



**BOARD OF DIRECTORS
[REMOTE] SPECIAL MEETING MINUTES – 9:00 A.M.
MAY 6, 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
Laural Casey	District Recorder
Jason Rice	District Engineer
Aleah Binkowski-Burk	Human Resources and Payroll Manager

Visitors and Consultants – Present via Zoom:

Rob Moody	Merina & Company, LLP
Tommy Brooks	Cable Huston, LLP
Laura Westmeyer	Cable Huston, LLP

1. Call to Order & Meeting Facilitation Protocols

President Williams called the meeting to order at 9:02 a.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 overviewed the general protocols of a virtual meeting due to the current COVID-19 pandemic.

2. Call for Public Comment

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

President Williams asked District Recorder Casey if there were any members of the public in attendance. District Recorder Casey confirmed that there was one.

Chris Hawes, Chair of the Sunrise Water Authority, introduced himself but did not have any comments to make.

3. Consideration of Proposed Emergency Customer Assistance Program

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General Manager Chaplen introduced staff and their roles in the creation of the program and overviewed the purpose of the meeting.

Financial Consultant Moody overviewed the program objective to provide emergency assistance for District customers. He detailed the approved funding for the customer acute need and summarized the current payment plan agreement process stating that a process to implement written agreements is underway. Financial Consultant Moody overviewed the approach and detailed the categorization of District customers.

Director Van Loo asked how the District will determine if a customer can pay but will not. Financial Consultant Moody agreed on the importance of that question and offered to explain the reasoning throughout the presentation. Financial Consultant Moody noted that determining the category of a customer is subjective and a decision which would need to be made by the Finance Director.

Treasurer Knudson asked how the determinations would be made if the District chose a third-party to manage the program. Financial Consultant Moody explained the District would need to provide base criteria but the third-party is trained to make such determinations. Director Van Loo asked if the organizations being discussed are collection companies. General Manager Chaplen replied that they were social service providers and non-profits like Saint Vincent de Paul. Director Van Loo asked if the services have a cost. Financial Consultant Moody confirmed the potential cost.

General Manager Chaplen mentioned the third-party would also be able to facilitate tax deductible donations from other customers.

Financial Consultant Moody detailed the criteria for determining the movement of customers through the outlined categories.

Director Van Loo asked how many customers are anticipated to fall into the outlined categories. Financial Consultant Moody stated every customer would fit into one of the categories but there is no estimate for how many are in each. Director Van Loo noted concern about third-party management of the program due to logistics and the long-standing relationships between staff and customers.

Director Keil expressed the same concern over the seamless referral of customers to a third-party organization noting staff could be given direction and trained to manage what may be a relatively small number of customers in the program. Financial Consultant Moody noted that much of the creation of the program will be a learning process and the approach is to manage most customers in-house using payment agreements. He noted the challenge for staff would be to make eligibility determinations which is a reason why a customer would be referred to a third-party for assistance. General Manager Chaplen added customers could benefit from a third-party offering to bundle assistance and add in other services. She noted the difficulty forecasting customer need and the potential additional resources available to a District customer by contracting with a third-party.

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Treasurer Knudson asked if the budgeted \$25,000 was allocated for contracted services. General Manager Chaplen confirmed stating that the amount has been added to the proposed dedicated half percent rate increase. Treasurer Knudson noted contracting with a third-party would incur administrative fees that would be taken from the program budget of \$97,000. Vice President Gornick believed the program funded by Sunrise Water Authority had a one-time administrative cost of \$2,500 and \$25 per application. Chris Hawes confirmed. Director Keil asked if the costs were in perpetuity. Mr. Hawes believed the \$25 per customer was an annual cost of the program. Treasurer Knudson noted the cost to be about five percent of the current program funding and spoke on experience at Tualatin Valley Water District where the administrative costs of a similar program were paid directly by the District. Director Keil asked if the \$2,500 was an annual cost as well. General Manager Chaplen replied that confirmation would be needed on the specifics of the costs noting the alternative to the third-party overhead costs would entail needing to calculate District staff time and customer resources lost.

