

WEST SLOPE WATER DISTRICT

Regular Board of Commissioners Meeting

January 17, 2024

Meeting Summary

CALL TO ORDER

Present: Chair Susan Meamber; Commissioners Chris Eppler, Ramesh Krishnamurthy, Paul Schuler, and Andy Smith

Management Staff: Michael Grimm, General Manager; Wendy Irwin, Finance Manager

Absent: None

Public: Cecelia Huynh; Finance Director, Portland Water Bureau

1.0 – CALL TO ORDER

Chair Meamber called to order the meeting of the West Slope Water District Board of Commissioners at 5:00 P.M., Wednesday, January 17, 2024. The meeting was held as a virtual only meeting due to the inclement weather and widespread power outages in the District resulting from the severe winter storm. The public was made aware of the meeting through the District’s website (the meeting agenda and Zoom meeting link were posted on the website).

2.0 - PUBLIC COMMENTS/COMMUNICATIONS

The District had not received any public comments regarding agenda items or other issues for the Board to consider.

3.0 – CONSENT AGENDA

Commissioner Krishnamurthy made a motion to accept the entire Consent Agenda Items 3.1 through 3.8. Commissioner Smith seconded the motion, and the motion passed unanimously.

4.0 – DISTRICT ACTIVITIES

4.4 – Portland Wholesale Water Sales Agreement (Agreement) Walk-Thru – Mr. Grimm introduced Ms. Huynh to the Board and gave a quick summary of the work leading up to creation of the new Agreement and a brief overview of tonight’s “walk-thru”. Ms. Huynh thanked the Board for being able to address this Board. Ms. Huynh stated the Agreement is the result several years of work by the wholesale water suppliers and the City. The biggest changes to the new Agreement over the current contract are the elimination of the guaranteed minimum purchase quantity, the terms of the Agreement that lock the wholesale customer into a 30-year contract without penalty, and the inclusion of a new rate of return calculation for capital construction projects (determined to be the rate at which the City can borrow money times a 1.35 multiplier). Ms. Huynh walked briefly through each section of the new Agreement outlining the high points of each section as well as identifying where sections may not have a lot

of applicability to the District's wholesale purchase conditions. Commissioner Smith asked how the capital costs are assigned to the wholesale customers vs. the City's retail customers. Ms. Huynh stated only those assets that serve wholesale customers will be included in the water rate base (basically, source, treatment, transmission, terminal storage, and pump station assets). Commissioner Krishnamurthy asked when will the water rates for future years be known. Mr. Grimm responded that while the City makes projections on future rates for the next five years each Spring, only the wholesale water rate for the next fiscal year is known at the start of the fiscal year. Ms. Huynh presented the relative impact of wholesale water rates in future years calculated through the new Agreement vs. what wholesale water rates could be under the current contract. Relatively speaking, under the new Agreement the rate of increase in wholesale water rates is significantly less than under the current contract as well as the magnitude of the actual water rate.

Commissioner Eppler made a motion for the District to accept and sign the new Agreement when it is ready for wholesale customers to sign and named Commissioner Smith as the designated Commissioner to sign for the District. Commissioner Schuler seconded the motion, and the motion passed unanimously. Commissioner Smith thanked the District's management team for working through this Agreement process to not only get a better wholesale water purchase agreement than the District currently has but also creating the foundation for a much more collaborative relationship with the Portland Water Bureau.

4.1 – General Manager's Report: Mr. Grimm highlighted some key issues from the General Manager's report:

Mr. Grimm gave a brief overview of the current status of the distribution system given a large volume of non-revenue water is bleeding from the system through potential water main breaks and/or service line breaks. Mr. Grimm also mentioned he contacted Judy Clarke to help distribute the employee survey for the General Manager's performance assessment.

4.2 – Finance Manager's Report: Ms. Irwin gave a brief overview of her report in the Board packet.

4.3 – Budget Committee Process – Mr. Grimm gave a brief overview of the requested actions requested of the Board at this meeting. The District has a need for a Budget Officer to manage the District's Budget process. Historically, the District's Finance Manager is appointed by the Board as the Budget Officer, but any Commissioner can serve as the Budget Officer. Commissioner Schuler made a motion to appoint Wendy Irwin, the District's Finance Manager, as the Budget Officer. Commissioner Eppler seconded the motion, and the motion passed unanimously.

Ms. Irwin and Mr. Grimm introduced a brief overview of the major budgetary issues the District will face in FY 2024-25. Ms. Irwin stated the inflation rate from 2023 to 2024 is around 3%, and combined with merit pay increases between 2-5%, the increase for employee salaries are less than last year. The cost of employee health care insurance benefits will be increasing for the District. Since the water rate study results will not be completed by the time the FY 2024-25 Budget needs to be completed, the District will be estimating a retail water rate based on refined assumptions and what data is available from the consulting firm working on the Water Master Plan. Mr. Grimm stated since the District has replaced the majority of the old Master Meters with new Mueller meters, the cost to purchase new meters should be less than in previous years. Staff will also consider the need to replace the 10-year-old meter reading truck. Other operational expenses will include valve repair & replacement as well as pressure reducing valve vault maintenance. Major capital project costs in the next budget year include the design

and construction costs for the SW Garden View Drive water main replacement and the design of the Water System Master Plan and Water Rate Study. Commissioner Eppler made a motion to accept the preliminary budget concepts as presented. Commissioner Krishnamurthy seconded the motion, and the motion passed unanimously.

Mr. Grimm pointed out to the Board that the third Wednesday of June when the Board would normally hold its regular meeting and public hearing on a water rate increase and the adoption of the approved budget happens to fall in 2024 on the June 19 federal holiday. Staff recommends shifting the District's meeting one week to June 26. Commissioner Schuler made a motion to approve the Budget Calendar as presented recognizing the shift in the June meeting date. Commissioner Krishnamurthy seconded the motion, and the motion passed unanimously.

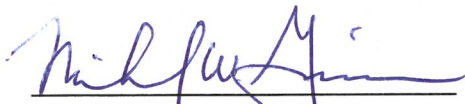
5.0 – COMMISSIONERS COMMUNICATIONS

No commissioners attended any outside meetings. There were no additional agenda items brought by the Board to the meeting. There were no other agenda items presented for future meetings. The consensus of the Board was the meeting went well tonight.

6.0 – ADJOURNMENT

There being no further business to discuss, Commissioner Krishnamurthy made a motion to adjourn the meeting. Commissioner Eppler seconded the motion, and the motion was approved unanimously. Chair Member adjourned the January 17, 2024 Board of Commissioners regular meeting at 6:54 PM.

Respectfully Submitted,



Michael W. Grimm, P.E.
Acting Secretary

Approved:

