



**BOARD OF DIRECTORS
[REMOTE] REGULAR MEETING MINUTES – 6:00 P.M.
AUGUST 18, 2020**

Board of Directors – Members Present via Zoom:

Kevin Williams	President
Paul Gornick	Secretary/Vice President
Mark Knudson	Treasurer
Susan Keil	Director
Ginny Van Loo	Director

Oak Lodge Water Services Staff – Present via Zoom:

Sarah Jo Chaplen	General Manager
Jason Rice	District Engineer
David Mendenhall	Plant Operations Manager
Todd Knapp	Field Operations Manager
Gail Stevens	Finance Director
Brad Lyon	Field Operations Supervisor
Laural Casey	District Recorder
Haakon Ogbeide	Water Services Engineer

Consultants & Presenters – Present via Zoom:

Tommy Brooks	Cable Huston, LLP
Laura Westmeyer	Cable Huston, LLP
Keith Simovic	Moss Adams, LLP
Julie Desimone	Moss Adams, LLP
Laurel Stevens	Moss Adams, LLP
Libby Barg Bakke	Barney & Worth
Aubrie Koenig	Barney & Worth

1. Call to Order & Meeting Facilitation Protocols

President Williams called the meeting to order at 6:01 p.m.

General Manager Chaplen welcomed everyone and asked District Recorder Casey to facilitate a roll call. District Recorder Casey facilitated the roll call of Board members, staff, and consultants.

General Manager Chaplen extended a special welcome to Gail Stevens, the District's new Finance Director, joining the District for her very first regular meeting.

General Manager Chaplen introduced guests visiting in an official capacity: Chris Hawes, Chair of the Sunrise Water Authority Board of Commissioners, and Sherry French, President of the Clackamas River Water Board of Commissioners. She introduced consultant Keith Simovic, Julie Desimone, and Laurel Stevens from Moss Adams Financial Auditors and Barney and Worth presenters, Libby Barg Bakke and Aubrie Koenig.

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General Manager Chaplen overviewed the general protocols of a virtual meeting due to the COVID-19 pandemic.

2. Call for Public Comment

President Williams asked District Recorder Casey if any written comments had been submitted. District Recorder Casey stated there were none.

President Williams asked District Recorder Casey if there were any members of the public in attendance. District Recorder Casey stated there were none.

3. Consent Agenda

President Williams overviewed the items included in the Consent Agenda and called for a motion. Director Van Loo moved to approve the Consent Agenda. Director Keil seconded.

Secretary/Vice President Gornick asked for an explanation of the expired Time Payment Agreement (TPA) referenced in the Monthly Financial Report. Finance Director Stevens defined the new category being tracked as accounts having completed a TPA and with a current zero balance.

Secretary/Vice President Gornick inquired why worker's compensation spread across all the operating funds looked to be higher than budgeted. Finance Director Stevens explained the changes in accounting for worker's compensation to appropriately allocate funds. She noted Budget redistribution would be part of the September meeting's agenda.

Treasurer Knudson noted system development charge (SDC) revenue seemed to be high. Finance Director Stevens explained the revenue was from SDCs related to Rose Villa.

President Williams asked what the District expected to occur regarding delinquent accounts post-pandemic. Finance Director Stevens highlighted the ongoing tracking of delinquent accounts and her work with the financial software to better monitor the accounts. She noted that currently the majority of TPAs were established before the pandemic. General Manager Chaplen explained that staff would recommend resuming water shut offs when the time was right. She noted the existence of some unresponsive customers who staff would request case-by-case determinations from the Board. Finance Director Stevens clarified the unresponsive accounts were delinquent before the pandemic. President Williams reported on Clackamas River Water's practice of sending delinquent accounts to collections, noting the District needs to maintain revenue. Secretary/Vice President Gornick inquired about the low number of customers who have applied for the Emergency Customer Assistance Program (ECAP). Treasurer Knudson remarked that the low enrollment is likely tied to the District's non-enforcement of payment through water shut offs. Director Keil asked how many customers were delinquent compared to the last calendar year. Finance Director Stevens reported a projected eighty-nine percent collection of payments in the current billing cycle. She agreed to compile benchmark data on the number of delinquent accounts compared to previous years and stated she would report the numbers at the next Board meeting. Finance Director Stevens detailed the

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new pattern of account delinquency and the need to address accounts that were delinquent pre-pandemic and continue to be. Secretary/Vice President Gornick asked if the Monthly Financial Report should be expanded to include TPA data from the previous calendar year. Director Keil outlined the various data points that would be helpful for the Board to receive. General Manager Chaplen conveyed Finance Director Stevens' commitment to providing the best data available. Treasurer Knudson requested a joint staff-legal briefing on when the District should reinstate water shut-offs or other payment enforcement options.

President Williams asked District Recorder Casey to conduct a roll call vote. Voting Aye: President Williams; Secretary/Vice President Gornick; Treasurer Knudson; Directors Keil and Van Loo.

MOTION CARRIED

4. FY 2019-2020 Financial Audit Presentation by Moss Adams

Finance Director Stevens introduced presenters Keith Simovic, Julie Desimone, and Laurel Stevens from Moss Adams.

Ms. Desimone overviewed the purpose for the presentation, the designated team, the quality control process, the audit timeline, the responsibilities of the auditors and District. Mr. Simovic detailed internal controls, analytical procedures, and substantive procedures. He explained how the auditors are operating in a remote environment. Mr. Simovic defined materiality and outlined the significant audit areas. Ms. Stevens discussed fraud detection procedures and the timing of the audit steps. She overviewed accounting standards and COVID-19 resources for the Board.

Director Van Loo expressed interest in the audit results. Director Keil thanked the Moss Adams team for their thoroughness and professionalism.

Treasurer Knudson asked if there would be special audit considerations regarding Federal CARES funds received by the District. Mr. Simovic and Ms. Desimone explained current legislation depending on the amount of Federal funds spent and upcoming legislation in the fall of 2020.

Secretary/Vice President Gornick asked what percentage of auditor recommendations from the previous audit had been completed. Finance Director Stevens did not have a percentage but stated all of the recommendations had been addressed and a couple were still in progress of completion.

President Williams thanked Moss Adams for their continued work with the District and expressed enthusiasm to have a new Finance Director who would address the audit findings.

5. Consideration of Communications Plan Framework

General Manager Chaplen introduced presenters Libby Barg Bakke and Aubrie Koenig from Barney and Worth.

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Ms. Koenig overviewed the two-year Communications Plan approach and project timeline.

Director Keil asked about the timeline for preparation of community briefing materials. Ms. Koenig reported the materials would be ready to use by mid-September.

President Williams called for a motion. Secretary/Vice President Gornick moved to authorize the General Manager to move forward with development of the Communications Plan with Barney & Worth and approve the overall goals and Communication Plan Framework. Director Van Loo seconded. President Williams asked District Recorder Casey to conduct a roll call vote. Voting Aye: President Williams; Secretary/Vice President Gornick; Treasurer Knudson; Directors Keil and Van Loo.

MOTION CARRIED

6. Consideration of Resolution No. 2020-12 Declaration of Surplus Property

Finance Director Stevens summarized the report on what vehicles are to be declared as surplus and the procedures for doing so.

Director Keil asked how the District advertises surplus vehicles. General Manager Chaplen explained the various options available to the District and reported that the current surplus vehicles would be disposed of through the State.

Treasurer Knudson suggested the addition of the word "economic" in Resolution No. 2020-12. The preferred verbiage would read "that have reached the end of their economic useful life to the District." President Williams agreed.

Director Van Loo asked how many miles were on the vehicles and if there was any tax benefit to donating the vehicles. Field Operations Manager Knapp stated the first vehicle had approximately one hundred and four thousand miles and the second vehicle had only forty-one thousand miles, but the issue with the second vehicle was mechanical and had been leaving employees stranded while out in the District. Finance Director Stevens and General Manager Chaplen discussed whether donation of surplus was a policy option for the District. District legal counsel Brooks stated the District does not have a tax liability that needed to be offset by donation, noting donation of surplus would be a policy decision to donate or to recuperate costs by selling. Secretary/Vice President Gornick noted District customers may want justification for donating items that could have generated revenue for the District.

