present:

John Klum,	Budget Committee
Amanda Gresen	Budget Committee
Dave Phelps	Budget Committee
Fred Swingle	Budget Committee
Terry Gibson	Budget Committee (alternate)

Citizen Budget Committee – Members Absent:

Ron Weigel	Budget Committee
Peter Winter	Budget Committee (alternate)

Oak Lodge Water Services Staff - Present:

Sarah Jo Chaplen	General Manager
Aleah Binkowski-Burk	Human Resources and Payroll Manager
David Mendenhall	Plant Superintendent
Kelly Stacey	Finance Director
Jeff Voreis	Accountant
Todd Knapp	Field Operations Manager

Others Present:

Rob Moody	Consultant, Merina and Co.
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Pre-Meeting Discussion/Update

Board President Susan Keil opened the meeting with a request for an update on the Backflow Prevention Testing Program. General Manager Sarah Jo Chaplen updated the Board and Budget Committee about the informational letter sent to every household in the District. The letter explained the State of Oregon's annual requirements for testing backflow devices, which help protect the potable water system from contamination by bacteria, chemicals, and other harmful substances. The letter offered customers a discounted rate with a company providing backflow testing, which OLWS was able to set up through a public procurement process. Customers with a backflow testing device can sign up for the program, which is not a revenue stream for the District. If the Board or Budget Committee receives questions from the public, please have them contact Dave Seifert, Cross Connection Specialist with the District. Dave Seifert is working with customers to confirm they have backflow devices before signing them up for the program.

Budget Committee Meeting Minutes

1. Call to Order and Flag Salute

President Keil called the Budget Committee meeting to order and led the group in the flag salute. She requested a nomination from the group for a chair of the Budget Committee to lead the meeting.

2. Elect Budget Committee Chair

Treasurer Fisher nominated John Klum for the position of Chair of the Budget Advisory Committee. Director Gibson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Treasurer Fisher requested a Secretary be nominated to sign the Budget Document. Rob Moody stated there is no requirement in state law for a Treasurer, just for electing a Secretary who will sign the Budget Document.

Chair of the Budget Committee John Klum thanked the group for the vote and turned the meeting over to Finance Director Kelly Stacey.

3. Budget Message – Finance Director Kelly Stacey

Finance Director Stacey opened the meeting with an updated schedule of meetings. The next meeting will be on Tuesday, April 23, 2019, where District Engineer Jason Rice will present his portion of the Budget proposal as well as an overview of the Capital Improvement Plan. At the April 23rd meeting the group will also take public comment. This evening the group will hear the proposed budget from the managers present at the meeting and then receive a copy of the proposed budget at the end of the meeting. There are four meetings scheduled over the next four Tuesdays, but the last meeting may need to be rescheduled.

She delivered the Budget Message as follows:

Oak Lodge Water Services is starting its third full year of combined services, which include drinking water, wastewater collections and reclamation, and watershed protection services. The Board and staff continue to work together to provide services and find efficiencies in the way services are provided. The Budget presented before you this evening is a culmination of the Districts' departments all working together to anticipate and plan for future events including impacts like the Public Employee Retirement System (PERS) increases. The Budget includes a 4.5% rate increase in all three utilities, which are linked to overall level of revenue requirements that must keep pace with the District's projected operating and capital needs. The multiyear planning has resulted in keeping the rate increase as smooth and predictable as possible. Everything presented in the Budget process, including typical inflationary increases, has led to the proposed rate change, which is not arbitrary but planned carefully. The proposed increase has been brought down from initial proposals of up to 8-9% in the various departments. Compromises were found in order to bring costs down without hindering overall goals. The Budget is complete, physically prudent, and accurate and reflects the priorities that are in accordance with the goals of the Board.

The overall strategies in approaching the Budget were to plan for asset replacement, to help reduce the maintenance and extend the life of equipment, to implement approved District financial policies, to set reserves at appropriate levels, to establish staffing needs, to plan for future anticipated increases in PERS, and to develop and finalize plans for consolidation of the administrative building.

The main areas requiring additional resources have been proposed to plan for the coming year as well as to set OLWS up for future success. The first of these categories are in the financial policies, as focused on depreciation. We have funded the cost of vehicle depreciation and replacement spread across all three utilities. Concerning PERS, the rates increase every two years, with this next year containing an increase. OLWS has an unfunded actuarial liability, and this year we have begun to set money aside to meet that liability in the event that the State of Oregon creates a matching pool to help local entities with PERS funding. The Budget contains a proposal for three new positions, including a District Recorder, an Asset Resource Specialist, and a Field Utility Worker. The building consolidation planning process needs to continue in order to bring the staff from the two buildings on River Road together. The budget contains \$750,000 to help with that process. Finally, an Administrative Services fund has been established to help managers clarify their administrative expenses.

The proposed rate increase is prudent and helps keep rate adjustments incremental for our ratepayers. Over time, this will help to keep our rates stable.

Secretary Williams asked whether the District Recorder and the Asset Resource Specialist positions will be management level positions. Finance Director Stacey responded the Asset Resource Specialist position will be represented within the Union. The District Recorder will handle Records Management, including confidential records, so that position will be at the same level as the Asset Resource Specialist but would be a confidential employee.

4. Department Presentations

a. Finance Director Kelly Stacey – Overview

She provided a brief overview of all the funds. There will be an Administrative Services Fund which includes Administration and Finance (front staff, billing, budgeting), Human Resources (with District Recorder), Technical Services (permitting, information technology), Fleet Services (fuel and maintenance). Next is a Drinking Water Fund and Drinking Water Capital Fund, wherein the revenue from the sale of water supports the capital expenses like tanks, pipes, pumps, negotiation of cell tower leases, system development charges and installation fees, and capital projects. We have the Wastewater and Wastewater Capital Fund, which maintains and repairs the collections system and the Water Reclamation Facility (WRF) and will include capital projects. The Watershed Protection Fund is set up to maintain the surface water collection system which is owned by Clackamas County but OLWS is a co-permittee with the county on our Municipal Separate Storm Sewer System (MS4) Permit. This fund also includes capital funds and funds for watershed protection and water quality education for businesses, contractors, developers, the public, and youth.

