

OAK LODGE

WATER SERVICES

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Minutes

Board of Directors – Regular Meeting 6:00 p.m.
December 18, 2018

Board of Directors - Members Present:

Nancy Gibson, President
Susan Keil, Vice President/Secretary
Lynn Fisher, Treasurer
Kevin Williams, Director
Paul Gornick, 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
Tommy Brooks, District Attorney, Cable Huston LLP
Chris Duckworth, Labor Attorney,
Rob Moody, Plan B Consultancy

Visitors Present:

Dave Phelps, Budget Committee
Eric Hofeld, Sunrise Water Authority
John Klum, Budget Committee
Peter Winter, Budget Committee Applicant
Michael Gradt, Local Resident
Ron Weigel, Budget Committee Applicant
Fred Swingle, Budget Committee Applicant
Amanda Gresen, Budget Committee Applicant.

Regular Board of Directors Meeting

1. Call to Order and Flag Salute

Board President Nancy Gibson called the meeting to order at 6:00 p.m. and requested that the audience share one thing they are thankful for in lieu of the pledge of allegiance.

2. Call for Public Comment

There were no comments from the public.

3. Interviews for Budget Committee Members

The Board interviewed Budget Committee applicants Peter Winter, Ron Weigel, Fred Swingle, and Amanda Gresen. Interview questions are as follows: 1.) Why do you think you would be a good candidate for the Budget Committee? 2.) Please tell us about your experience working in a volunteer capacity. Where, what, how long? 3.) Please tell us

about your knowledge of water delivery systems, sanitary systems, and surface water management for communities such as ours? 4.) What financial, or analytical background might you bring to the Budget Committee? 5.) A position on the Budget Committee will require usually less than 5 meetings. It is helpful if you are able to attend in addition some Board meetings which happen once a month. There will be reading of documents to prepare for the Budget Committee meetings. Are you aware of that time commitment and can you meet it? The audio recording contains the interviews and all answers outlined and any additional questions.

4. Consent Agenda

a. November 2018 Financial Reports

i. Approval of November 2018 Check Run

b. October 25, 2018 Special Board Meeting Minutes

c. November 15, 2018 Special Board Meeting Minutes

d. November 20, 2018 Board Meeting Minutes

The Board asked about why the electrical bill still appears as a separate line item and Finance Director Kelly Stacy responded it will be listed differently on coming reports. Electrical charges are where they should be – PGE was not billing us and now they are. Other comments included: the wastewater charges are about \$500,000 short for the year – staff is looking into why; the checking account balances are large and were transferred for payments and into other accounts. On the revenue side service installations are higher than originally projected because of more water meter installations, inspections for sewer and storm installations. The revenue for water sales seems high but is correct because it changes seasonally. The general ledger account rollup “miscellaneous expense” percentage is high, and Kelly will follow up on the expenses in this line item and will email the Board. There was a spelling error – page 5 of the Stormwater retreat minutes, paragraph 3, should read “then” not “them”. There was a question about check number 41823, Pacific Truck Colors was for fitting vehicles with tool boxes, etc. It was noted that the check for Tasso Homes was cashed in this check run. There was a question about the \$10,000 check for J&M Body Shop, Kelly will follow up and email the Board. They reviewed charges for Relay Resources being for landscaping and janitorial. There were no other comments or questions.

Secretary Keil moved to approve the consent agenda as presented. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

5. Appointment of a Budget Officer

Based on Oregon Budget Law, General Manager Sarah Jo Chaplen requested the Board appoint a finance director as the OLWS Budget Officer for the Fiscal Year 2019-2020.

Treasurer Fisher moved to appoint Finance Director Kelly Stacey as the Oak Lodge Water Services District Budget Officer for FY 2019-2020. Secretary Keil seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

6. Appointment of Budget Committee members 2019-2020

Finance Director Kelly Stacey requested the Board appoint the Budget Committee as part of Oregon Budget Law. There are three positions available, as well as possibly adding an alternate. The Board discussed the strengths of the applicants and agreed that adding Peter Winter as an alternate position would engage him in a way that best meets his abilities and enthusiasm. The other three applicants bring multiple aptitudes to the position and would be strong additions to the Budget Committee.

