

**BIGGS SERVICE DISTRICT
WATER SYTEM PUBLIC HEARING
BUDGET HEARING
SHERMAN COUNTY HEARINGS ROOMS**

MINUTES
(Excerpt from County Court Minutes)

JUNE 20, 2018

1.1 9:00 a.m. Biggs Service District – Public Hearing – USDA Biggs Water System

Present: Carrie Pipinich, Aaron Cook, Jessie Rose

Motion by Commissioner McCoy, second by Commissioner Dabulskis, to enter into Biggs Service District Board of Directors.

Vote: 3-0

Yes: Dabulskis, McCoy, Thompson

No: 0

Abstain: 0

Entered Biggs Service District: 9:00 a.m.

Entered Public Hearing: 9:00 a.m.

Local newspapers did not advertise the previous public hearing held, as scheduled for Biggs Service District (BSD), regarding the Biggs Service District Water System project updates to the public. Due to notice failure, another public hearing was set and was currently in session. BSD has a waste water system, with all individuals/businesses connected to private water systems in the area. Those private systems have had some challenges and health related risks that have caused shut downs in the last few years, as well as no fire protection. A larger study was conducted in 2003 to determine what it would take to build a municipal water system in BSD. An application was submitted for United States Department of Agriculture (USDA) Rural Development funding for the development of new water supply well and incorporating one to two existing wells as backup, a 400,000 gallon reservoir which will allow enough system pressure to supply the whole system as well as storage and correct flows for fire protection, and a transmission system throughout the entire District. Total project budget was approximately \$2.29 million dollars including the additional funds for contingency and administration costs.

Carrie Pipinich, Mid-Columbia Economic Development District (MCEDD), gave Court an updated version of her previous memo. Regarding interim financing for the BSD Water project, she has drafted some loan documents based on sample documents from Debbie Hayden, Finance Officer, and from MCEDD. The loan documents will need to be sent to USDA, and to Bond Counsel, to make sure the documents meet all requirements and do not impact taxes and status of the bond. USDA expects a very clear and specific process for how payments will be processed, how invoices from the contractors will be viewed and approved by the various parties required, and in which ways all the parties will be interacting. This will be helpful moving the project forward, and obtaining approval from USDA on the matter of the funds staying within the County, and being administered for expenses as they accrue. The split in funds between the loan and grant through USDA is yet to be determined.

(3.2) Biggs Service District Audit – She has been working on getting the audit scheduled for BSD, and has been following up with Kim Young and Sam Goldstein from USDA. They have stated the first step

was to determine eligibility; however, they cannot make the determination until BSD is up to date on audits. Aaron Cook, BSD Administrator, has been working to get a quote from Oster, and Carrie has been working on a quote from Friend and Regan, and a few other businesses as well. Discussion was held on challenges obtaining an auditor quote and scheduling a date.

(3.3) Biggs Service District Draft Rates Discussion – Rates are required by USDA for the water system; Carrie provided a few scenarios, based off of the Water System Study, to the Board to consider in order to cover the debt service and the regular maintenance on the system. Aaron has been working on obtaining quotes from CH2M Hill to see what it would take for them to operate the water system in addition to the sewer system. He is also reaching out to the Cities for potential operation providers; Rufus is not interested in operating the water system as previously thought. Final numbers may shift depending on interest rates. She reached her scenario numbers dividing by the Equivalent Dwelling Unit (EDU), which was based off what it would take to cover costs of the sewer system. In the first scenario the base rate would include 7,500 gallons with a \$2.50 charge per additional 1,000 gallons of usage. This would raise approximately \$100,000 a year to reserve for future costs, repairs, and projects. The second scenario has a slightly smaller base rate including 5,000 gallons with a larger overage fee of \$3.00 per 1,000 gallons; larger overage charges would hopefully encourage conservative use, however this would accrue slightly less revenue. Scenario 3 used Rufus' base rate and then would charge based on use. Rufus uses a flat rate and then charges usage \$2.50 for 1,000 gallons, and a maintenance fee of \$6.52. Starting in July it will increase to \$7.50 per 1,000 gallons with a late fee of \$7.50. Some cities charge a flat rate with no overage fees. It is believed the current water charge from the private water system is approximately \$50 per EDU, and the estimated \$55 per EDU in the study was to break even. There is not much pre-data to determine accurate base rate numbers; once the project is running the system will need to be monitored several times to confirm the charges are meeting the system's financial needs. The BSD board asked Carrie to run the scenarios by another individual who has worked on rate studies before for some additional feedback, and come back to them with the best recommendation; from there a meeting will be held in BSD for public comment.

Exited Public Hearing: 9:33 p.m.

Exited Biggs Service District: 9:33 p.m.

1.3 10:00 a.m. Aaron Cook – Biggs Service District – Budget Hearing

Present: Aaron Cook, Jessie Rose

Motion by Commissioner McCoy, second by Commissioner Dabulskis, to enter into Biggs Service District Board of Directors.

Vote: 3-0

Yes: Dabulskis, McCoy, Thompson

No: 0

Abstain: 0

Entered Biggs Service District: 10:00 a.m.

Entered Public Hearing: 10:00 a.m.

Aaron Cook, Biggs Service District Administrator, spoke to the Biggs Service District (BSD) Board about the BSD budget. Debbie Hayden, Finance Officer, has been a valuable resource to Aaron obtaining accurate numbers, and old templates to follow. He had previously tried to combine and simplify the budget which Debbie stated was not needed. There are no major changes from last year, with the exception of the addition of the Water fund to the budget, in the event the system was completed and operational in the next fiscal year. It

was noted the operations contract in the budget for the water system was \$9,000 as a place holder for a six month period; Aaron has been waiting for a response back from CH2M on their price, or if a local operator expresses interest in running the system. If quotes come in higher than the current budget placeholder, a supplemental budget will be required. Revenue in the budget reflected the six month place holder as well. The Reserve fund and the Union Pacific fund were kept, and are available as there has been no need for them thus far. The tax rate will remain the same, and tax revenue was based off last year's rate as the assessed value is not yet known; it usually increases 1%, however Aaron used last year's rate as he knows that amount is secured to come in at the very least. If additional tax revenue is received, a supplemental budget will be required before those funds can be spent.

Discussion was held on the BSD Water System grant, and the purpose of the Union Pacific Fund.

Exited Public Hearing: 10:15 a.m.

Motion by Commissioner Dabulskis, second by Commissioner McCoy, to adopt the Biggs Service District budget for the 2018-2019 fiscal year by Resolution No. 2018-01 in the matter of adopting the Biggs Service District budget for the 2018-2019 fiscal year in the total sum of \$2,496,484 and imposing taxes provided for the adopted budget at the rate of \$4.0061 per \$1,000 of assessed value for operations, and that these taxes are hereby imposed and categorized for tax year 2018-2019 upon the assessed value of all taxable property within the Biggs Service District as of July 1, 2018, and authorize the Biggs Service District Board of Directors to sign.

Vote: 3-0

Yes: Dabulskis, McCoy, Thompson

No: 0

Abstain: 0

Motion by Commissioner McCoy, second by Commissioner Dabulskis, to amend to Intergovernmental Agreement contract with the City of Rufus to increase the administration fee from \$3,000 to \$3,500 effective July 1, 2018, and authorize Judge Thompson to sign.

Vote: 3-0

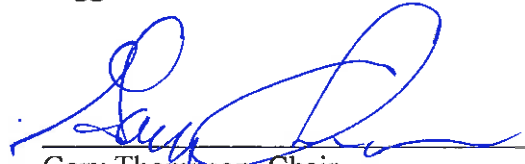
Yes: Dabulskis, McCoy, Thompson

No: 0

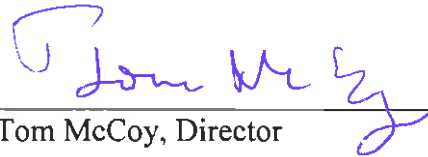
Abstain: 0

Exited Biggs Service District: 10:18 a.m.

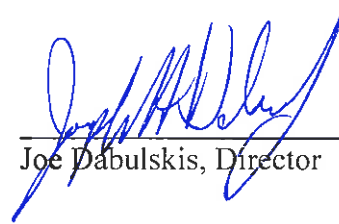
Biggs Service District



Gary Thompson, Chair

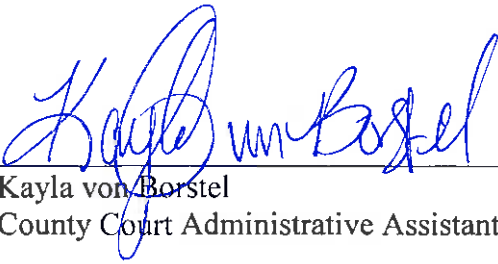


Tom McCoy, Director



Joe Dabulskis, Director

Attest:



Kayla von Borstel
County Court Administrative Assistant