

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
2019 BUDGET HEARING
MEETING MINUTES
October 22, 2018

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President Don Nuxoll presiding, the Budget Hearing of the Public Utility District No. 1 of Asotin County was called to order at 5:00 p.m. at the PUD Office at 1500 Scenic Way.

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ROLL CALL: PRESENT Commissioners: Don Nuxoll, Judy Ridge and Greg McCall.

PUD Staff: General Manager Tim Simpson and Treasurer Bob Sischo.

Members of the public were present.

2019 Budget – Open Hearing

Commissioner Nuxoll opened the Public Hearing for the 2019 Budget at 5:00 p.m.

Staff Input

The manager provided an overview of the 2019 Budget. The manager stated that \$5.325 million has been estimated for Budgeted Resources in 2019. The budget includes a water consumptive rate increase and monthly minimum charge increases as provided in the 2019 Budget Narrative. These increases are based upon the financial plan developed during the update of our Comprehensive Water System Plan. The financial analysis conducted provided a detailed and comprehensive look at current revenue and the current and future cost of operations and capital improvements. The consensus of the Board was to plan for an annual revenue increase of 5% from 2018-2025 to fund operations and capital improvements. The purpose for considering a rate increase was to ensure financial stability in order to meet increasing operational costs and provide for capital improvements as identified in the Plan.

The manager stated that the monthly sewer charge will not increase but he and staff are currently looking at the connection and development fee based upon recent experience with the hotel connecting to our system. The manager stated that their cost for connection was no different than a regular resident. The new fee that will be proposed at a future meeting will be a \$1,400 connection fee and a \$200 per equivalent residential unit fee. He stated that electric rates charges and fees were adopted in 2017 and will increase each year through 2020 for our one retail customer.

The manager stated that Budgeted Expenses is estimated at \$4.112 million in 2019. He discussed the 2 payments left on the 2000 Public Works Trust Fund, shared the rate increase history of the Public Employee Retirement System, addressed the cost of PURMS Health Insurance and the number of surgeries that increased this expense category and reviewed the capital improvement project budget for 2019.

The manager stated that the 2019 Budget also provides for a plan for setting aside reserves. \$120,000 will be set aside for the Equipment Replacement Fund, \$200,000 for the future Automated Meter Reading System Replacement, \$100,000 for Sewer System Operating Reserves and \$790,000 in a new Capital Improvement Fund for 2020 projects. The manager stated that a concern had arisen for the 2025 AMR System regarding whether PUD staff could complete the project or we would have to contract the work out per RCW 54.04.070 which limits work PUDs can do themselves to \$150,000 of material costs. We spoke to Clark Public Utilities and our legal counsel both who said that the meters are not material but equipment. Contracting the replacement would have increased our costs at least \$400,000.

Commissioner Input

Commissioners Ridge stated that we need to take an extensive look into the cost of health insurance. The manager stated that PURMS, our insurance pool, has already authorized a study to see where the Pool could reduce costs. Treasurer Bob Sischo stated that he spoke with PURMS Administrator Dick Rodrick today and the Operations Committee will be talking about information gathered at their meeting on Wednesday, October 24th. He stated that a new pharmacy and prescription plan could yield an \$800,000 savings for the Pool. The manager stated that once the PURMS Group finishes their study he and Mr. Sischo will conduct a work session in the near future for the Board providing all the information necessary for the Board to make decisions on how health insurance is provided to employees and commissioners. He stated that the earliest a work session could occur is December due to bringing the MUNIS software online in November.

Commissioner McCall thought there would be more savings due to the fact that we are doing significantly less construction next year. The manager addressed a couple of line items where costs should be much less in 2019. Commissioner McCall also asked where the funds for surplus vehicle and equipment sales went. The manager stated that funds from a sale go into miscellaneous revenue. Commissioner Nuxoll stated that the Chestnut Street main line abandonment project could be put off if revenue does not meet budget. The manager concurred. Other expense items were discussed and staff addressed all questions.

Public Input

Commissioner Candidate Jan Hicks asked questions regarding the "Other Administrative Costs" line item and the "Outsourced Bill Print and Mailing". Staff addressed both questions regarding these expense line items.

Close Hearing

Commissioner Nuxoll declared the hearing closed at 5:35 p.m.

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ADJOURNMENT:

Commissioner Nuxoll adjourned the 2019 Budget Hearing meeting at 5:35 p.m.