



**Oak Lodge Water District Office
14496 SE River Road
Oak Grove, OR 97267
May 15th, 2018 at 6:00 p.m.**

1. Call to Order and Flag Salute
2. Call for Public Testimony

Members of the public are welcome to testify for a maximum of three minutes on each agenda item.

3. Consent Agenda
 - April 2018 Financial Reports
 - Approval of April 2018 Check Run
 - April 3, 2018 Budget Committee Minutes
 - April 10, 2018 Budget Committee Minutes
 - April 17, 2018 Board Meeting Minutes
4. IT Service Annual Fee Update
5. Budget Amendment 2017-2018
6. Plant Process Update
7. Department Reports
 - Finance
 - Field Operations
 - Plant Operations
 - Technical Services
8. Call for Public Comment
9. Business from the Board

Adjourn



AGENDA ITEM

Agenda Item: Call for Public Testimony
Item No.: 2
Presenters: N/A

Background:

Members of the public are invited to identify agenda items on which they would like to comment or provide testimony. The Board may elect to limit the total time available for public comment or for any single speaker depending on meeting length.



CONSENT AGENDA

To: Board of Directors
From: Sarah Jo Chaplen, General Manager
Agenda Item: Consent Agenda
Item No.: 3
Date: May 15, 2018

Background:

The Board of Directors has a standing item on the regular monthly meeting agenda called "Consent Agenda." This subset of the regular agenda provides for the Board to relegate routine business functions not requiring discussion to a consent agenda where all included items can be acted upon by a single act.

The Consent Agenda includes:

1. April 2018 Financial Reports
 - a. Approval of April 2018 Check Run
2. April 3, 2018 Budget Committee Minutes
3. April 10, 2018 Budget Committee Minutes
4. April 17, 2018 Board Meeting Minutes

Board members may request to remove an item from the Consent Agenda to discuss separately.

Options for Consideration:

1. Approve the consent agenda as listed on the meeting agenda.
2. Request one or more items listed on the consent agenda be pulled from the consent agenda for discussion.

Recommendation:

Approve the items listed under the Consent Agenda.

Sample motion: *"I move to approve the consent agenda."*

Approved _____

Date _____



MONTHLY FINANCIAL REPORT

To: Board Directors
From: Kelly Stacey, Finance Director
Agenda Item: April 2018 Financial Reports
Item No.: 3
Date: May 15, 2018

Reports:

- April 2018 Monthly Overview
- April 2018 Budget Report
- April 2018 Monthly Cash and Investment Balances
- April 2018 Monthly Checks and Electronic Withdrawals report with system report

Oak Lodge Water Services

Account Balances As of:

April 30, 2018

Interest Rate

Account

Wells Fargo Bank Checking-Old Acct phasing out	0.00%	\$75,842.80
Wells Fargo Bank Checking	0.00%	\$2,713,168.28
LGIP 5289 Water General	2.10%	\$1,949,830.72
LGIP 5790 Sanitary	2.10%	\$2,261,028.59
LGIP 3968 Sanitary GO Bond Debt Svc	2.10%	\$480,633.84
LGIP 3869 Sanitary Debt Svc	2.10%	\$983,525.49
LGIP 5002 Sanitary General	2.10%	\$3,864,686.69
	Total	<u>\$12,328,716.41</u>

General Ledger
Budget Report by Division



User: kelly
Printed: 5/3/2018 5:37:45 PM
Period 01 - 10
Fiscal Year 2018

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
10	Drinking Water				
	NonDivisional				
	<i>Beginning Fund Balance</i>				
10-00-3500	Fund balance	-2,600,000.00	0.00	-3,111,670.49	119.68
	<i>Beginning Fund Balance</i>	-2,600,000.00	0.00	-3,111,670.49	119.68
	<i>Revenue</i>				
10-00-4211	Water sales	-3,300,000.00	-179,257.81	-2,824,616.99	85.59
10-00-4212	Water sales - CRW	0.00	0.00	-23,593.32	0.00
10-00-4215	Penalties and late charges	0.00	0.00	-9,183.15	0.00
10-00-4220	System development charges	-75,000.00	-19,075.00	-126,005.00	168.01
10-00-4230	Contract services	-30,000.00	0.00	-20,234.83	67.45
10-00-4240	Service installations	-15,000.00	-3,805.00	-16,445.00	109.63
10-00-4280	Rents & leases	-200,000.00	0.00	-112,340.75	56.17
10-00-4290	Other charges for services	-35,000.00	-270.24	-802.85	2.29
10-00-4610	Investment revenue	-5,000.00	-3,359.47	-27,287.97	545.76
10-00-4630	Miscellaneous revenues	-15,000.00	-1,060.94	-24,537.23	163.58
	<i>Revenue</i>	-3,675,000.00	-206,828.46	-3,185,047.09	86.67
	NonDivisional	-6,275,000.00	-206,828.46	-6,296,717.58	100.35
	Drinking Water				
	<i>Personnel Services</i>				
10-20-5110	Regular employees	970,000.00	69,094.49	664,819.07	68.54
10-20-5120	Temporary/Seasonal employees	35,000.00	1,125.36	15,166.18	43.33
10-20-5130	Overtime	35,000.00	0.00	11,400.28	32.57
10-20-5210	Employee Ins-MDVSTDLTDLf	195,000.00	12,746.74	82,065.11	42.08
10-20-5230	Social Security	75,000.00	5,195.31	51,740.74	68.99
10-20-5240	Retirement	200,000.00	11,906.77	126,052.43	63.03
10-20-5250	TrimetWBF	8,000.00	532.78	5,140.33	64.25
10-20-5260	Unemployment	7,000.00	0.00	0.00	0.00
10-20-5270	Workers compensation	25,000.00	0.16	7,847.94	31.39
10-20-5290	Other employee benefits	20,000.00	0.00	969.16	4.85
	<i>Personnel Services</i>	<i>1,570,000.00</i>	<i>100,601.61</i>	<i>965,201.24</i>	<i>61.48</i>
	<i>Materials & Services</i>				

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
10-20-6110	Legal services	40,000.00	0.00	59,504.50	148.76
10-20-6120	Accounting & audit services	9,000.00	0.00	8,928.15	99.20
10-20-6130	Engineering services	27,000.00	0.00	95.37	0.35
10-20-6140	Administrative services	15,000.00	357.56	4,435.48	29.57
10-20-6150	Contract meter reading	20,000.00	1,657.02	14,236.96	71.18
10-20-6170	Contract lab services	7,000.00	0.00	8,004.89	114.36
10-20-6180	Dues & subscriptions	12,000.00	116.66	23,071.98	192.27
10-20-6190	Other professional & tech svcs	0.00	53.23	13,936.04	0.00
10-20-6220	Electricity	42,000.00	2,682.89	31,952.17	76.08
10-20-6230	Telephone	10,000.00	1,266.86	18,491.46	184.91
10-20-6240	Natural gas	1,300.00	346.26	3,740.68	287.74
10-20-6290	Other utilities	3,500.00	228.35	3,042.37	86.92
10-20-6310	Janitorial services	4,000.00	210.44	5,082.43	127.06
10-20-6320	Buildings & grounds	10,000.00	240.94	4,006.44	40.06
10-20-6330	Vehicle & equipment maint.	24,000.00	736.18	16,510.75	68.79
10-20-6340	Distribution system maint	200,000.00	14,612.82	162,375.39	81.19
10-20-6350	Computer maintenance	25,000.00	6,076.48	62,854.11	251.42
10-20-6390	Other repairs & maintenance	57,000.00	30.00	23,265.00	40.82
10-20-6410	Mileage	8,000.00	408.32	728.31	9.10
10-20-6420	Staff training	20,000.00	238.68	6,247.54	31.24
10-20-6430	Certifications	800.00	0.00	195.00	24.38
10-20-6440	Board travel & training	3,000.00	0.00	669.11	22.30
10-20-6510	Office supplies	15,000.00	92.29	8,970.65	59.80
10-20-6520	Fuel & oils	23,000.00	1,248.18	10,509.66	45.69
10-20-6530	Small tools & equipment	13,000.00	0.00	107.11	0.82
10-20-6540	Safety supplies	12,000.00	901.66	9,398.28	78.32
10-20-6550	Operational Supplies	0.00	0.00	476.38	0.00
10-20-6560	Uniforms	3,500.00	0.00	1,186.53	33.90
10-20-6590	Other supplies	0.00	0.00	393.78	0.00
10-20-6610	Board compensation	700.00	264.00	710.00	101.43
10-20-6710	Purchased water	1,000,000.00	129,905.65	794,417.49	79.44
10-20-6715	Water quality program	0.00	0.00	109.45	0.00
10-20-6720	Insurance	27,100.00	0.00	33,591.95	123.96
10-20-6730	Communications	10,000.00	70.78	745.02	7.45
10-20-6740	Advertising	1,000.00	0.00	0.00	0.00
10-20-6750	Other purchased services	0.00	90.80	14,914.29	0.00
10-20-6760	Equipment Rental	5,000.00	0.00	0.00	0.00
10-20-6770	Bank charges	35,000.00	0.00	13,923.15	39.78
10-20-6780	Taxes & fees	7,500.00	0.00	12,685.55	169.14
10-20-6900	Miscellaneous expense	1,000.00	100.00	1,044.42	104.44
	<i>Materials & Services</i>	<i>1,692,400.00</i>	<i>161,936.05</i>	<i>1,374,557.84</i>	<i>81.22</i>
	<i>Capital Outlay</i>				
10-20-7200	Infrastructure	250,000.00	25,062.56	181,174.78	72.47
10-20-7300	Buildings & improvements	0.00	0.00	1,902.18	0.00
10-20-7400	Improvement other than Bldgs	6,000.00	0.00	0.00	0.00
10-20-7510	Furniture & fixtures	0.00	0.00	0.00	0.00
10-20-7520	Equipment	29,000.00	0.00	13,015.00	44.88
10-20-7530	Software	50,000.00	4,476.04	33,199.39	66.40

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
10-20-7540	Vehicles	0.00	0.00	457.35	0.00
10-20-7600	Capital Improvement Projects	630,000.00	5,065.75	654,787.96	103.93
	<i>Capital Outlay</i>	<i>965,000.00</i>	<i>34,604.35</i>	<i>884,536.66</i>	<i>91.66</i>
	Drinking Water	4,227,400.00	297,142.01	3,224,295.74	76.27
10	Drinking Water	-2,047,600.00	90,313.55	-3,072,421.84	150.05
20	Wastewater Reclam.				
	NonDivisional				
	<i>Beginning Fund Balance</i>				
20-00-3500	Fund balance	-4,562,000.00	0.00	-5,011,994.08	109.86
	<i>Beginning Fund Balance</i>	<i>-4,562,000.00</i>	<i>0.00</i>	<i>-5,011,994.08</i>	<i>109.86</i>
	<i>Revenue</i>				
20-00-4212	Wastewater charges	-7,830,000.00	-462,808.50	-5,530,917.64	70.64
20-00-4215	Penalties & late charges	0.00	0.00	-13,386.07	0.00
20-00-4220	System development charges	-78,000.00	-46,485.00	-263,415.00	337.71
20-00-4240	Service installations	0.00	-5,173.73	-30,539.97	0.00
20-00-4290	Other charges for services	0.00	-4,641.69	-12,410.92	0.00
20-00-4610	Investment revenue	-26,000.00	-6,658.08	-50,482.71	194.16
20-00-4630	Miscellaneous revenues	-66,000.00	-11,281.13	-25,412.84	38.50
20-00-4640	Proceeds from sale of capital	-900,000.00	0.00	0.00	0.00
	<i>Revenue</i>	<i>-8,900,000.00</i>	<i>-537,048.13</i>	<i>-5,926,565.15</i>	<i>66.59</i>
	NonDivisional	-13,462,000.00	-537,048.13	-10,938,559.23	81.26
	Wastewater-Plant				
	<i>Personnel Services</i>				
20-21-5110	Regular employees	1,200,000.00	138,153.17	849,371.80	70.78
20-21-5120	Temporary/Seasonal employees	35,000.00	1,220.04	15,646.57	44.70
20-21-5130	Overtime	62,000.00	0.00	23,116.44	37.28
20-21-5210	Employee Ins-MDVSTDLTDLf	227,000.00	14,871.74	86,414.79	38.07
20-21-5230	Social Security	91,000.00	10,461.81	66,477.40	73.05
20-21-5240	Retirement	230,000.00	23,487.97	126,937.94	55.19
20-21-5250	Trimet/WBF	9,000.00	1,052.22	6,489.51	72.11
20-21-5260	Unemployment	8,500.00	0.00	0.00	0.00
20-21-5270	Workers compensation	12,000.00	0.22	8,374.71	69.79
20-21-5290	Other employee benefits	10,000.00	0.00	942.83	9.43
	<i>Personnel Services</i>	<i>1,884,500.00</i>	<i>189,247.17</i>	<i>1,183,771.99</i>	<i>62.82</i>
	<i>Materials & Services</i>				
20-21-6110	Legal services	20,000.00	0.00	81,954.40	409.77
20-21-6120	Accounting & audit services	5,000.00	0.00	2,008.47	40.17
20-21-6130	Engineering services	27,000.00	0.00	2,857.86	10.58
20-21-6140	Administrative services	10,000.00	50.00	1,850.33	18.50
20-21-6150	Contract meter reading	10,000.00	828.51	7,118.49	71.18
20-21-6160	Bond issue costs	0.00	0.00	34,246.00	0.00
20-21-6170	Contract lab services	31,000.00	1,980.00	17,961.00	57.94

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
20-21-6180	Dues & subscriptions	12,000.00	106.01	5,362.76	44.69
20-21-6190	Other professional & tech svcs	0.00	57.70	15,773.52	0.00
20-21-6220	Electricity	247,000.00	20,644.64	199,413.81	80.73
20-21-6230	Telephone	24,000.00	849.63	18,334.08	76.39
20-21-6240	Natural gas	4,500.00	92.49	615.80	13.68
20-21-6250	Solid waste disposal	109,000.00	4,427.61	44,276.24	40.62
20-21-6290	Other utilities	2,000.00	86.80	3,188.11	159.41
20-21-6310	Janitorial services	3,000.00	190.21	15,577.46	519.25
20-21-6320	Buildings & grounds maint.	14,000.00	261.20	16,529.41	118.07
20-21-6330	Vehicle & equipment maint.	23,600.00	7,303.79	22,286.23	94.43
20-21-6342	WRF System maintenance	204,500.00	11,169.56	164,946.56	80.66
20-21-6350	Computer maintenance	83,000.00	1,819.64	67,747.71	81.62
20-21-6390	Other repairs & maintenance	0.00	1,412.67	11,781.83	0.00
20-21-6410	Mileage	2,000.00	27.07	844.21	42.21
20-21-6420	Staff training	16,000.00	0.00	-4,571.13	-28.57
20-21-6430	Certifications	5,000.00	160.00	1,376.94	27.54
20-21-6440	Board travel & training	3,300.00	0.00	241.30	7.31
20-21-6510	Office supplies	20,000.00	775.53	2,962.01	14.81
20-21-6520	Fuel & oils	30,000.00	117.00	16,825.65	56.09
20-21-6530	Small tools & equipment	20,200.00	16.50	1,080.96	5.35
20-21-6540	Safety supplies	5,100.00	89.78	3,418.13	67.02
20-21-6550	Operational Supplies	39,000.00	4,801.73	32,906.03	84.37
20-21-6560	Uniforms	11,000.00	1,058.52	11,000.34	100.00
20-21-6590	Other supplies	30,000.00	707.93	6,312.72	21.04
20-21-6610	Board compensation	1,000.00	136.00	365.00	36.50
20-21-6720	Insurance	81,100.00	40,733.00	92,411.07	113.95
20-21-6730	Communications	4,500.00	76.71	618.47	13.74
20-21-6750	Other purchased services	11,500.00	1,728.35	40,218.28	349.72
20-21-6770	Bank charges	20,000.00	0.00	40,598.44	202.99
20-21-6780	Taxes & fees	43,500.00	0.00	33,065.06	76.01
20-21-6900	Miscellaneous expense	0.00	0.00	-297.29	0.00
	<i>Materials & Services</i>	<i>1,172,800.00</i>	<i>101,708.58</i>	<i>1,013,206.26</i>	<i>86.39</i>
	<i>Capital Outlay</i>				
20-21-7300	Buildings & improvements	900,000.00	0.00	7,539.48	0.84
20-21-7520	Equipment	0.00	0.00	46,293.17	0.00
20-21-7530	Software	50,000.00	4,852.62	33,154.51	66.31
20-21-7540	Vehicles	0.00	0.00	391.90	0.00
20-21-7600	Capital Improvement Projects	575,000.00	1,506.77	66,581.20	11.58
	<i>Capital Outlay</i>	<i>1,525,000.00</i>	<i>6,359.39</i>	<i>153,960.26</i>	<i>10.10</i>
	Wastewater-Plant	4,582,300.00	297,315.14	2,350,938.51	51.30
	Wastewater-Collections				
	<i>Personnel Services</i>				
20-22-5110	Regular employees	700,000.00	58,793.69	587,675.78	83.95
20-22-5120	Temporary/Seasonal employees	17,000.00	497.16	5,257.14	30.92
20-22-5130	Overtime	60,000.00	0.00	5,524.61	9.21
20-22-5210	Employee Ins-MDVSTDLTDLf	137,000.00	10,252.23	70,507.69	51.47

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
20-22-5230	Social Security	56,000.00	4,442.55	45,133.22	80.60
20-22-5240	Retirement	140,000.00	8,929.41	90,160.58	64.40
20-22-5250	TrimetWBF	5,500.00	454.80	4,514.01	82.07
20-22-5260	Unemployment	5,000.00	0.00	0.00	0.00
20-22-5270	Workers compensation	7,000.00	0.23	6,539.47	93.42
20-22-5290	Other employee benefits	6,000.00	0.00	645.92	10.77
	<i>Personnel Services</i>	<i>1,133,500.00</i>	<i>83,370.07</i>	<i>815,958.42</i>	<i>71.99</i>
	<i>Materials & Services</i>				
20-22-6110	Legal services	20,000.00	0.00	45,332.97	226.66
20-22-6120	Accounting & audit services	5,000.00	0.00	1,958.27	39.17
20-22-6130	Engineering services	27,000.00	0.00	42.14	0.16
20-22-6140	Administrative services	10,000.00	50.00	1,107.17	11.07
20-22-6150	Contract meter reading	10,000.00	828.52	7,118.52	71.19
20-22-6170	Contract lab services	2,000.00	0.00	1,332.00	66.60
20-22-6180	Dues & subscriptions	13,000.00	53.58	1,807.72	13.91
20-22-6190	Other professional & tech svcs	17,600.00	23.51	5,868.48	33.34
20-22-6220	Electricity	7,000.00	3,151.31	24,751.60	353.59
20-22-6230	Telephone	15,000.00	566.42	14,156.54	94.38
20-22-6240	Natural gas	3,200.00	92.49	588.39	18.39
20-22-6290	Other utilities	8,300.00	49.48	7,921.64	95.44
20-22-6310	Janitorial services	3,000.00	77.51	3,827.31	127.58
20-22-6320	Buildings & grounds	4,800.00	106.42	766.01	15.96
20-22-6330	Vehicle & equipment maint.	5,000.00	0.00	3,466.93	69.34
20-22-6342	Collection system maint.	8,200.00	8,083.42	31,841.97	388.32
20-22-6350	Computer maintenance	35,000.00	741.49	29,378.03	83.94
20-22-6390	Other repairs & maintenance	30,000.00	0.00	22,782.03	75.94
20-22-6410	Mileage	3,000.00	11.02	276.56	9.22
20-22-6420	Staff training	26,000.00	0.00	1,816.78	6.99
20-22-6430	Certifications	500.00	0.00	718.06	143.61
20-22-6440	Board travel & training	3,200.00	0.00	98.34	3.07
20-22-6510	Office supplies	18,500.00	458.19	3,075.87	16.63
20-22-6520	Fuel & oils	7,600.00	616.81	5,232.01	68.84
20-22-6530	Small tools & equipment	22,000.00	0.00	1,173.22	5.33
20-22-6540	Safety supplies	2,800.00	36.59	1,118.20	39.94
20-22-6550	Operational Supplies	2,100.00	21.03	3,448.34	164.21
20-22-6560	Uniforms	5,700.00	392.65	4,559.17	79.99
20-22-6590	Other supplies	0.00	0.00	108.52	0.00
20-22-6610	Board compensation	500.00	136.00	365.00	73.00
20-22-6720	Insurance	388,200.00	0.00	13,800.43	3.55
20-22-6730	Communications	4,500.00	31.29	2,841.38	63.14
20-22-6750	Other purchased services	0.00	417.23	17,996.57	0.00
20-22-6770	Bank charges	20,000.00	0.00	7,324.74	36.62
20-22-6780	Taxes & fees	5,500.00	0.00	2,812.11	51.13
20-22-6900	Miscellaneous expense	0.00	0.00	74.01	0.00
	<i>Materials & Services</i>	<i>734,200.00</i>	<i>15,944.96</i>	<i>270,887.03</i>	<i>36.90</i>
	<i>Capital Outlay</i>				
20-22-7300	Buildings & improvements	0.00	0.00	2,342.36	0.00

Account Number	Description	Budget	Period Amt	End Bal	% of Budget
20-22-7520	Equipment	0.00	0.00	12,128.00	0.00
20-22-7530	Software	0.00	1,977.42	15,032.77	0.00
20-22-7600	Capital Improvement Projects	0.00	0.00	65.60	0.00
	<i>Capital Outlay</i>	<i>0.00</i>	<i>1,977.42</i>	<i>29,568.73</i>	<i>0.00</i>
	Wastewater-Collections	1,867,700.00	101,292.45	1,116,414.18	59.77
20	Wastewater Reclam.	-7,012,000.00	-138,440.54	-7,471,206.54	106.55
30	Watershed Protection NonDivisional				
	<i>Beginning Fund Balance</i>				
30-00-3500	Fund balance	-2,080,000.00	0.00	-2,371,482.30	114.01
	<i>Beginning Fund Balance</i>	<i>-2,080,000.00</i>	<i>0.00</i>	<i>-2,371,482.30</i>	<i>114.01</i>
	<i>Revenue</i>				
30-00-4213	Watershed protection fees	-1,420,000.00	-73,203.76	-1,004,080.80	70.71
30-00-4215	Penalties & late charges	0.00	0.00	-2,427.86	0.00
30-00-4240	Service installations	0.00	-5,821.93	-27,162.24	0.00
30-00-4280	Rents & leases	0.00	0.00	0.00	0.00
30-00-4290	Other charges for services	-11,500.00	0.00	-960.09	8.35
30-00-4300	Grant Revenue	-250,000.00	0.00	0.00	0.00
30-00-4610	Investment revenue	-19,300.00	-3,895.48	-29,722.00	154.00
30-00-4630	Miscellaneous revenues	-32,500.00	-318.52	-3,431.64	10.56
30-00-4640	Proceeds from sale of capital	-362,000.00	0.00	0.00	0.00
	<i>Revenue</i>	<i>-2,095,300.00</i>	<i>-83,239.69</i>	<i>-1,067,784.63</i>	<i>50.96</i>
	NonDivisional	-4,175,300.00	-83,239.69	-3,439,266.93	82.37
	Watershed Protection				
	<i>Personnel Services</i>				
30-23-5110	Regular employees	405,000.00	24,088.79	264,399.08	65.28
30-23-5120	Temporary/Seasonal employees	35,000.00	757.44	9,672.51	27.64
30-23-5130	Overtime	1,000.00	0.00	1,550.84	155.08
30-23-5210	Employee Ins-MDVSTDLTDLf	75,000.00	4,480.24	29,310.11	39.08
30-23-5230	Social Security	30,000.00	1,813.60	20,299.01	67.66
30-23-5240	Retirement	3,000.00	3,967.58	42,947.93	1,431.60
30-23-5250	TrimetWBF	3,000.00	186.69	2,018.59	67.29
30-23-5260	Unemployment	3,000.00	0.00	0.00	0.00
30-23-5270	Workers compensation	4,000.00	0.07	3,399.12	84.98
30-23-5290	Other employee benefits	3,000.00	0.00	328.14	10.94
	<i>Personnel Services</i>	<i>562,000.00</i>	<i>35,294.41</i>	<i>373,925.33</i>	<i>66.53</i>
	<i>Materials & Services</i>				
30-23-6110	Legal services	20,000.00	0.00	30,751.07	153.76
30-23-6120	Accounting & audit services	6,000.00	0.00	1,335.11	22.25
30-23-6130	Engineering services	17,500.00	0.00	6,798.45	38.85
30-23-6140	Administrative services	4,000.00	350.00	686.79	17.17
30-23-6170	Contract lab services	15,000.00	1,332.00	6,043.00	40.29

<u>Account Number</u>	<u>Description</u>	<u>Budget</u>	<u>Period Amt</u>	<u>End Bal</u>	<u>% of Budget</u>
30-23-6180	Dues & subscriptions	9,000.00	54.89	2,354.26	26.16
30-23-6190	Other professional & tech svcs	0.00	35.83	9,491.74	0.00
30-23-6220	Electricity	2,000.00	107.69	1,048.86	52.44
30-23-6230	Telephone	11,000.00	247.69	7,097.55	64.52
30-23-6240	Natural gas	1,800.00	61.67	394.13	21.90
30-23-6290	Other utilities	6,000.00	16.80	1,317.65	21.96
30-23-6310	Janitorial services	2,000.00	118.09	2,907.46	145.37
30-23-6320	Buildings & grounds	15,000.00	162.18	2,891.90	19.28
30-23-6330	Vehicle & equipment maint.	6,100.00	0.00	-18.99	-0.31
30-23-6340	System maintenance	6,300.00	16,311.27	23,068.19	366.16
30-23-6350	Computer maintenance	35,900.00	1,129.68	26,650.51	74.24
30-23-6390	Other repairs & maintenance	25,000.00	0.00	1,654.97	6.62
30-23-6410	Mileage	2,000.00	93.20	450.49	22.52
30-23-6420	Staff training	8,000.00	0.00	1,038.01	12.98
30-23-6430	Certifications	400.00	0.00	0.00	0.00
30-23-6440	Board travel & training	3,300.00	0.00	149.80	4.54
30-23-6510	Office supplies	19,000.00	186.79	1,925.09	10.13
30-23-6520	Fuel & oils	3,100.00	239.20	2,887.53	93.15
30-23-6530	Small tools & equipment	7,500.00	0.00	19.94	0.27
30-23-6540	Safety supplies	2,600.00	325.73	1,086.14	41.77
30-23-6550	Operational Supplies	6,200.00	330.00	1,181.52	19.06
30-23-6560	Uniforms	5,250.00	74.75	1,165.59	22.20
30-23-6590	Other supplies	0.00	0.00	63.12	0.00
30-23-6610	Board compensation	1,000.00	264.00	710.00	71.00
30-23-6720	Insurance	16,800.00	0.00	23,454.55	139.61
30-23-6730	Communications	74,000.00	47.65	3,970.49	5.37
30-23-6750	Other purchased services	0.00	61.12	9,931.26	0.00
30-23-6770	Bank charges	16,000.00	0.00	4,757.45	29.73
30-23-6780	Taxes & fees	2,100.00	0.00	0.00	0.00
30-23-6900	Miscellaneous expense	500.00	0.00	112.82	22.56
	<i>Materials & Services</i>	<i>350,350.00</i>	<i>21,550.23</i>	<i>177,376.45</i>	<i>50.63</i>
	<i>Capital Outlay</i>				
30-23-7300	Buildings & improvements	0.00	0.00	311.14	0.00
30-23-7530	Software	50,000.00	3,012.67	23,976.08	47.95
30-23-7600	Capital Improvement Projects	1,871,000.00	0.00	93,092.06	4.98
	<i>Capital Outlay</i>	<i>1,921,000.00</i>	<i>3,012.67</i>	<i>117,379.28</i>	<i>6.11</i>
	Watershed Protection	2,833,350.00	59,857.31	668,681.06	23.60
30	Watershed Protection	-1,341,950.00	-23,382.38	-2,770,585.87	206.46



STAFF REPORT

To: Board of Directors
From: Kelly Stacey, Finance Director
Agenda Item: Checks for March 2018
Item No.: 3C
Date: May 15, 2018

Background

Auditors have requested formal approval of checks by the Board of Directors

Issue

The District needs formal authorization of March checks numbered 40890 through 41004, which include accounts payable and payroll checks as well as electronic withdrawals totaling \$725,187.95. Attached you will find a report showing all checks and electronic withdrawals April 2018 (0 under check number signifies ACH). There were no voided checks for the month.

