Board of Directors - Members Present:

Nancy Gibson, President

Susan Keil, Vice President/Secretary

Lynn Fisher, Treasurer

Kevin Williams, Director

Paul Gornick, Director.

Board of Directors - Members Absent:

none

Oak Lodge Water Services Staff Present:

Sarah Jo Chaplen, General Manager

Aleah Binkowski-Burk, Human Resources and Payroll Manager

Jason Rice, District Engineer

David Mendenhall, Plant Superintendent

Kelly Stacey, Finance Director

Todd Knapp, Field Operations Superintendent

Tommy Brooks, District Attorney, Cable Huston LLP

Haakon Ogbeide District Associate Engineer,

Visitors Present:

Thelma Hagenmiller, Local Resident

Eric Hofeld, Sunrise Water Authority.

**Regular Board of Directors Meeting**

1. **Call to Order and Flag Salute**

Board President Nancy Gibson called the regular meeting to order at 6:00 p.m. and led the group in a moment of gratitude for the coming Thanksgiving Holiday.

1. **Call for Public Comment**

There were no comments from the public.

1. **Consent Agenda**
	1. **October 2018 Financial Reports**
		1. **Approval of October 2018 Check Run**
	2. **October 16, 2018 Board Meeting Minutes**

Treasurer Fisher asked about the Service Development Charges (SDC) on page 1 of the Financial Roll Up. Financial Director Kelly Stacey responded that the debit was a refund of an SDC that was paid in duplication. He asked about the policy approval process for a large check, for example the $579,000 check for James Fowler for the Boardman Wetland construction project. Staff responded when an invoice comes in, the staff responsible for the work approves the invoice and submits it for payment. Although there is no policy in place for approval of a large check specifically, a large invoice will not get paid without approval of the staff in charge of it, as well as having the oversight of the Financial Director and two signatures of approval on every check. Vice President Keil asked why we are paying Christine Leon and staff responded it was a refund of something from the Utility Billing reporting system. The Board asked what “service installation” means from the Budget to Actual report, and staff responded the term refers to inspections of installation of service. Director Gornick asked about the low electricity charge reported, and staff mentioned we would be checking into the issue.

**Director Gornick moved to approve the consent agenda as presented. Director Williams seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

1. **Adoption of Revised Contracting and Purchasing Rules Resolution No. 18-12**

Vice President Keil asked about the definition of the term “resident” and it refers to living in the State of Oregon. There were no other questions. Resolution passes.

**Director Gornick moved to approve Resolution No. 18-12 adopting new purchasing rules for the District. Vice President Keil seconded the motion.**

**NOTE: After the Board meeting, the number of this resolution was corrected to Resolution No. 18-15 due to a scrivener’s error.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

1. **Water Meter Replacement Program: Supply Contract**

OLWS Staff Haakon Ogbeide presented the water meter replacement program: supply contract proposal, which will replace and upgrade the remaining water meters to the same radio read standard that the rest of the system uses. He also presented Item #6 which is the contract for purchasing meters and the contract for the labor and installation for removing and replacing the old meters with the new. The Board appreciated his attention to making sure the costs were as low as possible and asked about the timeline. Staff responded the contract begins immediately and has a hard end by FY 2019-2020. The Board asked for an explanation of the section which states that such a direct purchase of water meter replacements in 2018 “was deemed during internal discussions to not meet the requirements of District purchasing rules”. Staff responded the original work on this program started under the former Water District and in order to move forward as OLWS staff wanted to open up an RFP and make sure the best rates would be achieved. The Board emphasized the importance of opening up the RFP for the correct financial levels and confirmed this situation had met the contracting and purchasing goals. OLWS was able to legally follow and “piggyback” off Tigard’s process and to procure similar rates. Treasurer Fisher asked about whether the charges per water meter were supposed to be $165 or $168, and staff responded one of them is a typo and they checked their numbers. Haakon stated the correct number was $165. General Manager Chaplen clarified the contact was updated today and provided the correct contract in the Board Blue folders.

**Treasurer Fisher moved to approve our General Manager to sign a contract with Consolidated Supply Co. for the purchase approximately 6,100 water meters at $165.00 per meter. Director Williams seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

1. **Water Meter Replacement Program: Installation Contract**

OLWS Staff Haakon Ogbeide presented the water meter replacement program: installation contract as drafted in the Board packet. In this situation OLWS was not able to piggyback off another city’s process. The RFP closed on November 8 and Micah Olson LLC won the bid at $259,490.00 for installation of the meters. The District will be paying per meter installed and reported others were satisfied with the contractor’s work.