OLWS has two dept service funds: revenue bonds and general obligation (GEO) bonds. The largest portion of these long-term bonds will be paid off in 2030 and 2033. Included in the debt service lines are also two short term debts, one for the leased purchase of the vactor and one for the purchase of the water meters.

b. Aleah Binkowski-Burk – Human Resources/Payroll

Human Resources and Payroll Manager Aleah Binkowski-Burk emphasized the importance of hiring enough personnel and having them trained and equipped in order to provide good customer service and maintain a high level of safety. In that sense, personnel services are more of a long-term fixed cost and is currently 19% of our budget. She detailed some of the costs that underlie personnel, including social security, Medicare, workers compensation, unemployment, Tri-met tax, and the workers benefit fund. The health benefit charges will be nearly flat for next year. She outlined the human resources budget, emphasizing the separate departments which now include human resources, record keeping and personnel training. She highlighted the importance of interns in workforce development, those from places like the Water Environment Technology program at Clackamas Community College. She mentioned a small line item for on-call and overtime pay to cover emergencies like water main breaks and commented these costs are set by history from the last year as well as covered under the union contract.

She outlined the Public Employee Retirement System (PERS) increases for Tiers I and II from 19.69% to 23.22% and the OPSRP (Oregon Public Service Retirement Plan) category increased from 12.8% to 17.65% of every salary. She explained the differences in categories and costs. We are one of the few employers in the area that do not pay the employee cost share of 6% into retirement savings. Chair Klum asked when the District would have mostly OPSIRP employees and Aleah responded it would be quite a while. Kelly clarified the payments do not stop until those in the agreement pass on. An unfunded actuarial liability exists, and the District will be working hard to receive a State of Oregon matching grant before 2023 when their buy-down program ends. There is \$200,000 set aside to begin funding our PERS buy-down if we can get a \$300,000 match from the State for the District's goal of a lump-sum contribution of \$1,200,000. The Board asked about how much additional money OLWS pays \$2,500 annually for the Benefit Utilization Fund supporting a former staff member going over the maximum benefit amount. Chair Klum clarified whether more staff will start shifting into OPSIRP costs and Aleah responded yes, over time. There was some continued discussion around PERS liability with comments from Rob Moody.

Aleah highlighted the three proposed staff positions, which are a District Recorder, an Asset Resource Specialist, and a Collections Utility Worker. They are based on need and research of other districts of similar size. She provided information on the District Recorder position, which would oversee Data organization, Public Records, retention schedules, and moving to standardized naming conventions and electronic file sorting/storage under the Oregon Records Management solution. This position would also provide executive assistant duties for G.M. Chaplen and Aleah and support the Board. She concluded, the personnel services budget also includes oversight of the policies and procedures, training, risk management, and cybersecurity. She turned the presentation over to Todd Knapp.

c. Todd Knapp – Field Operations

Field Operations Superintendent Todd Knapp explained the assets contained in the fleet for field operations, including vehicles and equipment used to maintain the system – repairs, replacement, cleaning, hauling, inspections. Proper fleet maintenance supports current operations and extends the life of the assets. The budget is being set up to include a more stable and predictable timeline for vehicle and equipment maintenance and replacement. The Board asked what the equation for replacement was and Todd responded he referred to State of Oregon tables online but then thought OLWS could stretch a few more years of life out of our vehicles if we carefully assess the level of quality rating, particularly if we maintain vehicles properly. The Board

suggested referring to the Public Works Association fleet management and replacement tables online.

Todd illustrated OLWS gets water from the North Clackamas County Water Commission (NCCWC), which takes water from the Clackamas River and treats it. OLWS is part owner of NCCWC. He showed a short video (refer to Budget Committee Presentation) about water source, treatment, storage in the reservoirs and water distribution. The group appreciated the illustration. OLWS is very service oriented and works on a 24-hour cycle, serving about 30,000 people with just six water-focused staff. The District system is built for proper fire flow and has a robust backflow testing program and has 107 miles of pipes, mostly ductile as opposed to cast iron. He described the system map and usage, emphasizing the importance of the Valley View Reservoir and feeder pipe. The Water Master Plan will increase positive redundancy for the resiliency of the water system.

He described field operations for wastewater collections, noting 7,100 customers, 100 miles of sewer main, include 2,300 manholes, which are access points for cleaning and inspection, and a crew of just 4 utility workers. Staff have requested a fifth utility worker to provide staffing levels that will keep the system numbers on track with regards to TV inspections, cleaning, sewer locates, manhole repairs, and stormwater catch basin cleaning. Inflow and Infiltration (I & I) is a problem, which includes various sources including rain drains and water from sump pumps as well as groundwater from leaking pipes and laterals. The Board asked how much the flow to the WRF would be reduced if the I & I were reduced, and Todd answered the flow to the WRF on a seasonally dry day is 3.2 million gallons as compared with 16 million gallons on a seasonally rainy day. All water into the WRF needs to be treated, which uses electricity and all the other resources provided in the treatment plant process. Chair Klum asked how to address I & I and Todd highlighted the variety of responses to the issue including trenchless repair technology. Todd turned the presentation over to David Mendenhall.

d. David Mendenhall – Plant Operations

Plant Superintendent David Mendenhall presented the importance of borrowing water from the Clackamas River for treatment, distribution, use and then wastewater treatment for return to the river. OLWS discharges effluent to the Willamette River and transfers wastes removed from the water to a landfill. The WRF operates under the Clean Water Act's National Pollutant Discharge Elimination System (NPDES) Permit compliance. OLWS has been in compliance with the permit for 6 consecutive years and has been operating under the same permit since 2009. Although permits are good for five years, the Oregon Department of Environmental Quality has delayed issuing an updated permit for several reasons. The updated permit will include more stringent limits with regards to Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) on the effluent, which we currently meet without added filtration. Someday the plant will need to add additional filtration (tertiary treatment). The WRF budget requirements are fairly level from year to year. The WRF works to be a good neighbor with odor and volume of truck traffic driving to dispose of solids and biosolids. The District operates under the federal "503" biosolids regulations with regards to land application and compliance. Operations and maintenance is significant, including preventative maintenance for the WRF, which is aging. During the coming year they will be working on the grit removal system by replacing and rebuilding it. This year they replaced the screw conveyor lining and the screenings compactor rebuild. Many of the pieces of equipment do not have functional redundancy, meaning that projects

requiring parts replacements need to be organized well ahead in order to minimize the amount of time the equipment is offline in the system. The budget contains line items for ongoing maintenance of the equipment.

The Board commented the WRF is seven years old since the upgrade and will begin to show signs of significant wear and tear, even while costs to maintain and repair equipment will increase. David agreed and highlighted the significance of replacing the pumps at the Influent Pump Station in helping to protect equipment later in the system.

