

CROOKED RIVER RANCH WATER COMPANY

May Board Meeting

May 10, 2023

CRRWC Board Room

Call to Order:

President Nathan Russell called the meeting to order at 13:00 hours.

Roll Call:

- | | |
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| <input type="checkbox"/> Nate Russell | <input type="checkbox"/> Jim Hussey |
| <input type="checkbox"/> Carina Soubiea | <input type="checkbox"/> Dale Wiley |
| <input type="checkbox"/> Beth Gatchell | <input type="checkbox"/> Frank Day (General Manager) |

Attendees:

Karen Atwood	Steve & Stephanie Proffit	Lamar Long	Jerry Cusick
Pat K	Jane Boone	Mary Del Kaps	Randy Peterson
Mark Schneider	Mike Dries	Nancy Popp	Matt Breaker
Liz Hagn	Bill Burt	Michael & Helene Callagan	Carolyn Buccello
Leslie & Gene Stockert	Herb Parker	Byron & Linda Wheelon	Archie & Cheryl McCawley
Carl Harbour			

Additions to the agenda

- No additions to agenda

February 2023 Board Meeting Minutes, Carina Soubiea asked to have the approval be tabled until the next board meeting to double check numbers

- **Motion:** Moved by Jim Hussey and seconded by Dale Wiley to approve tabling the minutes of February 15, 2023 until next meeting. **Motion Passed.**

Treasurer's Report (Carina)

REVENUE

Water Sales:	\$ 209,628
Misc Services Revenue:	\$ 4,447
Cross Connection:	\$ 681
Lease Revenue:	\$ 9,929
TOTAL REVENUE	\$ 224,686

EXPENSES

Total Operating Expenses:	\$ (214,548)
Net Operating Income:	\$ 10,138
Other Income & Expense:	\$ (27)

Net Income	\$ 10,111
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Deposit to Loan/Contingency:	\$ 0
Asset Investment Expenses:	\$ 210,336
Net after Investment and Transfers:	\$ (200,225)

Year to Date

3/31/23 Contingency Fund Balance:	\$ 151,204
3/31/23 Loan Payment Reserve Balance:	\$ 175,224

- **Motion:** Moved by Beth Gatchell and seconded by Jim Hussey to approve the financial report as presented. **Motion Passed.**

Old Business

The SRD Sundown Canyon, Frank Day, attended meeting Tuesday. Cost to move vault or widen the road is upwards of \$400,000. Came up with compromise to look at protecting the vault is critical if someone were to hit or damage the vault. Get with engineers and come up with proposals and take them to SRD to make decision.

Rate Case progress report

- Settlement Hearing May 31st via Teams at 8am.
- Jim and Dale will accompany Frank for the Settlement Hearing.

New Business

- Field Tech Take-home Vehicle First Draft Policy – Temporary Approval
Motion: Moved by Jim Hussey and seconded by Carina Soubiea to approve Field Tech's to be allowed to take home work vehicle.

Operational Report

- New field techs passed their backflow tester class, waiting on cert from the state next week. We will be testing all our backflows this year.

Work Focus

- Meter Size Survey
- Confined Space Training
- Backflow Testing
- Hydrant Maintenance
- Backflow installs for new owners
- Replace Valve cans and lids

Member Comment Period

- **Karen Atwood** asked Dale Wiley about the conflict of interest regarding sundown canyon and running for the SRD and being board member of water company.
Dale – cannot comment on if he'll recuse himself from the issue, both parties will probably seek legal opinion.
- **Jerry Cusick** lives in Arizona ½ the year and on the ranch the other ½, asked for clarification on what's the rate case for and why your asking for the increase.

