

OAK LODGE

WATER SERVICES

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Minutes

Board of Directors – Regular Meeting 6:00 p.m.

February 19, 2019

Board of Directors - Members Present:

Susan Keil, President/Chair
Kevin Williams, Secretary/Vice Chair
Lynn Fisher, Treasurer
Nancy Gibson, Director (arrived at 6:19 p.m.)
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
Markus Mead, Development Review Specialist,

Visitors Present:

Tommy Brooks, District Attorney, Cable Huston LLP
Chris Duckworth, Labor Attorney
Rob Moody, Merina and Co.
Scott Duren, Vice President, Water Systems Consulting
Dave Phelps, Budget Committee
Eric Hofeld, Sunrise Water Authority
John Klum, Budget Committee
Peter Winter, Budget Committee Applicant
Michael Gradt, Local Resident
Ron Weigel, Budget Committee Applicant
Fred Swingle, Budget Committee Applicant
Amanda Gresen, Budget Committee Applicant.

Regular Board of Directors Meeting

1. Call to Order and Flag Salute

Board President Susan Keil called the meeting to order at 6:00 p.m. and Susan Keil led the pledge of allegiance.

2. Call for Public Comment

There were no comments from the public.

3. Consent Agenda

a. January 2019 Financial Reports

i. Approval of January 2019 Check Run

b. January 15, 2019 Board Meeting Minutes

Questions included the parceling out of the insurance among the three operating funds, it seemed higher than previous years. Finance Director Kelly Stacey responded that it is an annual fee that provides general coverage including workers compensation, and so will be larger than during the rest of the year. President Keil asked about a section in the January Board meeting minutes, whether Clackamas County has suggested that Oak Lodge Water Services take over Surface Water Management for both quality and quantity. District Engineer Jason Rice responded the information is true. There were no other comments or questions. **Director Gornick moved to approve the consent agenda as presented. Secretary Williams seconded the motion.**

Ayes: 4

Nays: None

Motion carried: 4-0

4. Acceptance of Audited Financial Report for July 1, 2017 through June 30, 2018

Finance Director Kelly Stacey presented the annual audited financial report noting there was one small exception by the auditors. We should have done a budget adjustment when we refinanced the bonds since the type of bond changed from a [General Obligation] Bond to a Revenue Bond. Because OLWS did not do a budget adjustment to increase the appropriation in the Revenue Bond Fund, the results of the audit showed based on the Oregon Budget Law that Revenue Bond fund was overspent. The GO Bond Fund was understated but since it is a different fund so doesn't offset the overspent amount. This was a small item of note but everything else was good. President Keil asked about what the "two comments" were concerning the results and Kelly will follow up with the auditors to ask for clarification. President Keil asked about the portion of the letter that states they will not comment on one portion of the bond because they were not asked to comment on it. Kelly responded the District provides information on the bond because the bond covenants require us to, but the auditors do not have to comment on that portion of our information.

Treasurer Fisher moved to accept the audit as submitted. Director Gornick seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

5. Boardman Wetland Contract Increase for Nature Play Area

District Engineer Jason Rice updated the Board on the Boardman Wetland project. North Clackamas Parks and Recreation (NCPRD) received final plans for the Nature Playground project. This allows OLWS to generate a change order which covers the actual cost of this portion of the project, the remainder of the entire project, and contingencies. NCPRD will reimburse OLWS for all costs of amount of the change. The Board asked about the costs of the project, the liability, and the parking area, who the engineer is for the project, and how much dirt work has been done. Jason responded the costs are what NCPRD wants for the playground and they will reimburse OLWS for the costs; the liability for the park and playground has been evaluated by NCPRD and will be assumed by NCPRD; the parking area (as expanded by

NCPRD) is covered in the contingency; Jason is the project manager and HDR is the engineering firm (Paul Woerrlein) who stamps the project; there is a lot of embankment work and a specialized storm facility for the project (which costs a significant amount). The Board wanted to convey their concern for the costs of the project to NCPRD and Jason mentioned he would share the comment. Jason commented the bellies in the underlying sewer line were still in place and they will have to fix them, probably during the drier months. Jason stated they are working out the details of access and they had followed the designated protocol for installation, but the installation had failed final sewer tests. The Board was supportive.

Nancy Gibson arrived during this portion of the meeting and was part of the Board vote.

Treasurer Fisher moved to authorize the General Manager to sign a Change Order for the Boardman Wetland Project for the purposes of completing the Nature Playground for North Clackamas Parks and Recreation Department in an amount not to exceed \$541,000. Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Adoption of Finance Policies – Second Set

Finance Director Kelly Stacey presented the finalized financial policies, which have been approved by the union and are ready for approval. They are:

1. Personally Identifiable Information (PII) Policy
2. Payment Card Industry (PCI) Policy
3. Travel Reimbursement Policy
4. Expenditure Policy
5. Employee Credit Card Usage Policy

Treasurer Fisher requested clarification on travel in the policy on financial authority. He suggests including a stipend reimbursement for travel and Kelly thought it should go in the expenditure policy. Kelly will add something for Board expenditures and travel stipend and bring it back to the Board for review.

Director Gibson moved to approve the attached finance policies excluding the expenditure policy pending requested revision. Secretary Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

7. Emergency Management Report

General Manager Sarah Jo Chaplen presented the emergency preparedness steps that OLWS has taken since the Board requested action on this issue. She stated the District began by asking what we could do to make sure our customers are prepared for 2-weeks after an emergency with partners in place to help each other through mutual aid agreements, operational processes, supplies, and infrastructure redundancies put into place to support the organization through a disaster, and finally employees and managers trained to operate during an emergency. The management then looked at what equipment and supplies the District needs to put into place in order to be ready to survive and recover from emergencies.

She announced the first ever Emergency Water Distribution Exercise on April 13th, 2019, in partnership with the Oak Lodge Community Emergency Response Team and Clackamas Fire District #1. At this free event OLWS will be distributing water and emergency preparedness information to the public, and she hopes the exercise will be an annual event. She mentioned the importance of regular response practice by staff and volunteers, because without practice even the best equipment could be less effective.

The Board asked whether we should have more fuel on site at the treatment plant in order to get OLWS up to a 3-day response time with our generator. Plant Superintendent David Mendenhall responded with the information that holding more fuel triggers another layer of hazardous waste monitoring and reporting. We would need to build a different containment system and rotate the fuel regularly. Portland General Electric and OLWS have a partnership agreement with regards to the generator on site at the Water Reclamation Facility. The Board asked about the relationship and David replied PGE purchased and maintain the generator, which is at a "first on" with regards to power classification. They run it on a periodic basis and if it runs the plant during a power outage, we pay for the first quarter of fuel costs, then they pay. When they run it for back feeding the power grid, they pay for the fuel costs.

President Keil commented on the extent of emergency preparedness and encouraged OLWS to incrementally prepare for disasters by answering the questions posed by Sarah Jo. Director Gornick agreed and stated the information presented in this report was a good start. Secretary Williams encouraged the District to continue to prepare by engaging in online training through the Department of Homeland Security's National Incident Management System (NIMS). He stated that staff should understand the protocol of an Incident Command System (ICS), and should conduct emergency preparedness exercises at least twice per year. Exercises should address smaller failings like pump station failure in order to prepare for larger disasters. Sarah Jo appreciated the comments from the Board and will continue with the work on preparedness.

8. Department Reports

• Finance Report:

Finance Director Kelly Stacey updated the Board on the Utility Billing system audit, which is over 75% complete. Staff is still going through the large meter accounts and are on track to complete the audit during the second cycle of bills this month. They found a lot of accounts that were short during the large meter accounts, and they have put a solution into place to correct the accounts. So far, customers have not commented on the changes to their accounts, most of which have been to commercial accounts. They are not back billing those accounts, which will return to correct billing in full; there will be a revenue loss to the District of about \$75,000. The Board asked if using the lock box will replace walk in customer service and Kelly replied we will still have walk in service. The mailed checks and walk in checks will go through the lock box service. This will allow customer service staff to attend to auditing and clean up and proactive monitoring. Check receipt will happen as quickly as ever, although Kelly noted checks will now be mailed to a Seattle office for the lock box processing center. Director Gibson suggested to consider this a communications piece for OLWS. Secretary Williams asked about the numbers of online payments and Kelly responded online payments have increased significantly.

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp stated the challenge at completing the system maintenance numbers due to several factors including the truck being off line for a week, the camera getting stuck, the annual and semi-annual grease line-cleaning. There were several water line breaks which also required staff attention. He reported on the water meter change out program which is going well. They will be starting zone cleaning for zone B, having nearly completed zone A. Water use is up slightly on the 10-year average. He showed pictures of the root bound water service, which the Board appreciated.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall highlighted the wet weather flow stating the plant performance was still strong. Groundwater influx makes the inflow nearly double what conditions are in the dry season. Plant performance maintained good water quality, although there was a pH finding of 5.9 on their permit which is outside the parameter of a 6.0 limit. They reported it to Department of Environmental Quality, who suggested retesting multiple times per day in order to see if the finding is an anomaly. The pH is easier to modify in summer months due to nitrification. He showed how some solids were recirculated back into the plant based on certain instruments and commented we may need to replace some equipment to account for this issue. He highlighted the issue of overflow at the manhole near Pump Station #2 and stated how overflow happens at a certain level of flow. DEQ requested we overflow earlier in the system and directly into the river as opposed to having it overflow into the public sphere. The new control unit at Pump Station #2 (described in the Board report) will allow staff to monitor flow as it approaches higher level conditions, and then we can slow the pump in order to avoid overwhelming the manhole. Staff have worked collaboratively to solve challenges creatively.

Treasurer Fisher asked about a public communication on what to flush and what NOT to flush, like "flushables", and suggested refreshing the message in the newsletter and on the website.

- **Technical Services Report:**

District Engineer Jason Rice commented on the earlier mention of the Boardman Wetland project, and that there are a number of Outreach and Education events happening, as stated in his report. Treasurer Fisher asked about where Dahl Beach was in relation to the District and Jason responded the field site is on the other edge of the Rinearson watershed sub-basin. He commented on the students from within the District participate on projects with OLWS and several other non-profit partners, some of which funding for parts of the project that are on the edges of our District. Director Gibson mentioned that the North Clackamas Urban Watersheds Council does work in the area and OLWS partners with them regularly. Director Gornick added the Rinearson basin covers both the District and Dahl Beach.

The Board of County Commissioners requested a tour of the Wetland and settled on February 28th. Visiting the site would be safe, although wet weather boots are recommended. Jason will follow up with an email to invite the OLWS Board as well.

He reported on a few of the capital projects on his list.

- About 1200 water meters have been replaced as part of the water meter replacement project.
- They are in process for what to do on the solids handling process and refurbishing the used belt filter press possibly adding a hopper.
- Getting ready to sign the aeration control strategy evaluation contract.
- He is working on permits to start some sewer replacement construction projects including one on Silverleaf and Creighton.
- The Stormwater Master Plan has a committee but still needs a member of the small business community. The Board recommended Teri Gilreath (Eastside Athletic Club), suggested asking through the Chamber of Commerce, or other local businesses that might be affected by stormwater rate changes. The first meeting will happen soon.

Secretary Williams asked if we have ever considered putting a flow meter into Pump Station #6 and Jason responded yes, and we will be discussing this issue with the City of Gladstone at upcoming negotiation meetings. We may need to install 3-4 flow meters depending on the final agreement between OLWS and City of Gladstone. Director Gornick asked about attributing Infiltration and Inflow to flow coming in from City of Gladstone, which staff replied would be challenging to prove. Staff stated the negotiations to move the interim Intergovernmental Agreement with City of Gladstone will happen in the next few weeks, in order to move it to a final IGA. Both parties are approaching the negotiation with similar goals – increase the quality and level of services while still maintaining the best possible rates for customers. The conversation continued around how to maintain revenue in appropriate places while maintaining the necessary city services, including roads.

The Board asked about the homeless camp situation along Boardman Creek, and Sarah Jo and responded the Deputy at the Clackamas Sheriff's Department has been watching the camp closely. Michael Graft mentioned he thought that was true, there had been increased focus on the camp.

9. Call for Public Comment

Thelma commented on the proposed costs of the Nature Playground being in the same margin as the new playground that the City of Milwaukie, in partnership with the NCPRD, is installing. She asked if there was a Surface Water Management Committee and suggested involving a member of the Elks Club. She mentioned Clackamas County used to have a surface water committee separate from the sewer committee and they unfortunately combined the two. She encouraged OLWS to keep the committees separate and to have a Surface Water Committee.

10. Business from the Board

Treasurer Fisher reported the Oak Grove Community Council meeting had two presentations – one from the Park Avenue project consultant, and one from Donna Robinson who is the project manager for the Concord Task Force, which did not have a February meeting but has one scheduled for March. The Clackamas River Water meeting had been changed so he was not able to attend the February meeting.

Director Williams attended the Jennings Lodge CPO meeting which was mostly spent on the state of the organization and how to recruit new Board members and interested parties. He requested an alternate and Director Gornick will attend.

Director Gibson attended the C4 meeting, which she stated was one of the most productive meetings she has ever been to, in part because of the newly assigned members and the new Metro Councilor. In addition, Tammy Stempel, Mayor for the City of Gladstone, approached Director Gibson after the meeting and stated her interest and support for completing the IGA within a year, along with the support from the City Council. She attended the Regional Water Providers Consortium meeting, where the annual budget passed, and she noted Amanda Fritz in attendance from the City of Portland. General Manager Sarah Jo commented on the good information contained in the customer survey conducted by the Consortium. Director Gibson mentioned the possibility of presenting on the Emergency Water Distribution Exercise to the Consortium after the event.

Director Gornick attended the January 23rd Sunrise Water Authority Board meeting, and Paul presented detailed information from the meeting with details in the Board packet. They scheduled a February Board workshop for an overview on the Authority and to orient new members to its priorities and strategy. General Manager Wade Hathhorn stated the Clackamas River Water Providers recommends a more aggressive conservation messaging campaign to reduce outdoor irrigation in August and complete elimination of outdoor irrigation in September. There was a mention of the change to the threshold for curtailment from 650 cubic feet per second (CFS) to 800 CFS.

General Manager Sarah Jo elaborated on the importance of strong conservation messaging this year due to unique low water flows in the Clackamas River during late summer and early fall. This year looks to have even lower flow, which will require a variety of conservation messages to encourage less water use. Director Gibson reported that the North Clackamas County Water Commission meeting went as usual except that they discussed curtailment as a possibility for this year. Based on the low snowpack there will be less precipitation to slowly melt and recharge the soil moisture, which slowly feeds the flow of the river over the season.

Secretary Williams commented on the water rights lawsuit which stated aquatic life can not be sustained in the bottom 2 river miles as it is. He questioned the lower threshold of curtailment based on this fact.

President Keil updated the group on the conversations about low income housing, affordable housing, and densification of residential housing in the North Clackamas Chamber of Commerce meeting. Because of this she is concerned about how OLWS deals with System Development Charges and in comparison, how other jurisdictions deal with SDCs with regards to socioeconomic stratification. She would like more information about low income and affordable housing and asked about our capacity to provide collections capacity for denser neighborhoods. Director Gornick mentioned we might be compelled to allow more density, which will increase impervious surface and effect our surface water challenges. Director Gibson reiterated the amount of useful information presented in the C4 report with regards to the

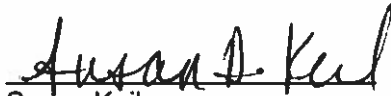
housing needs, goals, and strategies for development. General Manager Sarah Jo Chaplen commented on the different stresses that will be added due to the implications for middle housing zoning. District Engineer Jason Rice commented on the use of Metro's density modeling data being used to build the water master plan, surface water master plan will be helpful in building a project list. Then we will need to address how to structure rates in relation to supporting the system. The conversation on socioeconomic strata in the area and discussed how the District should support people of lower and middle income in relation to development, while still meeting our structural needs. They requested more information and an ongoing conversation about tools and ideas to support the District in paying attention to and supporting economic diversity in our area.

There was no further Board business.

11. Adjourn Regular Board Meeting

President Susan Keil adjourned the regular Board meeting at 8:15 p.m.

Respectfully submitted,



Susan Keil
President, Board of Directors

Date: 3-19-19



Kevin Williams
Secretary, Board of Directors

Date: 02-19-19