David stated on the operations side they are consistently doing process refinement, reducing the solids within the process, and attending to sludge age. They are always looking for better resiliency for higher flows to the WRF. When flows are higher dilution of biological processes can occur, which changes the process, along with increases in temperature. There are six wastewater pump stations which are consistently inspected and maintained, including the large pump at the beginning of the WRF. They are planning for refurbishment of the lift station in the Capital Improvement Plan.

Improvement projects include the installation of an additional Belt Press, which will provide redundancy of sludge treatment. Piping modifications are planned, which will allow aerobic digesters to be taken offline for maintenance. They are conducting an aeration system study to increase efficiency, because the plant was built for added aeration which they should not currently need.

The WRF uses technology for efficient operation, including Hach WIMS (Water Information Management Solution) for tracking plant performance measures, compliance reporting and graphic representation of data. Using a graphic, he illustrated the relationship between seasonal flow with regards to I & I. The WRF also uses SDADA software (Supervisory Control and Data Acquisition) to monitor the entire wastewater system, including all the equipment and pump stations. 24-hour monitoring of the system puts employees on call to ensure permit compliance and public safety. Finally, the District uses Lucity, which is a software for public works and includes tools to manage and maintain assets over time. OLWS has over 950 assets in the WRF and an addition 12,788 assets in the wastewater collections system. The water system also has 11,913 assets, which will be added to Lucity in 2019. One of the proposed staff positions is the System Asset Manager, which will provide expertise and oversight to organizing the entire Lucity asset management system. If the system is built well it will help the District manage organizational knowledge by adding good data to Lucity. The position will streamline and upkeep the physical asset information each time equipment is maintained or replaced which will help with risk assessment, redundancy, and budgeting. The position will support managers with asset management, support scheduling, support capital planning, support the I & I reduction because of data management, and oversee work orders as well as file maintenance of equipment manuals. The Board asked about asset management of the fleet and wouldn't this data fall under the purview of the new position? Todd and David both responded positively to this suggestion. Rob Moody added if all the initial and ongoing workorder data is entered into Lucity it can help with financial scheduling and budgeting based on reserves, rates, and a financing plan if needed.

e. Kelly Stacey – Conclusion

G.M. Chaplen commented the budget is a well-researched and thought out commitment to the public of what needs to occur in the next year as well as what will be accomplished. It is an accountability document and a workplan for the management team, as well as a way for the Board to keep track of work the staff completes.

Finance Director Stacey summarized the next meeting on April 23 will be focused on Technical Services, Watershed Protection, and capital improvement projects as listed in the Capital Improvement Plan (CIP). There will be time for public comment before turning to deliberations about the budget as presented. District Engineer Jason Rice will send out electronic copies of the CIP next week and will provide paper copies at the meeting. The Board asked if the 4.5 % rate increase included increased charges at the NCCWC water supply side and Kelly responded the rate increase is based on the average water use per month and balanced over usage tiers as well as the base rates (water, sewer, water quality management). There is also an increase in the cost of water from NCCWC which is factored into the expenses side of the budget but not directly correlated to the rate increase. The components of the rate increase include the cost of water, the CIP, the personnel costs, the increases in PERS, and the building costs. Without those requests the rate would have gone down slightly, which shows the positive effects of the consolidation. The increases allow the District to increase level of service and plan prudently for the future. Without the consolidation, the increases would have increased an additional 7-8%.

The Board clarified if we are saving about \$711,000 per year and increasing the rate by 4.5%, we would have been increasing the rate an additional amount without the consolidation cost savings. They asked for clarification about how much the rate would be going up if the District has not consolidated.

5. Recess Budget Committee Meeting

Finance Director Kelly Stacey thanked the management team for their work in developing a strong budget and the Board and Chair of the Budget Committee agreed. Chair Klum recessed the Budget Committee Meeting at 7:44 p.m.

Respectfully submitted,

Chair, Budget Committee

Secretary/Vice Chair, Budget Committee

Date: _____

Date: _____



Budget Committee Meeting Minutes – 6:00 p.m.
April 23, 2019

Board of Directors - Members Present:

Susan Keil	President
Kevin Williams	Vice President/Secretary
Lynn Fisher	Treasurer
Paul Gornick	Director

Board of Directors - Members Absent:

Nancy Gibson	Director
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Citizen Budget Committee – Members Present:

John Klum	Budget Committee
Amanda Gresen	Budget Committee
Dave Phelps	Budget Committee
Ron Weigel	Budget Committee
Fred Swingle	Budget Committee

Citizen Budget Committee – Members Absent:

Terry Gibson	Budget Committee (alternate)
Peter Winter	Budget Committee (alternate)

Oak Lodge Water Services Staff - Present:

Sarah Jo Chaplen,	General Manager
Aleah Binkowski-Burk	Human Resources and Payroll Manager
Jason Rice	District Engineer
David Mendenhall	Plant Superintendent
Kelly Stacey	Finance Director
Jeff Voreis	Accountant
Haakon Ogbeide	Civil Engineer
Matthew Westergaard	Plant Operator

Oak Lodge Water Services Staff - Absent:

Todd Knapp	Field Operations Manager
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Others Present:

Rob Moody	Consultant, Merina and Co.
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Budget Committee Meeting Minutes

Budget Committee Chair John Klum kicked off work session two of the Budget Committee Meetings and turned over the meeting to Finance Director Kelly Stacey.

Kelly turned over the meeting to District Engineer Jason Rice, who continued to present the budget for the Technical Services Department and the Capital Improvement Plan. Secretary Williams noted there are nine Budget Committee members present and asked if the Budget can be passed through to the Board without alternates (and one absent Board member). Kelly stated there are enough members present to provide a quorum for passing the Budget through to the Board.

District Engineer Jason Rice introduced Project Manager Haakon Ogbeide and provided an overview of the Technical Services Department. He presented the functions of the department, which include the following: outreach and education as tied to the MS4 Stormwater Permit and wastewater, which includes running tours of the Water Reclamation Facility (WRF) (staff Lara Christensen); Lara also provides backup to others on the team as well as coordinating public information and recording, including minutes, website updates, public notices, etc.; development review is responsible for issuing construction permits for all three services, as well as representing OLWS at Clackamas County pre-application conferences (staff Markus Mead); two staff serve as pollution prevention specialists, one who manages the wastewater, industrial pretreatment, fats and grease (FOG) program, and the water quality sampling program (staff Marty Guenther), the other manages the surface and storm water program which includes the 1200Z Permit at the WRF, works on the MS4 Permit, attends the MS4 co-permittee meetings, takes water quality samples of streams and outfalls, and conducts erosion control inspections (staff Rick Pauker).