**Treasurer Fisher moved to approve our General Manager to sign a contract with Olson LLC for the work of installing approximately 6,100 water meters for their bid amount of $259,490.00. Director Gornick seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

1. **Meter Replacement Program Financing Resolution No. 18-13**

Finance Director Kelly Stacey presented the financing plan to cover the expenses for the water meter replacement program. The Board asked about the life expectancy of the water meters and staff replied 20 years, but that updates in technology would likely overtake the lifespan of a meter. Vice President Keil asked if the District should be building a replacement reserve fund for this type of expense as needed in the future. Staff responded yes, this is what we are looking for in the CIP and depreciation equation as well as building our reserve funds to cover these types of costs in the future. Treasurer Fisher asked why the District has 2.5 million dollars in water general reserve earning 2.5%. Staff responded we are saving for our future capital needs which will include replacement of water pipes, as well as holding a match to buy down the future costs of PERS. Staff encouraged the Board to ask how much we should be putting into the reserves. The Board asked whether we should consider using the reserve funds to finance our water meter replacement program costs. Staff responded we will need the reserve funds for the upcoming PERS buy-down match, the investment for the new building, and the water master plan. The Board encouraged staff to develop several scenarios about when we would use the reserve funds. The General Manager asked about the timing for the financing of the water meter replacement program and staff responded we would need to order the full number of meters in early December in order to provide an 8-week lead time for the provider and the contractor.

General Manager Chaplen updated the Board and management team on the timeline for PERS, stating the initial analysis she received on PERS is the District must have $1,000,000.00 cash available in order to get the highest amount of grant to match it in order to get the best value to buy down the PERS. All of the options will be landed within two weeks, and alternatives can be shared at a special meeting in December.

She suggested moving forward with the water meter replacement program steps as laid out in this meeting to provide the lead time needed for the District, supplier, and installation contractor to move ahead in a timely fashion. The Board emphasized setting clear timeline and schedule for installation, and a financial analysis of the costs for the water meter replacement program in relation to other financial needs that are being staged. To answer the financing question staff stated they would need 1-2 weeks to analyze the problem and would compare using reserve funds for the program with using them for PERS in order to stabilize the rates for the future. Staff added how important reserve funds will be to cover costs for the fast approaching water master plan projects. Visitor Eric Hofeld suggested using the state’s “Go” Fund to help offset some of the needed costs.

The Board asked about the water master plan and whether the process of funding of capital improvement projects as reviewed annually by the Budget Committee will change. Staff responded the process will stay the same but there are several projects that will be extensive, like the replacement of cast iron pipes or the addition of an emergency intertie with City of Milwaukie or Portland to alleviate our dependency on water from the Clackamas River. Staff wants to preserve reserve funding for these projects, so rates will remain stable. This information will be presented to the Board in coming meetings as the water master plan gets finished.

The Board heard the staff’s concern with tapping into water reserve funds and was reminded the financing of the water meter replacement program had been included in this year’s budget. They recommended moving forward with the plans as outlined while requesting staff look carefully in aggregate at making the best financial choices possible in each scenario, particularly regarding rates. They requested analysis of the timing on financing and looking into other sources of funding (State “Go” fund), and they recommended using cash for any overage of the originally budgeted amount to borrow. They emphasized preserving the full reserve amount for the cash PERS match because OLWS is in the top tier of entities with unfunded liability. After more conversation about what for and when OLWS should finance versus use reserves, the Board formulated a motion to proceed.

