

**MINUTES OF THE
HIDDEN VALLEY COUNTY SERVICE DISTRICT
BUDGET COMMITTEE MEETING**

Monday, May 6, 2024, 2:00 p.m.

Held via Zoom: <https://us06web.zoom.us/j/83581948669?pwd=yz7HrFzzMQzUaut2AwbbLK5t4CuBEG.1>

Present:

- **Budget Committee Members:**
 - Commissioners: **Patrick Malone** and **Xanthippe (Xan) Augerot**
 - Citizen Members: **Brenda McComb**, **Scott Lesko**
 - **Benton County Staff:**
 - **Jenn Ambuehl**, Sr. Budget Strategist; **Gary Stockhoff**, Director of Public Works; **Marilee Hoppner**, Business Analyst, **Lindsey Goodman**, Executive Assistant
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1. Call to Order

Past Chair Commissioner Xan Augerot (X. Augerot) called the meeting to order at 2:00 p.m.

2. Introductions

Group introductions of Budget Committee Members and Benton County Staff.

3. Elections of Officers

X. Augerot opened the nominations for Hidden Valley Budget Committee Chair.

Commissioner Pat Malone (P. Malone) moved to nominate Commissioner Xan Augerot as Hidden Valley Budget Committee Chair.

Brenda McComb (B. McComb) seconded.

X. Augerot: All in favor?

Budget Committee Members: (unanimous) Aye

X. Augerot: All opposed?

None opposed.

Commissioner Xan Augerot has been approved to the Chair position.

X. Augerot opened nominations for the Vice Chair.

B. McComb nominated Citizen Member Scott Lesko (S. Lesko) as Vice Chair.

P. Malone seconded.

X. Augerot: All in favor?

Budget Committee Members: (unanimous) Aye

Citizen Member Scott Lesko has been approved to the Vice Chair position.

4. Review and Approve 2023-24 Minutes

X. Augerot: Does anyone have questions or concerns regarding the minutes from last year's meeting?

X. Augerot: Hearing none, I will entertain a motion.

P. Malone: I'll move to approve the minutes from last year's meeting.

B. McComb: Second.

X. Augerot: All in favor?

Budget Committee Members: (unanimous) Aye

The 2023-24 meeting minutes were approved.

5. Presentation of the Proposed Budget FY 2024-25

X. Augerot: Will the staff please present the proposed budget?

Marilee Hoppner (M. Hoppner) presented the budget: The annual budget covers the fiscal year beginning July 1, 2024 and ending June 30, 2025. The budget we're requesting is for \$45,619. The budget was built assuming a \$10/month increase per customer; the last increase was in 2019. This increase would provide an additional \$1,560 for use, for inflationary pressures on materials and services. At this point in time, we've had a 75% increase in the financial system billing software which went from \$1,600/year to 2,800/year; insurance for the 2023-24 year increased 34% and utilities in January of 2024 increased 12%. We're trying to recover costs that have already happened. We've put in small increases for these 3 items as well for the next budget so hopefully we will not have to increase again next year.

6. Committee Questions

B. McComb: If we do not increase our rates, would we still be gaining an account balance over time because our costs do not exceed our expenses per year?

M. Hoppner: If you look at the Water System Operations we are expecting you to use a small amount of contingency. I'm hoping that the cost doesn't raise as much as what I think, but we're expecting to dig into some. We are going to see a small increase in your construction account from \$20,766 to \$21,389, so very minimal.

Gary Stockhoff (G. Stockhoff): Just so you know the work that we're getting ready to do, including rehabbing

the tank, that's separate and covered by a different funding source which doesn't impact the rates.

B. McComb: Thank you, Gary, that's what I had to assume but thanks for that clarification. I'm wondering whether the rate increase is necessary at this point or whether it could be deferred for another year?

M. Hoppner: I think there are too many unknowns as far as price pressures, and it's difficult to say. One of things that concerns me is that if we undershoot then we must hold a secondary meeting, and it's difficult to get individuals present just to increase our spend amount. We are looking at \$1,560 because it is such a small district with only 13 customers.

B. McComb: So a 10% increase, is that what I heard?

M. Hoppner: \$10/month

B. McComb: \$10/month would be \$90/month, rather than \$80/month base rate. Is that correct?

G. Stockhoff: Yes, whatever your base rate is, it's that; since we moved to the new system we've had very little overuse.

B. McComb: Yeah, that's good news. Thanks, Gary. Scott, what are your thoughts on this?

S. Lesko: Some of those increases seem awfully high. Did I hear a 30% increase in software?

M. Hoppner: It was a 75% increase in the billing software, 34% increase in insurance, and the power company gave us a 12% increase in power rates in January 2024 and they are forecasting another 12% for January 2025. The software is split across all service districts.

S. Lesko: Since you deal with this daily, were you not surprised at that that kind of an increase from your software vendor? Why would it be so much?

M. Hoppner: Gary, can you remember if we had a 7- or 10-year contract with them where we had no increase in rates at all?

