



Neskowin Regional Water District

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**MINUTES FOR THE NESKOWIN REGIONAL WATER DISTRICT'S
(NRWD)**

PUBLIC RATE INCREASE HEARING

June 23rd, 2022 4:00 PM

Commissioners Present: Steve Rubert, Gary Dunn, Frank DeMars and Brenda Freshman.

Commissioners Absent: John Metschan.

Staff Present: Troy Trute and Joy Neufeld.

Public Present: Pam Rowland, Vicki Amussen, Tom Eaton, and Mark PC.

CALL TO ORDER: (00:02:49)

Steve Rubert called the Public Hearing for A Proposed Rate Increase Meeting to order at 1:04:49 pm. This meeting was at the District's water plant and was hosted remotely via Zoom Meetings.

1. Steve introduced the Board and staff to the public attending the meeting.
2. Troy said he is requesting a rate increase for the Water District partly to build up funds to hire another employee in the 2023-2024 budget cycle. The District decided to lay off one full time employee for the 2022- 2023 budget cycle to save money and avoid an even higher rate increase. The cost of that employee would have been around \$89,000.00.
3. Troy said that it doesn't seem tenable in the long term to run the Water District with just two full time employees working out in the system.
4. Troy proposed raising the rates by a minimum of 8.5% estimating the amount raised by doing so, would raise approximately \$45,000.00.
5. Troy said the \$45,000.00 savings is an estimate and would depend on the 2022-2023 District's overall costs during the year.
6. Frank Demars said that he looked over the District's annual audit report and reviewed the District's net position and depreciation. Frank asked Troy to display the financial spreadsheet Frank had created. Troy displayed the spreadsheet on zoom for viewing and said he would be happy to send this report to anyone who wanted a copy.
7. Frank said that he believes the District should establish a cash reserve fund for emergencies that would increase on a yearly basis. Frank said that he thinks the District should raise the rates by 11%.
8. Gary said he agrees that there should be some funds raised for another person to be added to the 2023-2024 staff. Gary said he wants to know Troy's plans for the \$45,000.00 raised from the proposed rate increase and Troy's budget plans for future additional rate increases.
9. Troy said there could be two options for accomplishing his goal of three Water Operators on staff. Determine the cost of adding an additional staff member and raise rates accordingly plus a little extra for inflation. That plan would have the District raise the rates by 15% to 17% as of July 1st 2023. The other option is to raise rates by 8.5% this year to determine the revenue generated by an 8.5% rate increase and then raise rates the following year by a small amount to accommodate the hiring of addition staff.



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10. Troy said that this meeting is just to discuss the rate increase not pass it. The passing of the rate increase will take place at the June 30th, 2022 Board meeting.
11. Steve said that he thinks Troy and the Board are doing a great job navigating this rate increase, considering that inflationary forces are putting the District in a difficult situation.
12. Steve said the Board has had two rate increase suggestions of 8.5% and 11% and asked if the Board would like to decide on that now or at the next Board meeting.
13. ****Motion****: Frank DeMars moved recommend a 11% rate increase effective July 1, 2022, no one seconded the motion, no one agreed to the motion, motion did not pass.
14. The Board decided to wait until the next Board meeting to decide on the rate increase amount.
15. Gary asked Troy if he would put some numbers together showing the different rate increase options that were discussed during the meeting and send that information to the Board. Troy said he would.

PUBLIC COMMENTS:

1. Pam Rowland asked if the District hadn't just raised rates last year. Troy said the District had a rate increase of between 12% and 15 % in July of 2020.
2. Pam said the District has chosen to let an employee go for the 2022-2023 budget cycle to save money, but now wants to raise rates to provide funds for an additional employee. Pam suggested the District keep the rates the same and raise the rates for the 2023-2024 budget cycle. Troy said the District didn't have enough money in its current budget to keep even the existing lowest paid employee of the District. The District would not be able to hire an employee for the 2022-2023 budget cycle because the District has not acquired the funds to do so yet. Plus it is really hard to determine what an 8.5% rate increase would bring in by the end of the year.
3. Steve Rubert said that the District had a shortfall due to unexpected costs that came up during the 2021-2022 budget cycle. During the last big storm all the plants VFDs "Variable Frequency Drives" (that keep the plant running) blew out, were destroyed and had to be replaced. Also all costs to the District were higher due to inflation.
4. Troy said if the District has to wait to raise the rate until the 2023-2024 budget cycle the rate increase will have to be much higher to cover a new full time employee.
5. Tom Eaton said that he thinks the Water District Board and staff do a good job. Tom said that if the 8.5% rate increase is a wild guess why isn't it 5% or 12%. If the 8.5% is going to raise around \$45,000.00 but the cost for another employee is \$89,000.00, then that isn't enough money.
6. Steve said that the term "wild guess" is not the right word to use. That yes it is a guess, since the District doesn't know exactly what the costs will be over the coming year. The District does know that costs have increased by 8 to 8.5% recently because of the current inflation rate and Troy has used the Consumer Price Index to formulate his suggested rate increase of 8.5%. Steve said "an educated estimate" would be a better phrase.



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7. Troy said the 8.5% amount is an “educated estimate”. Troy said that Frank’s suggestion of an 11 % rate increase is a valid suggestion, and Tom agreed.
8. Tom said that what he is taking away from this meeting is that an 8% to 11% rate increase is necessary for the District to put funds into the Capital Improvement Fund or Rainy Day Fund and to pay for rising District costs, and there would be a rate increase next year as well. Tom said as a rate payer he would like to know what to plan for.
9. Steve said Tom’s synopsis is correct. Steve also said that the Board recently created a Watershed Acquisition Fund for the District to acquire the watershed and is trying to raise funds for that as well.
10. Tom said a strategy the Board might consider is figuring out what additional money the District might need for the next three to five years, then evenly spread rate increases out over those three to five years. He said that would be a little easier for rate payers to absorb. Tom said that he was leaving the meeting and thanked the Board and staff. Steve thanked Tom for his comments and suggestions.
11. Pam Rowland said that she represents other people in the community. She said that what she has learned from the meeting to take back to her community is that an 8.5% rate increase is what Troy arbitrarily wants and it will be used to pay for an employee in another year. Pam said people will ask, if the District knows they need money for another employee why don’t they just say they need money to hire another employee and that employee is going to cost \$80,000 and we are going to increase your rates because we know we need \$80,000. At least that is a fact rather than something like “I don’t know” maybe we can see la la la. So I want to go back and answer the community’s questions. So am I whacked, am I not hearing or is there something else. Troy said “she thinks when I talk it is arbitrary when I say it. Troy then asked Steve to explain to Pam the reasoning for the rate increase. Troy said never once did I say it was arbitrary. Pam then instructed Troy to unfold his arms Troy then said “I don’t take orders like that”. Pam said “8.5% I don’t know why”. Troy said I never said I don’t know why, I didn’t say that at all. Pam said sounds like I need to go. Pam and Vicky then left the meeting. Steve said that Troy and the Board were trying to figure this out and come up with what is a fair and equitable increase that the Board can agree with.

ADJOURNMENT: (01:22:52)

****Motion**:** Frank DeMars moved to adjourn this Board meeting, Gary Dunn seconded the motion, which passed unanimously. There being no further business the meeting was adjourned at 5:30 pm.

Respectfully submitted,

Joy Neufeld

Recording Secretary, Neskowin Regional Water District



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Steve Rubert, President

Gary Dunn, Secretary