**Vice President Keil moved that the Board approve the attached updated Resolution No. 18-13 authorizing the General Manager or the Finance Director, or the person designated by the General Manager to enter into a finance agreement after exploring other financing for the water meter replacement project including the State of Oregon General Obligation funding and any other advantageous funding sources, to the level of $1,300,000.00, and designating that the additional expense, if any, will be funded out of existing water reserves. Director Gornick seconded the motion.**

**Ayes: 4**

**Nays: None**

**Abstain: 1 (Treasurer Lynn Fisher abstained)**

**Motion carried: 4-0**

1. **Debt Distribution Plan Ratification for Former Sanitary District’s General Obligation Bonds Resolution No. 18-14**

General Manager Chaplen turned over the presentation of Agenda Item 8 to District Attorney Tommy Brooks. He provided an overview of the issue, stating the General Obligation Bonds from the former Sanitary District geographic region would be collected through payments from the same historical geographic region. Because of some ambiguity in the language around the debt distribution plan from the former Sanitary District this Resolution clarifies the language in the event of refinancing or levying the remaining bonds. The language restates intent and is part of the commitment of the consolidation. Vice President Keil reconfirmed that this work was conducted by Cable Huston LLP at no additional cost to OLWS, and District Attorney Brooks agreed.

**Director Williams moved to approve Resolution No. 18-14 ratifying and reaffirming the final Debt Distribution Plan approved by the former Water District and Sanitary District. Treasurer Fisher seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

Treasurer Fisher asked Jason Rice to convey his appreciation to OLWS Staff Haakon Ogbeide for his presentation and good work developing the water meter replacement program, and Jason agreed to do so.

1. **Department Reports**
	* **Finance Report:**

Finance Director Kelly Stacey shared the staff report provided in the packet and added her team is finishing up the audit and the temporary OLWS staff has been getting through many of additional projects needed to clean up the billing system. Vice President Keil asked whether there was still a problem with the bills because of several comments she received. Director Stacey responded there have been problems with the meter read software which OLWS staff Elaine Murray has been working out. The data transfer was difficult, and cleanup has been extended, but is being worked out. The Board asked about the frequency of these issues, staff responded issues are infrequent and are corrected immediately but sometimes issues are not brought up right away by customers. Issues are typically with the water side of the bill because of the meter reading challenges. Customers are still learning the bills have been consolidated and may complain the bill is high when they have not realized the bill is combined. Director Gornick asked who reads the meter when it is being changed out, OLWS staff responded it is field operations staff but will be the contractor when the meter replacement project begins. The data from the files will be put in a standardized format and will include photo documentation. The Board commented on messaging from Nextdoor and staff encouraged the Board to connect customers with OLWS for assistance.

* + **Field Operations Report:**

Field Operations Superintendent Todd Knapp referred to his staff report, highlighting the challenges of the main breaks along McLoughlin. Staff is requesting to do a smaller grind and patch or do the work during the day, and we will continue to resolve the issue. Director Gornick requested an update on the status of the backflow program, and OLWS staff responded the program/contract will move ahead with the return of the program staff after vacation. There are about 1500 accounts with backflow devices attached to them and will receive letters with the opportunity to sign up for the discounted backflow testing and inspection program. Superintendent Knapp also pointed out the updated graphs with operations data shown. Average water use was high in November, which was one of the driest Novembers on record.

* + **Plant Operations Report:**

Plant Superintendent David Mendenhall highlighted the intense rain and reviewed the performance of the water treatment plant during the beginning of the seasonal rains. He pointed out several items in his Board report including the stability of the treatment plant, the operations goal to increase the wasting, training the new operations staff, and the maintenance projects (see photos). After visiting the Gresham treatment plant, he was hopeful about their new sludge dewatering abilities using the Orege process and will monitor this option for the future. He thanked the Board for getting to go to the PNCWA Conference in Boise. The sound reducing box at Pump Station #2 is working well, but the Department of Environmental Quality (DEQ) received a call about odors in the area which the resident believed was methane gas. Superintendent Mendenhall clarified that although hydrogen sulfide is vented there, methane gas is not being pumped/released into the surrounding area.

