

**WEST SLOPE WATER DISTRICT**  
Board of Commissioners Special Work Session  
Wednesday, October 30, 2024  
**Meeting Summary**

**CALL TO ORDER**

Present: Chair Ramesh Krishnamurthy; Commissioners Susan Meamber, Paul Schuler, and Andy Smith

Management Staff: Michael Grimm, General Manager; Wendy Irwin, Finance Manager

Absent: Chris Eppler

Guests: Josiah Close, HDR; Kyle Thompson, Grayling Engineering

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**1.0 – CALL TO ORDER**

Chair Krishnamurthy called to order the work session meeting of the West Slope Water District Board of Commissioners at 10:00 AM, Wednesday, October 30, 2024. The meeting was held at the District’s office and remotely through Zoom virtual meeting technology. The public was made aware of the meeting through the District’s website (the meeting agenda and Zoom meeting link were posted on the website).

**2.0 – FINAL RATE STUDY PRESENTATION – JOSIAH CLOSE, HDR**

Mr. Close reviewed with the Board the 29-page PowerPoint presentation (see separate file).

Topics covered in the presentation were:

- Summary of the purpose of the Rate Study
- Generally accepted principles used to build the rate study
- Determining revenue requirements that will impact the current rates
- Establishing a cost of service to proportionally distribute the revenue requirements to customer classes of service
- Designing rates for each customer class of service to meet the revenue requirements to achieve cost of service results and rate design goals and objectives

Chair Krishnamurthy asked if the \$11 million in capital costs for Reservoir #4 included the scenario for the District to receive outside funding such as from the DWSRF or WIFIA. Mr. Close replied that for the purpose of establishing a rate structure design, the assumption used was that funding would be from water rates and bonds. If received, low interest loans and/or grants would replace the need for cost bonds on the open market. Commissioner Schuler stated the presented scenario would represent a “worst case scenario” for budgeting purposes.

- Revenue requirements comparison for the District’s Capital Improvement Plan for fiscal years 2025 through 2030.

Commissioner Schuler asked if the new wholesale water sales agreement will change the revenue requirements for purchased water or are the projections under the new agreement factored into this rate design. Mr. Grimm stated the rate design has the projected wholesale water rates furnished from Portland which includes the new agreement built into the design including the 3-year step application of the existing rate stabilization fund.

- Revenue requirements for reserve levels
- An overview of the cost of service methodologies, assumptions and objectives
- The rate design that reflects the revenue requirements and the cost of service analyses

### 3.0 – BOARD DISCUSSION

Commissioner Schuler asked if the rate design has any revenue elasticity built into the design. Mr. Close responded that the rate design has some elasticity, but rates can be adjusted within the rate design to buffer against years impacted by curtailment needs or wet, cool summers driving revenues lower than anticipated. Despite having a multi-year forecast of requirements and rates, the District will continue to operate under an annual budget. Commissioner Smith stated that comparing the water rate design and revenue requirement to the distribution system condition assessment (especially the District’s total business risk exposure map) will be very helpful for the public to understand the true needs for the District to establish these water rates.

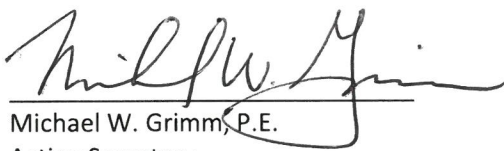
### 4.0 – NEXT STEPS – DISTRICT SCHEDULE

- Board reviews study results and recommendations by December 2024
- Staff works with consultant to revise the billing system from flat rate to new tiered rates by customer class (this task could take 6 months to build and 2-3 more months to test before full rollout by October 2025)
- Begin public outreach on new rate design in early 2025
- Hold public hearings on new rate design in Spring 2025
- Propose a flat rate increase to take effect July 1, 2025
- Implement new tiered rate design by class to replace flat rate design on October 1, 2025


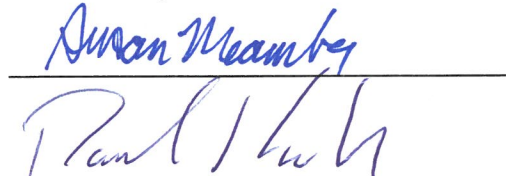
### 5.0 – ADJOURNMENT

There being no further business to discuss, Commissioner Schuler made a motion to adjourn the meeting. Commissioner Smith seconded the motion, and the motion was approved unanimously (4-0). Chair Krishnamurthy adjourned the October 30, 2024, Board of Commissioners work session meeting at 11:30 AM.

Respectfully Submitted,

  
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Michael W. Grimm, P.E.  
Acting Secretary

Approved:

  
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Susan Meamby  
  
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Paul Schuler