President Williams called for a motion. Treasurer Knudson moved to adopt Resolution No. 2020-12 Declaring Surplus Property as presented. Director Van Loo and Secretary/Vice President Gornick seconded. President Williams asked District Recorder Casey to conduct a roll call vote. Voting Aye: President Williams; Secretary/Vice President Gornick; Treasurer Knudson; Directors Keil and Van Loo.

MOTION CARRIED

7. Consideration of Resolution No. 2020-13 Amending the Schedule of Rates, Fees, and

Other Charges with an Effective Date of July 1, 2020

Finance Director Stevens overviewed the proposed amendment to the *Rates, Fees, and Other Charges Schedule*, specifically the inclusion of fees associated with backflow devices.

Treasurer Knudson asked what system was in place to prevent contractors from overcharging customers with the use of "Labor Rate" in the schedule. Field Operations Manager Knapp confirmed the District held a three-year contract with the backflow contractors that included the labor rate.

President Williams called for a motion. Director Keil moved to adopt Resolution No. 2020-13 Amending the Schedule of Rates, Fees, and Other Charges with an effective date of July 1, 2020. Treasurer Knudson seconded. President Williams asked District Recorder Casey to conduct a roll call vote. Voting Aye: President Williams; Secretary/Vice President Gornick; Treasurer Knudson; Directors Keil and Van Loo.

MOTION CARRIED

8. Notary Policy Workshop

District Recorder Casey overviewed the policy and asked for questions or comments.

Director Keil asked how much a notary commission cost and how many notaries the District needed. District Recorder Casey explained the costs with notary applications and renewals. She stated the District currently had three notaries and confirmed that Human Resources Manager Binkowski-Burk was working with the management team to determine exactly how many notaries were needed. Director Keil stated two notaries seemed like enough.

Secretary/Vice President Gornick asked if District legal counsel had reviewed the policy because some District Notaries were represented by the Union. District Recorder Casey confirmed that two District Notaries were represented employees and overviewed the approval process of the proposed policy by the Union. She stated District legal counsel did not believe there would be any Union issues with the policy.

Director Van Loo read a section of the policy regarding District Notaries' inability to notarize customer's personal documents but allowing the notarization of personal documents for District employees and asked for an explanation. District Recorder Casey explained the District's liability for District Notaries performing notarizations for unknown customer documents and the spirit of that section of the policy.

Director Van Loo asked for confirmation that District Notaries would be provided a notary journal for use when notarizing District business but would need to purchase their own notary journal for notarizing documents when not on District time. District Recorder Casey confirmed and explained the reason for the Journal Retention Statement.

Treasurer Knudson asked to consider including notary training as a cost the District provides for the District Notary. District Recorder Casey noted the initial and renewal trainings are offered by

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the State at no cost but agreed to review the addition of training to the costs provided by the District.

Director Keil read a section of the policy regarding District Notaries requirement to sign the Secretary of State's Fee Waiver and therefore not charge for notarizations outside of District time. District Recorder Casey explained the fee waiver's role in providing equitable services to notary customers. She stated the policy section simply reiterated State Law. Director Keil asked why anyone would notarize for free. District Recorder Casey speculated they might just be notarizing documents for friends or family for whom they would not want to charge anyway.

President Williams asked if any employee position descriptions included District Notary service as a duty they must perform. District Recorder Casey stated no Union represented positions included it in their job description. President Williams felt that could potentially cause a problem for the Union. General Manager Chaplen stated notary services would fall under 'other duties as assigned' and that there would be no risk to the employee for notarizations completed on District time. Director Keil agreed. General Manager Chaplen detailed the difficulty of adding notary services to a position description that may be held by multiple employees, of whom all are not required to be a District Notary. Director Keil asked if notary services would be considered a de minimis activity. General Manager Chaplen confirmed.

9. Departments Reports

- **Finance Report**

Finance Director Stevens reported on the various orientation activities of her first month. She discussed the auditors' interim work, billing verification, and reported that the small meter sample verification has been completed.

Director Keil asked if the only remaining place to check for non-revenue water is the large water meters. General Manager Chaplen clarified that every large meter was tested and verified in the financial software. She explained the small meter sample was completed recently and is currently being reviewed by the Finance team. General Manager Chaplen discussed various places non-revenue water could be found. Director Keil asked if the commercial meters were checked, including the ones that needed to be removed from service to be tested. General Manager Chaplen stated the large meters have not been tested for accuracy, but that every large meter has been verified in the financial software. Field Operations Manager Knapp discussed a plan to replace old meters with newer models. Field Operations Supervisor Lyon highlighted work to verify the accuracy of the five hundred and twenty-eight large water meters to the financial software. Director Keil expressed interest in identifying what seemed to be a substantial leak to account for the non-revenue water. Treasurer Knudson asked if the water meters that were not able to be tested in place could be removed from service and sent to a third-party for testing. Field Operations Supervisor Lyon confirmed the practice had been done with a past sample of water meters. Treasurer Knudson expressed interest in testing the old large meters that are now removed from service. President Williams agreed that the District needed to carefully watch the non-revenue water issue, stating it would only get worse if not dealt with.

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Director Keil commended work on the Lucity work order software system. Finance Director Stevens applauded staff member Elaine Murray for her input of over twenty-two thousand work orders and ninety percent completion of inventory input. President Williams asked for Elaine to give the Board a presentation on her work in a future meeting.

Director Keil asked what was the SDIS bill for services provided the District. Finance Director Stevens stated the payment was for workers' compensation, which is paid once a year.

- **Technical Services Report**

District Engineer Rice highlighted work on the MS4 permit, which is under review by the co-permittees, and the Boardman Wetland Complex repairs as well as the grand opening of the complex dependent on COVID. He overviewed the flooding on Jennings Avenue that will result in discussions with landowners regarding maintenance of the area. District Engineer Rice reported on active projects, the Water Master Plan review by Oregon Health Authority, and the ongoing Risk and Resiliency assessment work.

Director Keil asked if the Risk and Resiliency Plan addressed alternate water supplies. District Engineer Rice explained the Risk and Resiliency Plan identified interties as potential vulnerabilities. General Manager Chaplen added the identification of vulnerabilities would be the first step in a process of how to mitigate emergency situations in the District. Director Keil ask what parties were working on the plan. District Engineer Rice identified Water Systems Consulting, whom the District partnered with for the Water Master Plan, as the consultant for the Risk and Resiliency Plan. He noted himself, General Manager Chaplen, and Finance Director Stevens as District participants. Director Keil expressed interested in the broader issue of alternative water supply. District Engineer Rice stated the Water Master Plan had identified one of the greatest District needs was for an alternate water source. He briefly overviewed the options and stated the belief that the best water intertie would be with Clackamas River Water. District Engineer Rice and General Manager Chaplen discussed the preliminary work being conducted to advance the design of an intertie and a FEMA grant.

Director Van Loo touched on the emergency situations historical flooding has caused in the District and asked if the District was addressing issues caused by flooding. District Engineer Rice stated flooding was not a concern addressed by the Water Master Plan or Risk and Resiliency Plan but indicated a future Sanitary Master Plan may identify flooding as a concern given the geography of the Sanitary Treatment Plant.

District Engineer Rice overviewed the various projects the Technical Services team were working on including lead and copper sampling, inspections, permitting, and IT support in transferring assets to Lucity.

- **Field Operations Report**

Field Operations Manager Knapp highlighted monthly water consumption and a leak that was thought to be a large source of non-revenue water but ended up only being a large leak. He reported on the increase in project costs due to new County paving standards. Field Operations

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Manager Knapp explained the formal procurement process being conducted on a project that would have normally been a small repair stating the new County paving standards would impact the District's budget as a whole. District Engineer Rice reviewed ongoing conversations with the County and stated he hoped to find a middle ground. President Williams and District Engineer Rice discussed how the policy did not account for current road conditions. District Engineer Rice committed to continued communication with the County on the issue. Director Van Loo asked if the County maintained a paving project list. District Engineer Rice confirmed and reported that due to pandemic-related revenue decreases, the County was going to modify the list. President Williams asked if the County sent the proposed paving project list to utilities and other agencies in the area. District Engineer Rice stated the County has not distributed the list in the past but has promised to in the future. Director Keil and Treasurer Knudson noted strength in numbers and there were likely other utilities within the County struggling with the new paving standards. District Engineer Rice stated he would continue to work on connecting with other utilities affected by this. Director Keil and District Engineer Rice discussed how cities manage paving funds by implementing fees.