Jason explained how OLWS shares our MS4 Permit with 12 other nearby agencies in Clackamas County, which allows all co-permittees to share some efficiencies in fulfilling parts of our MS4 Permit. The Board asked how frequently the MS4 Permit is renewed and Jason responded every 4 years except for the fact the permit renewal been delayed and administratively extended for an additional 3 years. The Department of Environmental Quality has a new staff coordinator who seems promising in that they are requesting and reviewing comments from permittees.

The Board asked if we monitor every commercial restaurant preparing food in the FOG Program and Jason responded yes, every establishment preparing food is part of the program and has its own grease trap/interceptor. The Board asked if Stanley is using a "black oxide" coating process and Jason responded they are set to bring the process online in about nine months which will trigger the industrial user pretreatment requirements and OLWS should be ready with our DEQ approved pretreatment program by then, which includes a number of changes to our wastewater plant process as well as a fee. The Board asked if and how the addition of the pretreatment waste would affect our biosolids and Plant Superintendent David Mendenhall responded it depends on the amount of metals added to the solids stream but that the pretreatment is designed to mitigate the final product to allow for beneficial reuse of solids.

The Board asked what we can do if a business does not follow through with our requirements for FOG or erosion control and Jason responded based on our rules and regulations, we will inform them, we can fine them, we can clean the drain ourselves if needed.

In addition, the department has a Technical Services Coordinator (Gary Floyd) who manages the contract with our Information Technology consultant, Convergence, our phone and Springbrook contracts, the SCADA and TV truck upgrades and software/data management, GIS programming and maps, and backs up Markus. Finally, our new Project Manager Haakon manages Capital projects, and Jason commented that along with managing the Technical Services Team he also manages Capital projects.

Jason walked through the highlights of the Capital Improvement Projects for the year, focusing on the summary page. Jason referred to the Capital Improvement Plan in this part of his presentation. He mentioned working to smooth out rate changes within the structure of capital project needs/goals. Related to watershed projection (storm water management with water quality as the goal), the rates have been low with incremental increases. OLWS is conducting a Surface Water Management (SWM) Survey in preparation for a future SWM Master Plan (SWM Strategic Plan) for budgeting purposes. Because Clackamas County owns the stormwater

system, OLWS is currently doing our job, but we want to know what the public would like in relation to surface water management.

The Board asked whether Jason was working with the Stormwater Advisory Committee on the project and he responded yes, along with Barney & Worth, who did a similar customer survey in 2012. OLWS will send an email with a link to the survey as well as the notification about the survey that went out in the bill. The advisory committee includes Jim Martin, Peter Winter, and Paul Gornick, which is why we need customer feedback through survey participation. The Board volunteered to help bring in more citizens to participate in the committee.

The Board asked whether permits might become more restrictive based on the Willamette River being listed on the *American Rivers* recent "10 Most Endangered Rivers" report and Jason commented it is likely the permit will become more restrictive even without the report. The Board asked how the permit would change and Jason mentioned the water quality parameters would likely tighten for contaminants like metals (copper) and organics (E. Coli). The Committee commented the District could focus on mitigating the effects of stormwater runoff from the 80%+ impervious surface in our area. Jason commented on the funding OLWS provides to the Backyard Habitat Certification Program to help increase infiltration in yards, as well as the North Clackamas Urban Watersheds Council (NCUWC) programming. NCUWC has invested in the Streamside Stewards Program (SSP) for years, and they may pivot to work on stormwater (like de-paving certain sites).

General Manager Sarah Jo Chaplen commented the SWM Master Plan would be in part shaped by feedback by the customer survey, which will show OLWS how invested our public is in how we meet our requirements. The District needs to continue to tackle how we could incentivize required stormwater management with ratepayers in the way City of Portland used the downspout disconnect program to help motivate customers to support the change.

Civil Engineer Haakon Ogbeide explained he is working on upgrading the District's decant facility, which must be built to accept a variety of wet slurries and needs to be upgraded to comply with DEQ regulations including pretreatment. The facility must allow the material to drain and dry out in a way that does not allow for water/soil contamination before disposing of the drier remains. Runoff should be channeled into the wastewater facility for proper treatment. Currently we have two small decants (water and wastewater). All three utilities will use the upgraded decant facility equally.

Jason touched on other projects from the list. The Biosolids program needs to have a second belt filter press installed. They are working on a solids piping project which will support the sewage sludge treatment by putting in more pipes to add flexibility to the solids treatment process and may result in energy savings. The Gladstone Intergovernmental Agreement will be completed in the next year. The line item holds space for flow meters, which would allow us to monitor usage and potentially reduce Infiltration and Inflow (I & I) in that area of our system. Another project would be a Mainline Repair program or Lateral Repair program, which will evaluate and prioritize projects based on reducing I & I in the system in order to decrease the amount of stormwater we treat at the WRF. There is a plan to produce a comprehensive Sewage Treatment Plan for both WRF and Field Operations, which will make project planning more proactive and begin an asset management program. There was discussion about planning for a Lateral Repair program. OLWS owns the lateral up to the property line. Vehicle replacement includes purchase of a mini Ford transit van to store and transport gear for the stormwater inspection program.

The Water Capital Plan includes prioritization of identifying and creating an intertie to draw from a water source different from the Clackamas River, increasing resiliency for the District's water

source. The line item would allow for putting in a pump station if needed. There is also the possibility of partnering with the North Clackamas County Water Commission on this work. The Board, Budget Committee and staff discussed the significance of adding interties, pumps, or Aquifer Storage and Retrieval (ASR) for the purpose of resiliency, and what long term options for capital investment and/or partnership might be.

The water meter replacement program is nearing half-completion. The program updates water meters to a drive-by automated meter reading, which will streamline the process of collecting water meter reads. The meters are compatible with a "fixed area network" technology if we want to move toward that in the future. Batteries power the water meters, which should last about 20 years. They relay information for 1.2 milliseconds every 6 seconds.

Jason relayed the Water Master Plan has revealed the water system needs capital investments of about \$1,400,000 per year for 20 years. He added the line item of \$750,000 for water system capital improvements for next year in order to begin the process and stated more discussion would be needed about how to tackle this challenge. Some of the cost is because of new requirements for increased fire flow, and the budget analysis should allow the District to fund everything presented in the budget for next year.

Call for Public Comment

Kelly requested comments from the public. There were no comments.

