

OAK LODGE

WATER SERVICES

OAK LODGE WATER SERVICES
Minutes
Board of Directors – Special Meeting
December 17, 2017

Board of Directors - Members Present:

Jim Martin, Chair
Susan Keil, Vice Chair
Lynn Fisher, Director
Nancy Gibson, Director
Kevin Williams, 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
Markus Mead, Development Review Specialist
David Mendenhall, Plant Superintendent
Kelly Stacey, Finance Director
Todd Knapp, Field Operations Superintendent
Tommy Brooks, Cable Huston LLP, District Counsel,

Visitors Present:

Dave Phelps, OLWS Budget Committee
David Gray, Local Resident
Terry Gibson, OLWS Budget Committee
Paul Gornick, OLWS Budget Committee
Eric Hofeld, Sunrise Water Authority Representative
Ernie Plat, Chair of the Sunrise Water Authority.

REGULAR MEETING

Call to Order and Flag Salute

Board Chair Jim Martin called the regular meeting to order at 6:00 p.m. and General Manager Sarah Jo Chaplen led the pledge of allegiance.

1. Call for Public Testimony

After the pledge, Chair Martin called for public testimony. There was none.

2. Consent Agenda

- December 5, 2017 Special Board Meeting Minutes

Several corrections were posted to the November 21, 2017 Board Meeting Minutes, including an update of the spelling of Eric Hofeld, his title as representative of Sunrise Water District, and the addition of Grover Bornefeld's last name.

Director Gibson moved to approve the consent agenda with the corrections as noted. Director Williams seconded the motion.

Ayes: 4

Nays: None

Abstain due to absence from November Board meeting: 1

Motion carried: 4-0

3. Insurance Placement for Property and Liability

General Manager Sarah Jo Chaplen presented the placement of Insurance for Property and Liability to the Board of Directors, recommending to the Board that OLWS votes for the next year to go through Brown and Brown for placement of insurance with Special Districts. She recommends that the Board accept the negotiated two-year contract with a fixed fee which avoids the typical second year percentage increase for the agent's work. She also requests that the Board approve her to sign the form pertaining to a "Longevity credit and rate lock" for Special Districts to achieve a refund/reimbursement to members in the case that OLWS does not continue insurance placement with Special Districts for the following year. Through this change, the Board noted that there will be a cost savings in this insurance placement due to consolidation of the two districts.

Vice Chair Keil moved that the Board authorize the General Manager to sign the Broker Services Agreement with Brown and Brown, to finalize costs for the District's insurance with SDIS for 2018, and to sign the Longevity Credit and Rate Lock Agreement with SDIS.

Director Gibson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

4. Process for Appointing Board and Officer Vacancies; Officer Election for Board Secretary and Treasurer Positions

General Manager Sarah Jo Chaplen updated the Board that she and the District's Legal Counsel Tommy Brooks have been reviewing the differences and similarities between the sewer and water "rules of the game" (statutes) as they apply to General Governance. Her recommendations include: each year in January the District will reappoint the Officers for the Board; that the head person be named President; the Secretary should be a Board member rather than the General Manager; there should be a Treasurer; that one individual could hold more than one position. Her recommendation for the meeting is that the Board appoints a Secretary and Treasurer and change the head position title to President. The Board asked what the new roles would entail. G.M. Chaplen replied that the Treasurer would have anything that was financial related issues under their purview and would be a support to staff with regards to financial information including the budget. The Secretary

would be responsible for signing Resolutions and Ordinances along with the President of the Board, codifying official decisions that the Board had made. Possibly the Secretary and Vice Chair position or Secretary and Treasurer could be the same person. Board comments included: the former OLWD had a President, Secretary, Treasurer and rotated the Board members through the roles – this ensured that each member received the same Board development as the others; recommendation to combine the Secretary and Vice President title/role; President is the title within the statute, the Chair is the “role” of the President; the Vice President acts as the President in the absence of the President. Question about the role of the Treasurer received the answer that there may be some Districts that do not have a staff and that the Treasurer would act in the financial capacity of duties of a Treasurer. Question about what #5 means –Tommy Brooks replied that in statute the District will appoint Officers in January but that the District has the right to change the Officers as needed, but not to take them off the Board completely.

First motion:

Director Gibson moved that the Board:

- 1. Appoint new Officers at the first business meeting in January.**
- 2. These offices will include:**
 - i) President, ii) Secretary/Vice President, and iii) Treasurer.**
- 3. For vacancies on the Board the remainder of the governing body appoints a person to fill the vacancy until June 30 of the year following the next regular district election. At the next regular district-election a new successor will be chosen to fill out only the remaining years of the vacant term.**
- 4. For vacancies in an office the remainder of the governing body will appoint a Board member to fill the office at the beginning of the next Business meeting.**
- 5. An Officer change can occur at any time for any reason with a majority vote of the governing body.**

Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Second motion:

Director Gibson moved that the Board appoint a Secretary, and a Treasurer at the December 19, 2017 Board meeting. At the January 16, 2018 Board meeting, in its new annual tradition, the Board will again select all Officers as required.

Vice Chair Keil seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Clarification of the second motion: G.M. Chaplen asked for clarification of the Secretary/Vice President and Treasurer. **The Board moved to keep Sue Keil in her current role of Vice Chair and to have her take on the title/duties of Secretary/Vice President through the January 2018 meeting; Director Williams moved to nominate Director Fisher to the role of Treasurer.**

Director Gibson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

5. Attorney Appointment for North Clackamas County Water Commission Intergovernmental Agreement Work

G.M. Chaplen shared the information that the firm of Cable Huston opted to represent the North Clackamas County Water Commission rather than individual Commission members and because of this conflict of interest therefore would not be able to represent OLWS for the upcoming Intergovernmental Agreement Work. She recommended that OLWS engage Eileen Eakins, LLC to represent the District for the upcoming IGA work. The Board commented on the good work that Eileen has done for the District in the past.

Director Gibson moved that the Board authorize the General Manager to sign a letter of engagement with the Law Office of Eileen Eakins, LLC for the Oak Lodge Water Services District.

Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Designating Budget Officer and Establish Budget Committee - Resolution 17-16

G.M. Chaplen recommended the Board designate Finance Director Kelly Stacey as the official budget officer for the next year and requested the Board agree to stagger the terms of the Budget Officers as presented. There are no terms limits on being a Budget Officer, so they will be able to be reappointed as desired when their term expires.

Director Williams moved to approve Resolution 17-16 Designating Budget Officer Kelly Stacey and Establishing the Budget Committee.

Director Gibson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

7. Budget Calendar Adoption

Finance Director Kelly Stacey presented the Budget Schedule for the preparation of the fiscal year 2018-19 OLWS Budget. The orientation meeting would be on March 20, the first actual meeting will be on April 3 and then the Committee would meet every Tuesday and Thursday until the Budget is ready for adoption.

Vice Chair Keil moved to approve the proposed budget schedule for the the fiscal year 2018/2019 budget.

Director Gibson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

8. Budget Overview

Finance Director Kelly Stacey presented the 2018/2019 Budget Overview from detailed prepared slides (see attached slides in the December Board Packet). Important points and discussion points include: the fact that the Budget Committee is equal to the Board during the budget deliberation process; Debt Service is a very significant part of the Budget; Watershed Protection fee has no SDC charge associated with it at this point; Board encouraged looking at SDC's overall; overview looks at projected rate increase – based in part on the required ratio for OLWS' debt service coverage; there will be a rate study in conjunction with the water master plan and the Board suggested OLWS look at rate projections for the wastewater as well; OLWS as compared with other local jurisdictions is right in the middle; some areas of the budget cannot be influenced and others can (refer to slide). She left the Budget Committee with three questions: As a budget committee member, what information would you like? What information is needed to perform your duties? What data is helpful for you in your decision making?

A Budget Committee member from the audience requested a copy of the current adopted budget for review of line items.

9. Department Reports

- **Finance:**

Finance Director Kelly Stacey shared information from her Finance Department Report, including: payroll in Accela is live; the historical update of Accela is in process; there will be two parallels for Utility Billing to insure that records and billing will be correct; go live for billing in Accela is still March/April. Audit is in good standing and in process. Bond refunding is prepared for closing, scheduled for December 20, 2017. The Board asked if the rates were as good as we could get with regards to the volatility of the rates, and the staff responded that the numbers were fixed at a very good time and are fixed at that good rate. She will have November and December finances available for the January 2018 meeting.

- **Field Operations:**

Field Operations Superintendent Todd Knapp reported on field operations for water and sewer. Water crew observed a demo of an asphalt milling attachment for the backhoe and are thinking about borrowing City of Milwaukie's before requesting to purchase. No water main breaks in November, but there will be several in the next report. Annual numbers for cleaning and TV inspections are still on track although they were lower for the month. No other information to add to his printed report.

- **Plant Operations:**

Plant Superintendent David Mendenhall commented on it being a busy season for staff and that some have been gone for November. The RAS pump installation project

went well and is now completed. Plant solids are back in line with regards to their pH and cavitation. Lower pH corrodes the pumps and baffles more quickly. With a higher quality output the equipment should last longer, including the reducer cone. The Board asked whether the plant was "ready" for winter weather, including the possibility of snowmelt and staff responded that the low level of solids in the plant would help with any larger amount of water coming into the system after high levels of precipitation. He highlighted the high levels of influent coming into the system when the rainfall is higher, and pointed out that water quality is still good when rainfall is up.

- **Technical Services:**

District Engineer Jason Rice was out for this meeting, and Development Specialist Markus Mead presented in his place. On the agenda were several Stormwater Detention Agreements needing formal approval/signatures, having been recommended for approval by the Development Specialist Markus Mead. District Counsel Tommy Brooks stepped up to share information about the Rose Villa Stormwater Detention Agreements since G.M. Chaplen had a conflict of interest (her parents will be moving into Rose Villa in the future). He recommended that the chair of the Board consider and sign the agreement in her place, but Jim Martin also expressed a conflict of interest (his sister is at Rose Villa). Vice Chair Keil agreed to sign the documents, having no conflict of interest. Markus Mead presented information about the documents, including that there will be others in the future.

Director Gibson moved, due to conflicts of interest, the Vice President/Secretary be authorized to sign the agreements for the Rose Villa Stormwater Detention Documents on behalf of Oak Lodge Water Services.

Director Williams seconded.

Ayes: 4

Nays: None

Abstain due to conflict of interest: 1

Motion carried: 4-0

Markus Mead shared that the Water Master Plan RFP is nearly complete and will be released shortly after he returns. The on-call contract needs to be renewed, because it will be expiring soon. The water building expansion is still moving forward, and issues are being investigated, for example the necessary building permits which will be needed for expansion. The outreach and education portion of the report is included in the Board packet. The permitting requests have continued to be high although the season has shifted. The Board asked about the Development Tracker and how long projects stay on the tracker even when they might be no longer moving forward. Staff responded that projects are removed after they are certain that they are not happening. This sometimes shows a delay in communication from developers to the District, since there is no requirement to notify the District if a project is not happening.

10. Call for Public Comment

Public asked about Item #6 from the minutes – has the second reading of the District Rules and Regulations occurred? G.M. Chaplen responded – the first public hearing will happen in January because enough discussion about the Rules & Regulations occurred during the November Board meeting that staff needed to hold the first public hearing again. The second public hearing will likely take place in February.

There were no other public comments.

11. Business from the Board

Director Williams reported there was no Jennings Lodge CPO meeting to attend in December.

Director Gibson reported due to health issues that she did not attend C4, or the North Clackamas County Water Consortium Executive Council meeting, but she did check in with the Chair and the NCCWC meeting focused on the strategic planning goals. She also had to miss the C4 Executive Committee meeting at the last minute.

Director Fisher attended the Oak Grove Community Council meeting and heard three major presentations. The first concerned the sidewalk along Torbank to close to the Trolley Trail. Marylhurst School presented their interest around leasing the Concord School building. The third presentation focused on the library settlement and that Gladstone needs to vote on if they can change to use funds for building a library.

12. Recess to Executive Session

Convene Executive Session under ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection.

13. Adjourn Executive Session – Board may take action if necessary

Convene Executive Session at 7:48 p.m., all Board members present.

The District's attorney presented information to the Board describing potential ambiguities in state statute regarding the qualifications of Board members.

Members of the Board inquired about their obligation to make a determination about the candidates and the attorney responded.

Members of the Board inquired about the process for obtaining an opinion from the attorney general.

Came out of Executive Session 8:19 p.m. Restarted Regular Board Session.

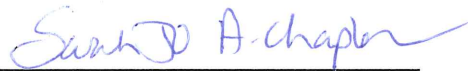
There was a unanimous Board approval for the motion made by Kevin Williams and seconded by Lynn Fisher. The motion was to ask the District's attorney to submit a

question to the State attorney general regarding what are the minimum qualifications for a potential Board member to run for office given the conflicting requirements between Water Districts and Sanitary District's authorizing acts/statutes. The General Manager was given the direction to work with the District's attorney to clarify the eligibility requirements for Board members.

14. Adjourn

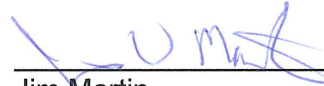
Chair Martin adjourned the regular meeting at 8:21 p.m.

Respectfully submitted,



Sarah Jo Chaplen
General Manager

Date: 02/20/18



Jim Martin
Chair, Board of Directors

Date: Feb. 20, 2018