Recommendations

It is recommended to the Board that checks numbered 40890 through 41004 and electronic withdrawals be formally approved by the Board.

Background

The District pays expenditures throughout the month.

Facts and Findings

The District auditors require the Board to formally approve monthly payments to conform to Generally Accepted Accounting Principles (GAAP).

Attachments

1. Accela Checks by Date April 2018

Bank Reconciliation

Checks by Date

User: kelly

Printed: 05/03/2018 - 10:37AM

Cleared and Not Cleared Checks

Print Void Checks

No.	Date	Payee	System	Amount
0	4/13/2018	Payroll Direct Deposit	PR	66,669.99
0	4/17/2018	Openedge	AP	1,255.29
0	4/17/2018	Wells Fargo Bank, N.A. (182)	AP	324.81
0	4/17/2018	Public Employees	AP	49,766.40
0	4/17/2018	IRS Dept of The Treasury	AP	56,184.34
0	4/17/2018	Authorize.net	AP	309.63
0	4/17/2018	Nationwide Retirement Solutions	AP	3,840.23
0	4/17/2018	Oregon Department Of Revenue	AP	15,736.11
0	4/17/2018	VALIC c/o JP Morgan Chase	AP	5,660.00
0	4/17/2018	Oregon Dept of Rev-Garn	AP	1,252.64
0	4/19/2018	Payroll Direct Deposit	PR	3,980.90
0	4/30/2018	IRS Dept of The Treasury	AP	7,841.88
0	4/30/2018	Public Employees	AP	5,176.74
0	4/30/2018	Oregon Department Of Revenue	AP	1,904.39
0	4/30/2018	Payroll Direct Deposit	PR	87,798.94
40890	4/13/2018	JOHN KROGSTAD	PR	2,121.68
40891	4/11/2018	NADINE MOELLER	AP	98.82
40892	4/13/2018	TIMOTHY SEXTON	PR	1,059.06
40893	4/13/2018	CLAY YOHN	PR	701.48
40894	4/17/2018	A and A Drilling Service, Inc	AP	2,525.00
40895	4/17/2018	Accela	AP	14,003.75
40896	4/17/2018	Ace Hardware #11075	AP	170.18
40897	4/17/2018	AFLAC	AP	671.51
40898	4/17/2018	AFSCME Council 75	AP	802.92
40899	4/17/2018	American Backflow Services	AP	30.00
40900	4/17/2018	Apex Labs	AP	3,312.00
40901	4/17/2018	BMS Technologies	AP	4,423.59
40902	4/17/2018	Brown And Caldwell	AP	2,403.93
40903	4/17/2018	BTL NW	AP	155.68
40904	4/17/2018	Lara Christensen	AP	110.21
40905	4/17/2018	Cintas Corporation - 463	AP	83.65
40906	4/17/2018	City Of Gladstone	AP	80.33
40907	4/17/2018	City Of Milwaukie	AP	1,374.68
40908	4/17/2018	Clackamas Comm. Federal CU	AP	262.50
40909	4/17/2018	Clackamas County Sheriff	AP	100.00
40910	4/17/2018	Clackamas Landscape	AP	232.00
40911	4/17/2018	Coastal Farm & Home Supply	AP	413.95
40912	4/17/2018	Comcast Cable	AP	419.37
40913	4/17/2018	Consolidated Supply Co.	AP	8,020.96
40914	4/17/2018	Contractor Supply	AP	327.59
40915	4/17/2018	Craig Blackman Trucking	AP	4,831.82
40916	4/17/2018	Delta Industries, Inc	AP	341.95
40917	4/17/2018	Dr. Lance F. Harris D.C.	AP	180.00
40918	4/17/2018	Express Employment	AP	1,800.00
40919	4/17/2018	Geosynthetic Products	AP	330.00
40920	4/17/2018	Grainger, Inc.	AP	119.82
40921	4/17/2018	Martin Guenther	AP	32.10
40922	4/17/2018	Kaiser Permanente	AP	8,639.88
40923	4/17/2018	Les Schwab	AP	499.68
40924	4/17/2018	Modern Machinery Inc.	AP	151.09
40925	4/17/2018	Napa Auto Parts - Store #07078	AP	220.87
40926	4/17/2018	Net Assets Corporation	AP	537.00

40927	4/17/2018	Northwest Natural	AP	246.65
40928	4/17/2018	Olson Bros. Service, Inc.	AP	1,752.58
40929	4/17/2018	One Call Concepts, Inc.	AP	807.56
40930	4/17/2018	Oregonian Publishing Company	AP	152.06
40931	4/17/2018	Pamplin Media Group	AP	113.21
40932	4/17/2018	Polydyne, Inc.	AP	3,982.00
40933	4/17/2018	Porter Yett Company	AP	787.50
40934	4/17/2018	Portland Engineering Inc	AP	120.00
40935	4/17/2018	Portland General Electric	AP	24,919.78
40936	4/17/2018	SDIS	AP	27,977.44
40937	4/17/2018	Staples Advantage	AP	1,198.05
40938	4/17/2018	Tyler Technologies, Inc.	AP	1,742.55
40939	4/17/2018	Unifirst Corporation	AP	757.61
40940	4/17/2018	US Bank Equipment Finance	AP	220.00
40941	4/17/2018	Verizon Wireless	AP	554.83
40942	4/17/2018	Waste Management Of Oregon	AP	4,728.71
40943	4/17/2018	Water Environment Services	AP	632.34
40944	4/17/2018	Western Exterminator Company	AP	253.91
40945	4/17/2018	Xerox Corporation	AP	19.53
40946	4/18/2018	Nancy Gibson	AP	800.00
40947	4/19/2018	MONICA STONE	PR	7,480.37
40948	4/19/2018	MONICA STONE	PR	886.09
40949	4/30/2018	JOHN KROGSTAD	PR	2,121.74
40950	4/30/2018	TIMOTHY SEXTON	PR	1,525.30
40951	4/30/2018	CLAY YOHN	PR	817.69
40952	4/30/2018	Accela	AP	315.00
40953	4/30/2018	Ace Hardware #11075	AP	165.15
40954	4/30/2018	AFLAC	AP	43.04
40955	4/30/2018	AFSCME Council 75	AP	34.42
40956	4/30/2018	Alexin Analytical Laboratories	AP	510.00
40957	4/30/2018	ALFA Laval Inc.	AP	6,827.61
40958	4/30/2018	Answernet	AP	170.27
40959	4/30/2018	Apollo Drain & Rooter Service, Inc.	AP	6,973.00
40960	4/30/2018	Bachman Paving Company	AP	20,790.00
40961	4/30/2018	HEIDI BEYLUND	AP	61.77
40962	4/30/2018	Century Link	AP	771.68
40963	4/30/2018	Cintas Corporation	AP	264.92
40964	4/30/2018	Cintas Corporation - 463	AP	83.65
40965	4/30/2018	Clackamas Comm. Federal CU	AP	255.00
40966	4/30/2018	Justin Claxton	AP	283.48
40967	4/30/2018	Convergence Networks	AP	5,369.24
40968	4/30/2018	Detemple Company, Inc.	AP	4,000.00
40969	4/30/2018	Express Employment	AP	1,800.00
40970	4/30/2018	Ferguson Enterprises, Inc.	AP	468.49
40971	4/30/2018	Grainger, Inc.	AP	128.88
40972	4/30/2018	H.D. Fowler Company	AP	2,103.22
40973	4/30/2018	Hartford Insurance Company	AP	40,733.00
40974	4/30/2018	JENNINGS LODGE	AP	1,544.08
40975	4/30/2018	Kaiser Permanente	AP	849.29
40976	4/30/2018	Maverick Welding Supplies Inc	AP	42.06
40977	4/30/2018	Metereaders, LLC	AP	3,314.05
40978	4/30/2018	Mr. Rooter	AP	1,110.42
40979	4/30/2018	Napa Auto Parts - Store #07078	AP	15.63
40980	4/30/2018	NCCWC	AP	129,905.65
40981	4/30/2018	NCUWC	AP	16,311.27
40982	4/30/2018	Northstar Chemical, Inc.	AP	550.00
40983	4/30/2018	Northwest Natural	AP	346.26
40984	4/30/2018	Olson Bros. Service, Inc.	AP	468.61
40985	4/30/2018	Oregon Deq	AP	160.00
40986	4/30/2018	Oregon DMV Records Policy Unit	AP	70.00
40987	4/30/2018	Oregonian Publishing Company	AP	109.08

40988	4/30/2018	Pamplin Media Group	AP	113.22
40989	4/30/2018	JAIME & MICHELLE PAULO	AP	116.54
40990	4/30/2018	Portland Engineering Inc	AP	2,315.50
40991	4/30/2018	Portland General Electric	AP	1,666.75
40992	4/30/2018	Relay Resources	AP	851.73
40993	4/30/2018	Ricoh Americas Corporation	AP	295.22
40994	4/30/2018	Myong Roth	AP	133.04
40995	4/30/2018	SDIS	AP	2,220.61
40996	4/30/2018	Dave Seifert	AP	172.65
40997	4/30/2018	Timothy Sexton	AP	179.85
40998	4/30/2018	TEC Equipment, Inc	AP	7,303.79
40999	4/30/2018	Tice Electric Company	AP	1,412.67
41000	4/30/2018	Top Industrial Supply	AP	154.40
41001	4/30/2018	Traver's Cleaning Service Inc.	AP	35.00
41002	4/30/2018	Unifirst Corporation	AP	1,285.14
41003	4/30/2018	Verizon Wireless	AP	1,029.04
41004	4/30/2018	Water Systems Consulting, Inc.	AP	5,065.75
			Total Void Check Count:	0
			Total Void Check Amount:	0.00
			Total Valid Check Count:	199
			Total Valid Check Amount:	725,187.96
			Total Check Count:	199
			Total Check Amount:	725,187.96

BR-Checks by Date (5/3/2018 - 10:37 AM)



OAK LODGE WATER SERVICES
Minutes
Budget Committee Meeting 6:00 p.m.
April 3, 2018

Board of Directors - Members Present:

Nancy Gibson, President
Susan Keil, Vice President/Secretary (via telephone)
Lynn Fisher, Treasurer
Jim Martin, 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
Jason Rice, District Engineer
David Mendenhall, Plant Superintendent
Kelly Stacey, Finance Director
Todd Knapp, Field Operations Superintendent

Budget Committee Present:

Steven Cade, Budget Committee
Paul Gornick, Budget Committee
Dave Phelps, Budget Committee
Terry Gibson, Budget Committee
Eugene Whitley, Budget Committee
John Klum, Budget Committee (withdrawn).

1. Call to order

Board President Nancy Gibson called the Budget Committee meeting to order at 6:00 p.m.

2. Nomination of budget committee alternate

Budget Committee acting Chair Steven Cade shared information that John Klum will not be able to participate in the Budget Committee meetings this year and requested the Board of Directors appoint an alternate to the Budget Committee.

Director Lynn Fisher moved to appoint Terry Gibson to the Budget Committee. Director Martin seconded the motion.

Ayes: 10

Nays: None

Motion carried: 10

3. Public Comment

There were no members of the public present and no comments.

4. Follow-up information/Presentation and Discussion
5. Discussion

Finance Director Kelly Stacey presented a clear abbreviated snapshot of the division of expenses: personnel services, materials and services, and capital – split between drinking wastewater, water, watershed protection, and capital expenditures as proposed for the coming year. She clarified capital expenses as vehicles, equipment, major software, major building improvements, and projects larger than day to day. Contingencies are set aside for a future specified project through Board approval and cannot be otherwise spent except in an emergency. Reserves are set aside unallocated and may not be spent except in an emergency. If an appropriated budget item needs to change more than 10% of its approved amount, it needs Board/Budget Committee review and approval. This year the proposed budget is more transparent and explicit in its appropriated line items, in particular through the creation of three large Contingency funds set aside for drinking water, wastewater, and watershed protection. These funds have been created to approximate, future needs based on historical need.

System Development Charges are considered reimbursement funds for capital already spent, which can be spent on capital needs. She highlighted the lack of SDC's for watershed protection and the increase of SDC's for water service development based on a delineated index. There is no parallel increase in wastewater SDC's. Director Williams asked why we have not created an SDC for watershed protection; staff responded to add a watershed protection SDC the District would need a watershed protection master plan. In the current proposed budget there is the start of a watershed protection master plan that will wrap up in FY 2020. Question whether the sewer SDC's collected in the future can be applied to pay off the bond for the wastewater plant; staff response yes, our SDC's are modeled on what we need to pay off the bond. Question if the sewer SDC's can only be increased with another wastewater master plan; staff response yes but we might be able to use a Resolution to increase the wastewater SDC. Question about the most recent rate study for wastewater; staff response the most recent rate study was during the last year of the former Sanitary District hired Deb Galardi [Galardi Consulting, LLC] to analyze the sewer rates. We can use that study/spreadsheet to review and build the rates currently based on the current SDC rates. Future need for capacity will need to be accounted for in the next index/study. Director Martin recalled that during the last time the rates were set, the Board was told that they were required to set a fixed rate for the SDC's to account for the fixed amount that the treatment plant was "over built" (about 25% bigger than needed).

Finance Director Kelly Stacey provided a brief overview of how rates are determined: first, the budget expenditures are determined based on need; then we take 100% of the debt service; next we take 60% of the balance that we need to determine the base rate; then we take 40% of that to determine the consumption rate. Right now, the average consumption is 6 hundred cubic feet (6 ccf) per month. For water we use a 5-year average to predict the total water consumption for the year and use the rate that we have charged in the past to determine the consumption rate, and then we raise the base rate as well. This is the first year since the early 2000's that the District has raised the rate charged for water although the District's wholesale cost of water has increased each year. She showed a graphic of the rate increases based on a 6 ccf average, which add up to \$2.95 per month: watershed protection increases by \$0.35; wastewater increases \$1.67 more per month; water increases \$0.93. The average new bill will be \$84.42 per month, or \$168 for an average two-month bill.

Next, she explained the current year budget, highlighting year end projections. Revenues are slightly lower than projected, expenditures are significantly lower than projected and reserves are higher. Looking closely at the estimated year-end helps with future projections. Question about how much the Boardman project will draw down; staff response about 2.5 million dollars.

The current year budget shows: an increase in personnel services because vacant positions will be filled; an increase in materials and services will increase mostly due to legal fees and review of Intergovernmental Agreements (IGA's) as well as changes in price for materials. The current year shows a large increase in capital due to two things: the delay of several capital projects from last year and the new meter program. After the new meters are installed there will be a significant cost savings in the meter reading program. She shared the totals of contingencies and reserves and the Board asked whether rate increases are still needed when the reserves and contingencies are large; staff responded the building of contingencies and reserves over time towards capital projects help to offset rate increases in the future. Instead of raising rates sharply to pay for immediate needs, the District acts prudently to save for anticipated capital expenditures and raises rates slowly over time to cover future costs.

The Board asked about the coverage requirements for the District's bond rating for the revenue bonds; staff responded one bond was just 100% and the revenue bond required 115% so they put in 115% for both bonds to be certain there would be enough coverage. Budget Committee member asked about rate increases over the past two years; staff responded that although rates go up, revenue depends on water consumption, and overall our rates have been increasing at about 3-4% annually. The Board commented that rate increases have been slightly above the inflation rate and suggested this may not be sustainable; staff commented the District adjustments are still below the inflation rate which is 4.2% and the District Cost of Living Adjustment which is 3.5% (and only for some of the staff based on the current union contract). General Manager Sarah Jo Chaplen commented on best practices concerning rates—namely the goal of implementing small rate increases over time as costs increase and the importance of having water utilities keep up with infrastructure upgrades.

The Budget Committee asked if rates need to increase 44% each year; staff responded the percentage is coincidental in the past few years – first the District sets the budget and then calculates the corresponding needed rate increase. The Board emphasized how important it is to look at line items and not to raise each item without analysis. The Board reminded the group about the use of the District rate calculator, which helps staff analyze the base rate. OLWS by law can have all operations, maintenance and personnel covered under a base rate and the calculator helps generate that base rate. Staff mentioned each line item is analyzed in detail for efficiencies, and the water model will be analyzed as part of the new master plan. The sanitary model was lacking enough in creating reserves for capital projects. The reserve funds are being put in place to offset spikes in rate increases and so that revenue is not based on water consumption, which can fluctuate. There are two philosophies concerning capital – save for projects ahead of time or find funding and pay interest as the project is repaid.

Staff commented on the transfers of money inflating the budget by being counted twice as both revenue and expense (in order to set up the contingency funds). For the other comparison of categories: personnel costs are decreasing; materials and services is increasing; capital is increasing dramatically because of catching up on projects from last year; contingencies are increasing because of the setting up of new funds; reserves are decreasing. She explained contingencies in more detail and outlined current contributions to the Public Employees Retirement System (PERS). Last year we budgeted higher and this year we will not have an increase in our PERS rate (reference page 21). Question about if the District should budget ahead for future PERS and start a side account since our unfunded liability is in the higher range, or "over 200%". Next January the district will examine different scenarios and decide what to contribute to that fund over the next five budget cycles.

The Board asked for more explanation on contracted services (page 21 and page 24); staff responded three line items were merged to simplify the budget and staff will review the line item

to clarify which services are included in the line. These were engineering services, administrative services, and lab services. Janitorial services and information technology are still on their own lines, with a goal of insuring cybersecurity. In detail, there is an increase of legal, administrative and engineering services to insure compliance of the new district. The Board encouraged staff to carefully monitor the use of professional services throughout the year.

The Board asked about utilities – electricity (page 22); staff will add a zero to the \$23,005.00 to make it \$230,005.00. The Board asked about solid waste disposal increase; staff responded they will check the solid waste costs and clarify in the actuals as compared with the budgeted number.

The Budget Committee requested where chemicals appeared in last year's budget; staff responded "other supplies" and "operational supplies", and we separated out the line item for coding purposes.

The Budget Committee asked about capital asset sales in the Wastewater Reclamation Fund and why it increased; staff responded the appraisal increased and this information will assist the Board and staff make decisions concerning the remodel process and potential sale of the property. Staff may move the 1.5 million in sales to the capital fund which will balance the transfer. The Board asked for clarification on the watershed protection category line item and how the Addie Road property is budgeted; staff responded the line consists of some of the sales as well as a portion of a grant from the North Clackamas Parks and Recreation District. Staff will follow up with the Board on that item.

The Budget Committee asked about the legal professional costs; staff responded the District will have an accurate history of expenses and may require attorney assistance and include things like legal questions which revolve around updating IGA's, the negotiation around the new union contract, and insuring compliance of the new District. The Board added legal advice included information on personnel issues and code updates. The Budget Committee expressed surprise at the magnitude of the costs and asked if it would decrease over time; staff responded quite likely it will remain high for several years and then decrease but cannot commit to a decrease. Staff addressed the idea of hiring an in-house staff attorney with the response that different types of legal expertise are usually needed and usually cannot be provided by a single attorney.

The Budget Committee asked why each category of funds included both capital contingency and reserves for water, sanitary and watershed protection; staff responded that all remaining reserves will go into the contingency funds if not spent for designated line items. Staff explained different ways to account for the reserve and contingency numbers and highlighted contingency has been appropriated for specific projects. The Budget Committee requested that the capital improvement plan be further delineated this year to further clarify how much should be in reserves/contingency. Staff emphasized changes in this year's capital program, that the CIP will be reported on more clearly and spending from the capital funds will be tracked through its own line items. Staff pointed out the addition of one vehicle to the capital fund under wastewater for \$31,000.00, as it was missed in the vehicles line item.

The Board complimented the information sharing on page 59 and asked about capital catchup in the next year and then what happens in the following five years; staff responded that the next two years will be very busy and then there will be new needs coming from the water master plan and from other areas including wastewater. The Board suggested increasing surface water exposure by participating with Clackamas County Department of Transportation the River Rd/Walta Vista; staff responded the project is not included in the funding summary and

expected it would come up in public conversations. Staff mentioned the budget does not account for the project and clarified the District would need to increase rates to cover the costs.

The Budget Committee Chair Steven Cade asked to schedule another meeting to follow up with requested changes to the Budget and discussed potential dates. The Budget Committee will follow up individually on further questions about the Capital projects before the next meeting. Information from the meeting will be shared by emailed.

6. Approval of Budget for fiscal year 2018-2019 or schedule next meeting

The group scheduled the next meeting for Tuesday, April 10, 2018 at 6:00 p.m.

7. Adjourn

Budget Committee Chair Steven Cade recessed the meeting at 7:45 p.m.

Respectfully submitted,

Sarah Jo Chaplen
General Manager

Date: _____

Nancy Gibson
President, Board of Directors

Date: _____



OAK LODGE WATER SERVICES
Minutes
Budget Committee Meeting – 6:00 p.m.
April 10, 2018

Board of Directors - Members Present:

Nancy Gibson, President
Susan Keil, Vice President/Secretary
Lynn Fisher, Treasurer
Jim Martin, 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
Jason Rice, District Engineer
David Mendenhall, Plant Superintendent
Kelly Stacey, Finance Director
Todd Knapp, Field Operations Superintendent (absent)
Tommy Brooks, District Counsel, Cable Huston LLP

Budget Committee Present:

Paul Gornick, Budget Committee
Dave Phelps, Budget Committee
Terry Gibson, Budget Committee
Steven Cade, Budget Committee
Eugene Whitley, Budget Committee
John Klum, Budget Committee (withdrawn).

1. Call to order

Pledge of Allegiance was said by the Budget Committee and all present. Budget Committee Chair Steven Cade called the meeting to order at 6:00 p.m. and stated John Klum was absent and the Board of Directors appointed Terry Gibson to the committee.

2. Public Comment

There were no members of the public present and no comments.

3. Select North Clackamas County Water Commission Budget Committee Volunteers

Finance Director Kelly Stacey requested three appointees to participate in the NCCWC Budget Committee meeting on April 26, 2018 at 5:30 p.m. at 14496 SE River Rd. Three volunteers included Dave Phelps, Paul Gornick and Terry Gibson.

4. Follow Up Information

Finance Director Kelly Stacey presented that the Budget is a plan – a plan which can change based on unexpected issues like bid amounts for projects coming in lower or higher, rates on goods or services changing and unanticipated expenditures or revenues. Changes increase the importance of contingencies, which are appropriated. Reserves are unappropriated.

Contingencies can be approved for specified categories like personnel services, materials and services, and capital transfers within and up to specified amounts in each category. Reserves are amounts set aside in each area for use in future years, and no amount can be drawn from that amount except in extreme circumstances (currently OLWS reserves). Eugene asked if dollars can be moved between line items within the category of materials and services and staff replied that yes, if the total amount remains within the category's limit and complies with category goals.

Finance Director Kelly Stacey reiterated that everything within the Capital category is an appropriated amount and includes, for example, repairs and maintenance to District buildings and vehicles. Contingency is also an appropriated amount which needs approval from the Board if it needs to be spent throughout the year. Reserves is an unappropriated amount set aside for future use. She reinforced the importance of contingencies in order to help stabilize rate increases in relation to upcoming projects and system improvements.

Finance Director Kelly Stacey asked Technical Services Manager Jason Rice to elaborate on the proposed budget for the Capital Improvement Plan (CIP). He highlighted the differences from the CIP last year to the coming year and assured the Committee that the District, though busy, will be able to accomplish the currently outlined projects.

Committee members asked if the proposed projects on the Budget were on the current and/or prior CIP or would the CIP need to be updated upon the approval of this budget. Staff responded the list is a 6-year look ahead and all of the projects come from a current and/or prior CIP. Each year the project list might change based on updated water/wastewater master plans, but overall the list is already outlined. General Manager Sarah Jo commented the District is a capital-based utility and needs ongoing infrastructure updates. Committee members asked for a copy of the slide that was being presented and staff responded yes, they would provide a print copy immediately and updated versions would be in upcoming OLWS Board Packets.

Finance Director Kelly Stacey presented information about rate increases for combined services, with the current average 2-month bill, based on 6 ccf/month (ccf = hundred cubic feet of water), of \$162.20 going up to \$168.72. This represents a 4.02% increase across combined services: watershed protection increase of \$0.32; wastewater base charge increase of \$0.76; wastewater consumption charge increase of \$0.15; water base rate increase of \$0.65; water consumption rate increase of \$0.04.

The personnel services allocation is split 32% evenly between water and wastewater, 22% on collections, and 14% for watershed protection. These are allocated from three sources of revenue: drinking water, wastewater, and watershed protection. Funds for administration and management are drawn from the sources of revenue, for example evenly for the General Manager or for other managers it is based on number of personnel per division, like the Payroll and Human Resources Manager.

5. Discussion

Committee chair highlighted the Budget revisions had changes highlighted. Question on page 25 about the highlighted portion – what was the change? Staff responded the highlight should have been for the bottom line of the Water Reclamation Facility. If the Budget Committee voted during the meeting, the current revised version was correct.

Budget Committee members asked about the overall budget being 15% more than last year, or 4.5% higher – he understands some of that is from the movement of capital project costs being moved into the future, and some of it is from rate increases, but where is the rest coming from?

Finance Director Kelly Stacey responded most of it is from capital. She pointed out the increases on several slides from a previous meeting: personnel services decreased; materials and services increased slightly; capital accounts for 2.5 million of the overall increase. The balance is from the newly added contingency, money the District does not plan to spend, but has allocated to specified accounts for future planning. Question about the total amount allocated: response last year was 29 million; this year 34 million, not counting transfers but counting contingencies. Clarification: budget dollars come from money left over from last year plus income from this year; staff response yes, plus other possible increases. These include the sale of the parks property plus the reimbursement from that property, money counted on the front end from the meter change out program, and money from rate payers from all three categories of water sales, wastewater treatment, and watershed protection. Rate increases will be about \$500,000, or about 4%. The remainder of the budget increase comes from capital projects being rolled forward and income coming from other various non-rate-paying sources. Board clarification that originally all of the money for capital projects came from rate payers and has been carried forward from previous years. Committee members requested for this information to be clearer next time it is presented.

The Board reiterated the importance of the public understanding this budget approach represents the goal of rate stabilization. Committee asked if there is always unspent money carried over – and how much is typical. Staff responded when there is a capital goal the carryover goal is higher. The Board highlighted the budget is the second in the history of the new organization and will not provide historical perspective. The Board reinforced the importance of the reserve by law because of the bond debt obligation requirements being at 115% of overall budget. If the District meets certain best practices including a significant reserve fund and a clear Capital Improvement Plan. General Manager Sarah Jo Chaplen informed the group that the District is unique because much of the infrastructure was built at the same time, which will cause much of the structural replacement to occur near the same time. The Board supported the point that the District should be prudent in how much reserve is carried forward with regard to capital plans per year and not overcommitting. The Board clarified the stated preference of ratepayers that the District save money towards implementing goals instead of going out to bond for capital project implementation. General Manager Sarah Jo Chaplen suggested that the information provided in the new regular updates will allow the Board and Budget Committee to support the District in being nimble and insuring that projects are being accomplished in the best timeframe. It will support transparency and raise visibility for the District's decision-making process.

Budget Committee member Eugene Whitley emphasized the message that the reason the rates are only going up as much as they are is because of the District planning. By accruing funds set aside for specific contingencies, the District is able to stabilize rates. The Board suggested this go into the next newsletter or a newspaper article.

Budget Committee member Eugene Whitley commented on his positive meeting with Jason Rice. He elaborated on the higher level of understanding on the meter reading program – the District will save money and time by making this change. He requested a higher level of detail and explanation on meeting materials. Staff responded that as the teams come together they will be better able to share information with each other, and with the Board, Public, and Committees.

Budget Committee member Eugene Whitley asked for clarification on what “collections” meant; staff clarified it was for the sanitary sewer system of pipes that collect sewage for treatment. Question about whether there will be future transfers from the District's operating funds to the capital funds, and whether they will be variable depending on what is needed by the CIP; staff

responded there would be future transfers, but likely they will be smaller than this initial creation of the contingency funds. Staff elaborated that the project planning will need to be specific based on capital needs and the CIP list will be built in part through the use of Lucity, the District's asset manager. Question about leakage on the water side and whether problem areas exist; staff responded they will check in with Field Operations Superintendent Todd Knapp. Question whether the system has a lot of cast iron piping left; staff responded no, not more than other systems. Board member Kevin Williams thanked staff for their efforts in the good work of putting together the budget information, highlighting the fact that many staff are new. Board member Lynn Fisher thanked the Budget Committee members for their commitment of time, effort, energy, and for their attention to detail. Board member Susan Keil and Budget Committee Member Terry Gibson seconded Director Fisher's comments and gratitude. Positive comment to include charts, formulas, graphs as much as possible in the information. Board President Nancy Gibson commented the Budget Committee members are public representatives and encouraged them to publicly share and advocate on the Budget and on the District with their neighbors and friends in the District.

6. Approval of Budget for fiscal year 2018-2019 or schedule next meeting

Budget Committee member Paul Gornick moved to adopt the Oak Lodge Water Services District Fiscal Year 2018-2019 Budget as revised on April 10, 2018, with a total dollar amount of \$45,236,543.00 million dollars. Budget Committee member Dave Phelps seconded the motion.

Ayes: 10

Nays: None

Motion carried: 10-0

Budget Committee member Eugene Whitley volunteered to assist with the Budget next year. Finance Director Kelly Stacey suggested the District will likely shift the schedule to April/May next year.

7. Adjourn Budget Committee Meeting

Budget Committee Chair Steven Cade adjourned the regular meeting at 7:02 p.m.

Respectfully submitted,

Sarah Jo Chaplen
General Manager

Date: _____

Nancy Gibson
President, Board of Directors

Date: _____



OAK LODGE WATER SERVICES
Minutes
Board of Directors – Regular Meeting 6:00 p.m.
April 17, 2018

Board of Directors - Members Present:

Nancy Gibson, President
Susan Keil, Vice President/Secretary
Jim Martin, Director
Kevin Williams, Director,

Board of Directors - Members Absent:

Lynn Fisher, Treasurer,

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 Counsel, Cable Huston LLP

Visitors Present:

Pat Weathers, Local Resident
Eric Hofeld, Sunrise Water Authority
Tonia Williamson, North Clackamas Parks and Recreation District.

Regular Board of Directors Meeting

1. Call to Order and Flag Salute

Board President Nancy Gibson called the regular meeting to order at 6:01 p.m. and Director Martin led the pledge of allegiance.

2. Call for Public Testimony

After the pledge, President Gibson called for public testimony. Jennings Lodge resident Pat Weathers at 17707 SE Howard St, Milwaukie, OR 97267 commented on her account and current income status. She conveyed although she spoke with the billing staff, District Engineer Jason Rice, and Finance Director Kelly Stacey that no one was forthcoming about the low-income program. She had received financial support for the bill and was put onto low income as of May first – an extension for catching up on her outstanding sewer bill back through July 1, 2017 but she requested additional assistance with the amount that she owed going back in time. She is glad that the water will not be shut off but is concerned that with her income level this will be a hardship. Board asked about latitude with regards to support for the customer. General Manager Chaplen stated that the Board could make a one-off decision or change the whole policy for all customers. Secretary Keil proposed

going back a number of months to forgive a portion of the total sewer bill, currently \$546. General Manager Chaplen suggested staff follow up with the customer with a proposed cut to the bill. The Board of Directors emphasized the importance of having staff coached to offer the low-income option in a forthright manner.

Director Martin moved that the Board approve sanitary fees for Pat Weathers at 17707 SE Howard St, Milwaukie, OR 97267 to be set as if she had been in the low-income program starting July 1, 2017, due to communication issues. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

3. Consent Agenda

- **March 2018 Financial Reports**
 - i. **Approval of March 2018 Check Run**
- **February 14, 2018 Special Meeting Minutes**
- **March 20, 2018 Board Meeting Minutes**

Secretary Keil requested one change to the March 20, 2018 Board Minutes – to add “via telephone” next to her name – because she called in for that meeting. No further changes or comments on the consent agenda.

Director Williams moved to approve the consent agenda with the change to the March 20, 2018 Board Meeting Minutes. Secretary Keil seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

4. Boardman Wetland Construction Contract

District Engineer Jason Rice and North Clackamas Parks & Recreation staff Tonia Williamson presented information about the Boardman Wetland Construction Contract. Bids came in fairly high and when Jason followed up on the project he learned the recently applied federal tariffs significantly affected the cost of steel in the project. If approved as bid, there is enough money in the budget although Jason had hoped for some left for additional project layers/other projects. He recommended approving the project as bid in order to avoid further increases that may develop. President Gibson stated this is the reason for contingency funds set aside, and Jason agreed and commented that there is contingency within the project fund as well. He mentioned the \$300,000 contingency for the Nature Playground owned by NCPRD in the case of a successful grant application to support the park. The grant would come in from NCPRD and would cover the costs of the park in the project budget. Director Williams asked if we could request a de-escalation clause in case the costs of steel or other materials decrease. Jason stated that he has discussed design alternatives for parts of the project in order to lower project costs with the contractor, Fowler. The importance of a high-quality Boardwalk being included in the

project was emphasized by OLWS Staff for NCPRD as well as by the Board. Secretary Keil stated her support of “value engineering to reduce the costs without causing integral changes to the design.” Secretary Keil mentioned her goal of implementing both the big project (Boardman) as well as some smaller water quality projects throughout the District. President Gibson emphasized the challenge of maintenance and the importance of safety concerns with regards to possible use of cheaper materials. She stated that boulders versus concrete could be acceptable if the concrete forms were done well and encouraged that we explore value choices that are still within a standard of quality. Director Martin also emphasized the importance of quality choices with regards to the design and implementation of the project. Jason shared that Fowler would be a good partner in this and mentioned he would pay close attention to comparable materials/costs moving forward. Director Martin asked about the increase of costs specifically for pilings and staff responded they were estimated at \$80,000 and came in at \$330,000. Director Martin asked Eric from Sunrise about an example of steel that was ordered in advance of being needed for a project in order to capture the current costs of the material. Jason stated that he would follow up after the approval of the project to see if this would be possible. Vote to approve dollar amount will not exceed \$3,167,665.75. This project features parks and the NCPRD partnership as well as highlighting well-functioning storm water facilities and that the public will become familiarized with these types of facilities, e.g. well-functioning stormwater facilities. NCPRD staff Tonia Williamson appreciated the Board and the District for their support on this project and that they will do their best to document and publicize the project to help secure the grant for the nature playground.

Director Martin moved to approve the General Manager to sign a contract with James W. Fowler Co. in the amount of \$3,167,665.75, for the construction of the Boardman Wetland Complex. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

5. Employee Handbook

Payroll and Human Resources Manager Aleah Binkowski-Burk was excited to present the final version of the new OLWS Employee Handbook, and to have a hand in creating the new culture especially concerning equity. She will continue to monitor the legal requirements for human resources and amend the handbook in the future if needed.

On pages 9 and 10 of the handbook she referenced a section concerning whistle-blowers and highlighted the situational issue of employees coming to address the Board with the issue if it ever concerned the General Manager or highest levels of management employees. She described that particular situation as needing some flexibility in order to allow for the Board/staff to deal appropriately with the issue. Director Martin, who advised on the handbook, commented that we would want the basic process in place and then we could address it as needed. General Manager Chaplen outlined that the employee would contact the Board member they felt most comfortable with in order to share their concern. Follow up and validation would be needed on all sides (employee and managers of concern). The Board would need to work directly with the attorney handling Human

Resources for the District. The Board President should be alerted and they should contact either and/or both attorneys Tommy Brooks and Chris Duckworth. Additional Board comments included wanting to make sure that the path was clear to ensure timely follow up.

Secretary Keil asked where the drug and alcohol policies were in the handbook; staff answered it was in the Union Contract. Next two questions concerned the cell phone policy and use of internet by District employees; staff replied the essential policies were in this handbook for immediate adoption but follow up policies would be forthcoming, which will include cell phone and internet use.

Director Martin asked for clarification concerning pages 29/30, "Section K: Veterans' Preference in Hiring", as is stated in the current version the applicant must meet "all" of the qualifications and is this the case; staff responded that a formatting change will be made to reflect the addition of "or" after each of the Section K Criteria, as well as the addition of "Section L: For Disables Veteran Status (Proof of Disability must be submitted). Director Williams appreciated Payroll and Human Resources Manager Binkowski-Burk for her work on the handbook, formatting and polishing the earlier draft that Director Williams and Contract Employee Greg Jones put together last year.

Secretary Keil asked when the other policies the District needed to adopt, in particular policies on cell phones and use of tablets, would be added; staff responded the policies are very important and will be brought forth soon for the Board to review.

Director Martin moved to approve the Oak Lodge Water Services' Employee Handbook. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Department Reports

- **Finance Report:**

Finance Director Kelly Stacey updated the Board on Accela implementation, with the first billing of the second cycle (actually Cycle 1) going out this month. There have been many customer questions over the phone or in person, with some issues, but overall it went very well. Director Williams asked if customers have been given the other number they need to pay their bill through the online system; staff responded yes, District administrative staff are giving the additional number out as well as it is reflected on the customer's bill. Signup for online bill pay has increased many times over, which will be a cost savings to the District, with current enrollment over 900 of 9000, or over 10%.

Most of March she worked on the next Oak Lodge FY Budget, which was adopted, leaving Finance Director Stacey working next on the North Clackamas County Water

Commission's (NCCWC) budget. Later this summer she will implement finance and payroll into Accela for both the NCCWC and for Clackamas River Water Providers.

In upcoming months, she will oversee implementing the District's Capital Assets and Inventory into Accela modules. This will allow Accela to add capital assets into the financial statements and calculate depreciation. The District did not purchase Accela's Asset Tracking Management Module which performs both asset tracking and work order maintenance. Staff are currently exploring what Lucity or the former OLWD's internally built program can do in comparison to the Accela module. Staff commented that we need a hybrid software that tracks asset management, work orders that are putting things in or takes things out, and purchase orders.

Board complimented the billing staff on their work concerning implementation, and how smoothly it has gone.

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp highlighted the Operations Report on the collections numbers, reassuring the Board that the cleaning numbers will go up this spring. Staff Clay Yohn has continued cross training, learning sanitary locates. Water pipe installation created a loop system which protects water quality. Director Williams asked about hydrant flushing; staff responded the District does unidirectional flushing in the winter and covers half of the system each year. Water consumption is slightly lower. A few new water services have been installed. President Gibson asked how many iron services are still in the system; staff responded roughly 25%, or less than 1000 services still to be updated. Director Martin asked if the same target goals were realistic in the winter season and should they be lowered in the winter; staff responded that some catching up does occur in the summer but there were fewer staff available until the District rehires for the vacant position. General Manager Sarah Jo elaborated that the vacant position will be hired soon, and some internal candidates expressed interest, which changed the speed of reposting/rehire. One issue has been other entities currently hiring and offering a premium for applicants who carry a CDL (Commercial Driver's License), another around necessary water/sewer certifications.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall commented on his contribution to the Operations numbers because the recent use of field staff on his projects may have lowered the numbers for the Field Operations goals, and he appreciated their help on several projects. He shared that March reflected a good month for the treatment plant. He completed the application for the NACWA Peak Performance Award, which was accepted. We will be notified in May if we will receive the award, which usually arrives in July. Staff Chuck Adams sorted through much of the data and assisted with completing the application. Two staff attended Short School, held at Clackamas Community College. His report covers quite a few maintenance projects and presented photos, highlighting photo 4 and electrical wiring, and photo 6 and how corrosion occurs with the combination of wastewater and steel. He reflected on the changes in water accumulation and how the plant performed throughout.

- **Technical Services Report:**

District Engineer Jason Rice shared that it was a busy month with the Boardman Project out to bid, addendums to the contract, the pre-bid meeting, all of which brought the bids down slightly. With the help of Todd and administrative staff he gathered data for the Water Master Plan and reconciled the data to build a model of where water is most used in the district and the needs around pressure, fire flow, weak points in the system, etc. The first set of data provided a less accurate picture, so they revisited the data collection and analysis and corrected for a more accurate picture. Next, they are bringing information in from staff about levels of service and goals moving forward. Permit applications have increased for the season with little or no lag between seasons. Staff held several meetings with members of the public interested in the Evangelical Retreat Center, which is close to finalizing its permits after working through multiple issues with the state. Director Williams mentioned the strong efforts to have the Army Corps of Engineers increase the storm water mitigation requirements for development on the site. President Gibson commented one item of concern for the community is the difference between the purchase price of the total lot compared with the proposed sale prices of the subdivided lots (over 1 million in difference and projected profit). The Jennings Lodge CPO may end up requesting that the property be held for greenspace based on condemnation and eminent domain based on public need for a park to the Clackamas County Commissioners. He shared the North Clackamas Urban Watershed Council will be presenting a "Partner of the Year" award to the District at their first annual fundraising dinner. President Gibson shared details about the "Dessert Dash" and invited Board, Staff and Public to attend the event and support NCUWC.

- **General Manager's Report:**

General Manager Sarah Jo requested two volunteers from the Board for a subcommittee to advise her on the facility design and capital items concerned in the redevelopment. She requested Director Williams and Treasurer Fisher and Secretary Keil and Director Martin both volunteered if Treasurer Fisher can't fill the post. Sarah Jo mentioned she will be on vacation from April 27th – May 14th and District Engineer Jason Rice will step forward as acting General Manager in her absence.

7. Call for Public Comment

Call for public comment. Member of the public Eric Hofeld commented on the water system percent of water leakage kept at 8% or less and for the sewer side to keep the Infiltration and Inflow percent low. President Gibson mentioned OLWS District has significant infiltration and inflow (I & I) because of the relationship with Gladstone. District Engineer Jason Rice received an email from Gladstone staff that they would like to resolve some issues around the pipes and commented I & I will be a large portion of the upcoming Capital Improvement Projects.

8. Business from the Board

Director Williams was travelling during the last Jennings Lodge CPO meeting, but President Gibson was able to attend and her comments from the meeting are in the previous section of the minutes under the Technical Services Report.

Director Gibson was not able to attend the C4 meeting because of travel but included the Agenda and Packet in the OLWS Packet for information. She attended the Executive Committee meeting for the Consortium and there is an approved draft of the Strategic Plan for Board review in June and Board approval in October. She mentioned the program will be on Dogami and talking about geologic issues in October.

Director Martin went to the Sunrise Water Authority Board meeting and the Clackamas River Water meeting. Several interesting discussions with a focus on Capital improvement. There are two utility personnel positions open in water distribution at the Sunrise Water Authority. There are two water mechanics positions open at Clackamas River Water as well. They backfill the work by slowing down slightly, until they are able to hire.

Vice President Keil had no business to report at this time.

Treasurer Fisher was absent from the meeting and had no business to report.

9. Adjourn Regular Meeting

President Nancy Gibson adjourned the regular meeting 7:35 p.m.

Respectfully submitted,

Sarah Jo Chaplen
General Manager

Date: _____

Nancy Gibson
President, Board of Directors

Date: _____

OAK LODGE
WATER SERVICES
STAFF REPORT

To: Board of Directors
From: Gary Floyd, Technical Services Coordinator
Agenda Item: IT Services Annual Fee Update
Item No.: 4
Date: May 15, 2018

Action Requested

Authorize the General Manager to approve an annual fee update for IT Services and network support with Convergence NW for fiscal year 2019 to provide IT.

History

January 2017 Staff entered into a Service Agreement with Convergence Networks, Inc., which is in effect from January 30, 2017 through June 30, 2018.

Background

Consolidation presented several additional challenges to combine the two district's computer networks and infrastructure into a unified and secure single network. Engaging a consultant with significant depth and breadth of IT knowledge and experience is appropriate for an organization our size, particularly since the District does not have a dedicated IT Department.

The existing Service Agreement with Convergence Networks provides the following key areas of support:

1. Consulting and guidance with the design, procurement, and maintenance of various network infrastructure components and computer equipment.
2. Unified threat management, monitoring, and alerting across the network.
3. IT Service Desk for troubleshooting and user assistance with various software and computer functions.
4. Network administration and configuration of data servers for optimal performance.

Concurrence

It is staff's goal to continue to adopt cost efficient information technology (IT) related best practices. Funds for the IT annual support amount have been included in the proposed FY19 budget.

Fiscal Impact

The annual support agreement cost will increase by 8.5%.

- Overall increase in the per-user per-month amount across the board for Convergence clients due to overall increases in their cost of doing business.
- Higher than anticipated utilization for typical support over the last 18 months has increased each quarter. (Convergence accounted for consolidation specific projects separately.)
- In terms of utilization, Convergence expects that to stabilize over the next 12 months. We will review quarterly throughout the next year, with the goal to more quantitatively measure service levels month by month in preparation for the next budget year.

Work Load Impacts

Managing the Convergence contract is within current staff's workload.

Suggested Board Motion

"I move to direct the District's General Manager to authorize the IT Services annual fee update with Convergence Networks for the upcoming fiscal year."

Attachments

1. FY 2018 Convergence Agreement
2. Updated Schedule A (FY 2019)



SERVICE PARTNERSHIP AGREEMENT

Prepared For
 Oak Lodge Water Services District
 14496 SE River Rd
 Oak Grove, OR 97267
 5036547765

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This Service Partnership Agreement (Agreement) is by and between Convergence Northwest Inc., dba as Convergence Networks and hereafter referred to as "CNWI", "Convergence" or "Convergence Networks", and Oak Lodge Water Services District. The conditions of this Agreement are set forth as follows:

I. TERMS OF SERVICE PARTNERSHIP AGREEMENT

Either party may terminate this Agreement, and the referenced Schedule A, by providing written notice thirty (30) days prior to the beginning of the next month of service. Notice of termination may be delivered to the address further provided herein. The Schedule A document is a pricing sheet which defines the scope of services, costs, and the period over which services will be provided.

- The Schedule A reflects fees based upon either user counts or device counts depending on the Agreement type specified in the Schedule A. If there is a significant expansion or contraction of the company in relation to user counts or device, or additional sites or divisions, it may lead to an "out of band" discussion which warrants revisiting the Schedule A document.
- There is no accommodation for pro-rating of service fees or credits issued for changes in employee or device counts under this agreement.
- No additional signature is required on the Schedule A.

II. EQUIPMENT AND OPERATIONAL STATUS

The network of Oak Lodge Water Services District includes all company owned Windows® or Apple® servers, desktops laptops, attached thin clients, and network devices (e.g. routers, switches, major network printer connectivity and VPN devices).

- This Service Partnership Agreement covers any existing operational equipment being used during the effective period of service for operational locations of Client.
- Equipment that is added to the network infrastructure as recommended, specified, or purchased from CNWI during the service period will be automatically covered under this Agreement.
- Equipment that is purchased directly by Oak Lodge Water Services District, after consultation with CNWI, will also be covered under this Agreement, but may be subject to certain fees that allow the equipment to perform to infrastructure and support standards. In such instances a quotation will be submitted to Oak Lodge Water Services District for approval.
- This Agreement covers Smart-Phone and Tablet devices that are owned by Oak Lodge Water Services District and used to conduct business activities.
- This Agreement does not include personally owned equipment of Oak Lodge Water Services District employees such as desktops, laptops, Tablets, or Smartphones except as approved to be billed on an hourly, estimated, or fixed rate quote as defined in the Schedule A document.
- This Agreement does not include support for employees home, off-site equipment, or 3rd party equipment, including but not limited to Internet access. Convergence Networks will troubleshoot the issue to determine if it is an issue with the company infrastructure that is preventing connection to the office, or if it is related to problems with the home, off-site equipment, or 3rd party technology. Unless explicitly specified within the Schedule A pricing schedule, troubleshooting of the home, off-site equipment, or 3rd party technology is NOT included. Should additional support be required or requested, upon approval it will be performed on an hourly, estimated or fixed rate quote as defined in the Schedule A document.
- Items outside of the Service Partnership Agreement are defined within the Schedule A.

III. SUPPORTING THE SEVEN CYCLES OF I.T. HEALTH™

Oak Lodge Water Services District will be assigned to a fully staffed service team and assigned a private direct dial number to access the CNWI Help Desk as described below. The scope of work covered by CNWI under this Agreement includes the following:

CONSULT

- vCIO (Virtual Chief Information Officer): Meet with the management group of Oak Lodge Water Services District on a regular basis as needed or as may be defined on Schedule A.
 - Perform in the capacity of Chief Information Officer for Oak Lodge Water Services District to consult on business and technology issues that impact the growth, development, and evolution of the IT infrastructure as needed and directed by Oak Lodge Water Services District.
 - Advise Oak Lodge Water Services District of emerging technologies that affect the business.
 - Advise Oak Lodge Water Services District of technology obsolescence.
 - Develop and maintain a Network Transition and Stability Plan that provides the Oak Lodge Water Services District management with a migration and budget strategy that complements the health and evolution of the network.
 - Review case management reports as required by the needs of Oak Lodge Water Services District.
 - Review alerting and monitoring history with the management of Oak Lodge Water Services District as needed to summarize network conditions.
 - Make recommendations to address any trends revealed by monitoring and provide such recommendations based upon the business expansion or contraction of Oak Lodge Water Services District.
 - Maintain a communications infrastructure with Oak Lodge Water Services District capable of complying with this scope of work.
 - The scope of the vCIO time commitment is specified in the Schedule A document.
- Network Administration roles: Meet with the management group of Oak Lodge Water Services District when requested by the vCIO to make recommendations that will accommodate industry best practices based upon the size and type of business for Oak Lodge Water Services District.

DESIGN

- Maintain network diagrams or configuration items within CNWI's secure infrastructure, that reflect the configuration of the network as defined by CNWI's Best Practices based on ITIL methodology to support the client network.
- Create specific documentation for the network within CNWI's secure infrastructure that defines or enhances the operational status of the network as defined by CNWI's Best Practices based on ITIL methodology.
- As requested CNWI will provide network diagrams or configuration items to authorized contacts at Oak Lodge Water Services District but please note that much of the information collected is gathered through automation technology using CNWI's Remote Management and Monitoring systems and stored in CNWI's Professional Services Automation database and may not be exportable to the client. Data is not kept in hard-copy format or duplicated to the client's network or systems, but is stored in a secure, electronic format within CNWI's network.
- CNWI, to the best of their ability, will provide real-time access to the tools and systems utilized to manage the Partner's network to authorized Partner contacts.

PROCURE

- Provide Oak Lodge Water Services District with accurate and timely quotations at no additional charge for all equipment, whether it is new or replacement.

IMPLEMENT

- Costs for implementations tasks are defined by the type of Service Partnership Agreement as specified in the Schedule A.

SECURE

- Convergence Networks will utilize their Best Practice methods, tools and technology to assist with Unified Threat Management (UTM) for the Oak Lodge Water Services District network. CNWI reviews the tools and technology available on a regular basis and updates them to manage the ever-evolving threats and CNWI's Best Practices based on ITIL methodology.
- Please reference Schedule A for the tools and technologies provided with your specific Agreement type.
- While Unified Threat Management software and technologies are required and provided for in this Service Partnership Agreement by CNWI, they do not guarantee that no virus, malware, or other security threat will escape detection as no UTM technology can detect and/or prevent every possible threat.
- CNWI's liability will be limited to the labor required for remediation as specified in the Schedule A; either an unlimited time agreement in which case no additional charges will be incurred, or when working against a pre-paid block of time in a metered time agreement, Oak Lodge Water Services District normal rates would apply.
- Convergence Networks may, out of business necessity, conduct an investigation of a current employee if the employee's behavior raises concern about work performance, reliability, honesty, or potential threat to the safety of co-workers or others. An employee investigation may include a search of the organization's property such as desks, work areas, file cabinets, voice mail systems, emails, and computer systems. If an employee is found to have violated any part of this policy, corrective action up to and including termination may occur. Furthermore, as a part of the hiring process and condition of employment, Convergence Networks conducts background checks on all employees prior to their employment start date. Items in this check include previous employment verification, criminal history, motor vehicle report, education verification, and federal records check.
- CNWI does not warrant any tools or technologies from preventing or eliminating internal or external sources that could cause a data loss or security breach. This includes but is not limited to:
 - Data loss occurring as a result of hardware or software errors.
 - Data loss and security breaches that occur from "hackers" or virus/malware attacks whether originating externally or internally within the network of Oak Lodge Water Services District.

MAINTAIN

- Provide all remote and on-site labor, to be billed according to the Agreement type as defined within the Schedule A, required for general network support and administration for Oak Lodge Water Services District. General network administration includes:
 - Install routine software updates when made available and requested by Oak Lodge Water Services District.
 - Maintain the network configuration of printer drivers to ensure that users can access network printers.
 - Act as Single Point of Contact for working with Cloud Vendors and 3rd party software or application vendors.
 - Monitor, Maintain and Remediate back-up operations as needed.
- Provide all labor to deploy Deverra monitoring applications to servers and desktops.
- When appropriate to the Oak Lodge Water Services District network, set thresholds to monitor CPU loads, disk space utilization, and RAM on the servers in the Oak Lodge Water Services District network. Measure the performance of those servers against established thresholds. (Additional application monitoring or intrusion detection monitoring may be available outside this Agreement depending on needs as determined by the Virtual Chief Information Officer.)
- Provide all labor to respond to alerts received by the Deverra monitoring applications. Remediation of failures is handled by the assigned service teams and billing is determined by the agreement type as defined in the Schedule A.
- Setup and record a service ticket for alerts and forward to assigned service team for remediation.

SUPPORT

CNWI will provide a fully staffed help desk during the hours of support defined within the Schedule A for Oak Lodge Water Services District.

- Oak Lodge Water Services District will be assigned a private direct dial number to access the CNWI Help Desk in order to minimize wait times and enhance problem resolution.
- Within 30 minutes of being contacted by Oak Lodge Water Services District CNWI will set forth the following protocols:
 - Act as first call for all Oak Lodge Water Services District computer issues.
 - Triage Oak Lodge Water Services District employee events from beginning to end through identification and isolation of the issue.
 - Log the issue into the CNWI tracking software and assign a unique tracking code.
 - Work with Oak Lodge Water Services District employees to prioritize the issue and set realistic expectations for resolution.

- Act as a single point of contact (SPOC) on behalf of Oak Lodge Water Services District for: Vendors that impact the network, telephony specialists as may be related to network operations, software and hardware vendors as required in order to effectively support the network.
 - Provide limited training to help customers advance individual skill levels.
 - CNWI will provide remote support to servers, desktop users, and remote employees.
- On issues where the network of Oak Lodge Water Services District is in a mission critical condition and affecting the operations of Oak Lodge Water Services District, CNWI escalates this to an emergency condition. CNWI will place into action the following protocols:
 - Once notified by Oak Lodge Water Services District of a network failure, CNWI will take immediate action to restore the network to an operational status using remote tools.
 - If the repair of the network requires an on-site, local presence; CNWI will immediately begin to realign and deploy its staff to appear on-site* within four hours from the logged event. * Locations outside of the Portland area are best effort.
 - CNWI will perform every possible attempt to restore to operation the equipment specified herein. In the event that such action is unsuccessful, CNWI will consult with Oak Lodge Water Services District and recommend further action based upon best industry practices.
- On issues that affect a single desktop, laptop, thin client, or other network appliance, CNWI will triage the event as noted above but guarantees that repairs will be initiated no later than one business day after logging the event and will set forth the following support protocols:
 - Should CNWI, after a good faith attempt be unable to restore to operation the equipment specified herein, CNWI will consult with Oak Lodge Water Services District and recommend further action based upon best industry practices.

IV. RESPONSIBILITIES OF CLIENT

- Facilitate periodic maintenance windows that allow CNWI the ability to perform routine maintenance on the network. During such maintenance periods the network in whole or in part may be inaccessible. Such accessibility will be determined by the use, demand, and nature of maintenance in order to keep service interruptions to a minimum. All such maintenance windows will be scheduled in advance.
- Assign a single point of contact (SPOC) from Oak Lodge Water Services District who can act as a liaison for network changes, notifications, and other business communications.
 - Notify CNWI in a timely manner of new users and the "permissions" of those users so that they can be set-up on the network in an orderly and systematic manner.
 - Educate new employees on how to initiate a support request with CNWI. Please contact your Virtual Chief Information Officer if assistance is needed.
 - Notify CNWI immediately of terminated users so that those users can be properly locked out of the network.
- Even when CNWI provides proactive monitoring and alerting, there are still occasions where the end users at Oak Lodge Water Services District will be the first to know that something is not working as it should. In order to provide History Making Customer Service, please reach out to the dedicated support team via phone, using your assigned DID number, so that CNWI can provide a timely resolution to the problem.
- In order to effectively repair issues it will be necessary for CNWI staff to access the hardware remotely. Every effort will be made to minimize such access time. Employees of Oak Lodge Water Services District can enhance and improve resolution by clearly communicating to the Help Desk the best time to access their computer.
- Every effort is made to adequately triage an issue on the first call from customers to the CNWI Help Desk. There are occasional times when a CNWI employee may need to call for additional information. Employees of Oak Lodge Water Services District can contribute to a healthy working relationship by returning calls from the Help Desk.
- Oak Lodge Water Services District agrees to maintain genuine, legal, licenses for all technologies except when provided by CNWI or other 3rd party vendors such as Cloud providers.
- Oak Lodge Water Services District agrees to utilize the UTM tools provided by CNWI to ensure efficient Monitoring, Alerting and Management of the client network.
- Oak Lodge Water Services District, in partnership with CNWI, agrees to follow Best Practice recommendations and methods in order to enhance the security posture of their network. By failing to adhere to, accept, or follow the recommendations and methods, Oak Lodge Water Services District acknowledges the risks they are taking in regards to their data, network stability, and CNWI's ability to provide support.
- Oak Lodge Water Services District agrees to maintain warranty and support agreements with their 3rd party vendors for all hardware, software, and applications to meet their Mean Time to Repair goals (uptime). Failure to maintain active warranty and

support agreements may lead to additional charges being incurred outside of the current Service Partnership Agreement and/or pricing as defined within the Schedule A.

- In the event that 3rd party vendor support charges are required in order to resolve any issues, the charges will be passed on to Oak Lodge Water Services District, after first receiving authorization to incur them.
- CNWI may request Oak Lodge Water Services District staff to perform simple on-site tasks.
- Oak Lodge Water Services District will not perform any server upgrades or repair without CNWI notification and/or direction.
- It is understood that any Federal, State or Local Taxes applicable shall be added to each invoice for services or materials rendered under this Agreement. Oak Lodge Water Services District shall pay any such taxes unless a valid exemption certificate is furnished to CNWI for the state of use. Exemption certificate must be provided prior to invoices being generated.

V. CONFIDENTIALITY

CNWI agrees that information not generally known to the public and information disclosed to CNWI as a result of being engaged by Oak Lodge Water Services District under this Agreement is confidential information.

- Confidential information includes information relating to Oak Lodge Water Services District clients' trade secrets, know-how, procedures, purchasing, accounting, marketing, sales, clients and employees.
- CNWI may not, during and after the engagement, directly or indirectly use, disseminate or disclose confidential information to any person, firm, corporation or other business entity, except as authorized by Oak Lodge Water Services District.
- CNWI's confidentiality obligations hereunder will not apply to any information which is or at any time becomes generally known to the public other than as a result of a violation of CNWI's obligations hereunder or which is required to be disclosed by CNWI pursuant to any law, rule, regulation or order of a court of competent jurisdiction, provided that CNWI immediately notifies Oak Lodge Water Services District in order that Oak Lodge Water Services District may take such action it deems necessary to protect its (or its client's) interests.
- CNWI agrees to protect the Confidential Information of Oak Lodge Water Services District while CNWI is engaged by Company and after such engagement ends, regardless of the reason such engagement ends.

VI. OTHER PROVISIONS

- This document comprises the sole and complete statement of obligations on the part of all parties.
- All wording in this Agreement shall be interpreted according to its simple and fair meaning.
- CNWI shall in good faith execute its obligations under this Agreement. However, CNWI does not provide any enhanced or additional manufacturer warranties under this Agreement.
- CNWI respects manufacturer warranties on material provided and shall provide such labor necessary to replace the defective equipment.
- CNWI shall not be liable for any delay or inability to perform under this Agreement due to any factor not under the control of CNWI.
- This Agreement shall be subject to and construed under the laws of the State of Oregon as if all parties entered into this Agreement are within its jurisdiction.
- Should any provision of this agreement be found invalid or unenforceable under present or future law, the remaining provisions of this Agreement shall remain in force and the invalid provision shall be automatically replaced with a legal provision of similar intent.
- Any disagreement concerning the interpretation of this Agreement shall be resolved according to the methods of the Arbitration Service of Portland.
- In the event legal action is initiated to enforce any of the terms of this Agreement the prevailing party shall be entitled to reasonable attorney fees and costs, including such fees and costs from any appeal there from.
- Liability on the part of CNWI shall be limited to reimbursement of the monthly service fee amount for the month in which liable activity occurs. Under no circumstances shall liability on the part of CNWI be greater than that specified in this clause.
- Without limiting CNWI's obligation to indemnify Oak Lodge Water Services District, or any other obligations under this Agreement, CNWI will, at its sole cost and expense, procure and maintain in effect at all times during the term of this Agreement and for the statutory period for which Supplier and/or Supplier Employees may be liable for defects or other liabilities arising out of its work, insurance policies with at least the limits of insurance as described below and strictly complying with the requirements of this insurance section. All policies (a) will be written by insurers that are licensed to do business in the

jurisdiction where the Services are to be performed; (b) will be written by insurers that have an AM Best's Rating of A or higher; (c) will be primary with respect to any insurance or self-insurance programs maintained by Customer. The limits specified below may be achieved through a combination of primary and umbrella policies. Oak Lodge Water Services District will receive written notice of cancellation in accordance with the referenced policy and its provisions and, in addition, CNWI shall immediately provide notice to Oak Lodge Water Services District of any cancellation or reduction in coverage of such insurance. Each policy shall be written on an occurrence form. All policies will name Oak Lodge Water Services District as an additional insured with respect to the negligence of CNWI and its employees.

- Minimum limits: Professional Liability, which covers wrongful acts related to professional services, electronic media, network security, and privacy (\$1,000,000 each claim, \$1,000,000 aggregate), General Liability (\$1,000,000 each claim, \$2,000,000 aggregate).
- Limitation of Liability: In no event shall CNWI be held liable for indirect, special, incidental or consequential damages arising under this Agreement, including but not limited to loss of profits or revenue, loss of use of equipment, lost data, costs of substitute equipment, or other costs.
- CNWI and Oak Lodge Water Services District acknowledge and agree that the employees and consultants of the other Party are valuable assets of each other and are difficult to replace. Accordingly, each Party shall not, for the term of this Agreement and for a period of twelve (12) months ("12" month term") thereafter, knowingly solicit for employment, any of the other's employees or consultants who perform work or services hereunder without the prior written consent of the other party. Should either party employ a staff member of the other firm prior to the expiration of the aforementioned 12 month term, the hiring firm agrees to pay a placement fee to the other firm equal to the new annual salary of the staff member within 30 days of hiring the staff member.

VII. NOTIFICATIONS

Notifications, payments, and physical mailing addresses:

Oak Lodge Water Services District
14496 SE River Rd

Oak Grove, OR 97267

"Schedule A" reflects Agreement job sites.

Convergence Networks
4252 S.E. International Way
Suite A
Milwaukie, Oregon 97222

VIII. ACCEPTANCE

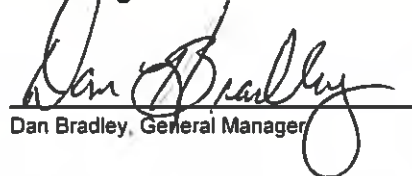
The following duly authorized agents of CNWI and Oak Lodge Water Services District hereby enter into this Service Partnership Agreement:

Convergence Networks


Eric Gray, CEO

1/6/17
Date

Oak Lodge Water Services District


Dan Bradley, General Manager

1-5-17
Date



SERVICE PARTNERSHIP AGREEMENT
Schedule "A"

Complete Care - Per User

Prepared For:

Oak Lodge Water Services District
14496 SE River Rd
Oak Grove, OR 97267
United States
(503) 353-4204
© Copyright 2017

This Schedule A activates the contents of the Oak Lodge Water Services District Service Partnership Agreement and is incorporated as part of the Oak Lodge Water Services District Service Partnership Agreement with Convergence Northwest Inc., dba as Convergence Networks and hereafter referred to as “CNWI”, “Convergence” or “Convergence Networks.”

Term of Agreement:

- The Schedule A will be in effect from July 1, 2018 through June 30, 2019 and will continue unless terminated per terms of the Service Partnership Agreement document.

Payment Terms:

Payment is due on the 1st day of the service month. If payment is not received by the 5th day of the service month, service may be discontinued until such time that payment is received in full for the entire service month.

If it is necessary for CNWI to employ an attorney or third party collection agency for the collection of amounts payable hereunder, all costs and expenses incident to such collection, including without limitation, reasonable fees of such attorney or collection agency, shall be added to the amount payable hereunder and be collected as part thereof.

The following forms of payments are acceptable:

- Standard bank check.
- Electronic Funds Transfer (EFT) or Automatic Clearing House (ACH).

Service Definition:

1. Network Operation Center (NOC): The Network Operations Center provides and maintains Unified Threat Management for our clients with patching, updates, and proactive monitoring and alerting.
2. IT Service Desk, Network Administration, System Engineering (Professional Services): Provides remediation, fulfills requests, and completes implementation tasks when requested by the customers or when generated by alerts through the Network Operations Center. Network Administrators and System engineers maintain customer servers and network hardware and software for optimal performance.
3. Virtual Chief Information Officers (vCIO): Provides business acumen and information technology expertise to help guide owners, managers and decision makers with their technology needs. Performs Consult and Design and Project management.

Support Hours:

The normal support hours for all Convergence services are as follows:

Service	Hours of Service
NOC critical system alerts	Monday through Friday. 6:00 AM to 5:00 PM PST, not including public holidays.
NOC non-critical alerts	Monday through Friday. 8:00 AM to 5:00 PM PST, not including public holidays.
Professional Services	Fully staffed Service Desk: Monday through Friday. 8:00 AM to 5:00 PM PST, not including public holidays. Pager: 24x7 Emergency response, not including Thanksgiving and Christmas. Remote/On-site services as needed outside of normal business hours for emergency response or scheduled implementation.
vCIO	Monday through Friday. 8:00 AM to 5:00 PM PST, not including public holidays.

Convergence Networks considers the following to be our public holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Day After Thanksgiving
- Christmas Eve
- Christmas Day

Service Level Components:

Convergence has defined the following components as key to providing services and measuring service level.

Time to respond:

Time to respond is the amount of time elapsed between when the request is placed by customer and the response from Convergence to address the request or issue.

Mean Time to Repair:

Mean Time to Repair is defined as the time elapsed between when the request is placed by customer and the time the request is fulfilled or the issue is resolved. Per ITIL methodologies, our goal is to restore service as quickly as possible for the end user(s) and then complete the root cause analysis.

Priorities:

Convergence has defined priorities for customer requests as follows:

1. Critical Priority - A major service affecting multiple users is not functioning as specified. Example - a network outage.
2. High Priority - A major service affecting a single user is not functioning as specified. Example - a user is locked out from a database record that they need to update.
3. Standard Priority - And end user request for new service or a failure in a service for a single user which is not critical.

Response Period:

After first notifying CNWI of a network issue as outlined in the Service Partnership Agreement section “**Responsibilities of Oak Lodge Water Services District**” CNWI provides response times of less than 30 minutes within the operational hours of the Help Desk.

Hours of Support

- The normal hours of operation are shown above.
- CNWI may be contacted directly during these hours to submit a support incident or request.

24/7 Support

- This Service Partnership Agreement provides for support during normal hours of operation.
- This Service Partnership Agreement also provides for emergency support before or after normal hours of operation (except for Thanksgiving Day and Christmas Day). Emergency support during these times can be obtained by contacting the DID telephone number that has been assigned to Oak Lodge Water Services District.
- There are no additional fees charged for emergency support calls before or after normal hours of operation under this Agreement.
- Non-emergency support calls after the normal hours of operation are available at the rates referenced above.

Oak Lodge Water Services District Service Sites and Trip Charges

- One-way Trip charges and applicable expense reimbursement including, but not limited to, hotel, rental vehicle, airfare or other transportation charges, and \$75 per day per technician per-diem charges will apply to all **fixed rate quotes** for client locations outside of the Portland, OR. or Seattle, WA metropolitan areas.
- On-site repair by CNWI: No additional hourly fees will be charged for labor covered by the Service Partnership Agreement. The cost of travel including room and board and per-diem expenses will be billed to Oak Lodge Water Services District. These fees are waived for clients within the stated 30 mile radiuses.
- Or, CNWI will locate a network support company that is local to Oak Lodge Water Services District. CNWI will make recommendations to Oak Lodge Water Services District on network support companies that have the specific or specialized skills and certifications required to make such repairs. All fees incurred by companies CNWI recommends are the responsibility of Oak Lodge Water Services District.
- Oak Lodge Water Services District will be notified in advance of any billable activities that occur above and beyond the Trip charges before the activity occurs.

Standard Monthly Service Partnership Agreement Fee:

- The monthly fees for the referenced scope of services outlined in the Service Partnership Agreement are as follows:

Monthly Fee	Users	Complete Care: Per User	Amount
\$135.62	ea. x 29	Complete Care Per User Support: Includes Security, Maintenance, Proactive Monitoring and Alerting and Unlimited 24/7 Support for workstations, laptops and mobile devices assigned to the users that are counted in the quantity column. Includes server(s) and network infrastructure such as routers, firewalls, switches and printers. Includes basic implementation tasks listed within this Sch A.	\$3,932.98
		Unified Threat Management: AntiVirus and AntiMalware for all Microsoft desktops, laptops, and servers.	
		End user Web Security with robust user management, website blocking, logging and reporting providing additional protection for the entire network, including roaming user: Preventing spyware from "phoning home", Strips viruses from Webmail, and Prevents users from downloading from known phishing sites, Updated 24/7 Deverra Threat Center to capture evolving threats.	
		Where applicable: Windows® Exchange Service management including proactive monitoring of services and database, self-healing, patch management, database management, complete spam filtering with 14-day Quarantine, triple email virus protection and 10 year email archiving for complete data protection. Additional "email only" users are billed separately. ActiveSync phone management and security, proactive monitoring of services, self-healing, and patch management. Includes troubleshooting and replacement of smart phones.	
		SQL Services Management including proactive monitoring of services and database, self-healing, patch management, database management, and backup management and monitoring.	
		Private line and Public Internet Service Provider Connectivity Support and Management for Fiber, Cable, DSL, T1, Frame and other point to point or WAN connectivity options. Includes management of router and other hardware devices.	
Basic vCIO Services for account management and basic consultation included. For projects or larger tasks a Scope of Work will be utilized.			

Complete Care Per User Monthly Reoccurring Costs	
Complete Care Sub-Total (Service Support)	\$3,932.98
Total Monthly Complete Care Per User Partnership Agreement	\$3,932.98

Implementation Tasks:

- Simple implementation refers to the tasks carried out routinely during the day-to-day of IT support, such as:
 - PC or Laptop setup
 - Upgrading Video cards, memory (RAM), or Hard Drive upgrades
 - Docking station upgrade/change
 - New Mobile Data Device integration with Active Sync
 - Monitor setup
 - Printer installation and configuration (Local or Network)
 - Scanner installation and configuration (Local or Network)
 - Mobile Device Application installation
 - Installation of Standard Applications:
 - MS Office Suite
 - Adobe Writer/Reader
 - Adobe Creative Suite
 - iTunes
 - Shoretel Client

- Simple implementation does NOT include Line of Business applications (ERP systems for example), Video Camera Systems, Phone Systems, Audio/Video equipment. Please contact your vCIO with questions for specific scenarios not covered here.
- The installation of servers, network devices, network wide software deployments, and operating system platform migrations are considered changes to the architecture of the network and are therefore outside of the scope of the Service Partnership Agreement.
- For implementation tasks outside of the Service Partnership Agreement, a fixed rate quote, or range of costs will be provided and agreed upon in advance of work beginning.
- The fixed rate quote may include NOC Services, Professional Services, or vCIO Services based on the current rates.

Acceptance:

No signature is required to activate the Schedule A. Thank you for selecting Convergence Networks as your IT Services provider.

We appreciate your business!

If you have any questions about this document please contact your Virtual Chief Information Officer (vCIO) for assistance and they will be able to resolve any questions promptly.

OAK LODGE
WATER SERVICES
STAFF REPORT

To: Board of Directors
From: Kelly Stacey, Finance Director
Agenda Item: Budget Amendment 2017-2018
Item No.: 5
Date: May 15, 2018

Action Requested

Approval of the budget amendment presented in Resolution 2018-3

Issue

The amount originally requested for Materials and Services in the Drinking Water fund is not enough to meet the needs of the District. The overage was due to both higher than anticipated attorney's fees related to the consolidation and to the increase in the wholesale cost of water that was not yet known at the time of the original budget.

Also, the approved Budget for Materials and Services in the Wastewater Reclamation fund is not enough to meet the needs of the district for the current year due to higher than anticipated attorney's fees related to the consolidation.

Background

The amount approved by The Budget Committee and adopted by the Board for the 2017/2018 Budget will remain the same; however, to stay within Oregon Budget Law (ORS 294.473) a Resolution to transfer between appropriation categories (ORS294.463(1)) is required.

Action from the Board

Suggested Motion

"I move to adopt resolution 2018-3 approving the transfer of contingency to materials and services in both the Drinking Water Fund and the Wastewater Reclamation Fund as presented."

Attachments

1. Resolution 2018-03

BEFORE THE BOARD OF DIRECTORS
OF
OAK LODGE WATER SERVICES DISTRICT

In the Matter of Amending the 2017/2018 Budget

RESOLUTION NO. 18-03

THIS MATTER came before the Board of Directors of the Oak Lodge Water Services District, a sanitary and water district organized under Oregon Revised Statutes (ORS) Chapter 450 and Chapter 264,

WHEREAS, Oak Lodge Water District Board of Directors adopted the 2017/2018 budget appropriations, and

WHEREAS, The Materials and Service Category in the Drinking Water Fund and the Wastewater Reclamation Plant are under appropriated by an estimated \$75,000 in the Drinking Water Fund and \$50,000 in the Wastewater Reclamation Fund, and

WHEREAS, The Contingency Category in each fund is has available to transfer to Materials and Services; now therefore.

Be it Resolved, The 2017/2018 budget be amended as follows:

	<u>Current Budget</u>	<u>Change</u>	<u>Amended Budget</u>
<u>Drink Water Fund</u>			
Materials & Services	\$1,692,400	\$ 75,000	\$1,767,400
Contingency	<u>300,000</u>	<u>(75,000)</u>	<u>225,000</u>
Totals	\$1,992,400	-0-	\$1,992,400
 <u>Wastewater Reclamation Fund</u>			
Materials & Services	\$1,907,000	\$ 50,000	\$1,957,000
Contingency	<u>500,000</u>	<u>(50,000)</u>	<u>450,000</u>
Totals	\$2,407,000	-0-	\$2,407,000

Be it further Resolved, That the Board of Directors of the Oak Lodge Water Services District approves the amended budget as presented above.

ADOPTED this 15th day of May 2018

OAK LODGE WATER SERVICES DISTRICT

By: _____
Nancy Gibson, Board President

By: _____
Sarah Jo Chaplen, General Manager



Staff Report

To: Board of Directors
From: David Mendenhall, Plant Superintendent
Agenda Item: Plant Process Update
Item No.: 6
Date: May 15, 2018

Background

The Board was told they would receive an update on the Plant Process changes that have been made over the past two years and the results of those changes.

History

2013

Full Cannibal process start up

2014

The process is not performing as well as anticipated. Adjustments are made to the system and a new study is done to see what enhancements can be made to improve performance; this study ultimately makes a recommendation for more digester capacity.

2015

Performance had not yet improved, and Siemens is finished with their contractual obligations and paid the District \$286,592 in liquidated damages for not meeting performance targets. Adjustments are made in the plant to try to make the system perform. Part of that adjustment builds up more solids in the plant.

October 2016

After proposing and getting approval to the plant process to regular activated sludge, Operations changes one interchange bioreactor to an aerobic digester. This is successful, and the second chamber is changed later.

December 16 – April 2018

Operations reports on progress to the Citizens Advisory Committee (CAC). Proposes another update for the following year.

Plant Process Update

The following PowerPoint slides will be presented at the Board Meeting.



Water Reclamation Facility Operations Update

May 15, 2018

- Introductions
- Meeting Purpose
- District History Discussion
- Discussion on Current Configuration



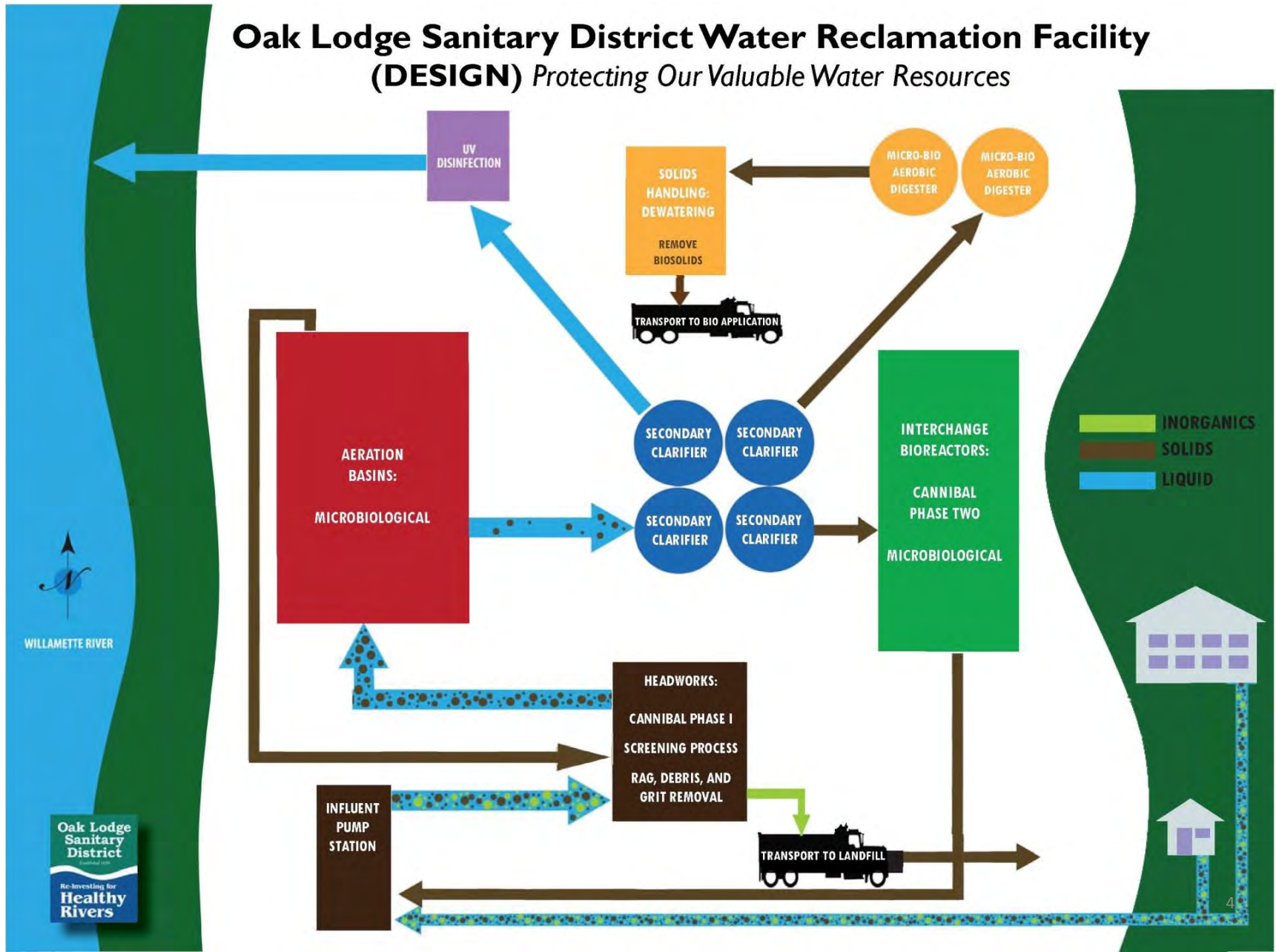


WRF Recent History Discussion

- District faced increasing regulations, an aging plant, and needed more capacity
- Big changes were required. Rate payers elected to bond for plant improvements
- These challenges presented new opportunities - With new opportunity, the Citizens Advisory Committee pushed the envelope and made the decision for Cannibal

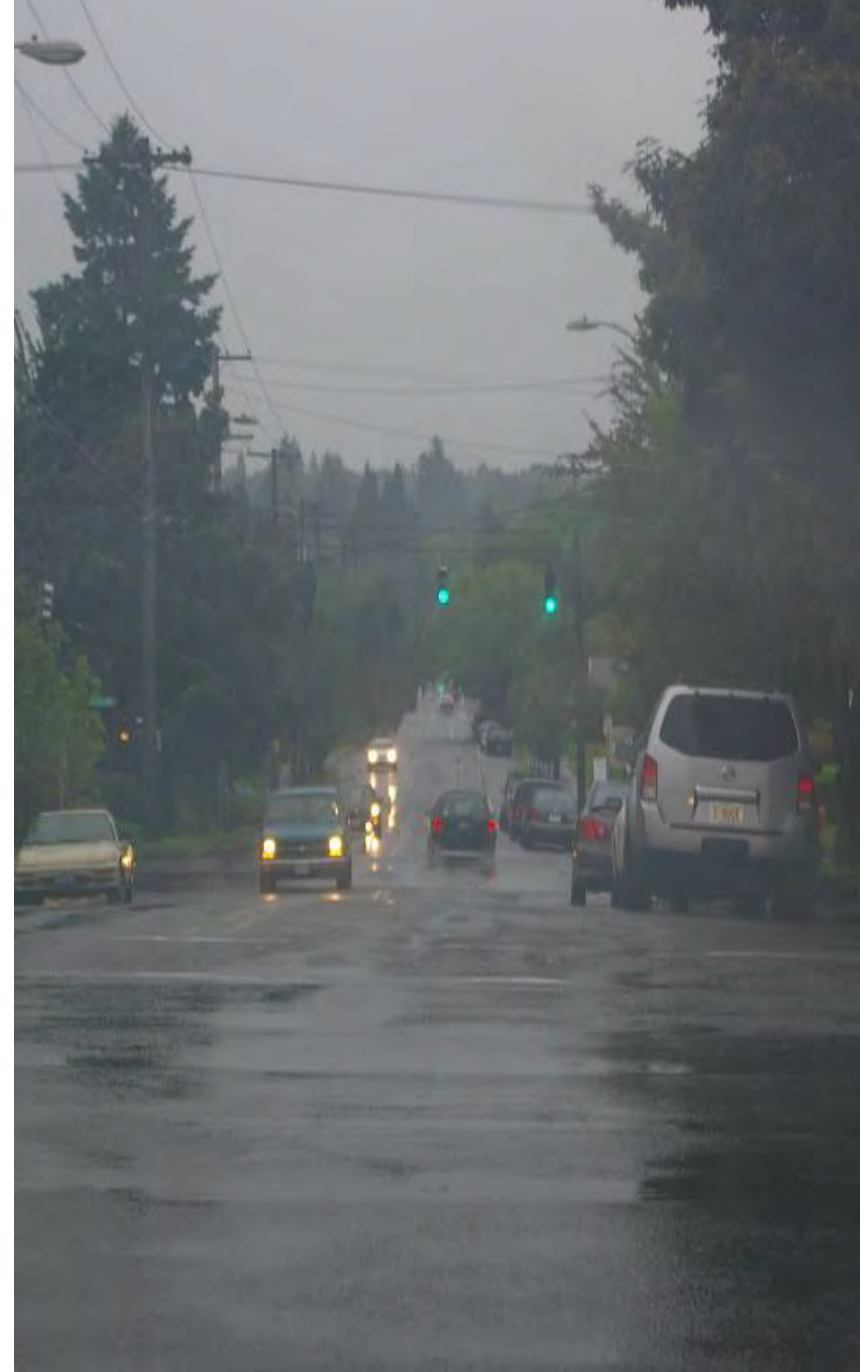
Plant Overview with Cannibal

Oak Lodge Sanitary District Water Reclamation Facility (DESIGN) *Protecting Our Valuable Water Resources*

