

## Neskowin Regional Water District

PO Box 823

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### THE NESKOWIN REGIONAL WATER DISTRICT BOARD OF COMMISSIONERS RATE DISCUSSION MEETING.

September 11th, 2025

Commissioners Present: Guy Sievert, Paul Bender, Tom Prehoditch, and Diane Saunders.

Commissioners Absent: John Metschan.

Staff Present: Troy Trute and Joy Neufeld.

Public Present: None.

#### CALL TO ORDER: (00:11:38)

Secretary Diane Saunders called the regular Board meeting to order at 1:00 p.m. at the District's Frank E. Clanton Municipal Water Plant, located at 5880 S. Fairway Road, Neskowin, Oregon, and hosted remotely via Google Meet.

#### REVIEW MINUTES: (00:11:54)

1. The Board reviewed the draft minutes from the August 28, 2025, Regular Board Meeting. **\*\*Motion\*\***: Tom Prehoditch moved to accept the minutes as amended. Diane Saunders seconded the motion, which passed unanimously.

#### RATE INCREASE OPTIONS OVERVIEW: (00:15:21)

1. Tom presented four options for a potential rate increase, emphasizing that these were not the only options but included those that would bring the rate increase below 20%. These options, requested from Troy, included base rates below \$52.00.
2. Tom explained that the goal was to alleviate customer fear about a 50% rate hike, noting that the previously adopted (now void) rate increase was closer to 25-26%.

#### DISCUSSION ON DEFICIT COVERAGE AND CUSTOMER

##### PERCEPTION: (0:17:18)

1. Tom indicated that the deficits from options two, three, and four, ranging from \$61,000 to \$66,000.00 for the next year, could be covered by the capital improvement fund or by finding ways to make up the money during the year.
2. Tom also suggested that they could explain to customers that the board opted for a lower rate increase (below 25%) by utilizing the capital improvement fund, which had accumulated surpluses from previous years. They expressed a personal leaning towards option three, viewing it as a middle ground among the new proposals.
3. Paul emphasized that the District's base rate is already the lowest among neighbors and other coastal communities, making a higher base rate defensible. Paul suggested a higher base rate that basically matches what other local water districts are doing. This will help the District be better off next spring.

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4. Guy also stressed the importance of transparent communication with customers, backed by facts, to justify the increases.

### **INTERIM FINANCIAL STRATEGY AND FUTURE RATE INCREASES:**

(00:33:56)

1. Troy informed the board that even with option one, a 3-5% rate increase would likely be needed next year to cover rising expenses, noting that budgets typically increase by 3-4% annually.
2. Guy concurred, stating that future rate increases are inevitable regardless of the current decision, and suggested that consistent, smaller annual increases are less painful for customers.

### **CAPITAL IMPROVEMENT FUND CONCERNS:** (00:39:59)

1. Diane voiced concern that excessively drawing down the capital improvement fund to cover deficits would put the District at risk, especially in the event of a catastrophic failure.
2. Diane advocated for a balance between rate increases and reliance on the capital improvement fund.
3. Diane said in the future she would like the Board to consider creating a fund for low-income users.
4. Troy pointed out that a higher base fee, like \$55 per month, would effectively lower usage fees for all categories, as base fees are a significant source of income.

### **CONSERVATION AND WATER AVAILABILITY:** (00:50:38)

1. Guy proposed that a higher rate for water during summer months (July, August, September) could reflect conservation efforts, given the projections for longer, hotter, and drier summers.
2. Paul countered that the District currently has an ample water supply and that discouraging water use year-round works against the district's business model of selling water.

### **LONG-TERM FINANCIAL STRATEGY AND PUBLIC INVOLVEMENT:**

(00:56:09)

1. Guy discussed the possibility of a bond as a more progressive way to fund the water system.
2. Guy also emphasized the importance of public perception and community involvement in future rate-setting, suggesting a significant review and revision of water billing practices for 2026-2027 with public input, including a potential committee with public members to address communication issues.

### **FINANCIAL DEFICIT ANALYSIS:** (01:04:49)

1. Tom asked Troy to calculate the deficit for a base rate of 52 and usage rates of 5, 8, and 10, which resulted in a shortfall of \$65,442.24.

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2. Tom noted that the adjustment was on the low end, where most users are, and that this brought the average user's increase to 17.8%, which they desired to keep below 20%.

### **COMMUNICATION STRATEGY:** (01:11:52)

1. Troy stated they would increase public outreach, particularly regarding rate increases, by utilizing the Facebook page and encouraging local groups to link to their official social media for factual statements.
2. Diane suggested that a public committee would help the public understand the reasons for the increase.

### **USE OF CAPITAL IMPROVEMENT FUND:** (01:15:52)

1. Diane inquired if everyone was comfortable with drawing down \$65,000.00 from the Capital Improvement fund for the proposed rate option.
2. Troy and the Board said they were agreeable to moving \$65,000.00 from the Capital Improvement fund to the General Fund to fund the proposed rate option.
3. Diane noted this would allow Troy to finalize the rate increase numbers based on the board's wishes.

### **RESOLUTION AND COMMITTEE NAMING:** (01:16:29)

1. Troy confirmed they would prepare a resolution with the agreed-upon 52 base rate and 5, 8, and 10 usage levels for the rate hearing.
2. Tom asked Troy to send a copy of the spreadsheet information he showed on the screen to the Board as a staff report.
3. Tom suggested renaming the "rate increase committee" to a "revenue committee" or merging it with the budget committee, as water usage rates account for 99% of revenue.
4. Paul and the Board thanked Tom for all the work he put into creating the rate increase option report. It was beneficial.
5. Paul suggested creating a bond to fund Capital Improvement projects. Troy said that if the District does that, it will free up the permanent tax rate income to help fund the General Fund.
6. Troy said he will work on creating a new spreadsheet style for the Capital Improvement Fund to present to the Board.
7. Paul said he won't be at the next meeting and inquired about voting absentee. Troy told Paul to send him an email with his vote.

### **RESOLUTION CONTENT AND COMMUNICATION OF RATIONALE:** (01:22:21)

1. Diane requested that the resolution include the rationale or principles behind the board's decision, such as efforts to minimize the increase and the use of capital improvement funds to lessen the impact.
2. Troy responded that resolutions are typically direct and do not contain such communication.

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3. Tom and Diane agreed that this rationale should be communicated separately, possibly in the meeting minutes or through a Q&A piece on the website, as they had been working on such a document.

**ADJOURNMENT:** (01:24:49)

There being no further business, the meeting was adjourned. **\*\*Motion\*\***: Paul Bender moved to adjourn this board meeting. Tom Prehoditch seconded the motion, which passed unanimously.

Respectfully submitted,

Joy Neufeld

Recording Secretary, Neskowin Regional Water District

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John Metschan, President

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Diane Saunders, Secretary