

**City of Lowell, Oregon
Budget Committee
Meeting Minutes
May 24, 2023**

The Lowell Budget Committee met on May 24, 2023. The meeting location was Lowell Rural Fire Protection District Fire Station 1 at 389 N. Pioneer Street, Lowell, OR 97452. Chair Petrie called the meeting to order at 6:00 pm.

Members present:

City Council: Mayor Don Bennett, Tim Stratis, Gail Harris, Maureen Weathers, Jimmy Murray

Appointed members: John Petrie, Bill George

Absent:

Lisa Bee-Wilson

Staff/others present:

City Administrator Jeremy Caudle; Public Works Director Max Baker

Approval of the agenda:

No changes.

New business:

1. Continued discussion of FY 2023-2024 budget.

CA Caudle shared a power point presentation that summarized changes to the recommended budget since the last meeting. Topics of discussion included:

- Methodology behind water rates. This includes water sale projections and estimating what percentage of water sales are at the higher variable rate and lower variable rate.
- What costs the fixed monthly rate is intended to capture and what costs the variable rate is intended to capture.

There was discussion among Budget Committee members on not implementing a sewer fund rate increase to offset a water fund increase.

Following that discussion, Chair Petrie reviewed end of year projections with CA Caudle. He asked several questions on how the costs relate to the rates and how the proposed rates affect revenues and, in turn, how to balance the Water Fund budget. The citizens of Lowell, as Petrie explained, are the water utility's customers, and the burden on the customer base should not be excessive.

Councilor Weathers raised questions on why water sales projections appear to have declined. This led to further discussion among the committee on how rates could affect

consumption, in turn leading to further declines in user charges, to the detriment of the Water Fund's financial condition.

Councilor Harris suggested lowering sewer rates and absorbing the resulting deficit so that total utility rate increases aren't as high.

There was discussion on completing rate studies to have a long-term plan for rates in both utilities.

Committee member George emphasized that a large rate increase all at once is neither equitable nor fair for customers.

Councilor Harris reiterated the pros and cons of a large rate increase versus spreading out the increase, which Mayor Bennett also discussed.

Discussion on the extent of proposed rate changes ensued.

CA Caudle demonstrated a spreadsheet on the overhead TV projection. The spreadsheet calculated rate changes based on different usage scenarios.

The Budget Committee then asked about the possibility of transferring resources from other funds into the utility funds. The committee also debated an appropriate level of projected ending balances for the utility funds.

Following this discussion, Councilor Stratis stated that the committee needs to decide on an appropriate rate change and projected ending balance for the utility funds.

Mayor Bennett inquired if adding a higher tier 3 could shift some of the burden off customers whose consumption is at the lower tiers.

After further discussion, Councilor Murray moved to accept the rates as proposed in the City Administrator's memo and to forward them to the City Council for final approval, which Mayor Bennett seconded.

Councilor Weathers asked what the percentage increase would be for the proposed rates.

Councilor Harris emphasized that the proposed rates could be adjusted before final adoption at a later meeting.

Don Bennett: YES; Tim Stratis: YES; Gail Harris: YES; Maureen Weathers: YES; Jimmy Murray: YES.

John Petrie: NO; Bill George: NO.

APPROVED: 5-2.

Councilor Stratis moved to approve the fiscal year 2023-2024 budget for the City of Lowell in the amount of \$4,118,382, of which \$283,627 is unappropriated and reserved, which Councilor Murray seconded.

Committee member George asked about banks fees, deposit insurance for the city's bank balances, and so on.

Don Bennett: YES; Tim Stratis: YES; Gail Harris: YES; Maureen Weathers: YES; Jimmy Murray: YES.

John Petrie: NO; Bill George: NO.

APPROVED: 5-2.

Adjourned at 7:54 pm.

APPROVED:


Chairperson 5/5/24

ATTEST:


Jeremy Caudle, City Recorder