G. Stockhoff: Yeah, they didn't do any increases for a long time, so when they finally did it was kind of a catch up one, and they brought it to current. Unfortunately.

M. Hoppner: And we did look at other opportunities; the county uses a system called MUNIS that has functionality to do these types of service, but their quote is closer to \$20,000/year. I don't think we're going to find another service provider to do our billings that's cheaper than what we're paying right now.

S. Lesko: I don't know about the idea of adding the additional \$10/month if it's necessary.

B. McComb: Yeah, I was wondering that but just to follow up on your comment too, Scott, the insurance rate increases also puzzled me a bit. Do you know why the rate increased? Has something changed that would have caused the insurance rate to increase?

M. Hoppner: We saw it across the board, for the whole County. It wasn't just at this location. Jen, I don't know if you've got any other items or anything to add on that? I'm not as familiar about those costs.

Jen Ambuehl (J. Ambuehl): I don't deal with the insurance side, but I know that based off of prior years we had a higher than anticipated insurance increases. Unfortunately, it is just the cost of doing business.

S. Lesko: I assume the County does their due diligence and following up when somebody gives you a bill with that kind of an increase.

M. Hoppner: Yes, absolutely.

J. Ambuehl: Yes, our insurance does go before the Board of Commissioners for their approval. It's not just us in Finance making the decision.

X. Augerot: I can say that one of the things we're hearing is that insurance rates are going up for any kind of utility because they're vulnerable to attack these days. I think that even though a small service district like the Hidden Valley Service district is not going to be a prime target that doesn't sway insurance companies who are looking at all utility districts.

B. McComb: If we did not increase the rate by \$10/month. What would the implications of that be, other than continued uncertainty?

G. Stockhoff: We are trying to look ahead. We are addressing things that we know have already increased and then to plan ahead as opposed to deferring for a year, and then all of a sudden we've eaten into contingencies. Then the rate increase next year will be even higher; the deferred maintenance and cost scares me a bit when we know there are things already there. Inflation may be coming down, a little bit, but we're trying to look ahead so we can, hopefully, come to you and say no increase next year. That would be the goal.

S. Lesko: Less than 10% increase is in line with inflation in the last year, so that seems reasonable.

X. Augerot: What I am hearing is that you all are comfortable with the rate increase as it is proposed, knowing that way we may be able to avoid the rate increase next year?

B. McComb: Yes.

P. Malone: I am uncomfortable committing ourselves to no increase next year and I would suggest that we understand that there may be a small or no increase because we're not in control of what happens in the next 15 months.

B. McComb: I understand your concern, I would phrase it as the intent would be that there is no increase next year. Obviously, if there are extenuating circumstances, we would want to address that.

P. Malone and S. Lesko agree.

S. Lesko: What are the planned improvements and how much money are we allocating for those?

G. Stockhoff: I'm hoping to have the plans by the end of May, to bid the work, and if everything goes well we should be starting that work in July. I don't know the exact amount for the work in Hidden Valley, but I can get that information and pass it along. We are hoping to have the work done by the end of summer including the rehab of the tank, the tank site, and some other various upgrades.

S. Lesko: But we do not have a particular budget for that work?

G. Stockhoff: Yes, there is; I just don't have that information in front of me right now. I will send it along to you and Brenda.

M. Hoppner: Those are different funds.

G. Stockhoff: This is not part of the district budget; these were special funds set aside two-three years ago.

S. Lesko: There was a request in the last minutes to send out communication to the members of Hidden Valley; did that ever happen?

G. Stockhoff: I did send something out awhile back, but I will send out a letter in the future once I have a better idea of the when the work is going to start. I'd like to get a contractor in place and then we will make sure we coordinate with you all should there be any shutdowns, and we want to make sure you all are aware that the work is starting on the water system.

S. Lesko: At that point in time, would we also know what we're expecting to pay?

G. Stockhoff: Hidden Valley won't be paying anything for that work; it is part of a separate funding source. I will pass along the costs related to these projects, but it won't be increasing any part of this budget.

S. Lesko: I would recommend that we let the folks know as this is pretty good news.

M. Hoppner: There should have been a letter that went out in the April 6th billing, but we will ensure that folks are aware of the separate funding source for these projects.

7. Committee Deliberations and Approval of Budget

X. Augerot: If there are no further comments, I'll entertain a motion to approve the budget in the amount of \$45,619 for fiscal year 2024-25.

B. McComb: So moved.

P. Malone: Second.

X. Augerot: All in favor?

Budget Committee Members: (unanimous) Aye

The 2024-25 proposed Budget was approved.

8. Adjournment

Commissioner and Chair Xan Augerot adjourned the meeting at 2:20 p.m.

Recorder: Lindsey Goodman (concluded at 2:20 p.m.)

Rick Crager, Assistant County Administrator

Jennifer Ficek, Administrative Supervisor

, Chair of the Hidden Valley Budget Committee