

OAK LODGE

WATER SERVICES

OAK LODGE WATER SERVICES
Minutes
Board of Directors – Regular Meeting
August 15, 2017

Board of Directors - Members Present:

Jim Martin, Chair
Susan Keil, Vice Chair
Lynn Fisher, Director
Kevin Williams, Director

Board of Directors - Members Absent:

Nancy Gibson, Director

Oak Lodge Water Services Staff Present:

Jason Rice, Acting General Manager
Kelly Stacey, Finance Director
Rich Ludlow, Interim Operations Manager
Todd Knapp, Field Operations Superintendent
Clark Balfour, District Attorney,

Visitors Present:

Ernie Platt, Sunrise Water Authority
Thelma Haggemiller, Local Resident
Eugene Whitley, Local Resident
Eric Hofeld, Sunrise Water Authority
Monica Stone, OLWS Staff
Paul Gornick, Budget Committee.

REGULAR MEETING

1. Call to Order and Flag Salute

Jim Martin called the regular meeting to order at 6:00pm and Acting General Manager Jason Rice led the pledge of allegiance.

2. Call for Public Testimony

After the pledge, Thelma Haggemiller brought up the issue of the beavers & referenced her email. Wildwood Rec Area needs beavers as their resident beaver was killed on the highway and their wetlands are drying up without beavers. Acting General Manager Jason Rice forwarded the information to the Clackamas County Roads Department to see if they were trapping and they are not trapping anymore, but they are aware of the need for beavers. Director Fisher brought up that on Risley at Riverforest Creek on the Risley side that a couple of branches are gnawed reflecting signs of beaver activity. They are not currently causing issues so they are not trapping in our area now. The Board thanked Thelma for bringing this to their attention.

Eugene Whitley, brought up First agenda item is thank you to Field Operations Superintendent Todd Knapp and team for replacing my water meter cover. He also brought up that two people have called him questioning the new average bill mentioned of \$156.00 for the combined water and sewer bills. Will bills really be this high? Secondly, what is the cost to do billing once per month for the services rendered? He also mentioned that this area has a lot of people on fixed incomes, that this is not a wealthy area.

Finance Director Kelly Stacey responded that there were issues with managing the workload around monthly billing, and that basically everything would double, that meters would have to be read, bill would need to be mailed out. One idea to remedy the issue is that customers are welcome to make payments each month, in two smaller payments, with no penalty. Another letter is going to go out which will address this and other FAQ's.

No other public testimony.

3. Presentation of the District's 4th Consecutive Annual NACWA Gold Award

Jason Rice introduced the award, stating that this is the fourth consecutive year that we have received this award for not violating our permit, and if we continue this pattern through December of this year we will receive the platinum award. This is a mark that all operators can strive for. OLWS Staff Monica Stone and Rich Ludlow were thanked, and all others involved in doing this work, including operators. Other departments recognized as a team effort included plant operations and collection crews, and the whole district, public outreach, office, the whole crew. The whole board offered congratulations. This will be mentioned in the next newsletter.

A new addition to the team is the new Plant Superintendent, David Mendenhall, and staff has already been hearing great things from staff about working with him. He introduced himself as coming from Las Vegas, where he most recently managed the Waste Water Treatment Plant, but had been at the City for 26 years. He and his wife moved to Vancouver area to be closer to other family.

He also mentioned he is familiar with the NACWA Award and this is a nice thing to come in to. He was welcomed by all.

David was asked what kind of sewer system he managed in Las Vegas and it was determined that the Las Vegas system and our systems are similar, except for the total flow, and very familiar to him. He mentioned that the Las Vegas system flows in to Lake Mead, and that he is excited to be working on our system now.

4. Correction to Resolution 2017-13

Acting General Manager Jason Rice introduced the correction to Resolution 2017-13 was incorrectly approved as 2017-12 at the July 18, 2017 Board Meeting. He reviewed the content of the resolution, and that the sanitation district had a consumption based policy using a winter average of three billing cycles over six months. This resolution reduces the

averaging data to a twice per year reading. The goal is to capture the winter usage, not the irrigation.

Now audience was asked for questions and there were none.

Director Williams moved to adopt the Resolution for 2017-13 adopting the consumption based billing policy for sanitary sewer. Vice Chair Keil seconded the motion.

Ayes: 4

Nays: None

Motion carried 4-0

5. Consent Agenda

- July 18, 2017 Board Meeting Minutes

Acting GM Jason Rice stated that normally this is a much larger section but due to vacations this is limited and Financial records for July and August are to be presented in September.

Correction to minutes: Under Visitors Steven Cade is listed as a local resident but it should be changed to listing him as a Budget Committee member. Vice Chair moved to approve Motion as amended. Director Williams seconded the motion.

Ayes: 4

Nays: None

Motion carried 4-0

6. Department Reports

Finance Report: Financial Director Kelly Stacey stated we are in the thick of implementation of the new financial/accounting/billing system. We are doing setup in a live Accela system, and working on getting ready to transfer our June 30 numbers to the new system within the week. Next week Accela will be on site starting with AP, cashiering, the whole GL then by next Friday, the 25th we will be "live" with the GL and accounts payable. Next comes to payroll. We have already done our "Business Process Study" for UB because it takes a lot of work especially because we have the two different accounts. OLWS Staff Elaine Murray is beginning work on this & getting the templates set up and everybody is busy. Director Fisher asked if we expect to have a single accounts payable system and Kelly answered "yes", starting next week, by Friday, we will have one bank account and we will be keeping funds categorized through our new combined General Ledger and so it's all underway. Director Fisher asked if we will then be able to send one payment for both for water and waste water on one check? Kelly answered, yes. Director Keil told Kelly that it is remarkable that she has pulled this off, and Kelly stated that it has been a lot of work, and kind of fun in a way, and that she has learned a lot. It's nice seeing it come together in the end. Jason Rice recognized that staff have worked hard to support one another, to cover the staff that have been pulled out for trainings, including Jeff, Rebecca, Elaine & others have had to pick up the slack, and he appreciates all the hard work.

Jason and Kelly are reviewing the 80+ HR Manager applications and narrowing down to the better qualified applicants – each of them reviewing and composing their own list of approx. 10-15. Hopefully some of those applicants may be on both Jason's and Kelly's list, which will narrow the search. Hope is to have someone on board in mid to late September start. Kelly said there are some very qualified candidates.

The Bond Refinance – Kelly has now talked to all three attorneys and the consensus is we need to get some judicial ok if we want to go with the route of the Geo-bond. We could look at switching and doing a revenue bond or we can go through that process. Both (Piper Jaffrey & Qu Won have both said that now is a pretty good time to go forward and we don't know what is going to happen with rates. They have both been working on some numbers. Vice Chair asked if we had side by side comparisons on Geo & Revenue bonds? Kelly said no but she thinks she has received some new numbers this afternoon but hasn't had time to really compare – maybe a \$50,000 difference based on cost & rate; but revenue bond requires more of a reserve. Qu Won suggested that RFP's could be presented to local banks for better terms (15-year terms v/s 10-years). Piper Jaffrey said that we may not need a Financial Advisor, that we may only need a Pricing Advisor, which could save us \$10,000-\$15,000. To go out on a public bid, you need to have either a Financial Advisor or Pricing Advisor, as well as an underwriter, and bond council, which Piper Jaffrey is to us now. Group agreed to target this for further review in September.

Sanitary Operations Report: Former Interim Operations Superintendent Rich Ludlow presented an opportunity which OLWS Staff Monica Stone found at a Biosolids Conference she attended. The Hayden Area Wastewater District in Idaho has a Belt Filter Press that they don't need anymore, the unit is about 13 years old (they are converting to a different press), and appears to be in good shape. We got an offer from the manufacturer to buy it back for \$20,000 and manufacturer's intent was to trailer mount it and use as a portable rental unit, so it is in good enough shape for the manufacturer to be interested in it. In talking with Jason this purchase would be in the "signature authority area" he stated that for this meeting, this is an informational conversation. Rich added that he is interested in Belt Filter Press because it would give us redundancy. There is budget money and a capital project to do improvements in the solids building with that work focused on our Belt Filter Press to do an overhaul, which is nearing 20 years. We don't have any problems with our unit but Rich says he is being pre-emptive as units usually need refurbishing at about 20 years. Rich did get quotes on renting a unit for this while our unit is being refurbished and estimates approximately two months to refurbish. The quotes for transporting are \$12,000 each way, totaling \$24,000 and \$15,000 per month to rent. The cost of a technician for set it up is another \$5,000. The overhaul itself is about \$160,000. The grand total is about \$219,000. Rich mentioned that he believes it is a great deal and it is the fraction of the cost of a new unit. He proposed that we move ahead with this purchase and it is in the realm of Jason's authority. He reminded all that this is a benefit of networking of conferences. Rich & Monica were thanked for finding the unit and creating the opportunity.

Rich mentioned a second item requiring authorization, that it is in the OLWS capital plan and that we have approval for initial payment of leasing a vacuum truck. Staff requests that the board approve the procurement of a "Positive Displacement Vacuum" truck for

districtwide use. Rich described the background information from the OLWS capital plan document that and the approach is to finance the procurement of a lease agreement that makes 5 equal payments of \$62,387.67/year each for 5 years with a lease option at year six to either make a final payment of \$120,000 or refinance the balance or return the truck to the vendor that provided it from the lease-return option. This gives us some flexibility at the end of the 5 years if it is not working out for us. The lease agreement also finances the total of \$398,543.00 which with the truck cost and interest rate of 2.93% is a good offer. Procurement should be conducted under the state purchasing agreement with Freightliner for the chassis with all additions to the chassis falling under the agreement as supported of all the email statement from Oregon DAS. The total amount comes to less than the total proposed in the capital plan. Staff recommends approval of procurement authorizing Acting GM Jason Rice to sign the lease agreement.

Questions: Director Williams asked what does the lease speak to regarding maintenance? Response that the maintenance would still be our responsibility, there is no maintenance included in the lease agreement – this is just the financing options to spread it out over several years budget wise and have a buy-back if it doesn't work out or upgrade it. Vice Chair Keil asked if we have to retain it for the full five years if is not performing? Rich responded they have warranties on it. If it is a lemon they will work with us. Director Williams asked if it is the 2100? Rich responded that they came and demonstrated it for us a few months ago, that it is the latest model. Everybody was pretty impressed with it compared to our vintage 90's model. Rich added that it takes 6 months for the unit to build up so that is the concern getting it here this month v/s next with winter coming. Jason recommends we move forward with this now because the signing contract is beyond Jason's authority to sign – he needs board approval.

Vice Chair Keil moved to authorize Acting General Manager, Jason Rice to execute this contract. The motion was seconded by Director Williams.

Ayes: 4

Nays: None

Motion carried 4-0

Water Operations Report:

Field Operations Superintendent Todd Knapp mentioned two water main projects, upgrading the old two-inch mains to a six inch and a four inch. He shared that at Rex Putman High School OLWS did a vault that was really nasty as far as depth and trying to get it resolved. The Valley View project is still going. They have installed flapper valves for the over flows. The roof on the old tank update –trying to get off the roof via pressure washing has been notoriously difficult so they rented a heated pressure washer where they heat it up and that was also difficult. Basically, staff said that they can't get everything off as the manufacturer won't warranty the coating. Sandblasting is the last resort if the heated process fails. They were able to get in the steps–which will make it easier to get up.

Water use is at 5.3 million gallons above average, you can refer to the 10 year average in the chart of the board packet.

Acting GM Jason Rice added in spirit of the consolidation that at the management team weekly meetings, staff had discussed an issue that was arising that two of the three biosolids haulers were going on vacation so the staff member recognized the situation might warrant staff cross-training. So the management team determined that the water staff has the correct driving certifications, Class A CDL, and we trained everyone that we could. Over the last few weeks we have been double hauling as a team, with water crew matched up with sanitation crew – one has a trailer and one doesn't, but they have been able to move more solids out of the plant. The goal is to get everyone trained to backup biosolids hauling.

This was for the benefit of the plant, and has now evolved to other ways to support staff inter-departmentally, such as sanitary field staff help hanging red tags for water shutoffs because tags stack up. In addition, management began talking now about how to help each other during storms during the next rainy season. We have identified the trouble catch basins and culverts and that we usually get calls on, and we could have staff proactively inspecting them and are starting to identify these. The nice thing about this that we are starting to bring these teams together and are learning about where support can be offered. This is a really good thing these teams coming together, and more of these possibilities the better. We had the sanitary T.V. crew out helping the Valley View water project by TV'ing the storm line recently.

You can see these day-to-day operations are in a better place because of the consolidation and they just didn't exist before. This feels good, and we are looking for more opportunities, which will start to take place. Board reflected positively on these changes.

Acting GM Jason Rice announced that Interim Operations Superintendent Rich Ludlow is moving on to Clark Regional Utilities. As a result, we will be losing his expertise. He thanked Rich for all of his hard work, mentioning that he has saved the district a large amount of money by filling in as superintendent for the last year. He appreciated him for all of his work and shared that it has been a pleasure working together. Rich thanked Jason and looked back on his work here. He reflected on the many accomplishments that occurred during an interesting transitional period for the district, and that there are quite a few. He mentioned that "when you are in the trenches you just move on to the next project but when the transition starts to happen you look back you see the accomplishments. It really has been a good time. A lot of challenges but a lot of successes, too."

Director Fisher wished Rich well with his new endeavors.

Technical Services Report:

Jason Rice shared that has been working on writing the OLWS Water Master Plan RFP which should go out to the public in the next month, and needs Todd Knapp to approve it. Other tasks include that OLWS has an on-call contract due to expire, a landscaping services and janitorial services contracts that needs renewing. He let the board know that these contracts will start to appear before the board for approval.

Director Fisher asked about the OLWS tenant down on Addie Street. Jason responded that she has found a new place with reasonable rent and will be moving out at the end of

August, which resolves the issue for the district. He mentioned that he has yet to hear about whether North Clackamas Parks and Recreation District will create the new associated park, and if not then OLWS will want to sell that property. Director Fisher shared that things are on hold at the Parks District until Happy Valley completes its division off at the end of the year.

7. Call for Public Comment

Budget Committee member Paul Gornick asked if they should assist the board in evaluating the bond review issue? Vice Chair Keil responded that it would be great to have support from the Budget Committee for Director Stacey as needed.

There was no other public comment.

8. Business from the Board

Director Fisher shared information about the Oak Grove Community Council meeting and the new storage facility in the Oak Grove area, at the corner of Kellogg and Oak Grove Boulevard. There will be no onsite parking and this type of facility is not what the community wanted. Tangent to Oak Grove in Milwaukie, there will be a new development with 92 new homes built in a wetland and traffic coming out on Rusk Road, and already approved initially by the Milwaukie City Council. Third, the Oatfield House will have a public hearing about tearing down the structure and build several homes there instead. MAPIT group conducted the "wish list" exercise and merged with the Jennings Lodge CPO "wish list" exercise to focus the list of projects. Oak Grove Council has a new, young person on the board after resignation of one of its members. The District Advisory Board for North Clackamas Parks and Recreation is still on hiatus until Happy Valley leaves, standard meetings will be on hold this Thursday because they will be going on a tour.

Vice Chair Keil updated the Board on the Chamber of Commerce Public Policy committee meeting, stating Rian Windscheimer, the Region One Director of Oregon Department of Transportation updated the group about the recent funding that has come through, and that she will follow up to share a visual infographic from that update. She also mentioned a presentation from Terry Gibson that about the goals for more business interests and business oriented thinking for in Oak Grove – through MAPIT and the .

President Martin reported on the Sunrise Water Authority Meeting, but the meeting was moved and he has nothing further to report.

Director Williams updated the group that he could not attend the Jennings Lodge CPO's second annual picnic in July because he was out of town, and shared a flier for the upcoming meeting. The county planning director will be at the meeting and share the overlay zones. He wanted citizens to be able to attend and speak up to protect this area. The meeting will be held at the Church of the Nazarene, from 7-8:30 p.m. at 4180 SE Jennings Ave.

Director Gibson was absent, so did not report.

9. Recess to Executive Session

Recessed regular meeting at 6:55 p.m. Convenes Executive Session under ORS 192.660(2)(a)(i).

10. Adjourn Executive Session

Chair Martin adjourned the executive session at 8:40 p.m. There we no actions taken by the Board.

11. Reconvene Public Meeting

12. Adjourn

Chair Martin adjourned the regular meeting at 8:41 p.m.

Respectfully submitted,



Jason Rice
Acting General Manager

Date: 9/20/17



Jim Martin
Chair, Board of Directors

Date: Sept 19, 2017