

OAK LODGE

WATER SERVICES

OAK LODGE WATER SERVICES
Minutes
Board of Directors – Regular Meeting 6:00 p.m.
November 19, 2019

Board of Directors - Members Present:

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

Visitors and Consultants Present:

Gary Barth,	Sunrise Water Authority liaison
Lynn Fisher,	Portland Resident, former OLWS Board member
Rob Moody	Plan B Consultancy.

Regular Board of Directors Meeting

1. Call to Order and Flag Salute

President Susan Keil called the meeting to order at 6:00 p.m. and led the pledge of allegiance.

2. Call for Public Comment

President Susan Keil requested public comment. There were no initial public comments.

3. Consent Agenda

- October 2019 Financial Reports
- October 15, 2019 Board Meeting Minutes

President Susan Keil requested a motion to adopt the consent agenda. The Board asked about page 7 of the financial report under Watershed Protection – contracted services is at 72% of the annual budget. Staff will follow up and report back on what constitutes those charges. The Board asked what uniforms are purchased and staff responded they are for the water field staff and we have a uniform service for wastewater operations and collections. The Board suggested

putting all uniforms under one program. Staff is in process of investigating this option. The Board asked about the Penalties and Late Charges under the General Ledger account rollup on page 1 and staff responded those charges are for the customers who have been late in paying their bills. The Board asked about the overall line item of dues and subscriptions and staff responded this includes Special Districts Association of Oregon (SDAO), the American Water Works Association (AWWA), Government Finance Officers Association (GFOA), the Society for Human Resource Management (SHRM). General Manager Chaplen added our memberships provide staff with important information on changes in rules from infrastructure to operational regulations.

Director Gornick moved to adopt and approve the consent agenda. Vice President Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

4. Correction for Board October 25th Special Meeting

Finance Director Kelly Stacey updated the Board on the correction for the public notice posting of the October 25th Special Meeting, stating it should have been listed as 192.660(2)(f) instead of 192.660(2)(e).

Director Knudson made the following motion, "Pertaining to the October 25th Special Board meeting minutes: although the language of the intent of the meeting was posted correctly as, "To consider information or records that are exempt by law from public inspection," and having recognized the statutory reference was listed with a scrivener's error to read ORS192.660(2)(e), I move to approve the October 25th Special Board meeting minutes with the corrected statutory reference of ORS 192.660(2)(f) and ratify the Board's decision to convene the Executive Session during the meeting." Vice President Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

5. Appointment of Budget Officer Fiscal Year 2020/2021

President Keil asked for a motion to appoint the Budget Officer.

Vice President Williams made the following motion, "I move that the Board appoint the Finance Director as the Oak Lodge Water Services Budget Officer for fiscal year 2020/2021." Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Budget Calendar Fiscal Year 2020/2021

The Board asked if we would approve rates at the same time and Finance Director Stacey responded last year the rates were officially adopted in June, but they are directly connected to the adoption of the budget. The Board requested adopting the rates at the same time as the budget for FY 2020/2021. There was a short discussion about recruitment for a new Budget Committee officer and an Alternate Budget Committee officer. Per the schedule, the Budget Committee will be appointed at the January meeting.

Director Gornick made the following motion, "I move to approve the proposed budget calendar for the fiscal year 2020/2021 budget." Director Van Loo seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

7. PERS Side Account Analysis and Recommendation

Finance Director Stacey presented the slides in the Board Packet, referenced previous discussions, and requested guidance from the Board because it effects rates the District pays to the Public Employee Retirement System (PERS), which in turn will affect ratepayers as well. The proposal is that we make a lump sum payment and authorize the General Manager to apply for the state program by December 2, 2019. She described the process, match, rate impact, timeline and explained going through the process and recommending the money does not obligate us to follow through with the agreement. She described the impacts to the District and the savings in PERS payments over an 18-year period. The Board asked if there is then a rate impact and Kelly responded as soon as the next month after an actuarial study, which costs \$1000, or not pay for an actuarial study and the actions would lower our PERS rate for the 2021-2023 biennium by about 3.25%. Over time a 1.2-million-dollar contribution will save costs to the District which would otherwise increase pressure on billing rates. There was some conversation about when cost savings would begin, and the Board encouraged the actuarial study.