Frank – *explained the increase were asking for is 36.9% revenue. One question we get is why didn't we take the rates up incrementally? Honest answer is, we don't want to raise rates unless we have to, unless were financially strapped to a point where we continue going the way were going its going to deplete our reserve funds. We were going along fine and able to put money away into our asset account \$140,000 a year every year to use towards different infrastructure improvements. Then in 2021 gas prices went through the roof, other utilities had to raise their rates, our suppliers don't have product and the price of product tripled. That had a huge effect on our operating budget every year we had never had since 2015. We got news in August of 2022 that Avion, the*

company we'd used since 2010 to help us with man power and equipment and needed more people. They were available for us, we paid them \$24,000 a year and all we had to do was pick up the phone. They were increasing in size with all the infrastructure growth and couldn't provide us with that service anymore. We looked at other resources and using contractors on the ranch or local contractors, other water provayers and no one would commit. So determined that the only feasible thing to do is that we staff ourselves up so we could provide that kind of service without having to have an outside contractor. We brought on 2 new field technicians at costs for wages alone \$100,000, because of competitive wages to keep good employees. Promoted field tech to field supervisor, we have a 3 week rotating cycle for on call. The guys are on call once every third week, \$2/hour from time they leave work until morning. Back in 2015 the loan for water tower, the bids came in \$600,000 dollars higher than the loan was covering. Had to go back to PUC and petition them to allow us to get another \$600,000 and didn't need to raise rates at the time.

- Cheryl Mccawley – Fully for the rate increase here, the previous water company was a very unprofessionally run business. I wanted you to know how much work has been done to the system in the last 10-12 years, making it a viable system you can count on in the future. The old water tower probably would have failed by now, the money the previous general manager collected went to pay for lawsuits against him and not to fix the system.
- Stephanie Proffit – What about seniors on the ranch on fixed income, do you have a plan in place with a rate increase to help these people? What is going to happen when these people can't pay?

Frank -there are programs out there to assist people with water bill. We will work with people the best we can, but everyone gets billed the same.

- Jane Boone – Solar meters on our street are they in use and actually working?

Frank -Yes, you have an electronic meter in meter box that reports back to the system everynight at midnight, and then the things on poles are repeaters. They collect info from meters at 6am in morning and at 7am every morning then they dump information up to the collector. And the collector dumps information to the host agency at Mueller systems.

- Jane Boone - Do the technicians do quality of water testing on ranch?

Frank – no we use Edge Analytical in Bend, we test 4 samples each month.

- Mary Del Kaps – There's confusion about the cost was \$24,000 to Avion and now \$100,00 for the two new techs and say wow that's huge increase. Was there a need for techs prior to Avion, did they not provide you with that kind of support?

Frank – We had two field techs and in order to cut costs and be more efficient we went down to one, and when Avion left we rehired the one tech back and added one more. We have to to make those repairs and have people available at a moments notice, weekends we have on call and another to be close. We really feel that were at a minimum staffing right now.

Nate Russell – added that Avion showed up with trucks, back hoes, a big vacuum truck and different machinery that we didn't have at that time. We had to pay additional when they did show up. Another thing is that we used to contract out the backflow

testing and it was about \$25,000 a year, and now the field technicians are doing it so that's an additional thing that they're taking care of it. An expense we don't have anymore.

- Mike Dries – I know you don't have a Crystal ball, if prices remain fairly stable do you anticipate any further rate increases next year?

Frank - Boy, I'm going to speak way out of turn here, I don't predict one next year. Things are not stable but I think theres enough, so with the rates built the way they are right now, when they build a rate case for us we can collect funds off items of things that have been already purchased in our asset management. If things go up we can use A. the \$15,000 we asked for in the contingency to absorb those shocks. If we have to we can also use the money in our long term assets for future projects. I don't see us asking for a rate case next year, but I can tell you that the PUC is asking us to set up a rate case schedule so there is a potential of go back into 2025 for a rate case. I don't have any idea what that would look like, there are so many things that go into a rate case factulation. I don't predict one right away, no.

- Nancy Popp – Equipment Avion brought out, have you purchased additional equipment or going to have to purchase equipment this year?