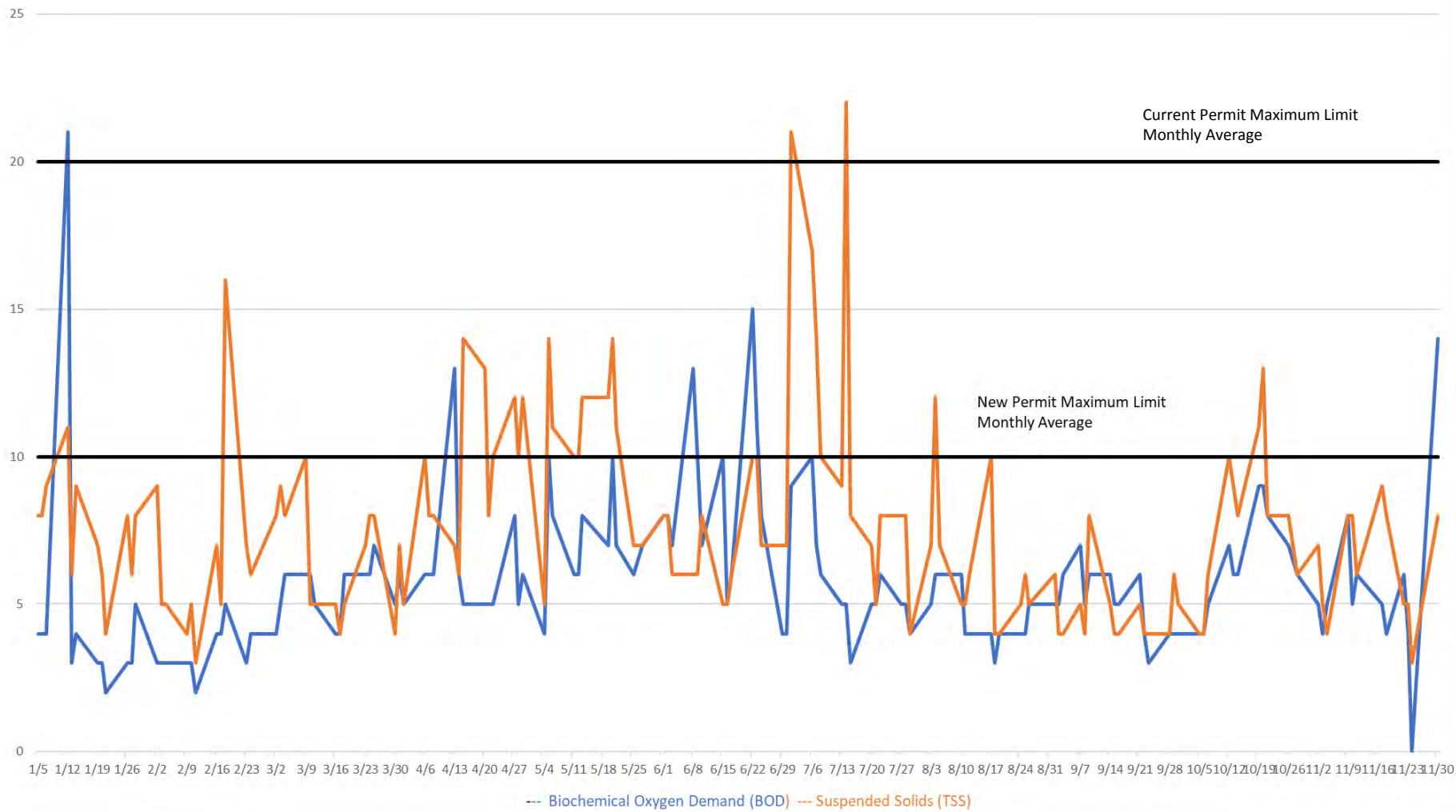


Challenges Operating *Cannibal*

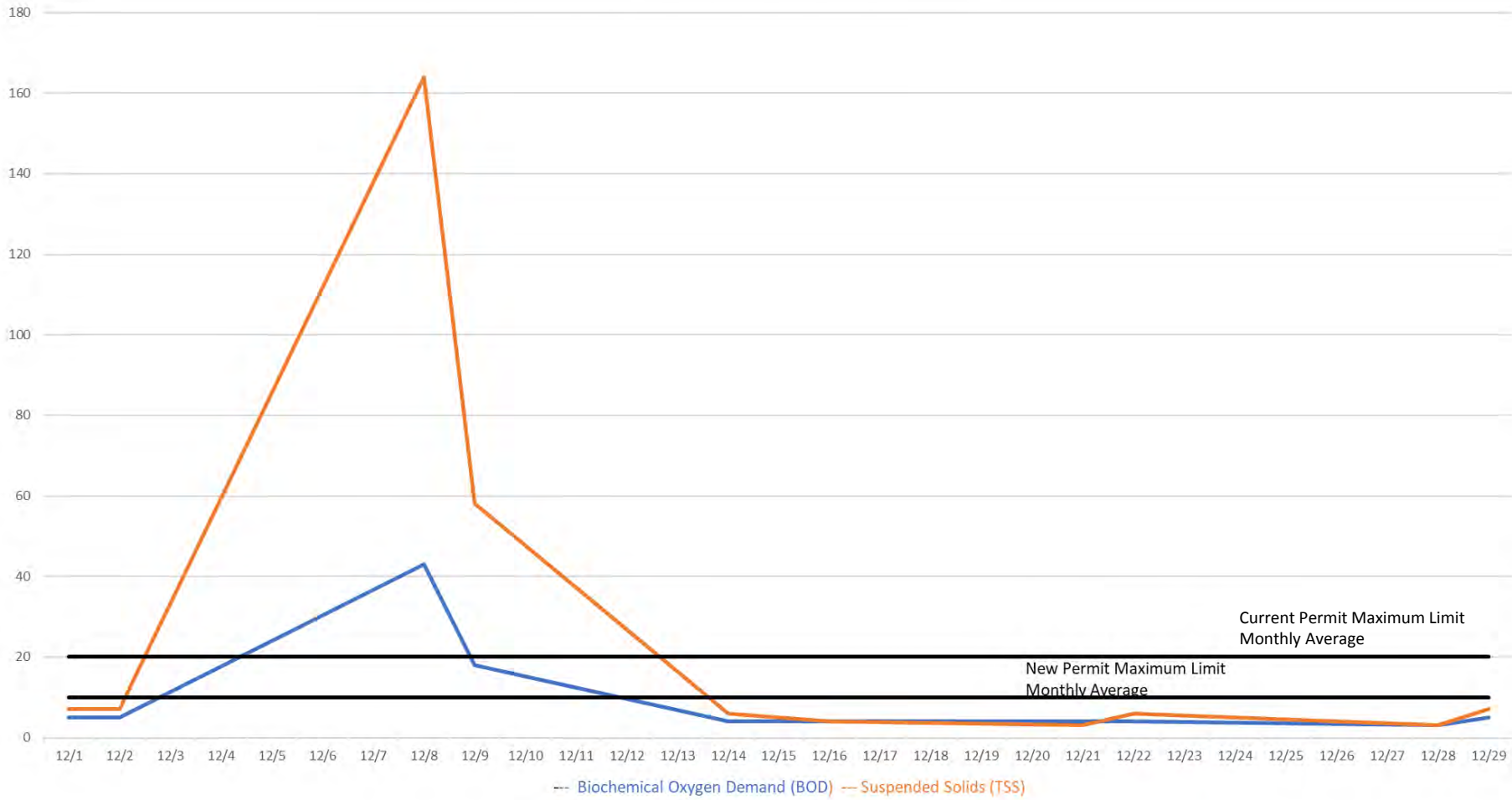
- The design did not do what was intended. Guaranteed a yield of 0.25, got 0.6
- Very large solids inventory required
- Unstable in changing conditions, solids settling issues
- No margin of safety or flexibility
- Stress on equipment and failures
- Permit regulations pushed, stress on personnel, overtime
- Produced sludge and not biosolids: not suitable for land application and beneficial reuse without further processing
- Periodic odor issues from digesters



Effluent Water Quality 1-2015 through 11-2015 with Cannibal



Effluent Water Quality 12-2015 with Cannibal



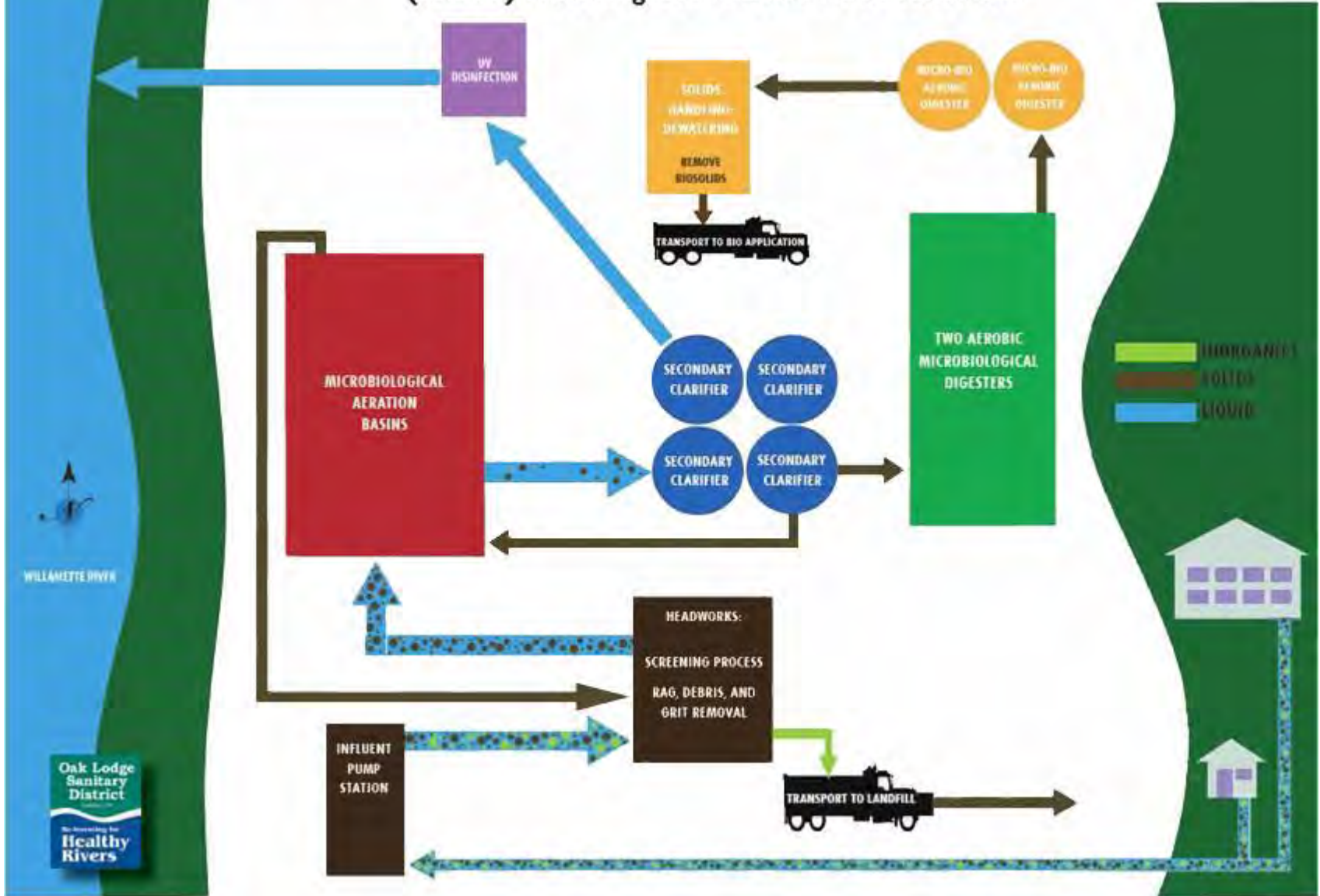
Changes Made Starting October 2016

- Operations took the infrastructure and reworked it. Everything was repurposed
- Looking forward: future permit conditions, stability, flexibility, resiliency
- Changed the process: Reworked activated sludge to conventional with ammonia removal and contact stabilization
- Converted bioreactors to aerobic digesters
- Reduced solids inventory through extra wasting and hauling
- Greatly increased volatile solids reduction



Configuration Change repurposed—October 2016

Oak Lodge Sanitary District Water Reclamation Facility (NEW) Protecting Our Valuable Water Resources



Results

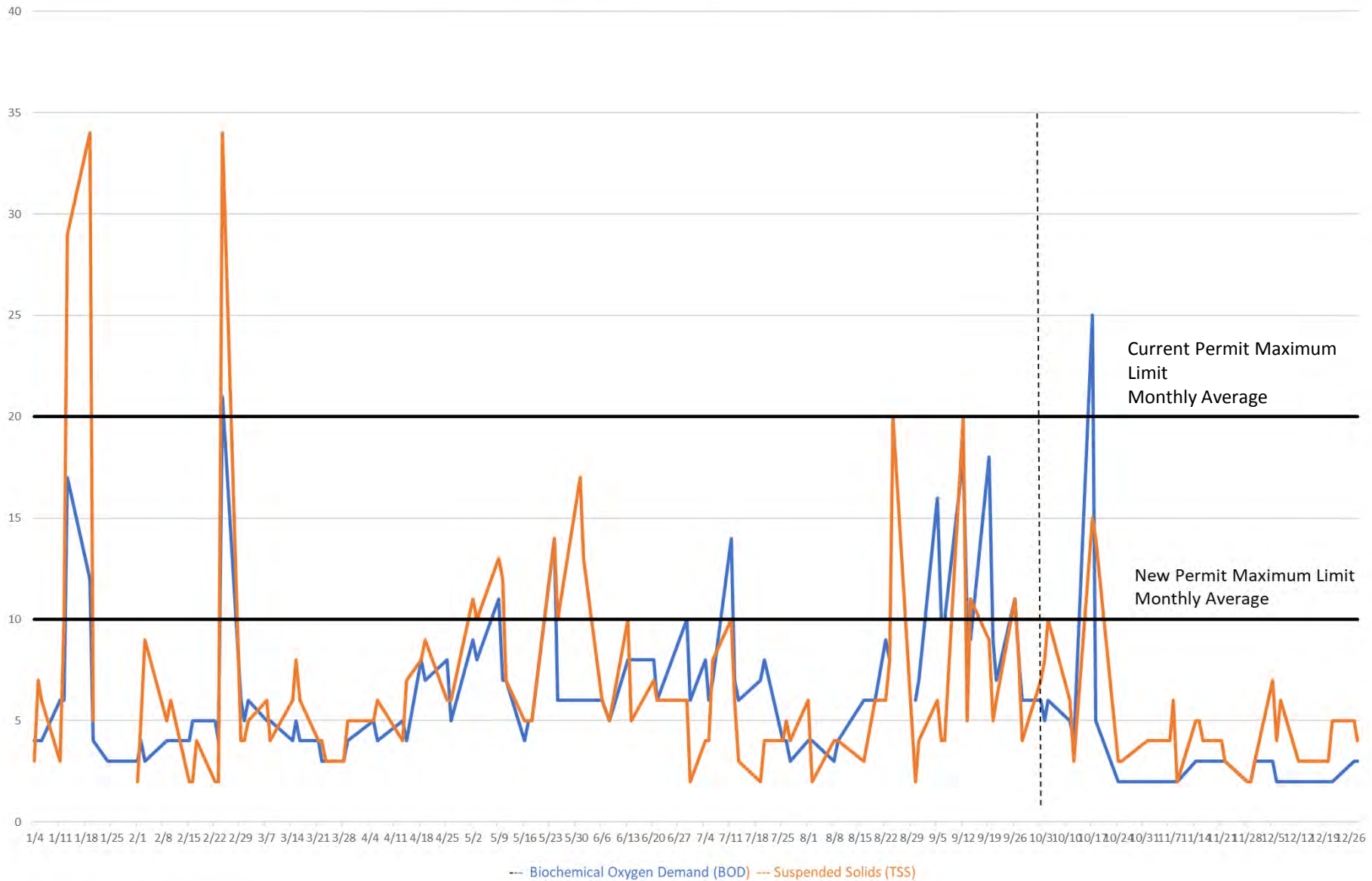
- 65% solids reduction consistently exceeds the 38% required for Class B biosolids-able to land apply with no further processing
- Potential for Class A Biosolids program
- Reduction in inventory (the biomass) from a high of 290,000 lbs. to today's 76,000 lbs.
- Plant is more resilient in high flows, and able to maintain compliance comfortably-meeting future regs. as well
- Process itself less complex
 - More stable
 - More repeatable
 - More consistent performance



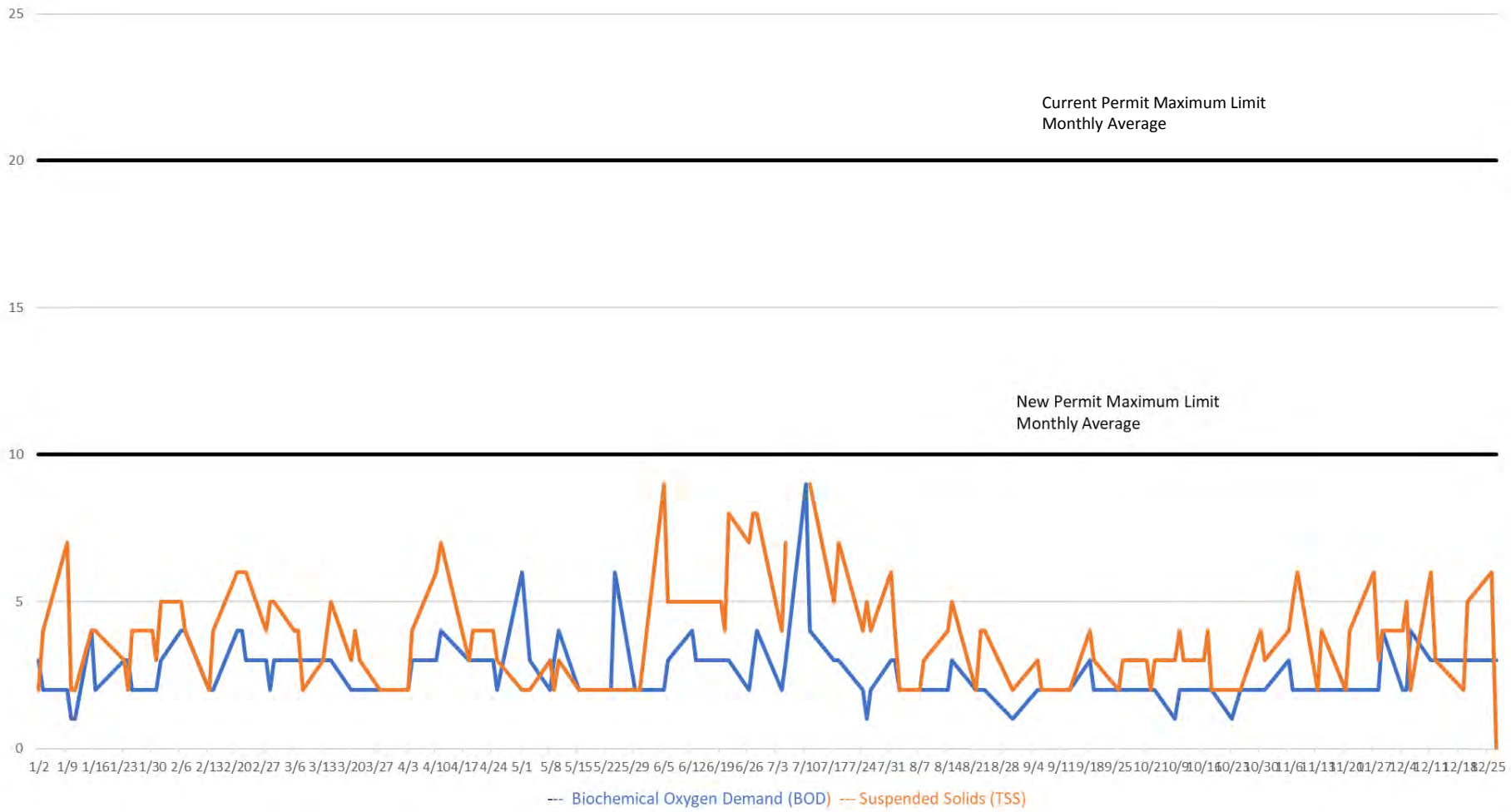
Results (cont.)

- Reduced stress on equipment and people – Peace of mind
- Hauling more consistent 3 trips per week
- With Cannibal call outs were frequent to respond to problems; call outs are once per month now on average
- Odors greatly reduced in the digestion process

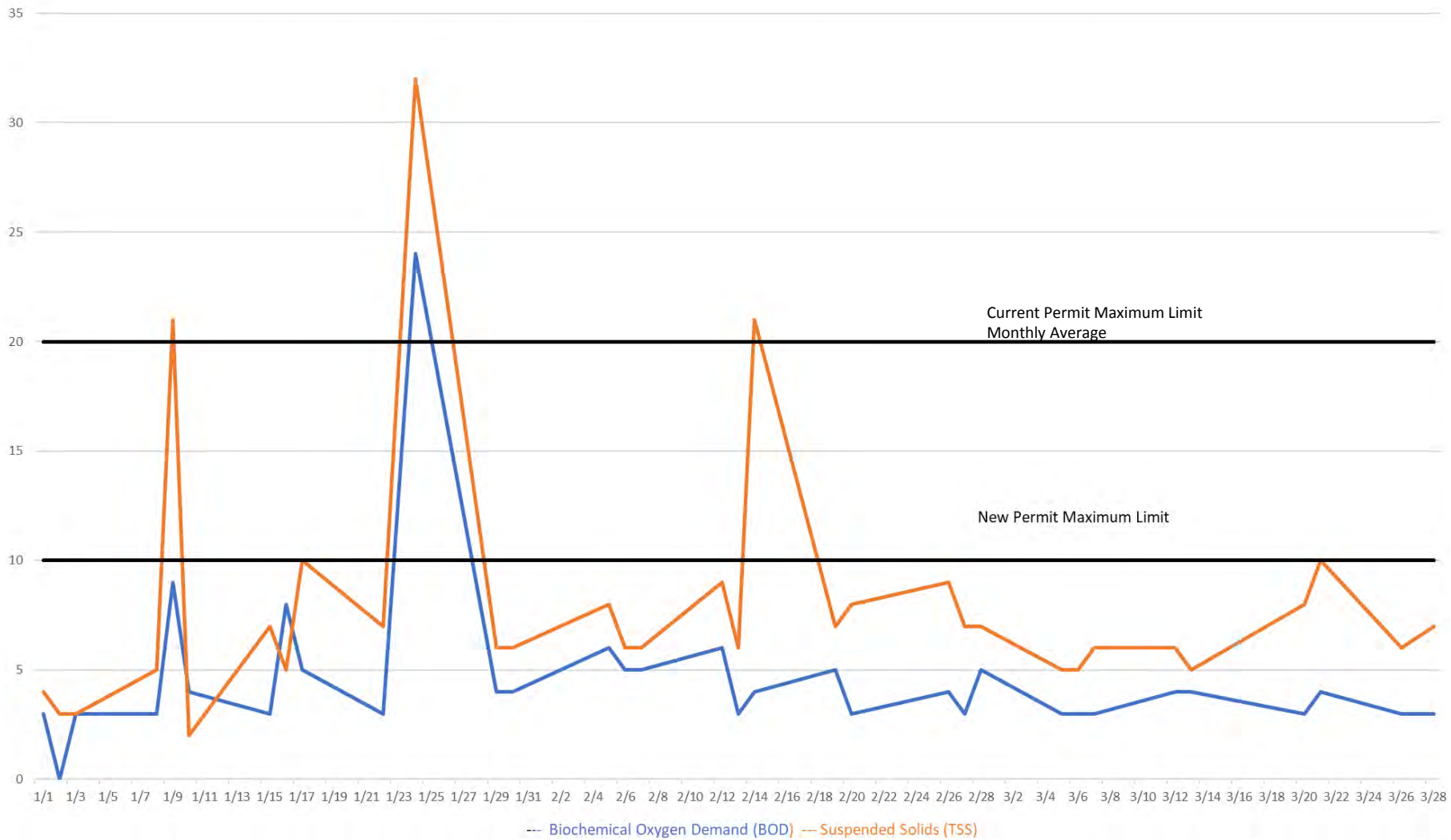
Effluent Water Quality 2016 with Cannibal until October



Effluent Water Quality 1-2017 through 12-2017 without Cannibal



Effluent Water Quality 1-2018 through 3-2018 without Cannibal (3 month graph)



Looking Forward

- Continue to adjust conventional activated sludge process
- Target Sludge Retention Time (SRT) of 15-20 days . Currently 25 days. Was 100+ days
- 2-3 sludge hauling trips per week
- Power flat, using same equipment
- Stability, Flexibility, Resiliency – recent 2”+ rainfall. 16 MGD peak— plant took it and bounced back to normal quickly
- Due to effluent results we were able to apply \$2 million to sewer repair capital projects now. Filtration may be needed in the future but not now





Questions?

OAK LODGE
WATER SERVICES
STAFF REPORT

To: Board of Directors
From: Kelly Stacey, Finance Director
Agenda Item: Finance Department Report
Item No.: 7a
Date: May 15, 2018

Below is an update of various efforts of the Finance/Administration department:

Accela implementation:

The District's second joint bill went out this month. Things went smoother than March; however, it was the first billing for cycle 1 so there was some cleanup that had to happen. It is getting better as we get through much of the items that need to be corrected. As a whole, customers have been very understanding. The few issues we have had were quickly resolved and the administration staff continues to work hard to provide the best customer service possible during this very busy time. There were just over 500 late notices that went out the end of the month for the first time since the beginning of joint billing. Staff is preparing for the first round of Red Tags and Shut Offs in May.

Staff will be implementing the remaining modules over the next couple of months and will also finish the cleanup of the General Ledger and Utility Billing modules as yearend approaches.

NCCWC Budget

The North Clackamas County Water Commission's proposed budget was approved on April 26, 2018. The NCCWC Board has turned over the IGA to the attorneys for final touches before Staff brings the final document to the OLWS Board for approval.

Other Projects

An RFP for On-call Financial Services will be issued soon in hopes that approval of a contract will be on the June Agenda.

The District's FY19 Budget and Local Budget forms will be published soon.

The implementation of the Accela software for the NCCWC and CRWP has begun. This is a much simpler implementation and is not expected to have any major issues.

Financial Staff is preparing for the Auditor's interim field work that will take place in late May.

STAFF REPORT

To: Board of Directors
From: Todd Knapp, Field Superintendent
Agenda Item: Field Operations Report
Item No.: 7b
Date: May 15, 2018

Background

The Board has requested updates at the Regular Meetings of the Board on the status of the District's Operations.

Operations Administration

The Sanitary Collections crew is finally on track, in fact, this month they exceeded the District's monthly cleaning and inspection goals. There were a couple of factors in meeting the monthly goal: (1) the crew is in a new basin that allows for more footage in a shorter period of time and (2) The training that the water crew has received has positively influenced production. The water crew has gone from learning how things work, to performing duties and tasks with little or no supervision. I have confidence the crew will get back on track for the five-year completion goal.



The Water crews completed the installation of approximately 350 feet of 6-inch ductile iron main off Meldrum Ave, the installation took crews a day and a half to complete.

The Water crew also assisted with storm maintenance. The assistance helped the collections crew from being pulled off their normal maintenance duties, allowing more time to stay focused with inspections and cleaning.

Three water staff members attended the Pacific NW Annual Conference.

Field Operations Monthly Report for April 2018

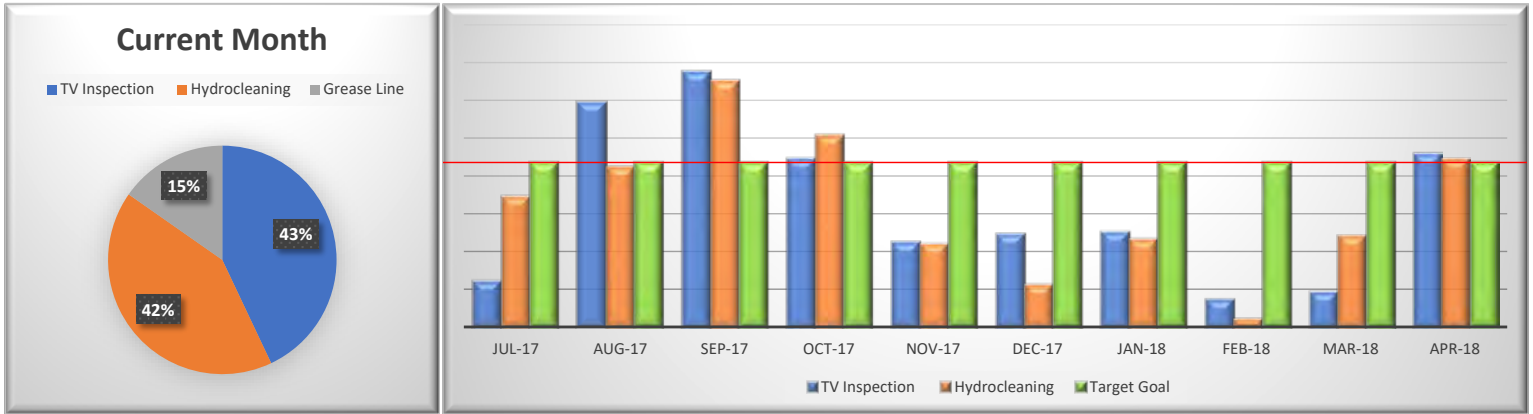
Highlights for the month:

- Completed the installation of 350 feet of 6-inch ductile iron pipe.
- Meters replaced, services and leaks (see chart)
- Collections team exceeded the April monthly target.
- Cross training, Water, Collections and Storm.
- Water consumption for **April: 74,713,000 Gallons** (Above the 10-year average of 74,641,600) (See metered monthly consumption chart)

Attachments

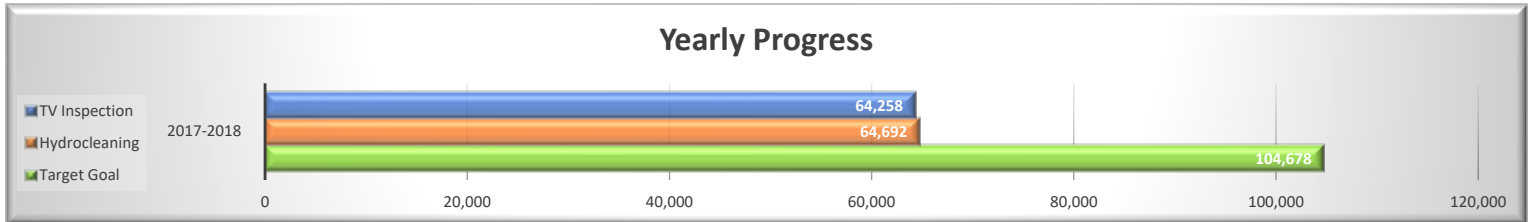
1. Sewer Collections Report
2. Water Report Statistics
3. Valley View Readings

Oak Lodge Water Services Collections Report

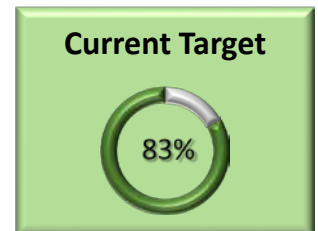
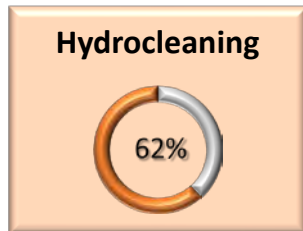
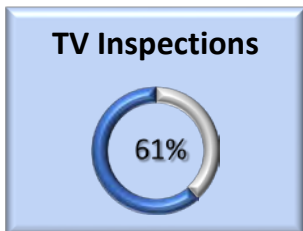


Month	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	To Date	Monthly	Yearly	5 Year
													Totals	%	%	%
TV Inspection	2,512	11,906	13,532	8,961	4,566	4,987	5,092	1,548	1,942	9,212			64,258	105.60%	61.39%	12.28%
Hydrocleaning	6,967	8,539	13,085	10,206	4,472	2,328	4,723	513	4,906	8,953			64,692	102.63%	61.80%	12.36%
Target Goal	8,723	8,723	8,723	8,723	8,723	8,723	8,723	8,723	8,723	8,723			87,231	100.00%	83.33%	16.67%
Grease Line	3,625	5,105	3,276	3,625	10,227	3,859	3,625	4,757	3,625	3,276			45,000			

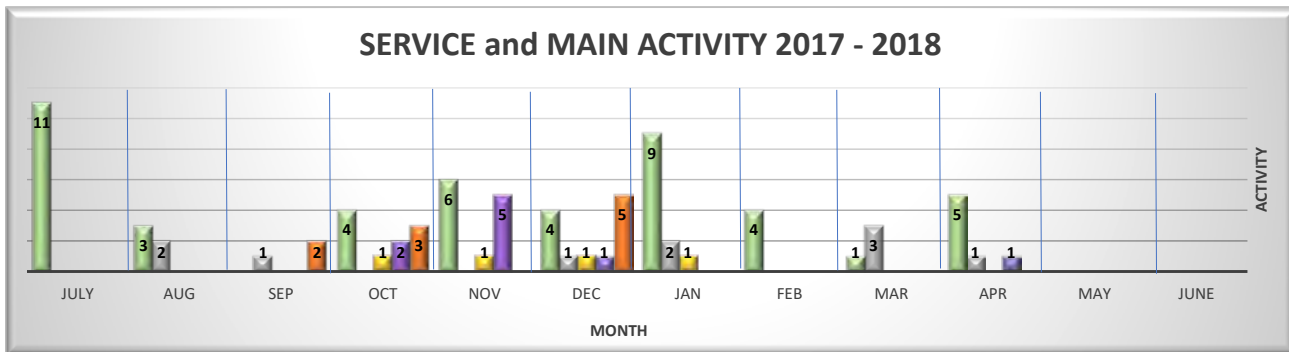
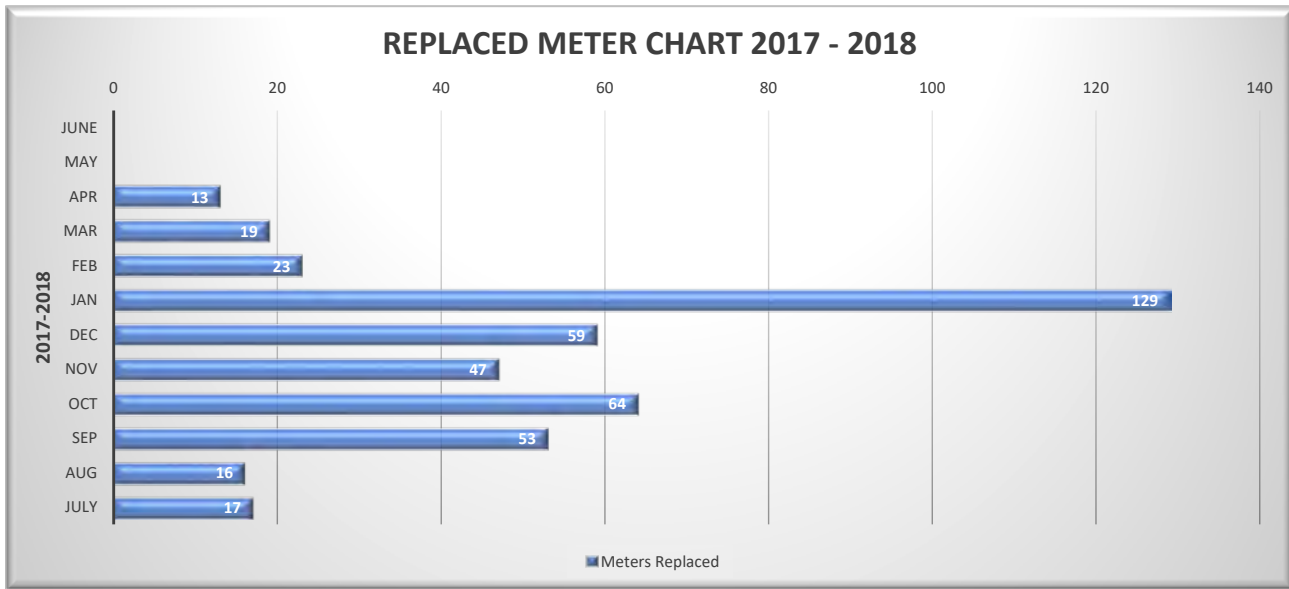
Total Feet 523,392
Target Per Year 104,678
Target Per Month 8,723



YEARLY PROGRESS

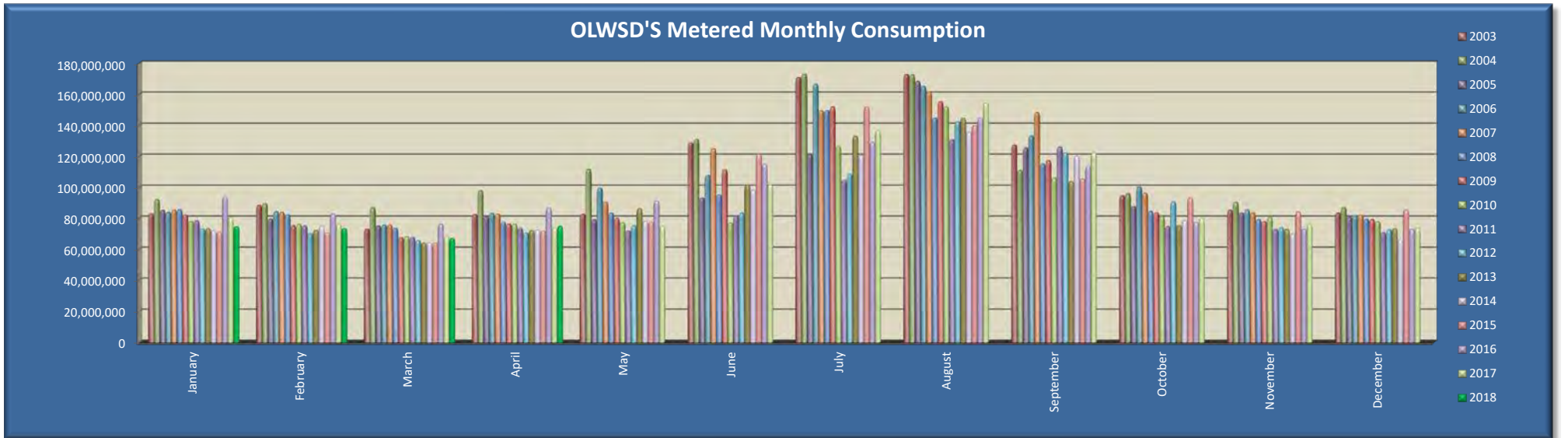


Oak Lodge Water Services Water Report



Fiscal Year	Month	Meters Replaced	New Services	Iron Services Renewed	Plastic Services Renewed	Service Leaks Repaired	Main Leaks Repaired
2018	June						
2018	May						
2018	Apr	13	5	1		1	
2018	Mar	19	1	3			
2018	Feb	23	4				
2018	Jan	129	9	2	1		
2017	Dec	59	4	1	1	1	5
2017	Nov	47	6		1	5	
2017	Oct	64	4		1	2	3
2017	Sep	53		1			2
2017	Aug	16	3	2			
2017	July	17	11				
Yearly Total		440	47	10	4	9	10

Year	Month												Total Yearly Con	Average Daily Demand
	January	February	March	April	May	June	July	August	September	October	November	December		
2003	82,674,600	88,370,400	72,820,000	82,357,000	82,416,000	128,520,000	170,652,000	172,726,000	127,198,000	94,416,000	85,037,000	83,285,000	1,270,472,000	3.48
2004	91,933,000	89,441,000	86,755,000	97,665,000	111,392,000	130,863,000	172,883,000	172,499,000	110,696,000	95,973,000	90,079,000	86,823,000	1,337,002,000	3.66
2005	84,976,000	79,415,000	74,996,000	80,616,000	79,088,000	92,885,000	120,871,000	168,248,000	125,172,000	87,512,000	83,230,500	80,773,500	1,157,783,000	3.17
2006	83,697,000	84,098,667	75,580,333	83,028,000	99,436,000	107,501,000	166,449,000	164,957,000	132,989,000	100,180,000	85,350,000	81,587,000	1,264,853,000	3.47
2007	85,179,000	83,766,000	75,622,455	82,508,545	90,129,000	124,696,000	149,207,000	161,512,000	147,980,000	96,159,000	83,445,000	81,921,000	1,262,125,000	3.46
2008	85,466,000	82,200,000	73,405,000	77,221,722	83,162,278	94,885,000	149,422,000	144,592,000	114,830,000	84,307,000	79,094,000	79,319,000	1,147,904,000	3.14
2009	82,042,000	75,196,000	67,364,000	76,238,000	79,968,000	111,127,286	151,804,000	155,069,000	117,099,000	83,457,000	77,782,000	79,107,000	1,156,253,286	3.17
2010	77,735,000	75,975,000	67,986,000	75,943,000	76,903,000	76,720,000	125,996,000	151,590,000	105,880,000	81,052,000	80,389,000	77,515,000	1,073,684,000	2.94
2011	78,266,000	74,983,000	67,462,000	73,285,000	71,613,000	81,189,000	104,328,000	130,684,000	125,733,000	74,646,000	72,657,000	70,555,000	1,025,401,000	2.81
2012	73,041,000	70,104,000	65,501,000	70,380,000	75,148,000	83,256,000	108,236,000	142,023,000	121,981,000	90,545,000	73,672,000	72,454,000	1,046,341,000	2.87
2013	73,277,000	72,051,000	63,866,000	71,906,000	86,085,000	101,278,000	132,837,000	144,354,000	103,403,000	75,217,000	72,624,000	73,180,000	1,070,078,000	2.93
2014	72,052,000	74,566,000	63,886,000	72,171,000	77,889,000	97,978,000	120,411,000	135,271,000	120,008,000	78,257,000	69,534,000	66,200,143	1,048,223,143	2.87
2015	70,840,857	70,318,000	63,972,000	71,515,000	77,173,000	121,185,000	151,728,000	139,696,000	105,238,000	92,781,000	83,966,000	85,368,000	1,133,780,857	3.11
2016	93,522,000	82,637,000	76,044,000	86,443,000	90,989,000	114,745,667	128,722,333	144,599,000	113,212,000	77,196,000	72,766,000	72,839,000	1,153,715,000	3.16
2017	80,205,000	75,867,000	68,040,000	73,822,000	74,515,000	101,310,000	136,262,000	154,085,000	122,113,000	79,860,000	75,718,000	73,584,000	1,115,381,000	3.06
2018	74,389,000	73,219,000	66,754,000	74,713,000										
2019														
2020														
10 Year Average	78,644,686	74,491,600	67,087,500	74,641,600	79,344,528	98,367,395	130,974,633	144,196,300	114,949,700	81,731,800	75,820,200	75,012,114		10 Year ADD
														3.01





Staff Report

To: Board of Directors
From: David Mendenhall, Plant Superintendent
Agenda Item: Plant Operations
Item No.: 7c
Date: May 15, 2018

Background:

The Board has requested updates at the Regular Meetings of the Board on the status of the District's Operations.

Water Reclamation Facility Operations

The month of April began wetter than expected with 2.09" of rainfall on April 7th. This rainfall resulted in a peak flow rate of 16 Million Gallons per Day (MGD) on the 8th and a total daily flow of 11.27 MGD. Despite these flows, there were no overflows in the District. The plant groaned a bit but took the hit well and recovered quickly. Operations shifted the plant to contact stabilization to help with that. The higher flows and adjustments carried through the week; however, as a result staff was not able to waste as much during this period.

This month's weather resulted in a higher Sludge Retention Time (SRT) for April. Operations is monitoring the plant performance and will be wasting more when possible. 227 tons of biosolids were hauled to Madison Farms for beneficial reuse. Seasonal changes have also been observed within the plant. After the big rain event the influent temperature cooled a degree and by the end of the month it has risen over 4 degrees C. The clarifiers are not settling quite as well, resulting in more turbidity. One cause could be that water temperature change. These dramatic changes increase the microbiological activity. The ammonia removal has dropped off, so we increased air to the basins to help with that as well as the increased activity. The reinstallation of the Gamma jets broke up plenty of built up grease, pushed through dispersed grease through the aeration basins and that could also add to the turbidity. All permit limits were met for the month. The permit limits get tighter for summer beginning on May 1 through October.

We have three vacancies this month with the departure of John Brown, Kyle Mellinger, and Monica Stone. John made sure he tied up as many loose ends as possible. The HVAC control system in the headworks building electrical room is completely upgraded and updated now. All programming is now accessible via laptop. The UV inlet gates are as good as they can get for now. During the summer when the flows are lower we will have to go back in and finish attaching the new connectors. O-rings were replaced on pumps at pump station #5 which stopped a nagging leak.



John Krogstad got the rebuilt Gamma jets reinstalled and operational with the help of Abe Merritt and Randy Leniger.



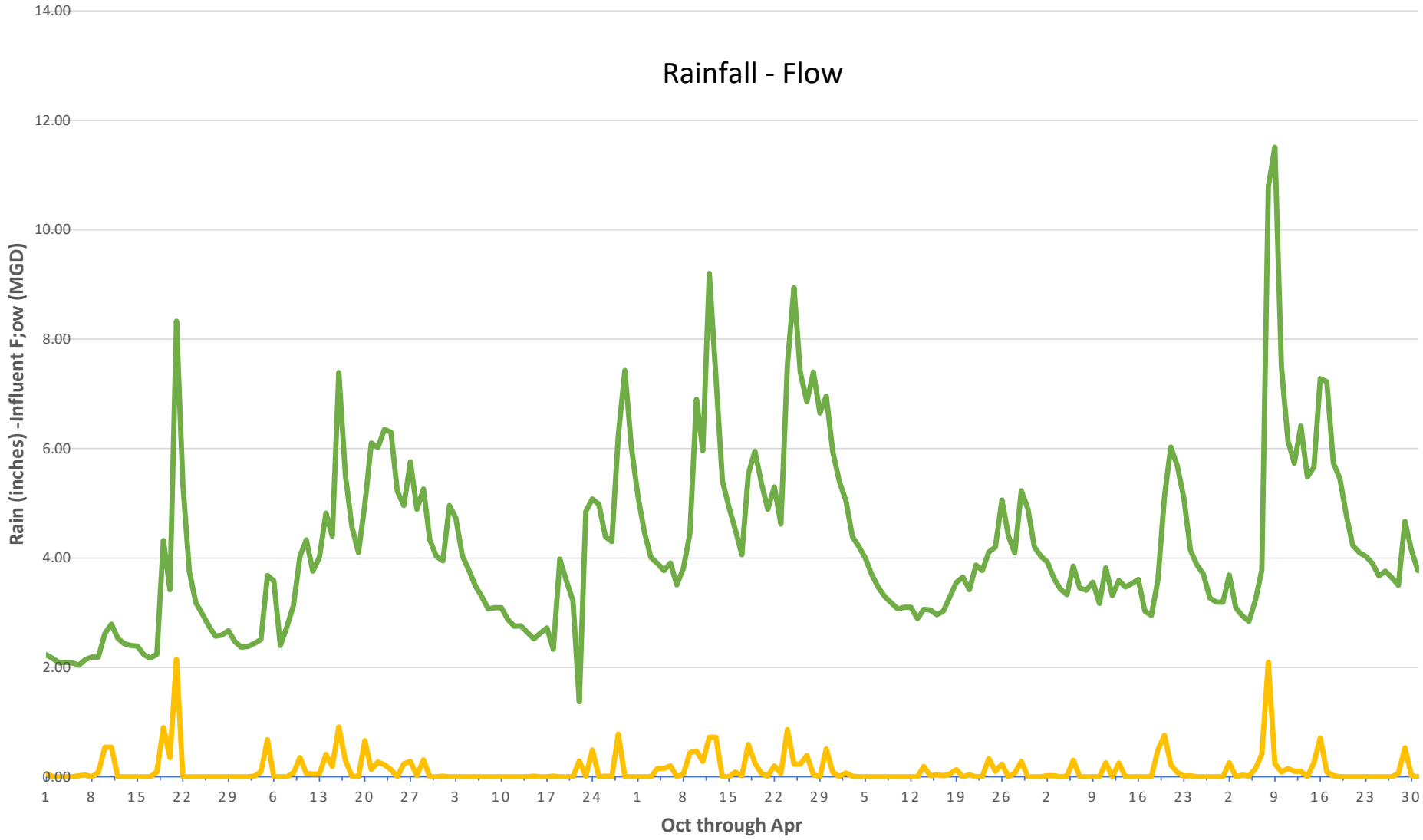
John Krogstad also set up a prototype for a test for the maintenance mechanic interviews.

Work has also begun on the grating replacement project in dewatering and the oil was changed on the digester mix pumps.

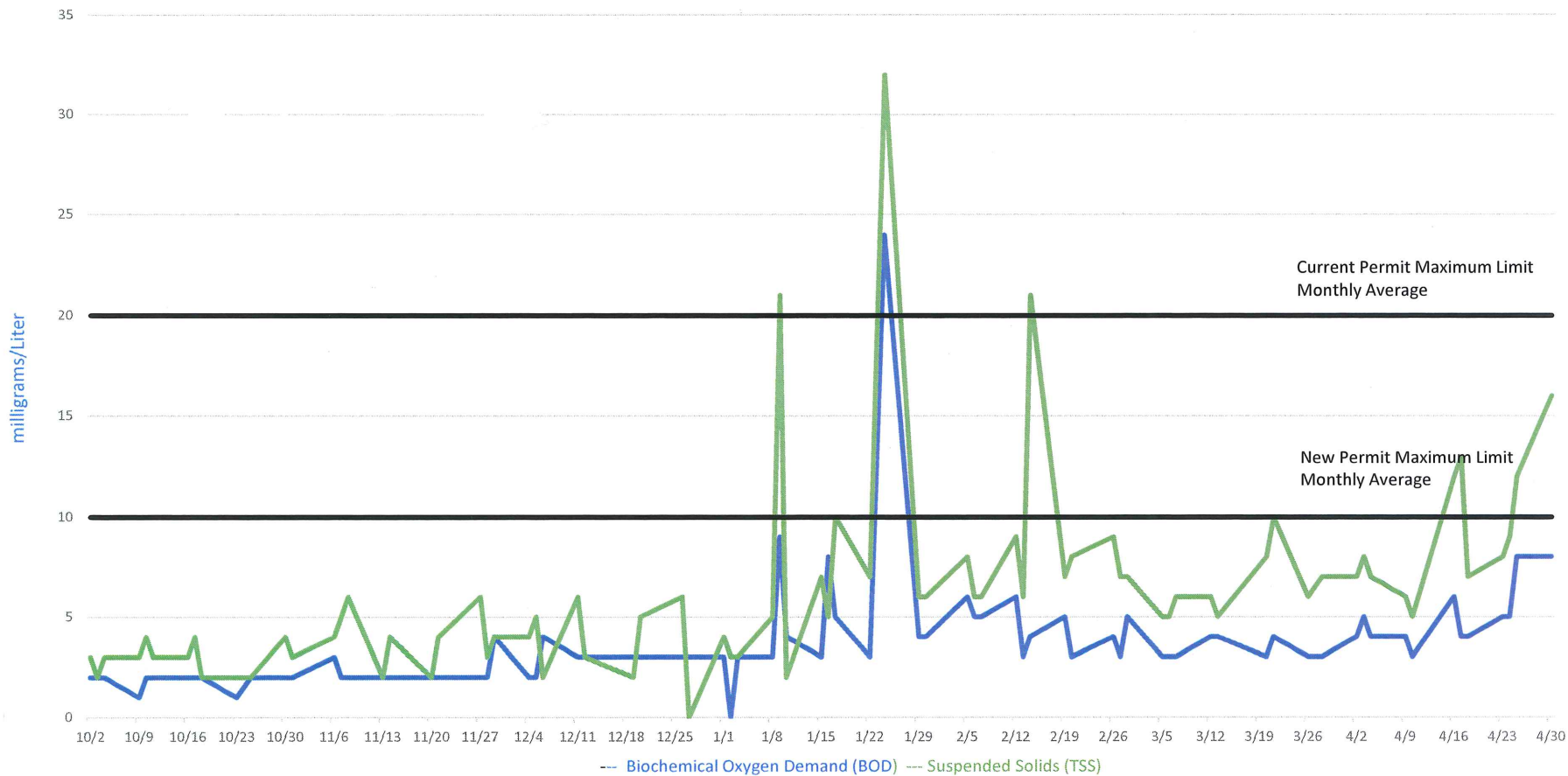
Attachments:

7ci – Operations Staff Report Rainfall vs Flow data correlation October 2017 - April 2018

Rainfall - Flow



Effluent Water Quality



OAK LODGE
WATER SERVICES
STAFF REPORT

To: Board of Directors
From: Jason Rice, District Engineer
Agenda Item: Technical Services Report
Item No.: 7d
Date: May 15, 2018

Below is an update of various Technical Services Program efforts:

Capital Improvement Program:

Influent Pump Station Access

By May 15th, this project will likely be complete; largely in part Todd and his team. By performing this project in-house, staff likely saved the District approximately \$20,000.

Water Master Plan

Staff was able to complete the process of transferring all available data to Water Systems Consulting (WSC). The next steps for this project are:

- WSC is now working on the seismic data analysis
- WSC will schedule field staff interviews for gaining internal, non-documented, knowledge of the system and its performance
- WSC will build a hydraulic model for analysis

Boardman Wetland Complex

Staff is working to setup a pre-construction meeting, acquiring the last few permits and setting a date for a project kick-off event with the public. Work is expected to begin mid-June.

Master On-Call Contract for Technical Services

Staff is planning to advertise this Request for Qualifications (RFQ) on June 11th and will hopefully bring these contracts before the Board at the June Board Meeting.

Outreach and Education

OLWSD staff has been organizing for spring and summer events as well as wrapping up school-based programming. In preparation for the upcoming Trolley Trail Festival in August, staff ordered several items to hand out to the public, all with the OLWS logo on them. Swag includes balsa wood gliders, marigold seeds, and baseball caps. Be sure to pick up an OLWS hat to wear during the Festival and at other times in the community.

In April, staff presented whole water information (information on drinking water, wastewater, watershed protection) to all the 4th grade classes at Riverside Elementary School in partnership with the Clackamas River Water Providers. Students came two classes at a time and rotated through our two stations. They asked good questions including how their water becomes potable and how does it get clean after people use it in their homes. We discussed the myriad products that go into their water as they cook, clean and otherwise use water from the tap. Staff invited the teachers for a tour of the Water Reclamation Facility.

April also brought the Clackamas Community College's Water & Environmental Technology program out to the Water Reclamation Facility. Each year Instructor Matt LaForce visits wastewater treatment facilities in the area, and roughly twenty students attended as part of their course entitled "Wastewater Operations III". This year David Mendenhall and Aleah Binkowski-Burk were on the tour, and at the end of the tour we finished up in the lab with staff Chuck Adams. The presence of additional OLWS staff is welcome and allowed students the time and access to inquire about treatment processes, operations, facilities, and potential employment.