The Board asked what the risk would be to the District to not have the money in reserve and staff responded the impact would be if something catastrophic occurred. The PERS money must come from OLWS reserves and cannot be borrowed. If something catastrophic happened, we would be able to borrow the money. The Board commented on the number of large projects the District is currently engaged in (the annual finance audit, water audit, etc.) and staff suggested applying because of the deadline and then reviewing feasibility if our application is accepted and as the Budget process unfolds. This process saves the District money and is similar to pre-paying a debt in order to save on the interest. The Board asked what the likelihood for being approved was and staff responded it is good.

The Board suggested paying more up front at \$300,000 and staff responded there will be a savings no matter when we pay. General Manager Chaplen is supportive of the staff recommendation and would like to move forward with the prepayment event with or without the match through use of the side account because even if OLWS does not receive a match the side account will end up saving the District money. The Board asked if there would be a second round of state match funding for PERS and it is not yet known.

Director Knudson moved to authorize the General Manager to apply for the PERS Employer Incentive Fund and contribute up to \$300,000 by December 31, 2019 and

project an additional \$900,000 deposit to be made before September 30, 2020.” Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

8. Janitorial and Landscaping Services Contract

Human Resources and Payroll Manager Aleah Binkowski-Burk presented the renewal of the 2020 contract with Relay Resources for janitorial and landscaping services. Because OLWS is a public agency it must contract its janitorial and landscaping services from a Qualified Rehabilitation Facility (QRF). There are only two state prequalified candidates in our area and their rates are pre-set by the State of Oregon. Staff recommends sticking with Relay Resources and has been pleased with its work.

The Board asked if the service could include wiping down the door handles or make sure it is included in “polish all fixtures” and staff will follow up. The Board asked why certain items get done twice a week at the Water Reclamation Facility and just once per week in the other locations. Staff responded the original contract included two times per week to protect the workers from increased potential contamination and will confirm the service is happening twice per week.

Lynn Fisher, member from the public, asked if Relay Resources understands it is no longer Oak Lodge Sanitary District and staff responded they understand but have not updated the naming convention on the contract outline. Staff commented they are receptive and communicating well with the District. The Board stated we should bid out this service the next time the contract comes up, in order to demonstrate to the public that we are getting competitive prices for the work. Staff will explore this at the next window of opportunity although the state sets the rates for all ORF work.

Vice President Williams moved to approve the General Manager to sign a contract with Relay Resources for Janitorial and Landscaping services in the amount of \$68,811.72 for the calendar year beginning January 1, 2020. Director Knudson seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

9. Resolution No. 19-06 updating the Rates, Fees, and Other Charges

Field Operations Manager Todd Knapp presented Exhibit A and highlighted the two changes requested. The first is an increase in the Meter set fees based on increased costs for new meter purchases and other related parts. The second is the addition of a new tapping fee to streamline water connections.

The Board asked how this affects the residential rates and staff responded it does not affect residential bills, only new service installations. The Board asked how many hydrant meters the District rents per year and staff answered three or four per year. The Board asked how many water service installations occur each year and staff responded two or three per month on average. The Board asked who should be notified and suggested sending out a courtesy notice to contractors. Staff have been notifying contractors of the changes up to date and will follow up

with a letter of notification. There was a conversation about contractors installing services themselves versus having the District doing the work and details around the changes proposed. If the contractor does the work, there are a number of quality assurance tests and a one-year warranty period for the contractor. Overall, the Board was supportive of the changes but wanted a clarification for flexibility that the meter taping fee only applies to existing water mains.

The Board asked District Counsel Tommy Brooks whether the District should provide more outreach in reference to ORS 294.160. Tommy responded the District must decide if they would be better informed about the decision from both a customer service and minimum notice perspective if they did more outreach before making the decision. Staff will send an outreach letter on this topic to local contractors working in the District within the last year.

Director Knudson moved to adopt Resolution No. 19-06 adopting new and revised fees and updating the Rates, Fees, and Other Charges Schedule for Fiscal Year 2019-2020. Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

10. Department Reports

- **General Manager's Report:**

General Manager Chaplen updated the Board on the water audit, sharing Tory Wagoner was onsite for two days, where he met with 21 staff from the District across all teams having to do with data effected by the water audit. Staff appreciated getting to participate in the process. Tim Jensen from the North Clackamas County Water Commission also participated in parts of the meetings, including a plan for testing the master meters. Tory Wagoner will return in December to continue the process, which includes an internal core team to meet on a regular basis. They will also conduct spot testing of water meters to look for accuracy issues and run a calibration test on the source water meter.

- **Finance Report:**

Finance Director Kelly Stacey stated she is beginning to think about the Budget process and requested suggestions for the upcoming year. She is still working on the Finance Audit, which has progressed to final drafts of the finance reports but still needs the management discussion and analysis. New staff member Bailie Foxworthy participated in a field training about water meters and Customer Service Specialist Rebecca Reece will participate in the same training shortly. Finance staff have been continuing to clean up accounts and working to update the system throughout the water meter installation process.

The Board mentioned increased communications on Next Door about rate increases and the general cost of water. There are some people on Next Door responding to the comments stating customers are likely paying for water that has been used based on the increased accuracy of the new water meters. The Board commented there should be a way through the newsletter or the website to inform customers about the facts and activities of the District. The Board suggested telling customers the District adopted the AWWA rate-setting model years ago and asked how we could better inform customers. We need a strategy to involve Board members in

telling the story as well, and they requested prepared talking points to assist them in sharing information with the public.

The Board asked what the check for McBride Construction Resources for \$24,000 was for and staff replied it was used after a payment by the insurance agency for an insurance settlement to fix water damage at the Water Reclamation Facility. The Board asked what the DEQ check for \$16,800 was for and staff replied it was for renewal of federal permit for operation of the OLWS Water Reclamation Facility.

- **Field Operations Report:**

Field Operations Manager Todd Knapp presented information from his report, describing the Willamette View project and the relocation of the water main. With the issuance of the Oregon Department of Transportation (ODOT) the collections crew completed their work on McLoughlin Boulevard. He described the sanitary sewer lateral mapping project using video footage from the sanitary sewer TVing. In his visual table section of his Board report, Todd changed to a fiscal year format (July-June) for the description of OLWS water purchase, showing how consumption has decreased over comparisons in a 10-year period. The Board responded keep the new format, and they asked why usage was lower. Staff commented it was likely weather related.

Todd highlighted there have been 548 signups for OLWS backflow device testing and overall there are approximately 1,500-2,000 total. Rolling out the program in this way has highlighted the issue for people to realize they need a backflow device. There was a short conversation about the program and the good deal it provides to customers.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall went over his Board report in detail as provided in the Board Packet. He described the issues as stated in the report and asked for questions. The Board asked what part of the pump failed and David replied it was electronics on a 20-year-old pump. The Board asked how old was the unit that failed and how many of our other units are similar in age, product type, manufacturer, etc. and should we consider planned replacement instead of emergency response. David replied yes while they replaced the two pumps, they also have capital projects planned to replace pump station pumps and bring them up to code. The Board asked what a normal replacement or refurbishing schedule should be, and staff replied it depends on the age and type of the pumps. Our capital improvement schedule inspects pumps in the next five years and then monitor them every five years beyond. The Board asked if we have flow meters on the pumps and staff replied yes and they can be monitored offsite electronically through the SCADA (Supervisory Control and Data Acquisition) system. There was further discussion about replacement costs, materials and scheduling.

David described the photos in the Board Packet, highlighting the stability of the October process numbers and described seasonal shifts in effluent water quality.

- **Technical Services Report:**

District Engineer Jason Rice updated the Board on the following projects: OLWS has moved into the final stages of the Boardman Wetland Project; they have issued final payment on the

Silverleaf and Creighton Avenue Project; they are prioritizing next year's sanitary sewer projects for FY 2019-2020. He commented on the Technical Services team backfilling the role of the Pollution Prevention Specialist and that he will be working to hire the position soon. The team is doing a good job of covering for one another through staff vacations and the vacant position.

11. Call for Public Comment

There were no additional comments from the public.

12. Business from the Board

Director Gornick updated the group on the Sunrise Water Authority meeting, which was held on October 23rd. He provided details from his Board Notes (see Packet). In addition, Paul attended the C4 meeting in November and described the agenda which included the list of projects which will be on Metro's regional flexible funds allocation. The only project that was in the OLWS District was a \$5,000,000 project on Southeast Courtney Ave from Highway 99 to River Road, constructing sidewalks, bike lanes, stormwater quality facilities, and a speed table. The project would be approved at the January Metro meeting. Director Knudson asked about how the SDAO Board Assessment practice went for the Sunrise Water Authority and Paul responded it went well. Director Knudson was supportive of it and they discussed whether OLWS could participate in the assessment. OLWS will work to get our name into their list to go through the assessment process next year, which provides a discount on SDAO insurance costs.