Field Operations Manager Knapp overviewed the non-revenue water tracker and the collections field team product demonstrations. He highlighted work on Basin D and a new Pipeline Assessment Certification Program (PACP) add-on module for the District's TV equipment. President Williams noted a reduction in the amount of accomplishments made by the collections team. Field Operations Manager Knapp explained collections work follows a five-year plan that incorporates a variety of simple and difficult tasks, noting more recent projects have been delayed due to permitting and access issues. President Williams stated it was not a good trend and would be carefully watching the five-year plan's completion rate. District Engineer Rice noted the efforts to implement the Lucity Mobile software which will help the team move faster in the field.

Field Operations Supervisor Lyon reported his success in reading about four thousand water meters in two and a half hours, noting District-wide monthly billing could now be feasible.

- **Plant Operations Report**

Plant Operations Manager Mendenhall highlighted a treatment plant turbidity increase and deployed mitigation strategies. He stated a biosolids hauling contract would be ready by the September meeting. Plant Operations Manager Mendenhall detailed a partnership with Portland General Electric for energy conservation and the SCADA improvements that have made the work possible. He overviewed staff sleuthing to find mixed liquor return pump issues and the lack of rainfall at the plant that contributed to the low flows in July.

10. Call for Public Comment

President Williams asked District Recorder Casey if there were any members of the public still in attendance. District Recorder Casey confirmed there were none.

11. Business from the Board

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Director Van Loo reported on the North Clackamas Chamber Advisory Committee meeting and highlighted an annual golf tournament, a Women in Chamber Award, and a Water and Environmental Services (WES) presentation regarding an upcoming ballot measure. She discussed the Interstate 5 and Interstate 205 tolling project that was taking public input. Director Keil stated she had asked the WES presenters about the character of sewage going through the outfall and had learned it was ninety-nine percent residential waste. Secretary/Vice President Gornick asked where the outfall is located. Director Van Loo stated the current outfalls are located on the Clackamas River and there is discussion about looking at the Willamette River.

Treasurer Knudson reported on a six-part series he attended presented by the Cascadia Region Earthquake Workgroup regarding seismic impacts to water utilities. He attended the Oak Grove Community Council (OGCC) where a video titled *White Fragility* was viewed and discussed. Treasurer Knudson stated the City of Wilsonville has rejoined the Regional Water Providers Consortium. Secretary/Vice President Gornick asked if there was an update on the OGCC's METRO grant application or an incorporation study. Treasurer Knudson stated the study had been on the back burner for a few months, but he would check back in for an update. President Williams reported he had been contacted by someone regarding the incorporation issue and was told their plans do not include incorporating water or sewer services.

Secretary/Vice President Gornick reported on the Sunrise Water Authority meeting highlighting the purchase of land for a future reservoir. He reported on the C4 meeting which focused on the Interstate 205 tolling project.

President Williams reported on the Jennings Lodge Community Planning Organization meeting which had focused on House Bill 2001 stating he thought the organization may claim insufficient urban services to be excluded from the bill. He reported on the Clackamas County Board of County Commissioners meeting which is accepting applications for new board members. President Williams attended the Clackamas River Water Board meeting. They too have been impacted by the new County paving standards.

Director Keil reported on the Clackamas Review article concerning unincorporated areas within the County. She stated she would be writing a letter in response outside of her official position. Secretary/Vice President Gornick had read the article and commented that the author mentioned that State Gas Tax was distributed to the County but failed to mention that Cities are receiving the funds as well. There was discussion regarding the article's presumption that unincorporated area inhabitants are overusing County funds.

12. Adjourn Meeting

President Williams adjourned the meeting at 8:37 p.m.

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Respectfully submitted,

DocuSigned by:
Kevin Williams
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Kevin Williams
President, Board of Directors

Date: 9/16/2020

DocuSigned by:
Paul Gornick
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Paul Gornick
Secretary/Vice President, Board of Directors

Date: 9/16/2020