At the end of the month, staff attended the North Clackamas Urban Watershed Council's inaugural fundraising dinner, entitled Resilience, which was held at Rose Villa's Performing Arts Center on Saturday, April 28 from 5:30-8:30 p.m. Oak Lodge Water Services was given the "Partner of the Year" award from NCUWC, and as OLWS Board President Nancy Gibson received the award she spoke highly of the work that our two organizations have accomplished together. Please make sure to view the wooden award plaque and thank NCUWC's Executive Director Andrew Collins-Anderson if you see him in the community. NCUWC programming has positively affected both water quality and the way the District understands and acts on the treatment of storm water. OLWS looks forward to more positive and unique programming in the future. If you have any questions about the NCUWC event, please email lara@olwsd.org.

Permitting

April 2018 Development Activity

	<i>This Month</i>	<i>Last Month</i>	<i>Fiscal Year-to-Date</i>	<i>This Month Last Year</i>	<i>Last Year-to-Date</i>
Pre-applications Conferences	5	3	20	-	-
Hours Spent on Development Review*	115	-	-	-	-
Hours spent on Utility Permits*	40	-	-	-	-
Development Permits Issued	3	2	18	-	-
Utility Permits Issued	4	6	72	-	-
New Sewer Connections	9	2	69	-	-
New Water Services	5	-	-	-	-
Active Erosion Control Permits	43	39	317	-	-
Total Erosion Control Permits Inspected	42	39	314	-	-
Active Construction Permits	20	19	140	-	-
Sanitary SDC Fees Received	\$46,485	\$10,330	\$351,220	-	-
Water SDC Fees Received**	\$22,880	-	-	-	-
Plan Review Fees Received*	\$6,259	\$836	\$16,317	-	-
Inspection Fees Received*	\$4,736	\$1,145	\$22,830	-	-

Attachments

1. Development Review Status Tracker
2. Letter from Children's Water Festival Chair

<i>Project Status</i>	<i>Address</i>	<i>Type of Development</i>	<i>Notes</i>	<i>Last Updated</i>
Complete	15415 SE River Rd.	3-parcel Partition (2 new homes)	Project complete. Sanitary Inspections complete. Erosion Control ongoing (SFD). Awaiting asbuilts. Unknown timeline.	5/1/18
Under Construction	2009 SE Courtney Ave.	3-parcel Partition (1 new home & 1 new duplex. Existing home is on the Historical Register as a	Erosion Control inspections ongoing. Sanitary Sewer installed. Sewer connections installed. SFDs under construction. Unknown timeline.	5/1/18
Under Construction	13012 SE Oatfield	Proposed subdivision; 9 potential lots. Z0407-16	OLWSD approved plans. Sanitary inspections pending. Expires Sept. 2018. Warranty period expires Sept. 2019	5/1/18
Under Construction	13715 SE River Road	Z0399-17 Rose Villa - 28 Homes	Also Z0066-17. OLWSD approval for engineering plans. Sanitary, water and stormwater inspections ongoing. Expires Dec. 2018.	5/1/18
Under Construction	6460 Glen Echo Avenue	Z0461-16_Gladstone_Glen_Echo. (OLSD Service area / out of OLSD Boundary).	10-lot subdivision. Gladstone Plan Review. Gladstone Inspection . OLWSD receives approved plans and asbuilts and inspection reports.	5/1/18
Under Construction	14501 SE Laurie Ave	Z0050-17 2-lot partition	Pre-con held. OLWSD approval.	5/1/18
Under Construction	Willamette View	Riverview Dining Facility Replacement / Expansion; Z0239-17	Plans approved. Expires Oct 2018	5/1/18
Under Construction	SE Manewal at SE Towery LN	Z0157-17_Manewal_South	OLWSD Inspection approval. Z0156-17 (for original tax lot 2300) is now void. Z0157-17 for original tax lot 800 and now east one-half of 2300 is revised and	5/1/18
Under Construction	Taxlots 2000 & 2100 located behind 15026 & 15018 SE Linden Ln.	3-parcel partition	Z0305-15-M Pubic Main Line Extensition. Development approval. Sanitary inspections ongoing. Erosion inspections ongoing. Expires Oct 2018	5/1/18
Under Construction	13755_SE_Schroeder	Rose Villa Units	"The Oaks" PHASE 2B' NET ZERO ENERGY POCKET NEIGHBORHOOD Z0489-17. OLWSD approval for engineering plans. Sanitary, water and stormwater	5/1/18
Under Construction	Willamette View	Multi-family; Z0656-17	Land Use Comments sent. Engineering Review. North Pointe	5/1/18
Plan Review	4281 SE Manewell Lane	A four-lot SFR minor subdivision.	Z0640-16 engineering plan Review 1 submitted. County expiration timeline. Manewal North	5/1/18
Plan Review	18121 SE River Rd. (Jennings Lodge Estates)	72-lot Subdivision	Received Engineering Plans 6th plan submittal. County approval. Awaiting responses for OLWSD approval.	5/1/18
Plan Review	3816 SE Hill Rd	Z0428-16 8-lot subdivision	Approved engineering plans. Expires July 2018	5/1/18
Plan Review	17908 and 17900 SE Addie Street.	Z0200-17-D_BOARDMAN_WETLAND	Land use comments sent. Awaiting engineering plans. County timeline for expiration.	5/1/18
plan review	5215 SE Roethe Rd	2-parcel partition / 2-year extension Z0014-17. previous Z0555-12-M	Land use comments sent. Awaiting engineering plans. Land Use timeline.	5/1/18
Plan Review	SE Courtney at SE Rupert	Z0061-17-D 10-unit apartment	Engineering Comments sent (1st review) awaiting second planset. County Land Use Timeline. Erosion control submitted. Under review.	5/1/18
Plan Review	15510 SE Wallace Street	Z0593-16 13 lot subdivision	Land Use Comments sent. Awaiting engineering plans. County Land Use Timeline.	5/1/18
Plan Review	3260 SE Oak Grove Blvd	130000+ mini storage facility	Engineering Comments sent (2nd review) awaiting planset. County Land Use Timeline.	5/1/18
plan review	18107 SE Blanton	3-lot partition	Review1 comments sent.	5/1/18
Plan Review	19421 SE KAY ST	4-10 lots: Subdivision	Land use comments sent. Awaiting engineering plans. County expiration timeline.	5/1/18
Plan Review	15314 SE RUPERT DR	7-lot subdivision Z0426-17-SS	Seven-lot minor subdivision for one existing and six new home sites. Engineering Comments sent (1st review) awaiting second planset. County	5/1/18
Plan Review	13809 SE Linden Ln.	Replace existing home with duplex.	Z0064-17-D. . Erosion control ongoing.	5/1/18
Plan Review	ZPAC0131-17 16885 SE McLoughlin	Design Review - Les Schwab	Pre-app comments submitted. Awaiting Land Use Application. County exoiration timeline.	5/1/18
Plan Review	18800 SE MCLOUGHLIN BLVD	Nonconforming Use - Alteration/Verification:		5/1/18
Plan Review	18800 SE McLoughlin	Z0542-17 Addition of one vehicle sales stall	Land use comments submitted. Awaiting engineering plans. County expiration timeline.	5/1/18
Plan Review	3016 SE COURTNEY AVE	Z0523-17 Parking lot	Land use comments submitted. Awaiting engineering plans. County expiration timeline.	5/1/18

Project Status	Address	Type of Development	Notes	Last Updated
Plan Review	17624 SE RIVER RD	Z0471-17 : attached housing	Land use comments submitted. Awaiting engineering plans. County expiration timeline.	5/1/18
Plan Review	4322 SE Pinehurst Ave	Subdivision	Water utility only.	5/1/18
Plan Review	13630 SE Laurie Avenue	Design Review - Rose Villa	Construct Arts building as part of master plan. Received engineering review #1. Under review.	5/1/18
Plan Review	14107 SE Lee Ave	Partition: 2 lots Z0648-17	Land Use Comments sent. County Expiration Timeline.	5/1/18
Plan Review	14928 SE OATFIELD RD	ZPAC0015-18	Pre-application comments sent. Awaiting land use / subdivision application. Expires Dec. 2018	5/1/18
Plan Review	SE Torbank	(RIVER RD – TROLLEY TR) SIDEWALKS PUBLIC IMPROVEMENTS	Clackamas County Project Number: 22243	5/1/18
Plan Review	2150 SE Torbank Rd	Site Changes / Parking Lot	Oak Grove Elementary (Torbank). Erosion control only (small lot). Awaiting appliation (OLWSD) No site development permit.	5/1/18
Pre-Application	15007 SE McLoughlin Blvd	LA Fitness TI	ZPAC0019-18 Pre-app held Countv expiration timeline.	5/1/18
Pre-Application	ZPAC0130-17 18332 SE Willamette Dr	3-lot partition	Pre-app comments submitted. Awaiting Land Use Application. County expiration timeline.	5/1/18
Pre-Application	16250 SE MCLOUGHLIN BLVD	Commercial with interior storage	Pre-app comments sent. Awaiting land use application. County timeline. Design Review Pre-app to add 32,246 sf commercial space (add 2 stories) to	5/1/18
Pre-Application	22E07CA03003	Partition	A Partition of the subject property to create two parcels; one of approximately 10,259 s.f. and one of	5/1/18
Pre-Application	17217 SE McLoughlin Blvd	ZPAC0181-18 TI	Pre-application Comments sent. County timeline.	5/1/18
Pre-Application	18107 SE Addie Street	Subdivision: 5 units / 6 lots	ZPAC0096-17 to build 5 units and partition 6 lots	5/1/18
Pre-Application	16920 SE Berghammer	Partition 3 lots	Partition. Pre-app attended/comments submitted. Clack. Co. expiration timeline.	5/1/18
Pre-Application	16908 SE Oatfield	0	Pre-app. Attended. County expiration timeline.	5/1/18
Pre-Application	14497 SE River Rd.	0	Pre-app. Attended. County expiration timeline.	5/1/18
Pre-Application	2614 SE Tarbell Ave	0	Pre-app. Attended. County expiration timeline.	5/1/18
Pre-Application	16800 SE McLoughlin	Design Review / Commercial	ZPAC0016-18-DR. Auto dealership design review / façade improvements. Pre-app comments submitted. Clack. Co. expiration timeline.	5/1/18



CHILDREN'S CLEAN WATER FESTIVAL

Where Youth Are Making Waves!

May 1, 2018

Sarah Jo Chaplen, General Manager
Oak Lodge Water Services
14611 SE River Rd.
Oak Grove, OR 97267

Dear Ms. Chaplen:

On Tuesday, March 13, 2018, more than 1,300 fourth-grade students from 10 water districts around the metro area spent a fun-filled day of learning about water-focused topics at the University of Portland campus for the 25th annual Children's Clean Water Festival.

Lara Christensen managed the catering for this year's Festival. Not an easy task to accommodate breakfast and lunch for 35 presenters, 20 exhibitors, 3 stage performers, and 64 volunteers. She did a super job! In addition, she was a presenter at a table in the Exhibit Hall.

Orchestrating a festival of this size takes a great deal of work and coordination from members of the planning committee, and Lara's contributions were essential to its success. Thank you, Ms. Chaplen, for supporting her work with the planning committee and the festival.

Sincerely,

Kerry Aden
2018 Festival Chair

c: **Jason Rice, District Engineer**
Lara Christensen, Outreach and Program Specialist

Enclosures



AGENDA ITEM

Agenda Item: Call for Public Comment
Item No.: 8
Presenters: N/A

Background:

Members of the public are invited to address the Board on any relevant topic. The Board may elect to limit the total time available for public comment or for any single speaker depending on meeting length.



AGENDA ITEM

Agenda Item: Business from the Board
Item No.: 9
Presenters: N/A

Background:

The Board of Directors appoints District representatives from time to time to serve as liaisons or representatives of the District to committees or community groups.

Directors assigned specific roles as representatives of the District are placed on the agenda to report to the Board on the activities, issues, and policy matters related to their assignment.

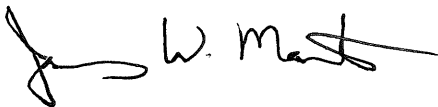
15163 SE La Bonita Way
Oak Grove, OR 97267
May 15, 2018

Sarah Jo Chaplen, General Manager
Oak Lodge Water Services District
14496 SE River Road
Oak Grove, OR 97267

Dear Sarah Jo,

This letter confirms that I am resigning as Director of the Oak Lodge Water Services District (OLWSD) as of adjournment of the May 15, 2018 OLWSD Board Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "J. W. Martin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James W. (Jim) Martin

Director Report, Jim Martin for May 2018 Board Meeting

1. Sunrise Water Authority Board Meeting, April 25

1) The Board approved:

- a) CRWSC Proposed 2018-20 Biennial Budget
- b) Pleasant Valley Villages Transmission Extension

2) Budget Committee meeting:

- a) **Approved minutes from previous year. We don't do this; any need to?**
- b) **Some history: (Note: This may not be 100% accurate, but the overall message is right.) In the past, SWA used SDC income to fund capital projects on a pay-as-you-go basis. (In other words, they used current SDC income to pay for current, on-going capital projects.) In 2008, during the Great Recession, home construction fell from 600-800 annually to under 30, and Sunrise had to fund the capital projects out of rate revenue. They reduced staff from 26 to 12 to balance the budget. Lesson learned: Fund capital projects out of savings, not from current SDCs.**
- c) **CRW hired a bus and drove their Budget Committee around the District as a training exercise. Seems like a good idea!**

2. Clackamas River Water Board Meeting, May 10

WORK SESSION

1. North Clackamas County Water Commission (NCCWC) Agreement Overview

Wade Hathhorn, NCCWC and Sunrise Water Authority General Manager, gave a summary of the high points of the proposed NCCWC IGA revision, emphasizing the goal of being able to respond flexibly to likely future water restrictions. Wade's comments were well-received.

3. Board Vacancy Update

Their attorney advised the Board that both the Board candidate interviews and the Board discussion had to be held in public session. The Board considered interviewing one candidate at a time but decided that asking one candidate to wait outside the interview room would risk a legal challenge. Instead they decided to interview both candidates at the same time, alternating which candidate would receive the question first.

Also, each Board member will contribute and ask 2 questions for the interviews, apparently without any coordination.

REGULAR MEETING

1) The Board approved:

- i) Rates, Fees, and Charges for FY 18-19
- ii) Clackamas Regional Water Supply Commission (CRWSC) 18-20 Budget
- iii) Property Purchase Agreement and Waterline and Access Easement for the Hattan Road Pump Station
- iv) Waterline Easements for Hattan Road Transmission Main Project
- v) **Acceptance of Assets Constructed Under the S. Curtis Court Waterline Project – Our Board doesn't formally "accept" assets coming out of our capital improvement projects. Is there a reason for doing this?**
- vi) **Intergovernmental Agreement (IGA) with City of Oregon City for a remuneration policy – Oregon City has, over the last 20 years, annexed areas served by CRW but has never withdrawn them, so the question of remuneration for CRW's capital investments has never been addressed. This agreement will address future annexations.**

April 28, 2018

To: Board of Directors, Oak Lodge Water Services District

↳ W.
From: Kevin Williams, Director

Re: Jennings Lodge CPO meeting report

1. Karen Bjorkland thought she had made arrangements to have a Deputy from the Sheriff's office come to speak about crime statistics in the area. Instead a Sergeant showed up and proceeded to tell us about his career with no useful information about crime. The Crime Prevention Deputy will be invited to a future meeting.
2. The Clackamas County Fire crew from Oak Lodge station showed up to give a presentation but were tapped out on a run right after they arrived. They left information that I believe Grover Bornefeld shared with the group. Common sense stuff like checking extinguishers in your home, changing batteries in your smoke detector and having a 72 hour disaster kit in your home.
3. Scott Archer from NCP&RD gave a presentation to tell the crowd that the district needs to know about properties coming up for sale that may be appropriate for future park development. He also talked about the wetlands project and how our district worked hand in hand with them to try to develop a primitive park on the northern most lot.

Scott described how the County had attempted to work with Lenar to buy some lots on the southern edge of the ERC to have an open space nature park. The negotiations fell through and Lenar said they would have no more conversation about the matter.

4. There was a great deal of talk about the ERC property and how the mitigation efforts with the Corps of Engineers and Lenar is moving towards closure. Essentially the residents of Jennings Lodge and Oak Grove have moved the process forward to where they may get some money set aside in an account to be used for historic preservation to make up for the loss of the open space. The amount of 100K was being bantered about but I don't know how real that is.
One project mentioned was moving the Friesen Chapel to vacant property to save it.

There is a church congregation that has land for it and is interested.

There was an announcement about the Garden Tour coming up on June 9, 2018. It will benefit the Friends of Oak Lodge Public Library. I have enclosed the flyer if you are interested.

The Jennings Lodge CPO has begun planning on their annual picnic to be held the night of the July CPO meeting.

From: Jennings Lodge CPO
To: Recording Secretary
Sent: May 13, 2018 at 11:46 PM
Subject: 5-22-18 Jennings Lodge CPO Meeting Topics

May 22 Jennings Lodge CPO Meeting Topics on tap so far...

- > Sheriff's Office Crime Prevention Officer Sara McClurg will talk with us about the **current progress and focus of the Neighborhood Livability project** since last year, and give a requested update on houselessness issues and what we can do.

- > Presentation on the **local effort to develop a corps of volunteers willing to assist neighbors to stay at home as they age**, taking services to people rather than moving people to a facility for services.
- > **Opportunities to participate in the process to select the consultant for the Park Ave. Station project.**
- > **Next Steps with the Community Preservation Award.**
- > **Planning details for the July 24 Jennings Lodge Community Picnic.**
- > **Brainstorming ways to build community and connections with each other outside of our formal meeting structure** (we rescheduled this from last meeting to the May meeting).
- > **The latest on the Corps of Engineers ERC Historic Preservation Process.**

I'll send out a more formal, updated agenda next weekend, along with draft minutes of the April meeting.

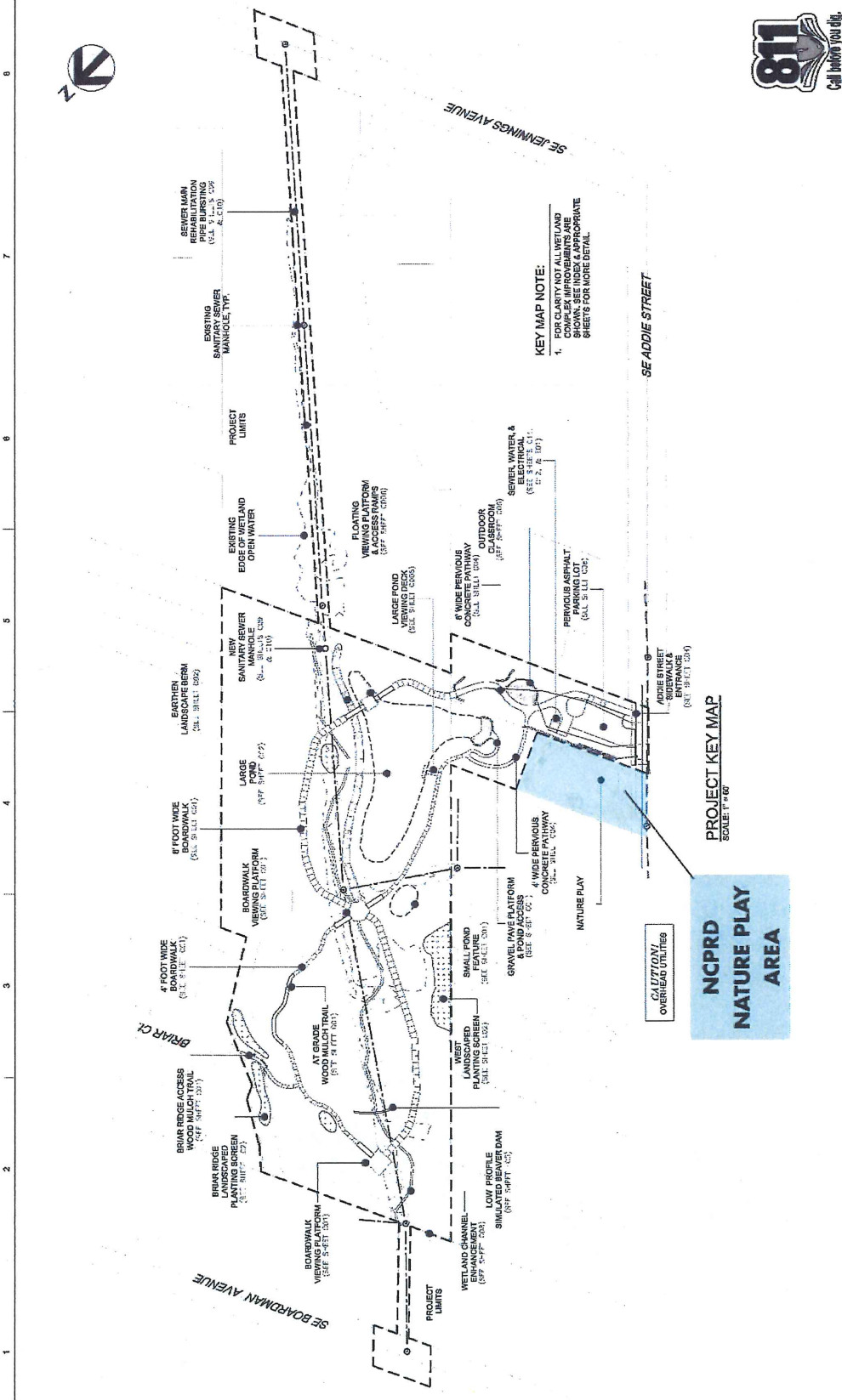
Come join the Jennings Lodge CPO discussion on May 22nd! (7 p.m., Church of the Nazarene, 4180 SE Jennings Ave.)

Thanks,
Karen

Karen Bjorklund, Chair
Jennings Lodge Community Planning Organization

Exhibit B

Boardman Project 90% Designs





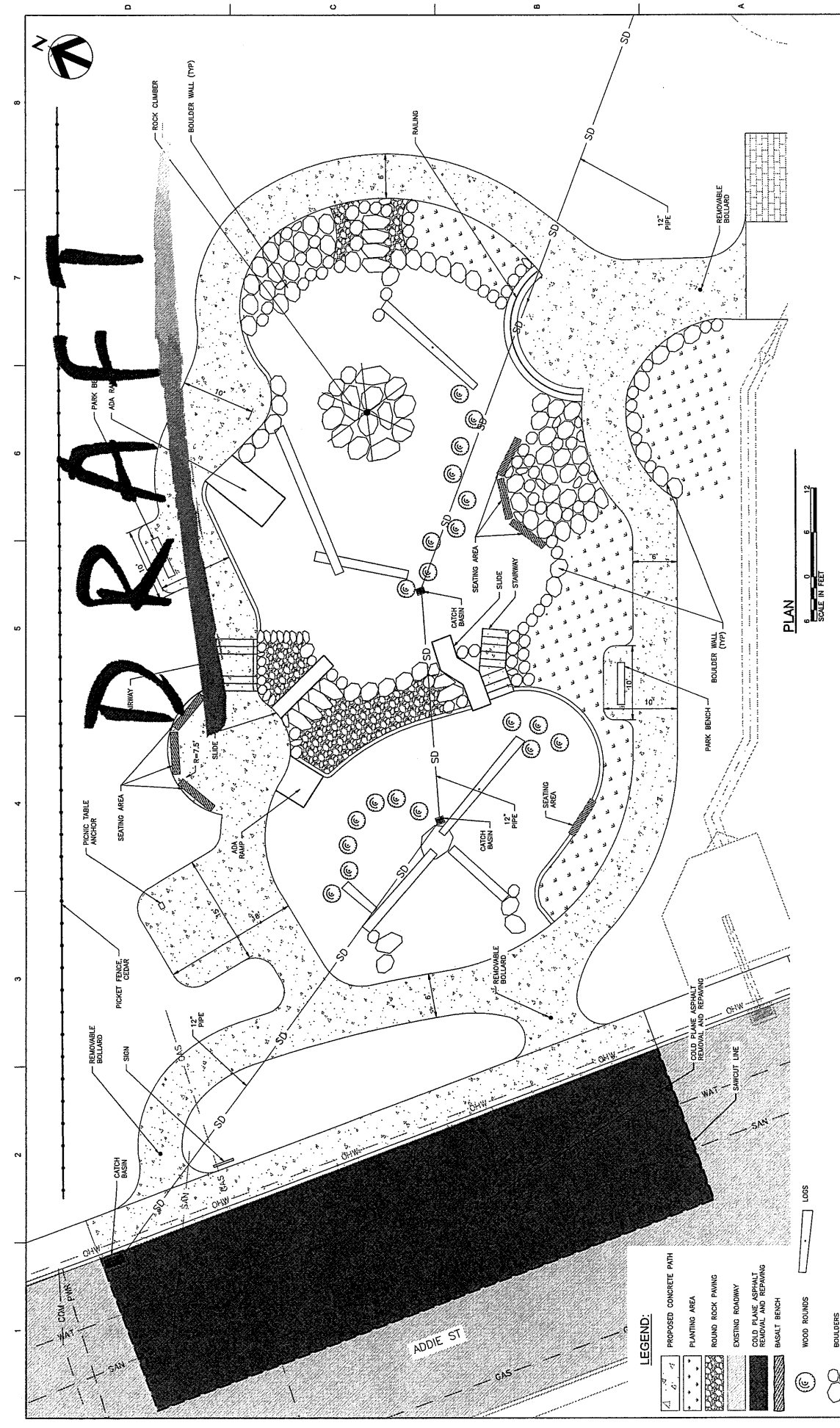
Boardman Wetland Complex

PROJECT KEY MAP

PROJECT NUMBER: 1000000
 SHEET: G02

**90%
Not For Construction**

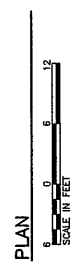




1 2 3 4 5 6 7 8

DRAFT

- LEGEND:**
- PROPOSED CONCRETE PATH
 - PLANTING AREA
 - ROUND ROCK PAVING
 - EXISTING ROADWAY
 - COLD PLANE ASPHALT RESEAL AND REPAIRING
 - BASKET BENCH
 - WOOD ROUNDS
 - BOULDERS



PROJECT MANAGER: A. Dimmick

DESIGNED BY: L. Walsh

DRAWN BY: G. Rohm

CHECKED BY:

