

**BIGGS SERVICE DISTRICT  
BUDGET HEARING  
WATER SYSTEM PROJECT REQUIREMENTS  
SHERMAN COUNTY HEARINGS ROOMS**

**MINUTES**  
*(Excerpt from County Court Minutes)*

**JUNE 6, 2018**

**1.8 1:00 p.m. Aaron Cook – Biggs Service District – Budget Hearing**

Present: Aaron Cook, Carrie Pipinich, Debbie Hayden

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

**Vote: 3-0**

**Yes: Dabulskis, McCoy, Thompson**

**No: 0**

**Abstain: 0**

Entered Hearing: 1:05 p.m.

Aaron Cook, Biggs Service District (BSD) Administrator, presented a draft budget to the Biggs Service District Board of Directors; the final will be approved at the next meeting. Aaron combined many items from years past into one fund as they were not needed; the major fund BSD has is Sewer. BSD has a long term contract with CH2M Hill to handle all operations, which has been going well. Aaron budgeted for any unforeseen maintenance to the Sewer system. This upcoming fiscal year will be the last of the contract (Amendment 10). Once expired, a new contract will need to be discussed to start in 2019-2020. Commissioner McCoy stated the new contract will need to include the new water system; Aaron responded correct, and he did some forecasting in the budget with the Water fund. He used the Sewer fund, and Rufus' Water budget as a guideline. It was asked if the City of Rufus would be interested in running BSD water System; Aaron replied possibly, and stated he had no specific figures, and he estimated high on the operations cost as a failsafe. In regards to budget changes, he was unsure what the Union Pacific fund was for, and it has not been used. He assumes the fund was for a right of way during the sewer system construction, which has been completed. Aaron did not see the need for the fund, and included the money into the Water fund and the equipment reserve, in the event the funds ever needed to be used. He combined the funds instead of keeping them separate to streamline the budget.

The Board inquired why the beginning fund balance had increased significantly since last year. Aaron explained it was \$240,000 in what he believed were Special District funds paid to BSD by the County. Previously, Aaron would call Debbie Hayden, Finance Officer, for money transfers to pay expenses; now, all of the money has been transferred into the Sewer fund for planning the Water fund, which will need to be a separate account due to United States Department of Agriculture (USDA) requirements. There are no beginning balance funds reflected in the budget as no funds have been received and have yet to be determined for the Water system. Aaron stated there were not many changes between the proposed budget and budgets from previous years, with the exception of a slight increase to the Sewer Fund due to a new customer. Commissioner McCoy stated the Sewer revenue was less than the contract, and inquired as to what made up the difference; Aaron replied funds transferred to BSD by the County. Commissioner McCoy stated the BSD Board of Directors needed to know what type of funds these were. Aaron has never known the account balance of the funds he was receiving; any time money was needed, a call was made to Debbie and the funds were transferred the next day. Judge Thompson sought out Debbie, for some clarification on where these funds come from. Debbie stated the \$240,000 funds transferred to BSD was comprised of Special District tax dollars from the BSD Reserve

Account, and \$512,000 of that was committed by the County to reimburse BSD for payments made to Anderson Perry & Associated relating to the Water System Project. Carrie Pipinich, Mid-Columbia Economic Development District (MCEDD), stated the Water System needed to have its own account and the water expenses need to come from that account. The Board stated the Reserve account was not listed under Revenue and it needed to be; Aaron was unaware of the Reserve account. There was some confusion among those present on numbers found in the budget relating to why BSD was operating at a loss when it never has before; the expenditure contract was proposed for \$90,000, however, the revenue was proposed at \$61,000. Debbie stated she was unfamiliar with the BSD budget. The Board reported there should be additional revenue sources for BSD that need to be listed, such as tax revenue; Aaron stated he was unsure as last year's budget was prepared by the previous Administrator, Jeff Holiday. Debbie asked if Aaron had a current expenditure/revenue report; he did not as he goes by the checking account. The Board was concerned as previously the beginning fund balance, as stated by the Administrator, was \$135,000; if funds transferred were for reimbursement, the balance should not increase to \$240,000 as indicated. The Board stated there was an error and Aaron's figures needed to be recalculated. Debbie stated she would look for past budgets to know what the current balance was in order to formulate a beginning fund balance, and to see what the tax revenue would be. Audits for BSD were inquired on; Aaron had been told by the previous Administrator, BSD audits were handled by the County. No audits have been completed to anyone's knowledge as BSD is a separate entity from the County. An audit is required for the USDA grant. BSD took a recess in order for Aaron and Debbie to research past budgets and come up with proper budget figures.

Recessed Hearing: 1:35 p.m.

Re-Entered Hearing: 2:47 p.m.

In regards to budget expenditures under Personnel Services, a proposed raise was included as the Administration fee currently is set to \$3,000 per year stipend from BSD to Rufus; Aaron raised the fee to \$12,000 per year. MCEDD asked if that was to support the Sewer and the Water Systems; he replied the Sewer System only. The Board inquired as to why the increase was so significant; Aaron responded the work for BSD has grown and there is a surplus of \$66,000 after the proposed raise in the budget. The Board stated MCEDD was to be hired to manage the BSD Water System Grant; Aaron reported he was unaware of that decision. BSD Board did not support a \$12,000 salary increase, however, would allow for a \$500 increase to which the contract will be amended to reflect the change. During the recess, Aaron gathered some information to answer some of the Board's concerns. The BSD Sewer Fund had been paying all costs associated with the Water System Project starting in 2015 through present day; the payment of \$240,000 was reimbursement from the County for these costs as the County had \$512,000 dedicated to the Water System Project. Aaron also stated the taxes shown in the budget were incorrect; taxes were \$60,000 per year plus \$1,500 in interest, which was another source of revenue that was not included in the budget. Aaron assured the County that BSD is breaking even and not running at a loss. The Reserve Fund is where the BSD tax amount from the LGIP funds are deposited; when BSD runs low on funds, a transfer is made from the Reserve Fund to the savings account. Brief discussion held on scheduling an auditor due to grant requirements, as there have been no audits made for BSD.

Aaron stated there was not a Water Fund as it does not exist yet, however, he estimated for one in anticipation the system would be running during the next fiscal year. The Board informed Aaron that he should not be underestimating the grant money for the project, and there are numbers within the grant paperwork to use for the water budget. Regarding water expenses, there are none, however, he mirrored the Sewer expenses due to familiarity for when the system is running. Expenses were estimated high as it included contingency, maintenance repairs, equipment, supplies, licensing, permitting, insurance, and personnel.

Aaron presented the Board with the CH2M Hill Amendment No. 10 of \$85,449 for approval; in the budget Aaron increased the amount to \$90,000. It was explained by the Board it is a fixed contract and the budget should reflect the number shown in the amendment. BSD Board asked Aaron to reevaluate his numbers for estimated expenses as there was no validity to the majority presented; Brad Baird, Anderson Perry &

Associates, included budget numbers in his reports on the Water System that Aaron should use. The Board reminded Aaron to include the Water System revenue to his updates, and asked Carrie to provide him with the projected fees.

It was proposed the Water Fund will have \$454,000 contingency and \$115,000 of contingency in the Sewer Fund; the Board asked Aaron to reevaluate these numbers as they were significantly higher than they should have been.

The Board instructed Aaron to update the spreadsheets with corrected numbers to Kayla von Borstel, Administrative Assistant, to distribute appropriately.

**Motion by Commissioner McCoy, second by, Commissioner Dabulskis, to approve CH2M Hill Amendment No. 10 for Biggs Service District 2018-2019 Sewer Operation Services in the amount of \$85,446, and authorize the Biggs Service District Board Chair to sign.**

**Vote: 3-0**

**Yes: Dabulskis, McCoy, Thompson**

**No: 0**

**Abstain: 0**

**Motion by Commissioner Dabulskis, second by Commissioner McCoy, to approve the total taxes by permanent rate of \$4.0061.**

**Vote: 3-0**

**Yes: Dabulskis, McCoy, Thompson**

**No: 0**

**Abstain: 0**

**Motion by Commissioner McCoy, second by, Commissioner Dabulskis, to approve Biggs Service District 2018-2019 Sewer and Water budget total in the amount of \$2,857,400.**

**Vote: 3-0**

**Yes: Dabulskis, McCoy, Thompson**

**No: 0**

**Abstain: 0**

Exited Hearing: 3:18 p.m.

