

1. CALL TO ORDER: The special budget meeting of the Oregon Village Board was called to order by President Luebke at 5:30 p.m. on Tuesday, October 14, 2003.
2. ROLL CALL: Present: Jerry Luebke, Darrell Klimke, Bob Munson, Eric Poole, Marv Severson and Steve Staton. Members Absent: Jerry Bollig. Also present: Village Administrator Mike Gracz, Finance Director Renee Hoeft, Deputy Clerk Becki Reilly and Public Works Director Mark Below.

3. WATER AND SEWER BUDGETS

Hoeft discussed the increase in the estimate for the main to the new water tower. The previous estimate was \$300,000, the current estimate is \$623,000. After completion of this main and the tower, they will provide high pressure zones for two areas of the Village. Also increased for 2004 is Other Non-Operating Revenues (Water Impact Fees), it is anticipated that this amount should be \$90,750. Power Purchased for Pumping needs to be increased to \$60,000. Total expenditures will equal \$930,849.

Hoeft noted that the budget is very similar to 2001 and 2002 budgets except for the increase in depreciation expense and utility tax payments to the Village. The increase in these payments is due to the Fleming and Sweeney developments. Total revenues \$1,022,230. Net revenues over expenditures is \$91,381. Hoeft discussed capital budgets. Motion by Klimke to **approve 2004 Water Budget as amended**. Second by Staton. Motion carried 6-0-0.

Hoeft discussed the sewer budget and contribution by developers to transmission. The expenditures for Power for Pumping needs to be increased to \$125,000 and Sludge Treatment should be increased to \$32,000. Revenues remain \$1,323,500 and expenditures increase to \$1,234,915. Net Revenues Over Expenditures being \$88,585. Motion by Klimke to **approve the 2004 Sewer Budget as amended**. Second by Munson. Motion carried 6-0-0.

4. WATER RATE STUDY Hoeft discussed the Village's debt and explained that an additional \$475,000 will have to be borrowed in the form of a Safe Drinking Water Loan. The PSC will not allow depreciation of contributed plant. The documents distributed showed that if the rate of return is less than 8% our cash flow compared to debt service will not be at least 125%. The proposed new borrowings are included in these documents. Munson expressed concerns that we are raising our rates and if we continue to do so, residents may be unable to pay their bill. He wanted to ensure that we are not trying to shift expenses from the tax roll to an alternative funding source. Hoeft assured him that we are not. Hoeft also explained that it is necessary for us to stay in compliance with debt covenants. We are still unsure of the exact amount that the involved developers will be paying on some future utility projects. Luebke stated that he would like to see water rate comparisons with other communities. Gracz reminded everyone that this is a draft document, that we are still waiting for some hard numbers that are currently being negotiated with Lycon.
5. ADJOURNMENT Motion by Severson to **adjourn at 6:22 p.m.** Second by Munson. Motion carried 6-0-0.

Respectfully submitted by
Becki Reilly, Deputy Clerk