Frank – we have purchesd a dump truck to get materials around where we need it. Proven to be a very valuable asset, instead of having Hooker creek or other groups bring it to us. We are able to get it ourselves and stockpile it and actually cut our cost's by ¼ of what we were paying before. We did get a mini-excavator, we leased instead of purchasing it. The lease is for 3 years with only so many hours and turn it back in and get another, we know we won't use it for a ton of hours. We will cut down on maintenance costs and where can you find one after hours or on the weekend? We needed it and purchased a trailer to haul it around. We did also purchase 2 service trucks for the field techs.

- Karen Attwood – What resources are available to assist folks?

Frank – Neighborhood Impact, Deschutes county, St. Vincent DePaul has helped some of our customers with water. There are resources out there, I'll have Julie check into it a bit more.

Jim Hussey – added that you can Google assistance with water in Oregon , state, county, cities that have services like that. But we don't know which ones have what.

Dale Wiley – added to go online to 211infor.org

- Steve Proffit – At the time you purchased the 2 new trucks and dump truck were you already planning to do a PUC Rate Increase?

Frank – Yes we were

Steve P – What was the determining factor of purchasing New equipment verses Used equipment?

Frank – Good question and we get that one a lot. Comes down to economics, price of used equipment is stupid expensive. The new equipment how it calculated out is we purchase equipment whether new or used. \$70,000 we spent for the trucks doesn't go to the rate case, the \$70,000 gets divided out over 7 years. Same with the dump truck and other service truck they all get divided out over 7 years, you take \$10,000 a year for

those service trucks then you divide that by 12 months and divide that amongst the 1680 members that comes out to be about .50 month per truck on you bill for those trucks. When you buy a new truck you get the vehicle you need , has Bluetooth communication which we talked about tracking all our vehicles.

- Steve P – Is the warranty Bumper to bumper then? Or just major powertrain?

Frank – It is a standard bumper to bumper, but I Don't have the exact details memorized but it is a standard warranty.

- Steve P – You mentioned the employees taking the service trucks home, How are you going to regulate them from not using the vehicles as personal use and how much more in fuel trucks is that going to run?

Frank – All of our techs live on the ranch, within 5 miles of the ranch. Fuel cost shouldn't affect it much. How we are regulating them from taking advantage, there's no secrets part of the policy is we don't expect them if they're here and have a doctors appointment in town. We don't expect them to go home drop off their truck, pick up their car, go to the doctor appointment, come back pick up the truck drop off the car at their house and come back to work. There's a realistic expectation in that aspect so you might see their truck at the doctors, it is a possibility.

- Steve P – What about the grocery store?

Frank – Well you know we can nit pick it to death, there are specific things they have in there. But they could be on call, they might take it to grocery store. How were going to regulate it, we have GPS tracking on all our vehicles and we can pull up history. Shows where they have been, how fast their driving, if they're wearing seatbelts, do they hard stop or take too long at a stop. The only thing we don't have is camera's. We monitor where the vehicles have been and the driving behavior, I am notified any time the vehicle leaves the ranch so I know and they know it's not a secret. Does that answer your question Steve?

- Unknown – Question regarding The truck, do you have any figures for what you spent in addition to the 24,000 to Avion when they brought out their trucks they charged you extra?

Frank – I don't have those numbers on me, I know repairs to the plant last year. Refers to Carina for P&L 2022.

Jim Hussey asked Frank to explain what the \$24,000 pays for when referring to Avion.

Frank – The \$24,000 pays for just the retainer fee and nothing else. Not any of the Hourly rate per person and hourly rate for equipment as well.

- Leslie Stockert – You already purchased the equipment, you already hired people, but you didn't ask the people of the ranch if this is something what we wanted.

Frank – That's because we still have to provide water, so whether you wanted it or not to be honest we have to provide water and repair the lines quickly. Still have to be able to function as a business, so it would be really hard to justify going to membership and asking them if they'd like us to function as a business. We have obligations and regulatory guidelines to follow, the normal operation of the company is left upto the board. The board discussed that and the board talked about decision to hire new people

and the equipment to purchase, that's what they're here for those decisions aren't left upto the membership.