Treasurer Knudson expressed interest in how the emergency program unites with the existing Low-Income Program noting that some customers utilizing the emergency program may end up in the Low-Income Program. He supported consideration of a third-party administrator of both programs to provide seamless integration. Treasurer Knudson also voiced support of a third-party administrator due to the offering of additional services and resources, verified success with other organizations, and the protection of sensitive records. He noted the amount of work needed during the creation of the program to outline future success.

Secretary/Vice President Gornick voiced support of working with a third-party and asked if there was any District liability of unequal treatment if the program funds were to be used more rapidly than anticipated. District legal counsel Brooks replied that if the availability and criteria are non-discriminatory there would be no grounds for liability.

Secretary/Vice President Gornick asked how the staff suggestion of forgiving the last ten percent of a customer payment agreement would be determined. Financial Consultant Moody noted the specifics would need to be considered by the Board. General Manager Chaplen mentioned the idea came from the creation of customer incentive to pay their bill during the State of Emergency declaring no water shut offs.

Secretary/Vice President Gornick inquired about the calculation of the current Low-Income Program bills. General Manager Chaplen replied that the discount is applied to the base charge every month for an entire calendar year. Secretary/Vice President Gornick asked if the customers in the Low-Income Program are on payment plans. District Engineer Rice explained that to remain eligible for the program customers must stay current with their District bills.

Secretary/Vice President Gornick asked if staff have reached out to a third-party administrator for more information. District Engineer Rice detailed staff's effort. He noted the increase of residential consumption and decrease in commercial consumption during the State's Stay at Home Order and discussed how the increased residential usage would affect the Low-Income

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Program bills. Treasurer Knudson remarked that the data confirms the residential nature of the District.

President Williams commented based on the District's current financial situation and project balance that outsourcing to a third-party administrator is a good idea. He noted ongoing training for staff to develop the needed skills to administer a program in-house and that the costs associated with administering the program did not seem high. President Williams voiced support of the expanded use of payment agreements and addressing water shut offs as the pandemic slows.

Financial Consultant Moody overviewed the approach to commercial customer categorization.

Secretary/Vice President Gornick offered reasoning for why the District may not want to advertise the ten percent bill forgiveness on the outset and save it as a bonus at the end of a payment plan.

Financial Consultant Moody detailed the need for increased authority to collect the amount due and the continuing categorization of customers outside of the declared emergency. President Williams asked if the requirement to cease utility shut offs will cease when the Executive Order expires. District legal counsel Brooks noted the structure of the Governor's Executive Orders and the possibility that some of the independent authorities could linger after the State of Emergency is over. General Manager Chaplen added that while the District may regain the authority to shut off water, the community may not yet endure it.

Director Keil commented on the difficult nature of figuring out if a customer is included in category three. General Manager Chaplen and Financial Consultant Moody agreed on the rarity of a category three customer and noted the value in retaining the category for if the situation arose. Financial Consultant Moody stated there is no way to know if a customer can pay unless it is directly conveyed from the customer noting the subjective nature of all the categories.

Director Van Loo asked if the past due amounts could be placed on the county property tax bills. Financial Consultant Moody noted that it is only available for sanitary customers and that the District is not currently using that tool. General Manager Chaplen stated that as a combined District the practice has been to shut off water for non-payment.

Director Van Loo noted that after businesses reopen time will be needed to catch up on past due bills. Treasurer Knudson added the categories allow the flexibility for staff to converse with customers regarding need. Director Keil asked if the categories applied to residential only. Treasurer Knudson explained it as a decision for the Board.

Financial Consultant Moody outlined the change in progression between categories three and four noting that customer reluctance to work with the District may indicate category three as the final option.

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General Manager Chaplen asked if discounts to bills under the Emergency Customer Assistance Program had been accounted for in the \$97,000. Financial Consultant Moody stated the discount was initially viewed as lost revenue but could be accounted for within the program funding.