PRODUCT NUMBER: 1000000

ISSUE	DATE	DESCRIPTION

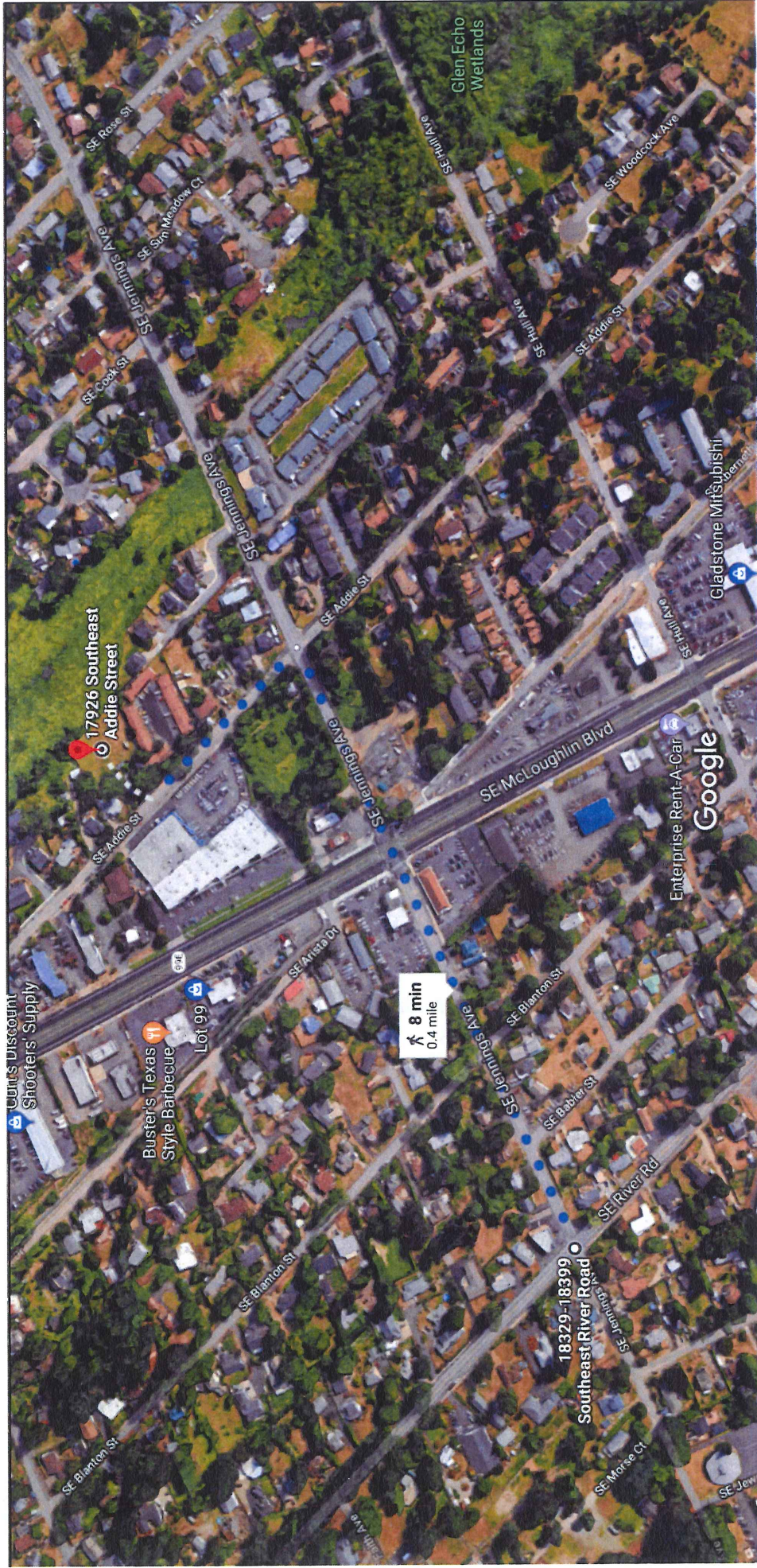


Boardman Wetland Complex
NATURE PLAY AREA LAYOUT

FILENAME: G:\Layout
SCALE: AS SHOWN
SHEET: BA02



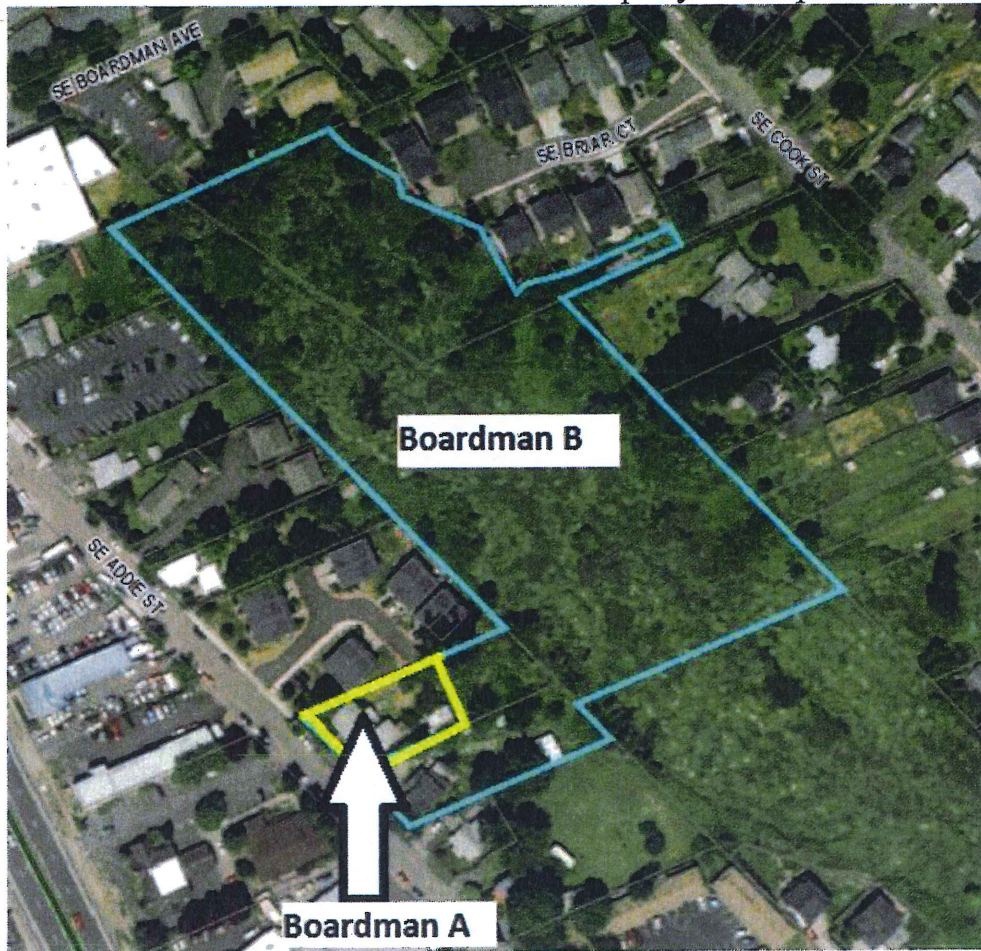
Google Maps 18329-18399 SE River Rd, Portland, OR 97267 to 17926 SE Addie St, Milwaukie, OR 97267 Walk 0.4 mile, 8 min



Imagery ©2018 Google, Map data ©2018 Google 200 ft

Exhibit A

Boardman A and Boardman B Property Description



Property Details – Boardman A

Location: 17900 SE Addie ST
Site Size: 0.25 acres
NCPRD: Inside NCPRD District – SDC Zone 2
Current Owner: Oak Lodge Water Services District
Taxlots: ½ Taxlot 22E18CA04200

Property Details – Boardman B

Location: 17900 & 17908 SE Addie ST
Site Size: 5.55 acres
NCPRD: Inside NCPRD District – SDC Zone 2
Current Owner: Oak Lodge Water Services District
Taxlots: ½ Taxlot 22E18CA04200, 22E18CA04300, 22E18CA04101, 22E18CA02716



Friends of the Oak Lodge Library
GARDEN TOUR

Saturday, June 9

Five Private Gardens, open 10-3

Seeds for Sharing Garden, open 10-3 

Good Roots Community Garden, open 12-3

Tickets \$10

Purchase tickets

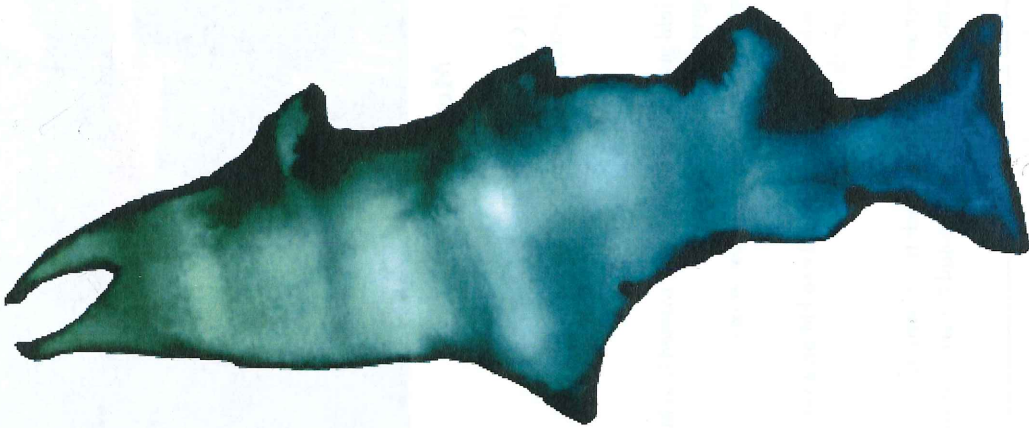
at the Oak Lodge Library

OLCLA.org



Friends of Oak Lodge Public Library (FOLPL) provides supplemental funding, advocacy and community engagement to benefit the Oak Lodge Library. Info at OLCLA.org.

The NCUWC Board, partners, volunteers, sponsors, and you for making this event a success!



See you again next year!

Special Thanks To...

RESILIENCE

NCUWC's 2018
INAUGURAL DINNER



Saturday, April 28, 2018
5:30 pm - 8:30 pm
Rose Villa Performing Arts Center
13505 SE River Rd. Oak Grove

Thank you to our Sponsors and Auction Donors!



Intro

Bidder Number

60

ENVIRONMENTAL SERVICES



Steve Berliner
& Karen Bjorklund

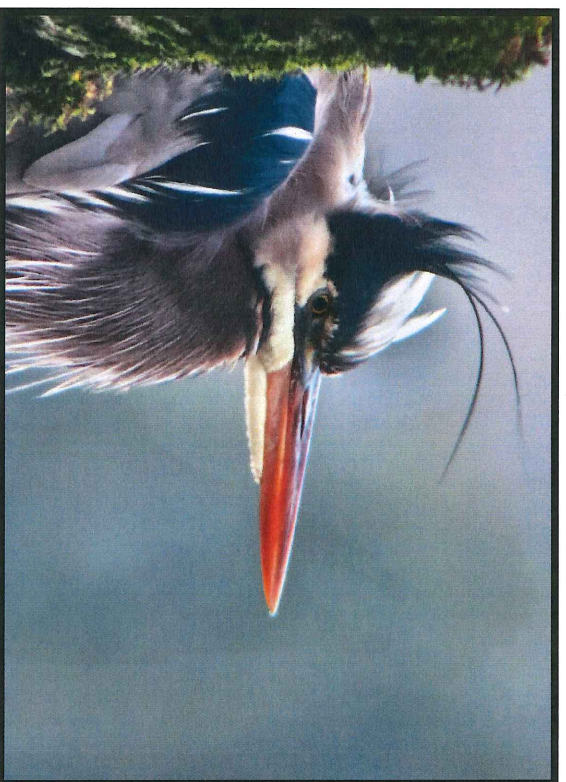
ROSE VILLA
Welcome to the neighborhood.

Welcome to NCUWC's Inaugural Celebration Dinner: Resilience

Thank you for joining NCUWC tonight for delicious food and revelry on behalf of healthy habitats and streams! Tonight you will get to enjoy fun trivia, fantastic auction items, a daring dessert dash, engaging presentations, musical entertainment, honoring great volunteers and partners, and the opportunity to give back to your neighborhood creeks and wildlife!

Event Program

- 5:30pm: Doors Open**
 - * Mingle, Silent Auction, Introductions, Music, and Trivia
- 6:00pm: Dinner Served**
- 6:30pm: Program Starts**
 - * Announcements and Thank You
 - * Representative Karin Power Presents
 - * Joseph Edge, NCUWC Chair
- 7:00pm: Dessert Dash!**
- 7:30pm: Silent Auction Ends**
 - * Andrew Collins-Anderson, NCUWC Executive Director
 - * Storyteller Will Hornyak Presents
- 8:00pm: Bar Closes**
 - * Awards to NCUWC Founders and Partner of the Year, Oak Lodge Water Services
- 8:30pm: Final Thank You and Good Night**



Menu

- Main Course:**
 - * Blackberry-Glazed Grilled Chicken
 - * Quinoa-Mushroom Croquettes with Romesco Sauce (Vegan)
 - * Smothered Pork Chops
- Sides:**
 - * Oregon Bounty Salad – field greens, herbed chevre, toasted hazelnuts, fresh berries, berry vinaigrette
 - * Mashed Yukon Gold Potatoes – swiss chard and sweet onion
- Dessert:**
 - * Dessert Dash! Each table will have the opportunity to bid on a variety of delicious desserts. See details on table.
- Drinks:**
 - * One free drink ticket (beer and wine) with each ticket with more available for purchase. Lemonade, water, coffee and tea are available.

Thank you for supporting NCUWC by joining us for this Inaugural Dinner. Your participation helps to build capacity to implement our projects and programs to restore and protect the creeks of northern Clackamas County. This dinner will increase NCUWC's ability to engage a larger swath of the community and increase our educational opportunities for years to come.

Dexter A. Johnson
LEGISLATIVE COUNSEL



900 COURT ST NE S101
SALEM, OREGON 97301-4065
(503) 986-1243
FAX: (503) 373-1043
www.oregonlegislature.gov/lc

STATE OF OREGON
LEGISLATIVE COUNSEL COMMITTEE

May 14, 2018

Representative Karin Power
900 Court Street NE H274
Salem OR 97301

Re: Eligibility for board membership of consolidated domestic water supply and sanitary districts

Dear Representative Power:

You asked a question about a conflict in the eligibility requirements for membership on the boards of consolidated domestic water supply and sanitary districts. The conflict arises as follows.

ORS 198.885 through 198.915 govern the merger and consolidation of special districts generally. ORS 198.890 (3) provides:

Districts providing potable water for domestic consumption, sanitary sewer or surface water quality and quantity purposes under separate principal Acts may consolidate as provided in this section. Upon the effective date of the consolidation, the district designated as the successor district shall have all powers held by the consolidating districts under the principal Acts of all of the districts.

Subsection (3) applies specifically to consolidated domestic water supply and sanitary districts, but most of the provisions in ORS 198.885 through 198.915 appear to apply to the merger or consolidation of two or more like districts.

For instance, ORS 198.910 (2) provides that, at the first joint meeting of a consolidated district, the members of the boards of the districts that were consolidated "shall from among the members elect a number of persons consistent with the principal Act to serve as board members of the surviving or successor district." When the Legislative Assembly enacted ORS 198.890 (3) in 1997, it did not amend the reference to "*the* principal Act" (emphasis added) in ORS 198.910 (2) to reflect the fact that districts organized under different principal Acts could be consolidated. Thus, it appears that the Legislative Assembly failed to perceive, much less resolve, the conflict in the principal Acts of domestic water supply districts and sanitary districts relating to eligibility for district board membership: Under ORS 264.410 (1), a commissioner of a domestic water supply district must be an elector of

the district, whereas under ORS 450.045 (2), a member of a sanitary district board may be an elector of or owner in the district.

Question

Given this conflict, you asked what the eligibility requirements for board membership are for consolidated domestic water supply and sanitary districts.

Short answer: We are aware of no legal authority on point, so our conclusion is not free from doubt, but we believe that, after the first election of board members that occurs after consolidation, new board members of consolidated domestic water supply and sanitary districts must be electors in the consolidated district and not merely owners of property located in the consolidated district.

Analysis

To answer your question, an Oregon court would engage in a structured methodology to discern the intent of the Legislative Assembly that enacted the statute in question. Under this methodology, a court looks first to the text and context of the statute. Next, a court may consider proffered legislative history and, finally, general maxims of statutory construction, if there is any remaining uncertainty. See *PGE v. Bureau of Labor and Industries*, 317 Or. 606, 610-611 (1993); *State v. Gaines*, 346 Or. 160, 171-172 (2009).

The difficulty for textual analysis here is that, as you point out, no statute addresses the eligibility for board membership of consolidated domestic water supply and sanitary districts. ORS 198.890 (3) specifically authorizes this kind of consolidation without mentioning eligibility for membership on the consolidated district board. ORS 198.910 (2), which governs formation of a consolidated district's initial board, does not specify eligibility requirements for subsequent board membership and, in any event, is not worded in a way that suggests the Legislative Assembly contemplated consolidation of districts formed under different principal Acts. Finally, ORS 264.410 (1) and 450.045 (2) provide (incompatible) eligibility requirements for board membership of the respective kinds of districts, but they do not address consolidation of the districts. Consideration of the text, in this case, merely enables one to describe the conflict but not to resolve it.

By contrast, the context of ORS 198.890 (3) and the legislative history of ORS 450.045 (2) are instructive. When subsection (3) was added to ORS 198.890 in 1997, ORS 264.410 (1) provided, in relevant part, "the power and authority given to [domestic water supply] districts is vested in and shall be exercised by a board of five commissioners, each of whom shall be an elector of the district[.]" and ORS 450.045 (2) provided, "A person is qualified to be a member of the [sanitary district] board if the person is an elector of the district." Thus, in 1997 the eligibility requirements for board members of the two kinds of districts were identical; there was no conflict.

The similarity of the eligibility requirements reflected an unambiguous legislative intent. Prior to 1983, ORS 264.410 (1) required a domestic water supply district board member to be "a . . . voter and landowner within the district[.]" and ORS 450.045 (2) required a sanitary district board member to be "a registered voter and freeholder within the area of the district." With section 1, chapter 6, Oregon Laws 1983, sections 39 and 88, chapter 83, Oregon Laws 1983, and section 262, chapter 350, Oregon Laws 1983, the Legislative

Assembly removed the landowning requirement from the two eligibility provisions and conformed their language. That was the state of the law when ORS 198.890 (3) was enacted in 1997.

With section 1 of Senate Bill 516 (2007) (section 1, chapter 168, Oregon Laws 2007), the Legislative Assembly amended ORS 450.045 (2) to add ownership of land in a sanitary district as an alternative basis for eligibility for membership on a sanitary district board. But it is important to note that this amendment does not address consolidated districts, and the statute is not part of ORS 198.885 through 198.915, which do. Senate Bill 516 was brought forward to facilitate the extension of sewer service as part of the development of Paradise Ranch Resort in Josephine County. The legislative history makes clear that the narrow intent was to allow representation of private and public entities on the boards of sanitary districts.¹ No intent of any kind was expressed with respect to consolidated domestic water supply and sanitary districts.

The legislative history thus suggests that the 2007 amendments to the eligibility requirements for sanitary district board membership under ORS 450.045 (2) did not change the existing requirements for board membership of a domestic water supply and sanitary district consolidated under ORS 198.890 (3). Consequently, we believe that, in the absence of any express or implied intent to the contrary, the relevant law is what it was at the time ORS 450.045 (2) was amended: though a member of the board of a sanitary district may now be either an elector or landowner of the district, a member of the board of a consolidated domestic water supply and sanitary district must be an elector of the consolidated district.

This interpretation further leads to the following conclusions with respect to other methods of textual and contextual analysis. ORS 174.010 provides, for instance:

In the construction of a statute, the office of the judge is simply to ascertain and declare what is, in terms or in substance, contained therein, not to insert what has been omitted, or to omit what has been inserted; and where there are several provisions or particulars such construction is, if possible, to be adopted as will give effect to all.

Our interpretation is based on the statutory context when ORS 198.890 (3) was enacted; the absence of an express provision for eligibility for board membership of consolidated domestic water supply and sanitary districts does not pose a problem. We believe that any other interpretation would require a court to infer provisions that have no basis, in either express language or any reasonable assumption based on the context, and would thus be an impermissible insertion of provisions into the relevant statutes. At the same

¹ See, e.g., the testimony of Martha Pagel, attorney with Schwabe, Williamson and Wyatt, P.C., representing the developer of Paradise Ranch Resort: “[SB 516] simply allows landowners within a sanitary district to become members of the boards of directors. . . . Basically, this paves the way for businesses who own land, or other types of entities that own land, to be represented on the boards of directors.” Senate Committee on Education and General Government, public hearing and work session, Feb. 20, 2007, at 1:49:35 to 1:50:14; and “It would allow any landowner within a sanitary district to be represented on the board of directors of the sanitary district, whereas under current law, only electors . . . and electors means ‘voters’ . . . what that boils down to is that a landowner who’s a business entity or a government entity who could be directly affected by this type of sewer project and paying a lot of assessments on a sewer project would not qualify.” House Committee on Government Accountability and Information Technology, public hearing and work session, May 3, 2007, at 32:30 to 34:09.

time, by allowing for a different answer with respect to board membership of sanitary districts, our interpretation complies with ORS 174.010 by giving effect both to the intent of the Legislative Assembly when it enacted ORS 198.890 (3) and to the subsequent amendments to ORS 450.045 (2).

As for the doctrine of implied repeal, the Oregon Supreme Court has explained:

The doctrine of implied repeal of statutes is that when the legislature enacts a subsequent statute which is repugnant to or in conflict with a prior statute, but contains no language expressly repealing the prior statute, the prior statute is impliedly repealed. 1A Sands, Sutherland, Statutory Construction § 23.09 (4th ed 1972). Whether there is an implied repeal depends upon whether the two statutes are conflicting; that is, whether both can be applied or whether a choice has to be made because they are inconsistent.

State v. Shumway, 291 Or. 153, 160 (1981).

However:

It is elementary law that repeals by implication are not favored. It is a reasonable presumption that the legislature did not intend to keep really contradictory enactments in the statute book, or to effect so important a measure as the repeal of a law without expressing an intention to do so. Such an interpretation, therefore, is not to be adopted unless it be inevitable. Any reasonable construction which offers an escape from it is more likely to be in consonance with the real intention.

Winters v. George, 21 Or. 251, 257 (1891).

Remember, the inconsistency here is not between ORS 450.045 (2) and any other statute, but rather between ORS 450.045 (2) and 264.410 (1), but only in the circumstances authorized under ORS 198.890 (3). Again, we emphasize that when ORS 450.045 (2) was amended in 2007, membership on the board of a consolidated domestic water supply and sanitary district was limited to electors in the districts under the principal Acts for both kinds of district. The language of the 2007 amendments to ORS 450.045 (2) and the legislative history evinced no intent to change this or to hinder the creation and functioning of consolidated domestic water supply and sanitary districts authorized under ORS 198.890 (3).

Thus, there is no statute that ORS 450.045 (2) could have repealed by implication. Nonetheless, there is a conflict. To the extent the doctrine of implied repeal is applicable, under the decisions of the Oregon Supreme Court, the conflict is not inevitable. We believe it to be a reasonable construction that ORS 450.045 (2) applies to membership on the boards of sanitary districts standing alone but not to membership on the boards of consolidated domestic water supply and sanitary districts.² We realize this is not an entirely satisfactory

² Please note that we do not believe there is any problem with the election of the initial consolidated district board because ORS 198.910 (2) plainly states that, at the first joint meeting, board members shall be elected "from

answer, because it means that the eligibility requirements for board members of a sanitary district would change if the district were consolidated with a domestic water supply district. There is no reason, however, why the Legislative Assembly could not have made such a policy decision.

Thus, we believe a court would not apply the absurd-result maxim here. As the Oregon Supreme Court has explained, the absurd-result maxim directs a court to “avoid a literal application of the statutory text if it will produce an absurd result.” *State v. Vasquez-Rubio*, 323 Or. 275, 282 (1996).

That maxim is best suited for helping the court to determine which of two or more plausible meanings the legislature intended. In such a case, the court will refuse to adopt the meaning that would lead to an absurd result that is inconsistent with the apparent policy of the legislation as a whole. When the legislative intent is clear from an inquiry into text and context, or from resort to legislative history, however, it would be inappropriate to apply the absurd-result maxim. If we were to do so, we would be rewriting a clear statute based solely on our conjecture that the legislature could not have intended a particular result.

Id. at 282-283.

The legislative intent that the eligibility requirements for membership on the boards of domestic water supply districts and sanitary districts should be the same was clear in 1997 when ORS 198.890 (3) was enacted. And the legislative history shows that when ORS 450.045 (2) was amended in 2007 to allow landowners to become members on sanitary district boards, the Legislative Assembly evinced no intent to alter the eligibility requirements for membership on the boards of consolidated domestic water supply and sanitary districts. Thus, we believe a court would be unlikely to extend the eligibility requirements under ORS 450.045 (2) to districts consolidated under ORS 198.890 (3) based solely on the conjecture that the Legislative Assembly could not have intended there to be different eligibility requirements for sanitary district board members depending on whether the district was consolidated with a domestic water supply district or not.

Finally, ORS 174.020 (2) provides, “When a general provision and a particular provision are inconsistent, the latter is paramount to the former so that a particular intent controls a general intent that is inconsistent with the particular intent.” The fact that there is no statute providing eligibility requirements for membership on the board of consolidated domestic water supply and sanitary districts makes this provision inapplicable, unless the other statute is ORS 198.890 (3). There is a strong argument, however, that ORS 450.045 (2) is the more general provision, in that consolidated domestic water supply and sanitary districts are a special subset of sanitary districts, which have to exist on their own before they can be consolidated. And so ORS 450.045 (2) would not control the particular intent relating to domestic water supply districts and sanitary districts consolidated under ORS 198.890 (3).

among the members” without any other qualification than that the number of persons shall be “consistent with the principal Act.” Thus, while there might be an issue with respect to that number, eligibility is limited only by current membership on the consolidated districts’ boards.

As for the related issue of whether a consolidated district has the power to determine the eligibility requirements for membership on its board, we appreciate your point that “[i]t is well settled that water districts are creatures of statute and can exercise only the authority that the legislature statutorily has conferred on them. . . . A conferral of limited authority to such a legislatively created governmental entity always carries with it an implicit command that authority may not be exercised in any other manner.” *City of Keizer v. Lake Labish Water Control Dist.*, 185 Or. App. 425, 432 (2002) (internal citations omitted). We agree that this might mean that the board of a domestic water supply district or a sanitary district could not adopt eligibility requirements that conflicted with ORS 264.410 (1) or 450.045 (2), respectively. The eligibility requirements for board membership of these separate districts, however, do not necessarily apply to consolidated districts. And, in fact, the Legislative Assembly has conferred quite broad powers on both domestic water supply districts and sanitary districts. Thus, under ORS 264.210, “A [domestic water supply] district . . . shall have the power to . . . do all other acts and things which may be requisite, necessary or convenient in carrying out the objects of the district or exercising the powers conferred upon it by this chapter,” and under ORS 450.075 (12) and (14), a sanitary district may “[c]all all necessary elections” and “[d]o any act necessary or proper to the complete exercise and effect of any of its powers or for the purposes for which it was formed.” As noted above, ORS 198.890 (3) provides that, “[u]pon the effective date of the consolidation, the district designated as the successor district shall have *all* powers held by the consolidating districts under the principal Acts of *all* of the districts.” (Emphasis added.)

Taken in conjunction with the fact that the statutes are silent on the eligibility requirements for board membership of consolidated domestic water supply and sanitary districts, we believe there is a strong argument that the initial board, as constituted under ORS 198.910 (2), would have the authority to establish such eligibility requirements, by calling an election on the question within the area of the consolidated district or possibly by legislative action.³

Again, this is not an entirely satisfactory answer, because it relies on a general grant of power to fill a gap where the Legislative Assembly apparently did not perceive that a gap exists, resulting, as it does, from the 2007 amendments to ORS 450.045, which addressed an issue unrelated to consolidation. At the same time, however, broad general powers are granted precisely to enable districts to address the many issues that arise, without waiting for the Legislative Assembly to act. And finally, if the Legislative Assembly does not favor these interpretations and actions, it is entirely within its power to resolve the situation in another manner.

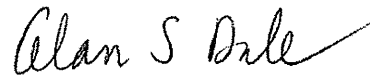
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³ Either proceeding would be in line with ORS 261.045, a catch-all statute relating to people’s utility districts: “Where the procedure for formation of a district, annexation of territory to a district, *consolidation of two or more districts*, issuance of bonds and levying and collection of taxes, holding of elections or any other matter in connection with organization or operation of utility districts *is not specifically provided for, any suitable method and proceeding, or either, may be adopted* which may appear most conformable to the spirit of this chapter and the provisions of section 12, Article XI, Oregon Constitution.” (Emphasis added.)

reason, this opinion should not be considered or used as legal advice by any person other than legislators in the conduct of legislative business. Public bodies and their officers and employees should seek and rely upon the advice and opinion of the Attorney General, district attorney, county counsel, city attorney or other retained counsel. Constituents and other private persons and entities should seek and rely upon the advice and opinion of private counsel.

Very truly yours,

DEXTER A. JOHNSON
Legislative Counsel

A handwritten signature in cursive script that reads "Alan S Dale". The signature is written in black ink and is positioned below the typed name of the signatory.

By
Alan S. Dale
Senior Deputy Legislative Counsel