Board and Budget Committee Questions and Discussion

Chair Klum edited a misspelled resource on page 12 under the second column over to the right and then asked about the substantial decrease of materials and services on page 14 of 52, Kelly responded the funds have been shifted into other places based on the creation of the Administrative Services Fund. He asked why we have \$125,000 for bank changes on page 17 of 52 and Kelly responded it is the amount the banks takes for allowing credit card charges as well as other regular bank fees. He noted on page 21 of 52 second paragraph should be Mt. Hood National Forest area instead of Park Area. He commented on page 23 of 52 on the legal services we have a blank page and suggested adding a footnote for why the item is blank this year and not last year. He asked for a spelling clarification of Zions Bank and she responded Zions Bank is correct. He asked about 26 of 52 under item 3500 why last year's amount was higher than this year and Kelly responded last year was the first year the Capital Reserve line item was funded and came out of a line item on page 29 of 52.

President Keil asked where the aggregate Public Employee Retirement System (PERS) funding is reflected and Kelly responded payments come out of retirement every payday and is reflected under personnel services in 5240 for each large fund. She asked where we show the excess payment and Kelly responded under contingency in the Administrative Services Fund on page 20 and is explained in the narrative of the Budget Message.

Budget Committee member Fred Swingle asked about 5 line-items of the summary overview where we increased the demand on the funds, but when he totals the demand it seems to fall short. Kelly responded we are increasing the fees, but these are not directly reflected in the summary overview, they are reflected in the budget requirements.

Treasurer Fisher asked why the data around revenue forecasts and expenditure assumptions reflect a higher rate increase than the one proposed in the budget. Kelly responded that because of savings the District accomplished, we are starting from a lower base, which means the rate does not need to increase as much as projected by the budget. He requested a clearer picture/graphic of this savings for the public and the group agreed. Kelly will put something together in the summary conclusions to be shared clearly in the Newsletter and Website.

G.M. Chaplen will speak with the Oak Grove Community Council about Backflow and will share the updated talking points with their 500-person mailing list. She added comments from Director Nancy Gibson, who could not be here. Director Gibson commented she would want to increase the line item for Board reimbursements per meeting and she would only want to fund two staff positions and not fund the Recorder's position.

Budget Committee member Fred Swingle commented on page 13 of 52 the difference between cost of water and the rate increase from 3.6 to 4.2 seeming to be lower than it should be. Kelly responded the difference in tiers of volume shifts the balance of the revenue because of the contribution of revenue from the tiers is different. On page 17 of 52 he asked what the contracted services item entails. Kelly commented these costs are listed in more detail on page 44 under 6155.

Director Paul Gornick asked about the building consolidation costs being calculated into the proposed budget and Kelly responded they are.

Budget Committee member Amanda Gresen asked how projected new users will fit into the budget, particularly developers or new construction. Staff responded there is no separate accounting or budgeting for new users because it is such a small number of added units. Jennings Lodge subdivision is an anomaly and spans two fiscal years. G.M. Chaplen commented there are two places where you get new revenue from growth: system development charges, which are one-time monies and best practice assigns one-time monies to capital, not ongoing revenue needs; the second place where you get new revenue is when you add new customers, who will pay on an ongoing basis. The biggest new source of revenue would be through adding an industry which was a significant new user of water. OLWS typically has incremental growth, but this year is different because we have more one-time income which helps with our carryover and funding of capital projects. Staff is tracking the possibility of a significant change in zoning which could affect density enough to add up to four units instead of one, but so far, no big changes like that have been put into place.

Chair Klum asked if the group needed another Budget Committee Meeting next Tuesday, April 30, 2019, and commented this year's budget was clear and easy to understand and that he is ready to move forward with a vote. Treasurer Fisher asked for how the clarification narrative would be addressed, and Consultant Rob Moody stated it could be added after a vote if the numbers were firm. President Keil asked if there was anything the group thought should be cut, and Consultant Rob Moody clarified the Board could make slight adjustments until the document is approved by the Board by June 30th at the latest. The Board discussed making sure the proposed rate change and Budget document are made public as soon as possible for public review.

Director Gornick asked whether the sale of a building was in the document and staff responded it was not. The facility money was for property purchase, space planning, and other preparatory measures for consolidating certain OLWS staff into one building.

Treasurer Fisher moved to approve the proposed Budget. Director Gornick seconded the motion.

Ayes: 9

Nays: None

Motion carried: 9-0

Chair Klum stated the Budget passed unanimously and thanked the group. The April 30 meeting will not be held. The narrative will be circulated, and the Budget approval will go onto the May Board meeting for adoption. The Board plans to discuss the document and the rate increase with the public until the Board meeting. G.M. Chaplen explained to the Budget Committee there will be no further Budget Committee Meetings and no conflict with the Willamette View event. She requested direction with her talking points and will focus on backflow on April 24th and will discuss the Budget and take questions on April 30th.

Adjourn Budget Committee Meeting

Chair John Klum adjourned the Budget Committee Meeting. Finance Director Kelly Stacey clarified the time of 8:14 p.m.

Respectfully submitted,

Chair, Budget Committee

Date: _____

Secretary/Vice Chair, Budget Committee

Date: _____

OAK LODGE WATER SERVICES DISTRICT

Budget Orientation, March 2020



- ▶ Ground Rules
- ▶ Past, Present, and Future
- ▶ Budget Roles, Responsibilities, and Process

AGENDA

- ▶ Take notes throughout
- ▶ Short presentations with pauses
- ▶ Roll call for questions/comments
- ▶ Remember you are on camera

GROUND RULES

- ▶ Context for budget discussions
- ▶ 2017-2019 – where we have been
- ▶ 2019-2020 – current year
- ▶ 2020-2021 – budget request
- ▶ 2021-2026 – projections and horizon

PAST, PRESENT, AND FUTURE



- ▶ Tremendous change
 - ▶ Leadership and culture
 - ▶ Information systems
 - ▶ Turnover
 - ▶ Formalization of process

2017-2019



- ▶ Financial statement audit
- ▶ Non-revenue water audit
- ▶ COVID-19
- ▶ Financial stability
- ▶ Process refinement

2019-2020




- ▶ Budget preparation
- ▶ Reserves and contingencies per policy
- ▶ PERS
- ▶ Stabilization
- ▶ Capital planning