Director Ginny Van Loo will be assigned liaison positions during the Board discussion.

Vice President Williams attended the Jennings Lodge Community Planning Organization (CPO) meeting. The primary business was a presentation from Clackamas County Office of Sustainability. Their goal was for people to understand better what and what not to recycle. He mentioned a new recycling center for Styrofoam in Tigard and pointed out you would need two full carloads of Styrene in order to balance out the carbon impact of the drive there. They described a bylaw change for Jennings Lodge CPO to involve younger residents to change the requirement to attend three meetings per year. It involved a shift in communications with millennials in order to get them civically involved. The conversation was controversial and ended up delaying the conversation. In Oak Grove you must attend five meetings to be able to vote. He updated the group on OLWS happenings, including the Board changes and the water master planning process.

Director Knudson attended the Business Oregon Infrastructure Summit in Salem in October and referred to his notes in the Board Packet. His synopsis was the gathering was great and provided good information on potential funding strategies. They will repeat the event next year. He was most interested in flood control in Tillamook County because of their approach to make the landscape more natural and less regulated by removing dikes. This allowed wetlands to better perform their natural functions. He attended a Business Oregon Audit Committee Meeting and will go to Salem next week for another one. He travelled to Washington D.C. to participate

in the Water Research Foundation (WRF) Board meeting. They identified the research agenda for the coming year. Based on his experience with OLWS one of the topics for focus will be on stormwater management and urban area flooding. Next month he will attend a WRF Board meeting in Tucson, Arizona.

President Keil opened discussion of the Board Liaison positions. Director Gornick will continue to cover Sunrise Water Authority, C-4 and the North Clackamas County Water Commission (NCCWC). Vice President Williams will continue Jennings Lodge CPO, the NCCWC, the Healthy Watersheds Committee and will take the Clackamas River Water meetings. Director Knudson will take on the Oak Grove Community Council and will continue to cover the Regional Water Providers Consortium and the Water Research Foundation. Director Van Loo would like the Chamber of Commerce (alternate), the New Concord Task Force (audience member/liaison). Former Director Lynn Fisher described the reorganization of the Clackamas County District Advisory Board (DAB) for the group. OLWS will no longer attend the North Clackamas Parks and Recreation District meetings because you have to be appointed to it. The Master Planning Community Advisory Council is the same as the DAB and should be removed from the list.

President Keil brought up the Board assignments for OLWS sub-committees, stating Kevin and she were on the personnel, Lynn and she were on the finance, and Kevin and Lynn were on the facilities committee. In addition, starting in 2020 a Treasurer needs to be appointed. Those meetings are on an as needed basis by the General Manager. General Manager Chaplen will clarify needs for the subcommittees and bring the information back to the Board.

There was no further Board business.

The Board requested to recess into executive session to discuss further.

13. Recess to Executive Session

President Keil recessed the regular public meeting for the Executive Session at 8:14 p.m. under ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

14. Executive Session

President Keil convened the Executive Session at approximately 8:15 p.m. The General Manager gave a brief overview of the purpose of the executive session, which was to convene with persons designated by the District to negotiate real property transactions. Specifically, the board considered a request to acquire a portion of property it owns. The board generally discussed whether it would be willing to enter into a transaction for such property. The District's attorney provided an overview of the District's ability to sell certain properties. There was general consensus by the board for the District's staff to maintain a good working relationship with the potential counterparty and to bring back any additional information that could inform the board.

No discussion occurred that warranted coming out of the executive session to make any decisions.

President Keil adjourned the Executive Session at 8:47 p.m.

No decisions were made as a result of the Executive Session.

15. Adjourned Executive Session

The Chair closed the Executive Session at 8:47 p.m.


16. Reopened Regular Public Meeting

The Chair reopened the Regular Public Meeting at 8:47 p.m. There were no Board actions and no public present.

17. Adjourn Regular Board Meeting


President Keil adjourned the regular Board meeting at 8:47 p.m.

Respectfully submitted,



Susan Keil
President, Board of Directors

Date: 12-17-19



Kevin Williams
Secretary, Board of Directors

Date: 12-17-19