Financial Consultant Moody noted the proposed differences between the progression through categories by commercial and residential customers.

Director Keil asked if third-party administrators would assist commercial customers. Financial Consultant Moody verified that some could assist businesses.

Director Van Loo asked if there would be reimbursement money for creating a customer assistance program. Financial Consultant Moody and Human Resources Manager Binkowski-Burk confirmed there were currently no funding opportunities. General Manager Chaplen stated that careful tracking of all time and resources will take place if federal reimbursement is possible. Director Keil noted prior emergency reimbursement experiences during her previous work given for the institution of preventative measures.

District legal counsel Brooks detailed the District's ability to collect tax-deductible donations from customers and overviewed the current moratorium on utility shut offs as a socially imposed directive rather than one currently enforced by the State. Treasurer Knudson asked if debt forgiveness was tax-deductible for the homeowners. District legal counsel Brooks explained that it may be a tax-detriment to the homeowner and stated that he would conduct more research. Director Van Loo noted that not all donations have to be tax deductible.

Financial Consultant Moody facilitated the Board determination of program criteria. There was positive Board consensus on creating payment plan agreements with customers self-identified as needing assistance.

The Board voiced various concerns regarding how to split the program funding between residential and commercial customers. After deliberation, a consensus was reached. Commercial customers seeking financial assistance would receive up to a six-month deferral of payment followed by a timed payment agreement. If additional assistance by a commercial customer were requested, they would be handled in-house under the Emergency Customer Assistance Program and receive a \$500 one-time, once-a-year payment assistance on consumption after March 13, 2020. Commercial customers are not eligible to receive a ten percent discount at the end of the payment plan.

There was discussion regarding splitting program funding between commercial and residential customers. The Board favored not setting a limit and maintaining the flexibility to make an adjustment after the actual need has been assessed.

Financial Consultant Moody outlined the legal requirement to assist customers on a first-come, first-served basis.

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After discussing possible program criteria for residential customers, Board consensus was reached. Residential customers seeking financial assistance would receive up to a six-month deferral of payment followed by a time payment agreement for consumption after March 13, 2020 and based on historical use. A ten percent discount will be given to residential customers who have stayed current during the time payment agreement. Referrals to the Emergency Customer Assistance Program would be made on a first-come, first-served basis and would include a fifty percent discount for two billing cycles or four months. Residential customers would be allowed to immediately reapply subject to the availability of funds.

Discussion regarding payment delinquency as a criterion for referral to the Emergency Customer Assistance Program was removed to encourage proactive customers to enroll.

Director Van Loo stressed the importance of maintaining separation between the Emergency Customer Assistance Program and the Low-Income Program.

Director Keil expressed concern on how long it would take to establish a working relationship with a third-party noting that the program may need to be implemented in-house before transitioning to a third-party administrator. There was discussion regarding how to streamline the process in contracting with a third-party. Board consensus was to give authority to General Manager Chaplen to contract with a third-party administrator for the program while keeping the Board apprised of the process.

Treasurer Knudson noted the hidden benefit of a third-party administrator being the ability to receive tax-deductible donations noting that tax-deductions are not required but certainly incentivizes donations. He expressed interest in the District receiving donations and researching the possibility to make them tax-deductible as well.

District legal counsel Westmeyer asked for clarification on the definitions of non-residential or commercial customers and residential customers. Financial Consultant Moody verified the program's use of non-residential and residential to remain consistent with the District billing software regardless of meter size.

4. Call for Public Comment

President Williams asked District Recorder Casey if there were any members of the public in attendance. District Recorder Casey confirmed.

Chris Hawes thanked the Board for a great discussion regarding an important issue.

5. Adjourn Special Board Meeting

President Williams adjourned the meeting at 11:22 a.m.

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Respectfully submitted,

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

Date: 5/28/2020

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

Date: 5/28/2020