Treasurer Fisher moved that the Board appoint the following people to the Oak Lodge Water Services Budget Committee with the expiration dates outlined below:

Position No. 1. John W. Klum, Chair, June 30, 2020

Position No 2. Amanda Gresen, Secretary, June 30, 2022

Position No 3. Dave Phelps, June 30, 2021

Position No 4. Ron Weigel, June 30, 2021

Position No 5. Fred Swingel, June 30, 2020

Alternate Members: Terry Gibson and Peter Winter

Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

7. Adoption of Budget Calendar 2019/2020

Finance Director Kelly Stacey corrected the Budget Calendar to publish the notice of the Budget Committee meeting from Wednesday, April 11, 2018 to Wednesday, April 10, 2019. The Board asked whether it would be possible to add dates for additional discussions about the budget (in particular the Capital Improvement Plan and the forthcoming Surfacewater Master Plan), and Kelly responded adding dates is possible, as long as we respect the rules around discussing details about the budget after the initial Budget Committee meeting. The meeting length has also increased, which will help committee members become knowledgeable about the complexities of the budget. After the January 10th meeting the Budget Committee will have last year's budget in hand to begin orienting themselves, along with an overview of the Capital Improvement Plan.

Secretary Keil moved to approve the Budget Calendar as presented (with the date correction as presented by Finance Director Kelly Stacey) for Fiscal Year 2019/2020.

Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

8. Budget Amendments 2018-2019 Resolution No. 18-16

Finance Director Kelly Stacey presented the Budget need to transfer between appropriation categories as stated in the Board Packet. The Board asked if the wastewater reclamation fund was the same as the wastewater collection fund and staff responded yes, although they are separated in the budget document. There were no other questions.

Director Gornick moved to adopt Resolution 18-16 approving the transfer of contingency to materials and services in both the Drinking Water Fund and the Wastewater Reclamation Fund and the three capital funds as presented. Director Williams seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

9. Finance Policies Workshop – second set

Finance Director Kelly Stacey presented the second set of finance policies as needed by the District. Ron Moody from Plan B Consultancy attended the meeting to support questions. The Board asked about how the District could “preapprove reimbursement requests” as stated in the policy and Rob Moody suggested taking out the word “reimbursement request” and change the wording to read “travel for the General Manager be preapproved by any member of the Board” and “travel for Board members be preapproved by the Board”. The Board and staff agreed with the change. On the Expenditure Policy a suggestion was made to change the wording to “all monies will be paid on the appropriate due date provided by the vendor or negotiated by the vendor”. The Board and staff agreed to this change with the addendum that OLWS would not work overtime to meet bill deadlines. The Board asked about whether original receipts would be required for parking fees of \$10 or less and the staff concurred with the set policy that receipts are not needed for costs \$10 or less. The Board asked about deductions for meals provided as part of conferences from the per diem and staff explained the policy for reducing the per diem is based on state requirements for municipalities. Rob Moody proposed streamlining the “Expenditure Policy” by striking the second sentence of letter D and all of letter E. Rob Moody suggested mitigating controls are in place in various levels of the organization, which provides the needed oversight. The Board discussed the cash control system and agreed the process in place allows for strong oversight. The Board pointed out there is a Human Resource policy with guidelines and parameters in place that support employees reporting inappropriate behavior. Staff recommended adding “proof of receipt for goods and services *where required*” to the travel policy.

A question was asked about periodic inspection of payment devices as described in the PCI Policy, page 4, section IV. The Board suggested using a vendor, like Convergence, to inspect the payment devices. They corrected a typo of the extra period in page 2 of the Employee Credit Card Policy, and another typo under the Travel Policy, page 5 section C, “reimbursing up to the *least* expensive” instead of “most expensive”.

No approval is required at this time. The policies attached will be finalized and brought back to a future Board meeting for approval.

10. SDIS Insurance Renewal

Human Resources and Payroll Manager Aleah Binkowski-Burk provided an overview of the District’s insurance policy and the required annual changes to it. Changes included requiring two photos for each insured property asset. Insurance costs remained flat from last year based on the lack of claims as well as the longevity credit. She requested Board approval to sign the insurance contract for the next year. The Board asked about the earthquake coverage and staff replied the District is insured for earthquakes up to 10 million dollars and then anything more than that goes to the Federal Emergency Management Agency (FEMA). The Board asked about the loss ratio in the rate comparison from 2013-2017 being 165.23 when typically the loss ratio should be reversed. Staff responded the ratio was not based on actual data because of the consolidation, it is a temporary placeholder until more data is generated. The Board asked about vehicle transportation insurance and whether the District transports students as part of the outreach and education programming. Staff responded the District does not transport students and requires school Districts to cover their own student transportation. Staff added that we are passenger covered and clarified that for unpaid interns the school should provide liability coverage.