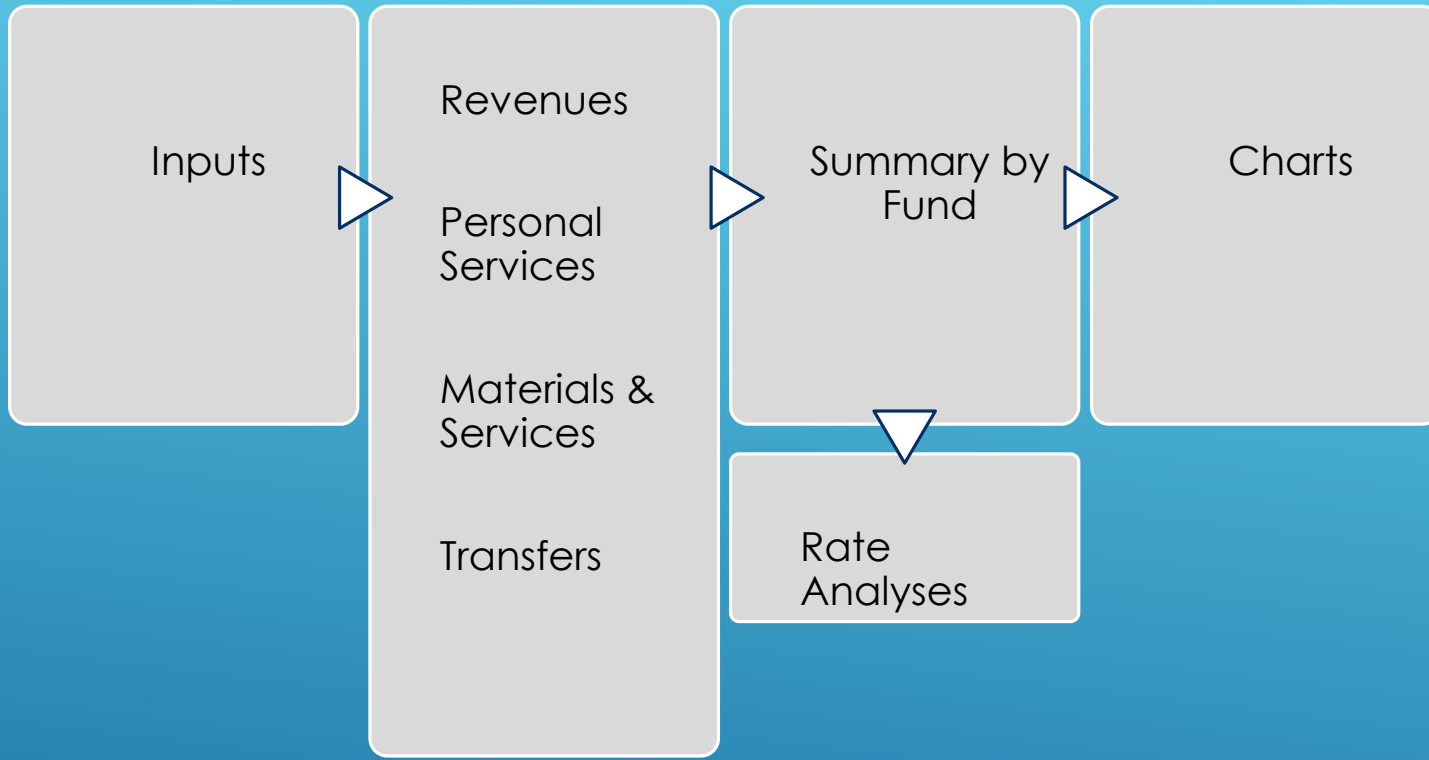
2020-2021



- ▶ Long-term projection model
 - ▶ Operating funds
 - ▶ Impacts on fund balance
 - ▶ What-if analysis

