



## **PUD BOARD MEETING MINUTES**

**MARCH 9, 2010**

**PRESENT:** Tom Ashmore, Mike Elmore, Rod Peterson, Marla Skroch, Roger Prowell, Patsy Busick, Tom Peachey and Ben Beseda.

**GUESTS:** Nathan Pope, Julio Paredes, Charley Roush, Wil Keyser, Lea Stephens.

Meeting called to order at 6:30 pm by President Tom Ashmore.

Motion by Rod Peterson; second by Mike Elmore to approve the February 9, 2010 minutes and consent agenda. Motion approved 4 ayes, 0 nays.

**PUBLIC COMMENTS:** Julio Paredes, customer at 936 Honey Do Way questioned the reason for the possible rate increase in October. District Manager Roger Prowell explained the budget committee which consisted of citizens and customers within our District, Board members and a financial consultant met at several different meetings to go over the financial issues and what it will take to get the District financially strong. He informed him the meetings were open to the public, and in fact there was a special public meeting held at the local movie theatre to explain the reasons for the rate increases. Julio Paredes asked what the needs for the system were to justify expenses. Roger told him reasons being old pipe in the ground, constraints in the system, updated Master Plan to justify capital expenses in order to qualify for grants and loans. The District is trying to get back their feet after years of insufficient income. Finances are in such a state the District cannot borrow funds to do major capital items. Right now the District is just in survival/build cash reserves stage. Julio Paredes asked if the rate increase was going to "allow" us to do the pipe replacements that the system needs. Roger explained the District needs to build its cash reserves enough to borrow or apply for funds. At this point in time we do not have proper documentation to do so. Mike Elmore commented that the key thing is not having adequate cash reserves. The District should have had more rate increase over the years in order to build those cash reserves. He also informed Mr. Paredes the Board does not have the next rate increase scheduled for October 2010 nailed down. The Board will look at budget process to see if it is necessary. Mike invited him to meet with Roger for a tour of the District and maybe he would have a better understanding.

Wil Keyser, a resident of Pomona Meadows Homeowners Association residing at 950 Pomona St #214, commended the Board for going through with the Master Plan. He also gave the Board praised them for bringing Roger on board to manage the District at a crucial time. He said he understands why it is necessary for the rate increases. He asked what the target date is for the completion of the Master Plan. Ben Beseda said hopefully by next month or two he would have a plan to present to the public. Mr. Keyser commented it would have been easier on the customers to do increments rather than radically increase the rates. He has been out of the water business for 3 years now but suggested looking into funding through the Forest Service and USDA out of Spokane. He commended Roger for the direction he is taken and offered to assist in any way.

**FINANCIAL REPORT:** Patsy Busick presented financial reports. With interest earned in February 28, 2010 of \$192.14 less \$10.00 service charge, account balance was \$455,595.00. As of February 28, 2010, Columbia State Bank account balance was \$45,967.10. After Board review of the budget vs. actual reports and unpaid bills reports, financials were approved as presented.

Roger presented to the Board a chart showing the revenue comparing November through February, years 2009 and 2010. It is evident the effect the rate increases had on the revenue.

Roger told the Board, for tracking purposes, it is necessary to open separate bank accounts for System Development Charges (SDC) and Connection Fees. Patsy checked into the procedure

with Columbia State Bank (CSB) as well as LGIP. It was determined that setting up an LGIP account would not be financially sound due to the \$10 per month service charge and interest rate at only .55%. So two separate accounts with CSB will be set up and signature cards will be available at next month's Board meeting.

**ENGINEER OF RECORD REPORT:** Ben Beseda presented his Engineer of Record report. There were no proposals at Site Team in the District boundaries. There is a pick up on the number of items at the Site Team meetings. There is rumor there may be some activity with the aluminum plant property.

The majority of the time has been spent on the hydraulic model. They have been struggling with the pipe part of the system, especially in Lower Chenoweth and Columbia Crest areas. Some additional pressure testing and hydrant testing needed to be done in the Lower Chenoweth area. Now they have the system together well enough to begin the calibrating stage which is done piece by piece so if errors come up they are easier to find.

The down side of spending the majority of the time on the hydraulic model, not much time has been available to work on the Master Plan. Roger and Ben agreed to dedicate one day a week for a couple hours to work on the Master Plan. The first draft, in reality, is about two months away. Roger appreciated Ken's work and working with our guys looking at C-factors. Ben asked Roger if the PRV's were opening and doing their thing and he acknowledged that they were.

**DISTRICT MANAGER'S REPORT:** Roger presented his Manager's report. Budget update: He went over chart showing that in the November to Feb. period in 2009 we took in \$211,311 and this during the same past 4 months we took in \$264,636 or real close to 25% or an additional \$53,325. Lea has tuned her billing process for the current 15% rate increase.

