

BUDGET COMMITTEE MEETING

May 6, 2026 7:00 p.m. NBWA Conference Room & Zoom

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The meeting was called to order by Board of Director Chairman Mellissa Mumey at 7:00 pm.

Board members present in the conference room were Ann Morgan, and Mellissa Mumey. Brooke Hua was present on Zoom. Mike Sims was excused. David Wilson was absent.

Also present in the conference room were appointed Budget Committee members: Jim Hickey, Laramie Myers, Chuck Winkelman, and Amy Cram. Jesse Walsh joined the meeting at 7:35 pm.

Staff present in the conference room were Manager Bruce Halverson, and Budget Officer Keri Scott.

WELCOME TO VISITORS

There were no visitors present in the room or on the Zoom.

ELECTION OF CHAIRMAN

Hickey nominated Cram for Chairman of the Budget Committee. The nomination was seconded by Morgan. The nomination was approved unanimously and accepted by Cram.

DELIBERATION

Scott highlighted the exceptional commitment to fiscal responsibility of the Board of Directors, the Budget Committee, and the staff of Nehalem Bay Wastewater Agency. The Agency has run for decades without the need of loans, bonds, or grants. They have operated in the green while diligently completing the capital improvement projects on the 20-Year Facilities Plan with minimal user fee increases to the sewer district.

Morgan mentioned that the MD&A, was not the budget message as it has been treated for decades and that the letter to the budget committee was, in fact, a better budget message. Morgan requested Scott review the contents of the budget committee letter as the budget message.

Scott presented the 2026-2027 Budget Message, highlighting the Agency's shift toward a balance of regulatory compliance and long-term infrastructure resilience.

Scott summarized the transition to a digitally accessible budget format to meet State of Oregon mandates, noting that a traditional format was also provided to ensure historical continuity. She reviewed the continued use of the Modified Cash Basis accounting method, which was adopted in 2023 following auditor recommendations and remains compliant with GASB standards. It was noted that the final user fee increase under the current Facility Master Plan is not scheduled until 2030, and the Agency does not foresee any unplanned increases for customers during this cycle.

Scott explained the conservative approach to revenue forecasting, which utilizes a 2% interest rate and excludes projected income from pending developments until connections are fully realized. Due to the rising cost of goods and services, the Agency is prioritizing the maintenance

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and repair of existing collection systems and treatment facilities over new capital projects for the upcoming fiscal year. Scott detailed the Personnel Committee's recommendation to implement a Retiree Bridge Health Insurance Benefit Plan. This plan represents a strategic investment in long-term staffing and retention goals, ensuring a supportive transition for the Agency's vested employees.

\$85,000 has been allocated for a mandatory, DEQ-required Mixing Zone Study to ensure continued NPDES permit compliance. The acquisition of a SHERP All-Terrain Vehicle was proposed to enhance regional disaster resilience and infrastructure protection. This strategic investment is supported by Nehalem Bay Fire & Rescue and the Nehalem Bay Emergency Volunteer Corps. Scott highlighted that the acquisition is uniquely viable this year due to a \$100,000 cost-offset from the sale of the surplus Vac-Con, resulting in a net impact of \$80,000 to the district. The \$245,000 Echanie Court Main Replacement and Manhole Addition project has been carried forward from the previous cycle for execution. Two critical upgrades were prioritized, including mechanical and electrical work at the Ocean Road Pump Station and essential preservation of the Administrative Building.

Following the budget message, the Committee engaged in a detailed discussion regarding the operational necessity and logistical implementation of the SHERP All-Terrain Vehicle.

Management explained that during tide-affected flooding or seismic events, standard fleet vehicles cannot access several low-lying lift stations. The SHERP's amphibious capabilities allow for the transport of personnel and repair parts to stabilize infrastructure that would otherwise be isolated. The committee discussed the vehicle's role in the broader regional emergency framework. While owned by the Agency, the SHERP would be a shared asset for local disasters, supporting Nehalem Bay Fire & Rescue and the Emergency Volunteer Corps in life-safety and infrastructure protection missions. Questions were addressed regarding the vehicle's footprint and maintenance. It was noted that the SHERP is compact enough to be stored in the existing shop and that its simple mechanical design allows for straightforward maintenance by current staff. The Committee noted the strategic timing of the purchase. By selling the surplus Vac-Con now for \$100,000, the Agency captures high resale value to fund a specialized asset that fills a critical gap in the current fleet.

The Committee engaged in a focused debate regarding the annual transfer of funds from the General Fund to the Improvement & Replacement (I&R) and System Development (SD) funds. The transfer is currently calculated based on dedicated portions of the \$30 monthly user fee (\$3 to I&R and \$11 to SD). The budget document noted that per Resolution 97-1, these transfers are partially funded by ad valorem taxes. Morgan argued that ad valorem tax revenue should be applied in addition to the dedicated user fees, rather than serving as a funding source for the existing transfer. Scott clarified that the 1997 resolution intended for tax revenue to replace an equal amount of user fees within the transfer to subsidize operational costs in the General Fund. Scott stated that the 1997 resolution was based on a now-obsolete 1994 Facility Master Plan and is no longer aligned with the Agency's current financial standing or modern accounting

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standards. It was determined that Resolution 97-1 is convoluted and outdated. Scott informed the Committee that the resolution will be reviewed and a proposal for its formal repeal will be presented at the next Board of Directors meeting to simplify the Agency's financial structure.

The Committee reviewed the Maintenance & Repairs line item, specifically comparing proposed figures against historical actuals. Morgan questioned the \$115,000 budget for Building and Grounds, noting that actual expenditures for FY 23/24 (\$44,315) and FY 24/25 (\$37,679) were significantly lower. Scott explained that this line item is intentionally budgeted conservatively to account for emergency or non-discretionary repairs that require immediate attention and cannot be deferred to a future budget cycle. Winkelman observed that the current allocation for Vehicle & Fuel only accounted for a 15% increase. It was noted that local fuel costs have surged beyond that projection in the weeks immediately preceding the meeting. Following a collaborative discussion, the Committee decided to reallocate \$15,000 from Building and Grounds Maintenance to Vehicle and Fuel. This adjustment ensures the Vehicle & Fuel budget more accurately reflects current market volatility while keeping the total Maintenance and Repairs category unchanged at \$820,500.

Cram asked if the committee had any further questions or discussion.

VOTE ON BUDGET

Cram called for a motion to approve the proposed budget. Morgan made a motion to approve the 2026-2027 Proposed Budget with the reallocation of \$15,000 from Building and Grounds Maintenance to Vehicle and Fuel. The total Maintenance and Repairs budget remained at \$820,500. The motion was seconded by Winkelman and the motion passed unanimously.

APPROVAL OF TAX RATE

Morgan made a motion to approve the permanent tax rate for the Nehalem Bay Wastewater Agency of \$0.4088/1000 of assessed value. The motion was seconded by Hickey and the motion passed unanimously.

There being no further discussion and business regarding the 2026-2027 proposed budget, Cram adjourned the Budget Meeting at 7:52 p.m.



Amy Cram Chairman
NBWA Budget Committee