**1.9 1:30 p.m. Carrie Pipinich – Mid- Columbia Economic Development District – Biggs Service District Draft Ordinances**

Present: Carrie Pipinich

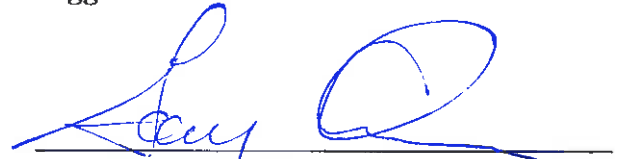
Carrie Pipinich, Mid- Columbia Economic Development District, discussed Biggs Service District (BSD) draft water ordinances she composed, with County Court as part of the grant requirements for the BSD Water System Project. She used multiple surrounding cities' ordinances as templates to comprise the draft. She sought County input, and will be sending the draft to County Counsel for further review. The templates did not appear to have a hookup deposit requirement; she inquired if that was something the Board should implement for new customers with the impending water system to recoup some of the costs. Discussion held on having a hookup fee versus a refundable deposit. All references to fees and rates throughout the ordinance packet were set to be by resolution of the BSD Board. BSD Board concluded to have a non-refundable hookup fee for new customers; existing customers will be grandfathered in. All hookups will be metered as required by the United States Department of Agriculture (USDA) grant, and consumers will be billed according to usage; average usage is 7,500 gallons per Equivalent Dwelling Unit (EDU). Discussion held on how to structure where meters would be placed, and who would be responsible for which meters. BSD Board agreed upon one meter per

building; if one building has more than one business, it will be the building owner's responsibility to allocate usage by business. Language was added to the ordinances, which follows suit of the sewer system, a \$100 late charge will be assessed with 12% interest for non-payment; if the District so chooses, the bill may be sent to the County, to be set as a lean and paid by taxes. Discussion held on who would make the call if there were ever situations that required restricted water use due to contamination; it was concluded the water system operator will notify the BSD Board of Directors, who will make the final determination during a public hearing until further notice. It was stated finding an operator for a rural area may be a challenge as many are retiring and with few replacements. CH2M Hill is currently contracted to run the sewer system. It was suggested that Aaron inquire the cost associated with running both systems. Carrie will update packet material with discussion feedback, and will make a new draft available for review.

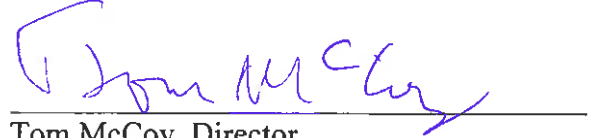
One final piece to be put in place for USDA grant requirements is an audit for BSD; Carrie will work on obtaining three quotes for the District. USDA also asked that a resolution be made in Court for the interim financing supplied by the County for the water system project to be paid back by USDA after project completion. Brief discussion held on interim financing.

Bond Counsel had some concerns on two resolutions made around the formation of the District that had different legal descriptions. Carrie was awaiting response from the District's attorney regarding Bond Counsel's questions on the description discrepancy. Kayla von Borstel, Administrative Assistant, stated Judge Thompson and herself spoke with former Judge, Mike McArthur, on the situation. He stated he did not remember as to why there were two separate resolutions and descriptions, with the exception that he believed there may have been a mistake in the first one, so a second corrected version was adopted at a later date. The latter of the two he considers the correct version. Judge Thompson stated, the original document should have been cancelled, and should be done at a later date. USDA will work with the County and BSD by allowing Legal Counsel to charge on a per hour basis until a Request For Proposal is advertised, and long term Legal Counsel is retained.

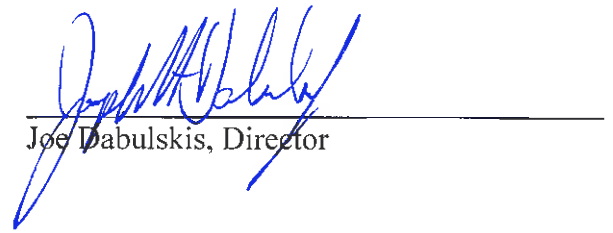
**Biggs Service District**



Gary Thompson, Chair

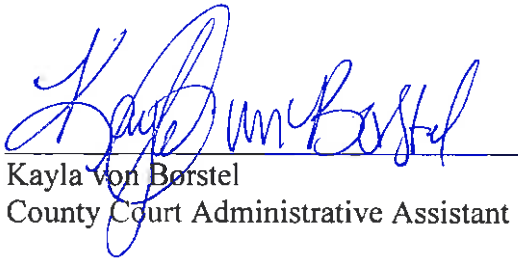


Tom McCoy, Director



Joe Dabulskis, Director

Attest:



Kayla von Borstel  
County Court Administrative Assistant