Leslie – I just don't think its quite fair that you turn around and do all this, without giving us an option that maybe we could do something else a little bit less in cost at that time.

Frank – I'm always open to ideas and suggestions about saving money. I'm going right back to this is the Most people we've had at a board meeting all together since 2015!

I would encourage folks to get more involved, if you want to come to board meetings.

I am always open to suggestions to help save money, keep in mind we still have to run a business, still have to provide safe drinking water, still have to meet regulatory requirements and we can't do things the way they've always been done we Have to do them professionally and efficiently.

- Leslie – One more question to add, Nancy may be able to answer this question. With the increase that were getting at the ranch the 38%, what is that going to do to the value of our property?

Nancy Popp CRR Realty – It's not going to affect the value of your property but I don't think its going to affect any kind of sale for your property , its not going to negatively affect your sale.

Frank – We hear the most is, Nancy please help educate me on this as well. That people are coming from areas where water is a lot more expensive.

- Lamar Long – Your talking about this 36% increase, can you give me what your projection's are for how much that is going to generate over and above what your income is as of now?

Frank – It's a big calculation process, I'll try to explain it the best I can.

Lamar – Right, your talking about your loss of money, you don't have the money and you need that money. So you should have a projection of what that is going to bring in over and above what your getting now.

Frank - It's going to bring in \$1,360,000 projected

Lamar -Out of that what are the total expenses for the next year will be?

Frank – The PUC doesn't allow us to project expenses for the next year only the previous year 2022. Then what adjustments do you need to make from the test year 2022 in each account. So make the adjustments then there's a number, right now what we need just for expenses its looking at \$1,046,000. But were asking for \$1,360,000, the PUC does not allow us to collect funds for money not spent. Frank invited anyone to look at his rate case binder with him to sit down and answer questions.

- Lamar – New construction if/when the MacPherson property goes through, when you lay new water lines do they pay for that or do we pay for it and you get reimbursed back with the amount they pay for month?

Frank – I'm going to answer this as honestly and vaguely as possible, because no commitments have been made. Let's say If a person or a party needs to get water to a property to a supply main, lets say for the church (for example)they were going to be the only one provided water through that main they put down Mustang. They had to pay for the whole thing, because they're the only ones that benefits from that. When the McPherson property there's talk, the main line through the middle of property is a big

12inch line. And it would benefit Everybody, when we did hydraulic modeling a few years ago, one thing that happened when we built the water tower that we didn't expect or anticipate is there's a big restriction of water between going down Chickadee, down Mustang and over to the cistern. That pipe is so long and undersized so if we start using a lot of water North of the Fire department it decreases the pressure down by Rim and down that area and also decreases the volume available to this area down here. (Our water company office) If you open a fire hydrant full bore you starve the people up on Rim and anywhere South of the Fire Station you starve those people of water and create vacuum in the line. The volume of water for the area down here is not good, we paid for a hydraulic study to find out what options are available. And the Only option that's feasible is to increase have to get rid of the small line that line and increase it to a 12inch. That one line going through the middle of Mcpherson property, I suspect there might be some sort of cost sharing on that line because it would benefit Everybody and not just that property owners.

- Liz Haggen – So You had to go to the PUC to be approved for increase correct?

Frank – Yes

Liz H – And there's No guarantee that they're going to ok you get the percentage you want, but they might get 28% percent? What happens if they don't give you what you feel you need?

Frank – Ok so here's what happens next, we go to a settlement hearing. Scott at the PUC is working through all the numbers, he has sent a number of data requests asking for information which we have to provide him. All the way from Invoices, to transaction reports, to just answering questions members have asked to the PUC. He compiles all the information and does all the same calculations I did, but he might move some things around. Let's say we bought a generator in 2022 for \$1,200.00 I didn't move it into plants and left it in the test year 2022, and maybe he moves it to tools and divide it out the appropriate years. He can do that, he'll go through all the numbers and move stuff around, ask for information to show documentation for all the numbers we have and they'll pop out with a number at the other end. Then we go to the settlement hearing, and here's where we talk and negotiate back and forth. The water Company, the PUC and the Interveners all talk and hopefully come to a settlement that day.