* + **Technical Services Report:**

District Engineer Jason Rice shared pump station #2 might be rehabilitated by being housed in a structure in the next few years as part of a capital improvement project. He thanked the two Board members for participating in the building consolidation sub-committee. The sub-committee has been working hard on developing alternatives to present to the Board. They will be working with an architect that has access to a general contractor and a space planner for a contract under $50,000.00 which will be signed by G.M. Chaplen. The lead architect lives in the District and will hopefully contribute a certain level of ownership to the project. The visit to Lake Oswego’s municipal facility went well and showed the team more about what is desired for the facilities. The one important aspect of developing alternatives will be space planning conversations to determine staff needs for both present staff and future growth, for example the space required for the permit development specialist position. The Board asked if the water building remodel was still an option and staff responded it is. The previous architect worked to fit the original goals but was not the best person to move ahead with the space planning alternatives. Jason highlighted the remodel and reopening of the John Inskeep Environmental Learning Center (ELC) at Clackamas Community College and pointed out it should be considered a resource for the Board to share with the community. OLWS staff Lara Christensen offered to arrange a tour for anyone interested in seeing the updated stormwater facilities on the ELC site. The timing of the Boardman Wetland Project will likely affect its timeline and the contractors are working hard to button up the sewer bypass system. Northwest Natural Gas had to come in to fix a deep pipe that was damaged but was not clearly identified by NW Natural. The planting plan was adjusted to compensate for the elevation change created by the removal of the dense reed canary grass and rhizomes. A large volume of fill was brought back in to refill the permitted amount of 150 cubic yards to be removed. He pointed out project photos in his report. The Board commented on the importance of shade in keeping grass from encroaching.

1. **Call for Public Comment**

There were no comments from the public.

1. **Business from the Board**

Treasurer Fisher attended the Clackamas River Water Board meeting. Two-thirds of the meeting was the presentation of the big CIP project updates. They are making progress on building several large reservoirs and other big projects. One item of interest is that they budget biannually and asked whether OLWS should consider budgeting every two years. It will be more efficient when we are ready. OLWS staff mentioned this could be a goal in the future, once some history has been created. He also attended the Oak Grove Community Council meeting and heard from the Clackamas County Arts Alliance as well as a presentation from Neil Schulman, E.D. of NCUWC and several land use applications. Thelma asked whether CRW was looking at changing out their meters like OLWS but the information was not available although they requested our program development process. She highlighted the importance of efficient data collection through appropriate technology.

Vice President Keil was out of town for the Chamber of Commerce meeting.

President Gibson was out of town for the C4 meeting.

Director Paul Gornick attended the October 24th Board meeting of the Sunrise Water Authority. Two applicants interviewed for the remaining Board position and Andy Code was sworn in as the new Board member. His background is in construction and water installations and he is currently employed in the field. The following was on the consent agenda the Board adopted a resolution to annex a 9 acre parcel at 172nd Avenue, they approved the financial statements, and they authorized the policy for repayment and collections of over- and under- charged customers, they approved the final content and deployment for their electronic customer satisfaction survey, with an incentive of a 3-day American Red Cross Emergency Preparedness kits. There was an executive session, to review a real estate transaction. He also submitted a memo requesting an update from staff within 90 days on several items related to disaster preparedness. The Board and staff were supportive of the request.

Director Williams reported that at the Jennings Lodge CPO meeting NCPRD staff member Katheryn Kreiger facilitated a discussion about helping the parks department acquire land within the Jennings Lodge neighborhood. The neighborhood members present expressed strong disappointment about the lack of parks land and shared their resentment with NCPRD. Next, the dot exercise conducted earlier about shared community concerns was clarified. Director Williams presented information about the upcoming public involvement process for the surface water master plan development and encouraged people to come to the meetings and tell OLWS the type of service level they would like for surface water management and how they want to pay for the service.

of surface water development and share their input for the process. After his presentation he reported one attendee who was not supportive of the OLWS work done in surface water until now. Then there was a conversation about increasing community involvement in MAPIT and the CPO efforts to plan the future of McLoughlin Avenue. The meeting schedule may be modified in order to avoid burning out community supporters.

There was no further Board business.

1. **Closed Regular Meeting**

 President Gibson ended the regular meeting at 8:19 p.m. to move into executive session.

1. **Recess to Executive Session**

 President Gibson recessed the Board to Executive Session at 8:21 p.m. under ORS 192.660 2(h) for consultation with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

The District’s Attorney provided the Board with an update on the litigation filed by a developer.  Board members asked questions and had a discussion about the specific claims in the litigation and potential resolution.

1. **Adjourn Executive Session Meeting**

 President Gibson adjourned the executive session at 8:41 p.m.

1. **Reopened Regular Meeting**

 President Gibson restarted the executive session at 8:42 p.m. and called for any business from the Board during Executive Session. There was no business from the Board.

1. **Adjourn Regular Board Meeting**

 President Nancy Gibson adjourned the regular Board meeting at 8:43 p.m.

Respectfully submitted,

Nancy Gibson Susan Keil

President, Board of Directors Secretary, Board of Directors

Date: Date: