

OAK LODGE

WATER SERVICES

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Minutes

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

January 15, 2019

Board of Directors - Members Present:

Susan Keil, President/Chair
Kevin Williams, Secretary/Vice Chair
Lynn Fisher, Treasurer
Nancy Gibson, 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
Chris Duckworth, Labor Attorney,
Rob Moody, Plan B Consultancy,
Scott Duren, Vice President, Water Systems Consulting
Markus Mead, Development Review Specialist.

Visitors Present:

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 Nancy Gibson called the meeting to order at 6:00 p.m. and requested that the audience share a one-word affirmation they would like to share with the group in lieu of the pledge of allegiance.

2. Call for Public Comment

There were no comments from the public.

3. Consent Agenda

a. December 2018 Financial Reports

i. Approval of December 2018 Check Run

b. December 18, 2018 Board Meeting Minutes

Questions included noting the Budget appears to be ahead of schedule for some onetime costs and fees, staff responded yes, one example of this is for computer maintenance, or scheduled replacements for computers which often happen at the beginning of the fiscal year. The Board noted that the electrical bill for the treatment plant made it as a line item onto the Budget/cost breakdown. The Board asked about the approaching \$200,000 year-end wastewater shortage based on the current run rate of receivables and Finance Director Kelly Stacey responded OLWS staff accountant Jeff Voreis will be reviewing why this is the case and will report back to the Board. The Board asked about what the 350% revenue is for "other charges for services on water" are (page 1 of general ledger of rollup), and Kelly responded she will have to check into it and get back to the Board. The Board noted "workers compensation" is in all of the funds and asked why it is over 100%. Kelly noted it has been paid for the year. The Board asked why the "miscellaneous expense" was so high and Kelly responded it is where we noted the check written to Tasso homes, divided between sewer collections and the sanitary sewer plant. The Board asked where the three revenue transfers come from, and Kelly responded we transfer into the three capital funds from the general funds. The Board asked about the low-income budgeting needs being higher this year and Kelly responded, yes, there are 161 low income accounts this year, which will require a higher allocation than planned. The Board will vote on this later in the meeting. There were no other comments or questions.

Secretary Keil moved to approve the consent agenda as presented. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

4. Annual January Board Selection of Board Officers

President Gibson presented the agenda item of selecting Board Officers for the year. She suggested the Vice Chair move into the role of Chair and the Treasurer move into the role of Vice Chair. Vice Chair Keil agreed but requested Treasurer Fisher remain in the role of Treasurer because of experience.

Treasurer Fisher moved that the Board appoint Susan Keil to be the Chair/President of the Board, Kevin Williams become Secretary/Vice-President and Lynn Fisher become Treasurer. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Nancy Gibson passed the gavel to President Keil to run the remainder of the meeting.

5. Resolution 19-01: Annual Design and Construction Standards Update

President Keil announced the next agenda item. OLWS staff Markus Mead presented the nature of the changes requested for the updated code for 2019. The Board asked about #4 2.003 Water Quality Facilities and should water quantity also be part of the discussion, based on the

fact that charges for a new home will be passed along to the purchasing owner. OLWS staff responded the code is consistent with Water Environment Services (WES) and the cost of detaining the water would be an additional \$10,000-20,000 for a single-family home (or just a few lots). The Board suggested this additional cost might be worth having the water treated in lieu of flooding in the area. The Board asked whether this question should be considered as a part of the Stormwater Master Plan discussion and District Engineer Jason Rice agreed and asked if we were willing to stand behind the additional cost for a relatively small area of treatment. After more discussion, the Board recommended leaving the code as is. The Board asked about when replacement services and/or connections comes into play at the end of the water quality section. Staff responded OLWS needs administrative language in the code for these types of changes. The Board asked why we removed the Surface Water specific Bond when we still have a Maintenance Bond required later in the code. Staff responded all three utilities have been combined into the bonds required, as listed on page 1-18 section 1.1073. The Board asked if we require substantiation for a downstream analysis exemption as part of our criteria. OLWS staff responded yes, applicants are required to provide substantiated reasons for an exception on downstream analysis, along with a hydrology/geotechnical report for why they need an exception to the infiltration requirements. The Board asked if septic tanks were still allowed in the District and staff responded no, and requirements would make a new one nearly impossible to put in. The Board asked about page number 2-30 in the section on Water Quality Standards wherein people are being made responsible for water treatment for the public rights-of-way and whether we need a public hearing for the proposed changes. OLWS staff responded we have required this change in two specific developments and WES is already requiring it in their code. Although they require water treatment for public right-of-way in their code, they do not typically hold themselves accountable. OLWS staff responded we should be asking the question to make sure it gets treated, particularly if WES does not hold themselves accountable. The Board asked if we would enforce on this aspect of the code and staff responded yes, we should make sure we are holding ourselves and others accountable for the code requirements. OLWS staff thought this proposed change was catching the District up to other jurisdictions as opposed to proposing an anomaly, so because of that – no, we should not need a public hearing for this change. The Board asked about the meaning of the term “corporation stops” on page 4-6. OLWS staff responded the corporation stop is the copper joint that is inserted into the water main. An edit of “farthest” from “furthest” was proposed.

Treasurer Fisher moved to approve Resolution No. 19-01 adopting the Design and Construction Standards for the Oak Lodge Water Services District effective February 15, 2019. Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Adoption of Human Resource Policies

Human Resources and Payroll Manager Aleah Binkowski-Burk presented the final Ethics Policy and Cyber Security Policy after both went to the union for review. The Board commented on a typo on page 3, Item F “Conflict of Interest”, which Aleah will correct. The Board asked what “officials” were as opposed to employees, and staff responded officials include the Board of Directors, Budget Committee members, and G.M. Sarah Jo Chaplen.

Director Gibson moved to approve replacement of the current Ethics Policy with the attached Policy and the addition of the Cyber Security Policy to the Oak Lodge Water Services’ Employee Handbook. Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

7. Human Resource Policies Workshop, Second Set

Aleah presented the second set of policies to the Board for review and approval at upcoming meetings. The Board asked about the timekeeping as being applied to all OLWS employees, staff responded that exempt employees still need to keep track of exemptions and non-exempt employees keep track of all hours worked. Technically all employees have an equivalent hourly rate that could be tracked for project-based work. There was a typo pointed out in the workers compensation section. Non-exempt employees are subject to discipline or discharge based on not reporting worked time in order to comply with requirements as a District, and staff will add a note about supervisors being required to report these types of issues. The Board asked about the smoking cessation policy being under the health plan and the District will cover reimbursement incentives if needed. The Board asked about whether the safety data sheets could be submitted electronically as part of an application on their field tablets and staff responded the District does not do this because of the expense and because the Occupational Safety and Health Administration (OSHA) still wants paper documentation for record keeping. The Board asked whether the District requires work traffic vests and if so, commented they are not listed under the Personal Protection Equipment. OLWS staff responded yes, Class 3 vests are required, and will add them to the bulleted list. The Board asked why we only participate in the smoking cessation program and OLWS staff responded the District has other programs under the insurance providers, but that the smoking program buys down the insurance rates and is driven by the insurance pool. The District will be bringing the issue of wellness programs up with the Benefits Committee this year.

No approval is required at this time. The policies attached will be finalized and brought back to a future Board meeting for approval.

8. Water Master Plan Project Prioritization Conversation

District Engineer Jason Rice introduced Scott Duren from Water Systems Consulting to assist with the presentation about the Water Master Plan Project Prioritization list. Jason presented the importance of the model for pipe replacement and keeping up with fire flow. The projects which were not defined by the age of the pipe have been prioritized for replacement when there was fire flow deficiency. OLWS staff also used their knowledge to prioritize the project list. Next steps would be to provide the Board with a timeline of projects in conjunction with a menu of rate increases.

Before presenting that list, Jason would like the Board to weigh in on analyzing the District's options for identifying water interties and inter-connections in the event of the Clackamas River being contaminated. The Board suggested this issue should be decided by the Regional Water Providers Consortium. OLWS staff agreed but pointed out that the District would need to pay for the analysis and the timing for analysis will need to be worked out. The Board commented the City of Portland has run the question as a table top exercise and also wants the connection in case Portland needs water from the Clackamas. The Board asked about what the intertie situations are for other Districts that get their water from the Clackamas River, and staff responded Clackamas River Water has an intertie with the City of Portland and City of

Milwaukie (which ties into Portland), Sunrise Water has an intertie with the City of Portland as well as groundwater availability. The District has an old intertie and pump that used to connect OLWS to the City of Milwaukie, which could be part of the equation. The Board agreed the issue needs more analysis, particularly in relation to increasing algae blooms and decreasing water availability. Jason would like to work up a change order to include this intertie study in WSC's work on the OLWS Water Master Plan. This way we could run the rate model with the intertie possibilities embedded and make more comprehensive decisions about the Water Master Plan. The Board agreed the intertie study should be added to the Water Master Plan contract as a change order.

9. Surface Water Master Plan Communications Strategy Conversation

District Engineer Jason Rice presented an updated strategy for moving forward with the Stormwater Master Plan (see the "Proposed Schedule of Events" in the Board Packet). Clackamas County Department of Transportation and Development functions like an engineering department in the right-of-way. OLWS oversees water quality in our boundaries, which overlaps with the Clackamas County boundaries. When the County does not plan for how stormwater is managed, water quality can be harmed. Parts outside of OLWS are monitored for surface water quality by Water Environment Services (WES). Clackamas County has suggested OLWS take over surface water management for both quality and quantity. This issue is ongoing and still needs to be worked out. Jason is hoping that through the development of the Watershed Master Plan (Surface Water Master Plan) the public will share the level of services desired. The proposed schedule of events will include a survey mailer to gather information from the public on what types and level of watershed protection services would be desired. First, an expanded project team needs to be selected.

The Board commented on the issue of flooding and stated if OLWS takes the storm system over from Clackamas County it comes with all the flooding issues this area currently faces. The Board then asked if the District would get to push back on development in Clackamas County because we could monitor the conveyance system's capacity more closely and reject development that would cause flooding. District staff replied yes, OLWS would have more control over the system but it would also cost more to have the higher level of oversight, including the addition of Service Development Charges (SDC's). Jason commented on how development might change in the area with ownership of the system and recommends this timeline and approach to project.

The Board suggested more local control over development in this District could be positive. Staff thinks local control over the conveyance system could change flooding in the District. Next the Board discussed a variety of approaches to this issue in relation to what Clackamas County is already supposed to be providing to customers in the area. They commented on the nuances between flooding, stormwater (and the Municipal Separate Sewer and Storm System, MS4) and surface water. A suggestion was made by Eric Hoffeld to have WES take over and maintain the quantity and quality of the system through an Intergovernmental Agreement (IGA).

The Board agreed with the altered proposed Schedule of Events and suggested a balanced committee. The Board suggested involving Jim Martin and Terry Gibson in the committee and put forward Paul Gornick and Kevin Williams as Board support.

10. Sanitary Sewer Treatment Agreement between OLWSD and City of Gladstone

General Manager Sarah Jo Chaplen presented the Intergovernmental Agreement (IGA) crafted in partnership with the City of Gladstone, updating and clarifying the methodology to be used for fee collection. The IGA was approved by the City of Gladstone and now it is in front of the OLWS Board for approval. In addition, she shared the goal of finishing the more global water and sewer IGA within a year. The Board asked what would happen if the final agreement would not be finished within 12 months and OLWS staff responded the City of Gladstone was using the timeline as a deadline for action to complete the global IGA.

Director Gibson moved to authorize the General Manager to sign the Sanitary Sewer Treatment Agreement between Oak Lodge Water Services District and the City of Gladstone. Treasurer Fisher seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Director Gornick pointed out two typos in the agreement stating OLWD instead of OLWS.

11. Department Reports

- **Finance Report:**

Finance Director Kelly Stacey shared the information that since the Budget schedule was set, the District's Budget preparation season has effectively started. She will bring the finished audit to the Board for approval at the February meeting. The most recent financial policies the Board looked at in December are being reviewed by the Union and will come back before the Board soon. She reintroduced the issue of the District being in the position to go over the Board allowed amount for the Low-Income Rate Relief Program. Renewal letters for the program will be sent out at the end of January. She requested an additional \$15,000 be approved to continue the program in the current size and form.

The Board asked where the additional funds would come from and Kelly replied they would come from revenue and be split between the three revenue stream funds. The Board shared history from the former Sanitary District, stating they approve up to 0.5% annually for the program, which will be absorbed by the revenue funds. There was a short discussion about how rates are calculated in relation to the low-income program and whether District staff should continue to push the program forward even though the amount is higher than expected. The Board commented this cost is folded into the rates of current customers. The Board asked about what the fee will be for adding a lock box to the way payments are received. OLWS staff responded it will be about \$1200 per month, which will be a net savings to the District, and final savings will be shared with the Board once they have been finalized.

Director Gibson moved to allocate an additional \$15,000 to cover the costs of the Low-Income Rate Relief Program. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp illustrated his Board report and provided the overall perspective on last year's water consumption. He commented on December being an abnormally warm month, which helped decrease weather-related water line emergencies. The Board asked about what happened on Oatfield and Jennings and OLWS staff responded there was a crack in the water main which required the road being shut down and flagged.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall illustrated the stark contrast between the dry beginning of November and the wet December. Because of bringing on more facilities (aeration basins and clarifiers) and the use of contact stabilization, plant performance remained good and operations continues to refine the process. There was a complaint about the odor, which staff worked to discover, and once found a leaking gasket was fixed right away, which solved the odor issue. He went over the rest of his Board report including the photos. The Board commented positively on the maintenance painting. He mentioned the plant will be applying for the Peak Performance – Year 6 based on the District's continued meeting of the permit.

- **Technical Services Report:**

District Engineer Jason Rice commented on the District receiving the first online permit application, and the excitement and celebration of the staff in finally getting to this point. The District is receiving a typical number of permit applications for this time of year. Capital work has geared up with the Water Meter Replacement Program and staff is working well together to complete projects efficiently. Gary and Haakon developed an online GIS application to capture the meters that have been successfully replaced. Meters are being replaced at a rate of about 50-100 per day. Boardman wetland is getting through the installation of the boardwalk, the tear down of the remaining house, and the gearing up for winter planting. Next month the District will request a change order from the Board to increase the project limit in order to help North Clackamas Parks and Recreation (NCPRD). NCPRD will pay OLWS back for this change. There may be a sneak peak tour available to OLWS Board members near the end of February. He is also working on updating the CIP for the coming fiscal year.

12. Call for Public Comment

Budget Committee alternate Peter Winter commented on the challenge of adding stormwater SDC charges to keeping housing affordable in the area. The Board stated OLWS is one of the few municipalities in the area that do not have this type of charge, and that in the process of developing a watershed protection strategy the District would be looking at SDC's as one of many different techniques for funding the work of the District.

13. Business from the Board

Director Williams shared Jennings Lodge CPO did not have a meeting in December and had no other business.

Director Gornick attended the pre-Christmas December 19th Sunrise Water Authority Board meeting, where their final new commissioner Gary Barth was selected and sworn in. The consent agenda was approved with details in the Board packet.

President Gibson stated there was no regular C4 meeting in January because an alternative date could not be worked out. The Executive Committee meeting had the possibility of having Lynn Peterson in attendance at an upcoming meeting. She would be a strong advocate for development along the corridors and not in the neighborhoods. The next round of transportation funding is approaching. The March meeting will have an orientation for newly elected members. The Executive Committee meeting of the Regional Water Providers Consortium is currently in the budget season. They have noted the equal pay law has affected pay classification which will increase personnel costs for the Consortium. Based on this, there will be a 13% dues increase for member agencies in order to maintain services. She will be attending IMPACT this month.

Treasurer Fisher reported Clackamas River Water's meeting conflicted with the OLWS Budget Orientation meeting, but he did not attend either because he was out of town, and the Oak Grove Community Council did not have a meeting. The Concord Task Force had a meet and greet meeting last time, and next the meeting will start into the task force business.

Secretary Keil was not able to attend the North Clackamas Chamber of Commerce legislative update meeting this cycle but will follow up by reviewing the minutes.

Director Gornick asked if he was an alternate for the North Clackamas County Water Commission meeting on January 24th. He is the alternate, with Nancy Gibson and Kevin Williams appointed as the liaisons.


Members of the Board and Budget Committee encouraged new appointees to attend a tour of the water reclamation facility and the drinking water treatment plant. Jason Rice mentioned he would have OLWS staff Lara Christensen schedule these opportunities.

There was no further Board business.

14. Adjourn Regular Board Meeting

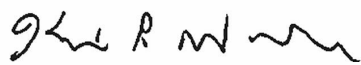
President Susan Keil adjourned the regular Board meeting at 8:37 p.m.

Respectfully submitted,



Susan Keil
President, Board of Directors

Date: 2-19-19



Kevin Williams
Secretary, Board of Directors

Date: 02-19-19