Unaccounted for water update:

- Unaccounted for water is 15.1%, an improvement over last month. We found and corrected several field issues that were contributing to unaccounted for water.
  - Oakwood Estates: Wrong register head on high flow side of compound meter. Will see at least a factor of 20 higher bill on this single meter.
  - SpeedDee Haulers: Miss-programmed meter will see a factor of 10 increase.
  - Bonneville Power Administration (BPA): Miss-programmed meter will see a factor of 10 increase.
  - 3012 W 10<sup>th</sup> St: Wrong meter size register head will see a factor of 10 increase.
  - Our redundant meter reading process did not turn up anything of note. Both hand written numbers and electronic reads were the same, thus eliminating a potential source of unaccounted for water.
- Looking at reservoir levels in main system we can see no apparent leak in system looking at water demands in based on water levels in reservoirs, as measure down to 1/100 of a foot or 1,200 gallons. We looked at reservoir levels with Well #4 on and Well #4 off and the numbers were consistent within normal parameters. Did not see any number jump out. Not much evidence of a leak.
- Looking at our limited amount of residential meter testing and using a defensible numbers we can only see about 200K gallons being underreported per month at 93% accuracy at 3 gpm.
- We have spent a lot of hours and conversation about this issue, learned lots of things running charts and checking meters.
- We have not seen a reasonable cause for the sudden increase in unaccounted for water for the last three months.
- Another clue is that the issue began when we raised rates last November. We shall see what effect the latest rate increase has this month, if any.

Painting of reservoirs could well be a capital project for next budget year that we can afford. New paint technology allows us to cover up lead paint using a primer and paint. Cost of paint is about 20 cents per square foot or call it 2K for a .5 MG reservoir. Main cost is preparation and power washing/prepping rust spots and equipment rental. We could do this project in-house with some temp labor. Kingsley Reservoir will be more difficult due to limited access for a power lift on the westerly side of the structure.

**Water Rights:** Had a visit from the Water Resources Department staff to measure water levels and take highly accurate GPS readings on well locations as part of the process. We will have to report water level measurements as part of our conditions on the new permits. Work that we have done charting this month will greatly help both the water rights and WMCP efforts.

**Grants and loans:** Went to more classes at Sunriver on the subject. There is still money out there but also heard lots of paper difficulty stories about the process and accounting. This is a buy American process which can raise costs, Davis Bacon wages. We can still enter the fray if we have a project lined out enough to get an EA and outline of what we want to do. The key is still a master plan that lines out the direction of the District and we have to clearly convince the Feds that we have the ability to pay. Very important in these new days of Obama transparent process. We still have opportunity to get in line with Fed dollars if so choose by this September if we have a project and we can get the EA and an outline down.

**City of The Dalles Fee Process:** The City Council meeting on March 15<sup>th</sup> was to have a discussion item on franchise fee of 3%. I chatted with Dave Anderson today and the subject has been moved to April 12<sup>th</sup>, 2010. I also asked him about Lower Chenoweth and the other customers that are not within the City limits. He will bring the subject up in future meetings, but he intoned that the fee would be based off of the District's total revenue numbers.

A point of discussion will be our response to this fee (30K or so... do we keep our projected increase for next October and make it 18% or do we absorb this cost and keep the 15% in play to effectively make a 12% increase?

The budget process was brought up for discussion. Desire is to have budget in place by July 2010; draft by April, May present to Board and adopt in June. Will address in weekly report.

Mike Elmore as what the timeline is for potential franchise fee and if the City is planning on implementing in this coming fiscal year. He would like to see work sessions for budget held between Board meetings. He suggested the Board look at what impact it would have to the District to have a zero rate increase so there is no impact on the customers. He is concerned how the 3% folds in to the customers.

Guest, Wil Keyser suggested a zero based budget which gets away from standard line item budgets. It allows you to reduce inflated costs that are unreal.

**OLD BUSINESS:** Grants and loans update: See Manager's report.

**NEW BUSINESS:** SDC Connection Ordinance – Resolution Number 2010-02. What drove this resolution is a couple of cases where dwellings went up, meter in the ground and developer called for water service to be turned on for plumbing test. Service turned on without SDC's being paid. SDC's must be paid before we turn water on for plumbing inspection, dust control, etc. Also SDC's cannot be used for anything but development of infrastructure.

Motion by Mike Elmore; second by Marla Skroch to read Resolution Number 2010-02 "A RESOLUTION OF THE BOARD OF DIRECTORS AMENDING SYSTEM DEVELOPMENT CHARGE ORDINANCE" by title only, waiving reading in full. Motion approved 4 ayes, 0 nays. President Tom Ashmore proceeded with first reading.

**OAWU Conference Report:** Both Roger and Nate Pope reported on the conference. They indicated it was a great conference with excellent guest speakers and classes. It was reported Roger had a packed house for his presentation "Water Wolves" which went exceptionally well. Roger also scheduled a tour of one of the water facilities in Bend for Nate and Sam which Nate said was very impressive.

Roger had the opportunity at the conference to talk to Jason Green and a couple of the Board members of the OAWU and encouraged them to get office classes and short schools for the office personnel, which was taken in positive consideration.

**TRAINING SEMINARS & CLASSES:** Tomorrow afternoon, Mary Hodges with the Red Cross will conduct a CPR class to re-certify all the employees. This has to be repeated every year in order to continue the certifications.

**BOARD COMMENTS:** Board member, Rod Peterson expressed his appreciation to guests for their words of wisdom.

With no further business, motion by Marla Skroch; second by Mike Elmore to adjourn meeting. Motion approved 4 ayes, 0 nays.

Meeting adjourned at 7:46 pm.

Submitted By: \_\_\_\_\_  
Patsy Busick, Admin./Human Resources

Approved as to content at regular meeting held April 13, 2010.

By: \_\_\_\_\_  
Tom Ashmore, President  
Board of Directors