

PUBLIC UTILITY DISTRICT NO. 1  
OF ASOTIN COUNTY, WASHINGTON  
SPECIAL MEETING-BUDGET HEARING  
MEETING MINUTES  
October 6, 2008

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President Ridge presiding, the Special Meeting of the Public Utility District No. 1 of Asotin County was called to order at 5:30 p.m. at the District Office at 1500 Scenic Way.

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ROLL CALL: PRESENT Commissioners, Judy Ridge, Gary Hicks, and Don Nuxoll;  
General Manager, Tim Simpson and Treasurer, Bob Sischo.

PUD employee Roberta Tilden was in attendance as a public member.

NEW BUSINESS:

2009 Budget – Open Hearing

Commissioner Ridge opened the Public Hearing for the 2009 Budget at 5:30 p.m.

Staff Input

The General Manager provided an overview of the budget expenditures and resources. Discussion ensued regarding budgeted capital expenditures and water rates. The Manager stated that the ending budget for 2008 will end in a deficit and was creating a potential deficit for 2009. The Manager reduced the projected deficit by cutting some operational costs, capital improvement projects, and reducing expenditures for the Automated Meter Program. This program provides for the replacement of older meters and the retrofitting of newer meters with radio reading devices. Even with the reductions the manager stated that there was still a \$155,000 deficit. The important part to remember about the budget cuts is that we cannot compromise customer service, operations or water quality.

The manager addressed the need to look ahead and provided the Board with budget projections for through 2012. He stated that decisions made on the 2009 Budget will affect us for several years until the water revenue bond is paid off in December 2011. He stated that if we did not take any action to reduce costs that the funding that would have been available for significant capital improvement beginning in 2012 would not be available. The Manager stated that we are not the only utility or business that is looking at reduced revenue and the need to cut expenditures. The current economy is affecting everyone.

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The Manager stated that upon further review of the budget the Treasurer found a \$70,000 error that helped reduce the deficit to approximately \$85,000. The Manager stated staff reduction in order to meet budget was eminent but due to cost cutting and correction of the budgeting error, the situation is not as severe but will continue to be reviewed. He stated that he has looked at reducing hours across the board for all employees. Reducing working hours from 40 to 36 per week would save the PUD approximately \$75,000. He stated that he even has looked at going to 4 nine-hour days and not opening the office on Friday's to save energy and fuel. The Board did not like the idea and stated that customer service will not be compromised and the office would remain open on Friday.

The Board discussed the capital outlay for the billing system, billing statement process outsourcing, the Automated Meter Reading program and the mapping system. The Board questioned the Manager about the return on these investments and how these expenditures have made us more efficient in operations and customer service. The Manager stated that part of the efficiency gained is the ability to do more with the same number of staff. The other part of the efficiency gained is deciding how the capital outlay for these items will save costs both operationally and through organizational change. The manager stated that organizational change was being reviewed prior to development of the budget and will continue. The goal is to align staff to maximize the benefit from the efficiencies gained. The manager is working with department supervisors on this issue. Decisions on organizational changes will be made prior to year end.

The Manager addressed the Board regarding revenues and the water consumptive rate and installation charges rate increase plan. He stated that revenues for new service installations and investment income will remain low. The Board adopted a rate plan in 2006 after adoption of the Comprehensive Water System Plan to address capital improvements. Under the 2007-2012 rate plan rates fees and charges were increased in 2007 with the planned rate increase being suspended in 2008. The Manager stated that the current rate resolution provides for a 5% consumptive and installation charge rate increase in January 2009. The Manager requested a rate increase of an additional 3% in 2009 to help meet the budget by increasing revenue. After discussion about the rates, it was the consensus of the Board to increase consumptive rates and new service installation fees 8% beginning January 2009. The Manager stated that the consumptive rate will increase from \$0.79 per unit for 748 gallons to \$0.85 per unit. It was stated that the rate increase would increase the average customer's monthly bill by \$1.40 or \$16.80 per year. The Manager stated that the extra 3% increase would provide an additional \$40,000 reducing the current 2009 Budget deficit to \$45,000.

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The Manager, staff and Board of Commissioners concluded their review and discussion of the 2009 Fiscal Year Budget.

#### Public Input

Roberta Tilden stated that she had talked to a fellow front office employee and they are willing to reduce their working hours to half-a-day on Friday if it will save jobs.

#### Close Hearing

Commissioner Ridge declared the hearing closed at 6:10 p.m.

#### Resolution 08-337 – 2009 Fiscal Year Budget Adoption

The Board tabled adoption of the 2009 Fiscal Year Budget directing the manager to apply the changes discussed and resubmit an updated 2009 Budget for discussion at the October 14, 2008 regular Board meeting.

#### ADJOURNMENT

There being no further business, Commissioner Ridge adjourned the meeting at 6:13 p.m.