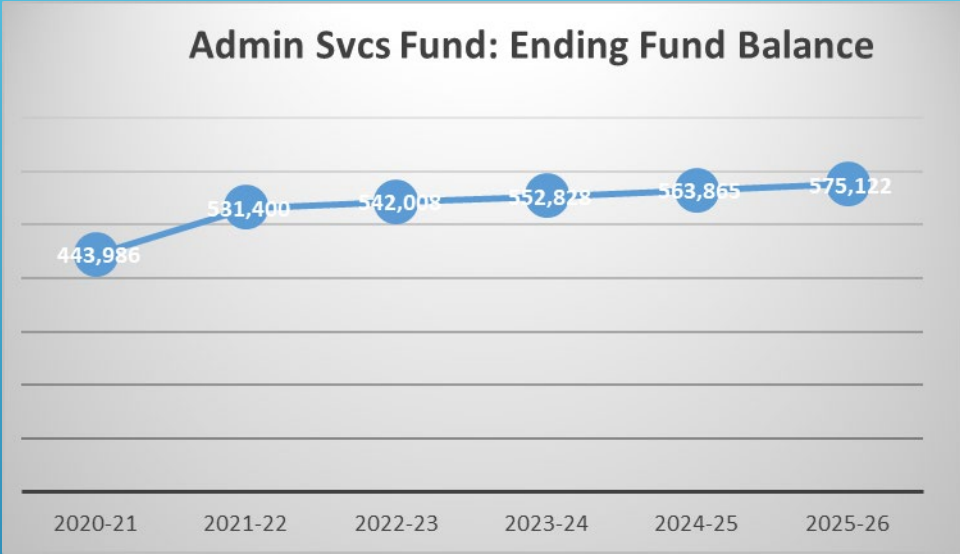
2021-2026



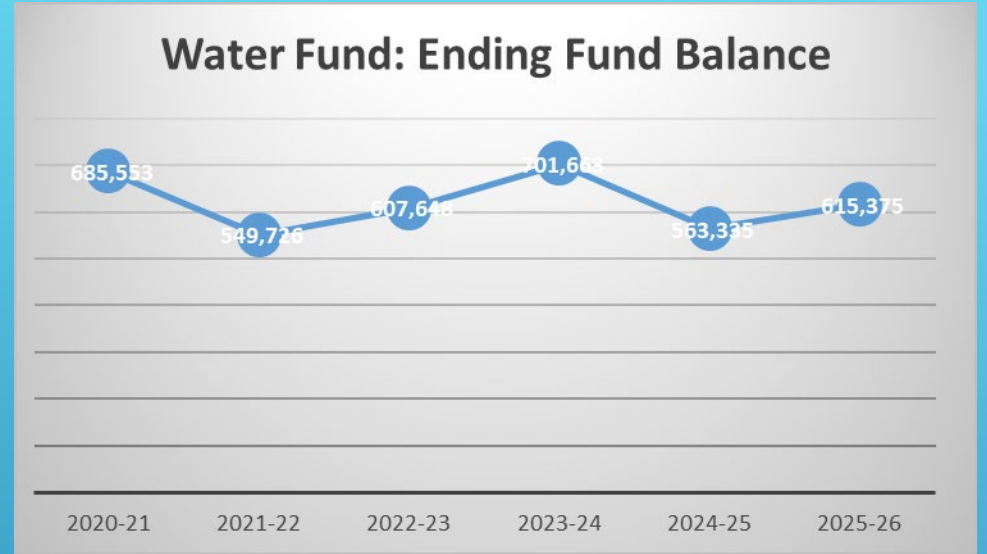


PROJECTION MODEL

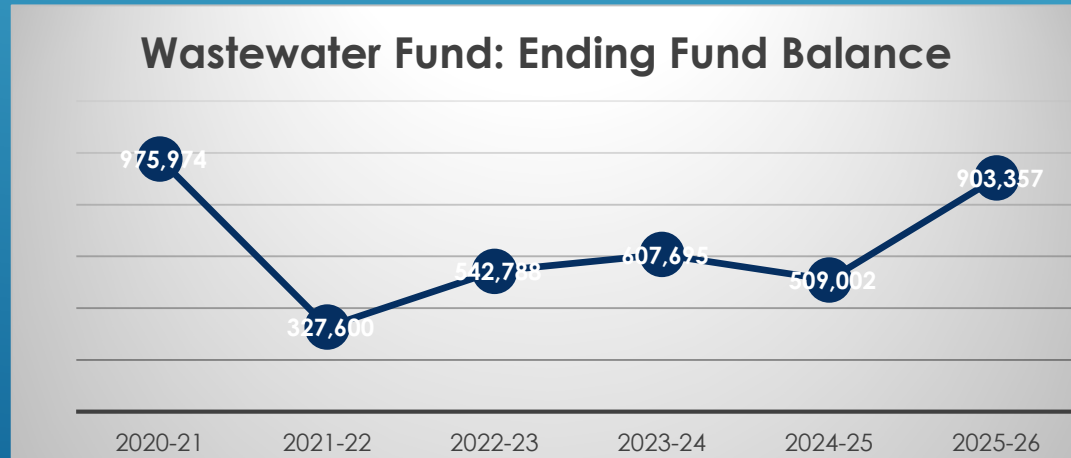
Admin Svcs Fund: Ending Fund Balance



Water Fund: Ending Fund Balance



Wastewater Fund: Ending Fund Balance

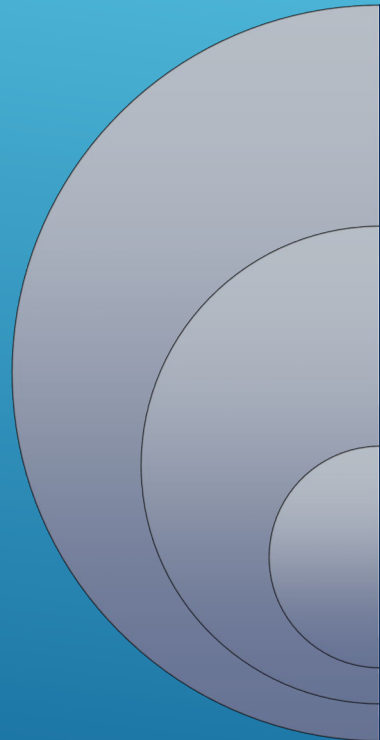


2021-2026

AN INTRODUCTION TO GOVERNMENTAL BUDGETING

Oak Lodge Water Services District

March 2020

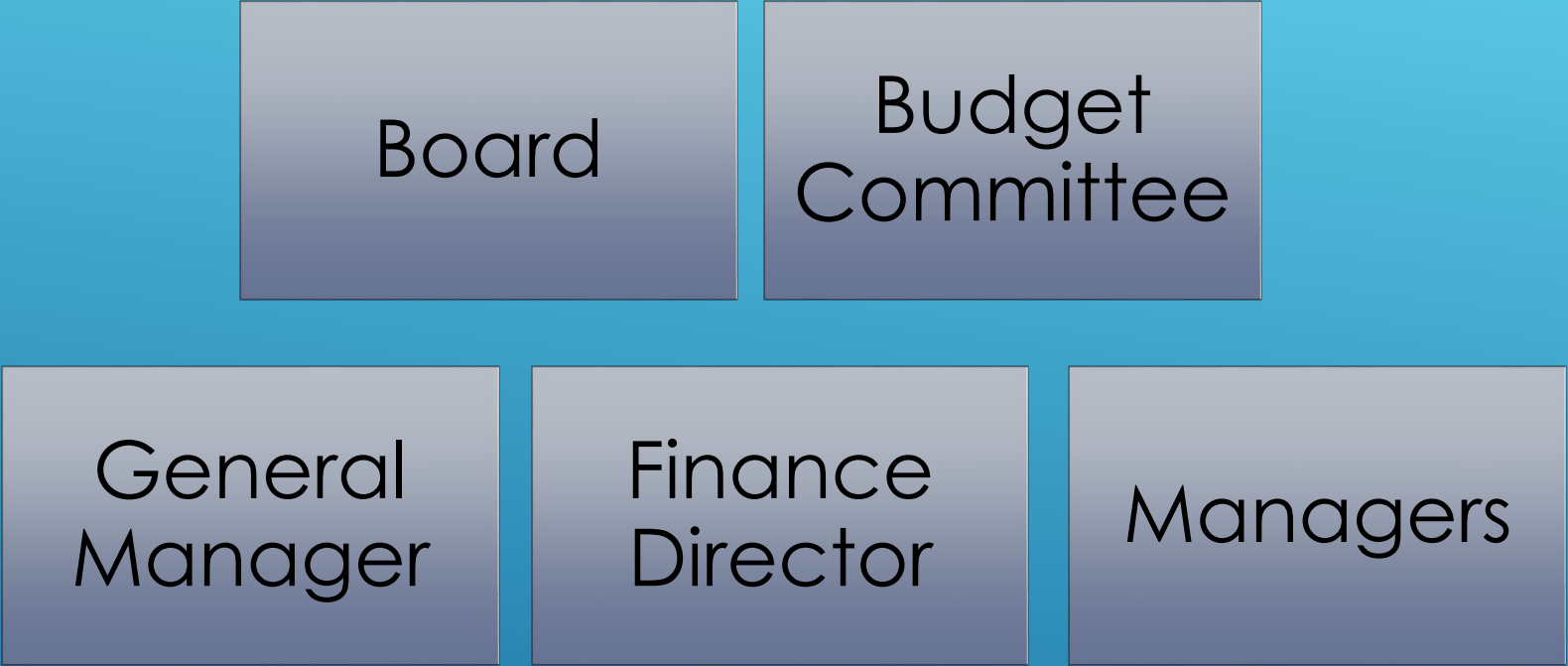


The Objective	<ul style="list-style-type: none">• Present a clear, implementable budget to the Board
The Approach	<ul style="list-style-type: none">• Roles and responsibilities• Rules of the game• Timelines
The Deliverable	<ul style="list-style-type: none">• Adopted Budget for the fiscal year ending June 30, 2020

EXECUTIVE SUMMARY

- ▶ Plan for future operations (FY 2020-21)
- ▶ Prioritization
- ▶ Compliance
- ▶ Transparency

PURPOSE



ROLES AND RESPONSIBILITIES

- ▶ Provide clear vision
- ▶ Set the policy and direction for the District
- ▶ Ultimately adopt the budget



BOARD'S ROLE

- ▶ Policy level direction
- ▶ Align resources with District goals
- ▶ Approve the budget



BUDGET COMMITTEE'S ROLE

- ▶ Provide a balanced, proposed budget for consideration
- ▶ Implement the budget within policy and direction of the Board
- ▶ Support and guide staff in operation within the budget framework



GENERAL MANAGER'S ROLE

- ▶ Guide the budget process
- ▶ Balance sources and uses
- ▶ Provide monitoring and compliance with adopted budget



FINANCE DIRECTOR'S ROLE

- ▶ Identify program needs
- ▶ Prepare/present program budget request
- ▶ Implement adopted budget



DEPARTMENT MANAGER'S ROLE

- ▶ Oregon Local Budget Law
- ▶ Process
- ▶ Deadlines
- ▶ Overexpenditures

RULES AND REQUIREMENTS

- ▶ Fund accounting
- ▶ Chart of accounts
- ▶ Categories and appropriations

INTERNAL ASPECTS



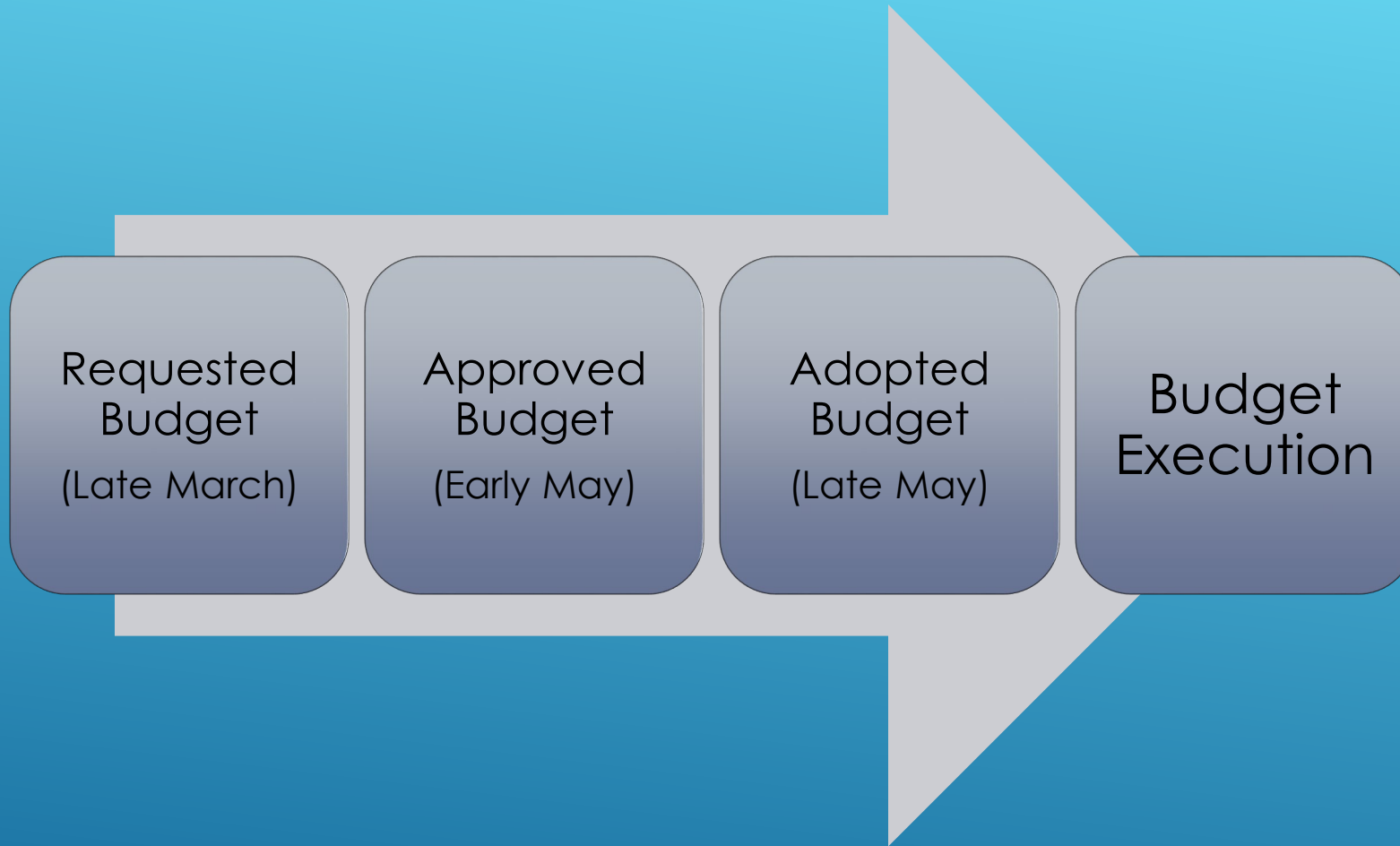
- ▶ Budget philosophy
 - ▶ Revenues
 - ▶ Expenditures
- ▶ Contingency, carryovers and reserves
 - ▶ Use of contingency
 - ▶ Fund balance policy
 - ▶ Unappropriated fund balance
- ▶ Flexibility

INTERNAL ASPECTS

- ▶ Trends
- ▶ Capital projects
- ▶ Administrative Services

INTERNAL ASPECTS

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.



TIMELINES AND MILESTONES

- ▶ Budget requests to General Manager
- ▶ Proposed Budget to the Budget Committee
- ▶ Approved Budget to the Board
- ▶ Adopted Budget to the County
- ▶ Budget adjustments
- ▶ Monthly financial reports

DELIVERABLES

- ▶ Compliance
- ▶ Budget adjustments and changes

BUDGET EXECUTION



QUESTIONS AND ANSWERS



AGENDA ITEM

Title	Call for Public Comment
Item No.	7
Date	March 31, 2020

Summary

Members of the public are invited to identify agenda items on which they would like to comment or provide testimony. The Budget Committee may elect to limit the total time available for public comment or for any single speaker depending on meeting length.