- Liz – If its less than you ask for how's that going to affect you?

Frank – I'll be honest I don't write a rate case with pie in the sky dreams that were asking for \$10,000,000 dollars. I fill out the rate case application knowing that there's going to be adjustments and could possibly be lower. The water company won't go under if we don't get exactly what we asked for, we just tried to be fair and the board went into it knowing that just cause you ask for it doesn't mean you necessarily get it.

- Steve Profitt – As a C3 you're not allowed to make too much profit right?

Frank – We're a C12, so we don't really make profit. When we write out a budget we try to come out to zero every year. If we have money left over it went into asset management account for future investments.

- Steve P – Where does the AWWA (American Water Works Association) come up with the percentages on the line sizes, is it some thing they're estimating or is it a given?

Frank – That’s like calling up the IRS and saying hey where come up with these numbers for what you think I should pay?? You don’t really know the exact science to it. But it’s based on the amount of water available through that meter. A 2”meter has 150 gallons a minute available, a ¾”meter has 20 gallons a minute available, so based on gallons a minute available to be used by that meter that’s how they come up with those factors.

- Randy Peterson – Theoretically can the PUC give you more than what you asked for?

Frank – They cannot, if they come out with a higher number they can only give us what we asked for.

Randy P – Regarding Leak detection, how are you made aware of a leak?

Frank - We get a notification on our system, it comes down by email to me and our field supervisor and we address it as quick as we can. The system isn’t perfect, sometimes it takes longer than other times. How it works is it sees continuous water usage over a certain volume for 96-hours straight, then it notifies us via email that there’s a potential leak. We look at those and investigate them, where it becomes problematic is A) it’s not always right at 96 hours we had them get to us a week late and B) if it happens on Friday, Sat or Sunday we aren’t going to see it until Monday. The bulk of the leaks are small, and have been leaking toilets is the most common one. It is mostly a courtesy to let folks know, and we want to help our members as much as we can.

- Randy P – Is there a better system available to alert you to a leak like the one at the administrative building?

Frank – That’s a great question, there’s a better system out there that will notify the customer when they have a leak by email. The customer can login to the customer porthole, check water usage and we actually researched last fall it was \$12,000 a year.

It’s hard to justify spending \$1,000 a month then divide by residents, about .59 cents and add on to customers bills. It cost’s that much whether 5 people use it or all 1600 customers use it.

- Stephanie Proffitt – I’d gladly pay the additional .60cents for the new system saving from drywall damage and flooring is so expensive. Homeowners insurance rates would be quite expensive as well.

Frank - Great feedback and maybe it’s a matter of communication we have to say hey this is something that’s really worth it. Maybe now the board gets the feedback that the community would want, then we can look at that for next season. After the rate case goes through, we won’t be working in the red, so we’ll be able to look into some infrastructures and things like that.

- Dale Wiley – Didn’t you say the system would notify the customer directly, instead of us?

Frank – Yes, as long as the customer logged in and signed up for the portal.

- Unknown - Where are the players, is it the water company making the request for increase or is it the board of directors?

Frank – So it’s a combination, the board got together at one of the workshops and said discuss it and decide we need to go in for a rate case. I put the rate case together I put all the numbers together and I created books for each of them. I sat down with Carina and Dale to go through the rate case page by page, line by line, talk about the

differences and every single account number what the adjustments were, why there was an adjustment and so forth. Then took it to the board sat down again, went over line by line, answered all questions so that the board clearly understood how all the numbers came together and what it took to get those numbers and the history behind them.

- Unknown – Who signed the application?

Frank – I signed the application, but the board gives me the authority. At our February Board meeting the board gave me authority to represent the company and take all the necessary action to work with the rate case.

All public members dispersed.

Meeting Adjourned

- The meeting was adjourned at 16:51 hours on Wednesday May 10, 2023.