Treasurer Fisher moved that the Board authorize the General Manager to renew the District's Property and Liability Insurance with SDIS for the policy term starting January 1st, 2019 and ending on December 31st, 2019. Director Gornick seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

11. Solids Building Refurbishment – Engineering Task Order

District Engineer Jason Rice presented the Solids Building Refurbishment project and clarified the "Belt Filter Press Installation" in this part of the same overall project. The District has compared the costs for replacing our dump trucks used for hauling or contract hauling or for storing material on site. If we mounted a hopper on site, we would have more flexibility in where we keep the dump truck and trailer as well as more storage capacity for biosolids in order to provide more flexibility.

Associated with this project is research on possibly partnering with another entity to dispose of solids closer to home or in a variety of ways as Class B or converting some of the solids to Class A. Having a variation in disposal streams would allow the District to avoid challenges like weather or fire emergencies which affected transportation routes to Eastern Oregon. Staff will present options, including partnership with nearby agencies, at a future Board meeting. The Board asked whether we were producing Class A biosolids and could we also produce a product like struvite. Staff responded the report will investigate these different options and perhaps the option of finding land for biosolids production or other products like struvite will be viable but stressed the importance of the financial viability and cost savings.

Director Williams moved to approve our General Manager to sign a Task Order with Brown and Caldwell to produce the final design of the Installation of a Portable Backup Belt Filter Press at a cost not to exceed \$115,075. Secretary Keil seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

12. Department Reports

- **Finance Report:**

Finance Director Kelly Stacey updated the Board on an administrative change to Resolution No. 18-12 and requested the Board update it to Resolution No. 18-15.

Secretary Keil moved that the Board acknowledges and ratifies a change in the numbering to the Resolution enacted on Nov 20th adopting new purchasing rules from Resolution No. 18-12 to Resolution No. 18-15. Treasurer Fisher seconded the motion.

Ayes: 5

Nays: None

Motion carried: 5-0

Continuing Kelly's staff report, the audit has been completed and will be presented to the Board next month. It was complex but received a "clean opinion" and should be simpler next year now that the two former organizations are one. She has researched financing the water meters and has found the best option for timing to be bank placement. A six-year loan term with Chase is 2.84% and with Zion is 2.84% and Zion

has no penalty on prepayment and no fees so this is the better option. We will take the loan in several draws and only as we need it. The Board asked about if we could prepay if the PERS match does not come through and staff responded yes, we will look at the whole financial picture. The temporary employee has wrapped up a number of utility billing projects and will end service with the District at the end of 2018.

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp shared the challenges of holiday staffing, cleaning of Zone 2 catch basins, and dealing with leaks and pipe replacement in particular areas. He went over his reports from the packet. Treasurer Fisher commented he had been able to see the field collections crew in action, cleaning, T.V.'ing, and reporting on deficiencies for the sewer mains and encouraged others to take a look in the T.V. van and see the crews in action. There was clarification that the District owns the lateral only to the property line and the expense of lateral repair would be reported on at the end of the fiscal year.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall illustrated the stark contrast between the dry beginning of November and the wet ending and the Infiltration and Inflow as seen in changes to the flows. The sewer plant responded well, and operators did not exceed the permit. He went over his Board report and pointed out there were some big differences in the timing of the rainfall patterns from other years and this changes how the operations are managed. New pumps have been installed and all pumps and pump stations are being well taken care of by the new maintenance staff, Jason Kahler. Overall plant performance is good.

David provided an update on the neighbor complaint near Pump Station #2, stating that the issue has been closed by DEQ based on the actions taken by the District and approved by the state. The District installed sound dampening materials and are appropriately venting hydrogen sulfide gas in order to avoid a gas buildup. We are not pumping methane gas into the community. The issue might come up again at the Board level, but he wanted the Board to know that it has been addressed comprehensively and closed at the DEQ level.

- **Technical Services Report:**

District Engineer Jason Rice mentioned the help he received from Treasurer Fisher's comments on the development spreadsheet. He clarified the types of projects that appear on the tracker and asked for feedback from the Board on the level of project they want to have tracked. The Board responded the level as presented is acceptable except for when staff would like to bring an additional project to the attention of the Board. He mentioned how the addition of Accela for permitting might someday allow customers to view open permits in the District.

Staff and the Board discussed the type of development review that happens and what we should be permitting as compared with Clackamas County. If the District looks at surface water management holistically and incentivized pervious surfaces in our code it could change development. The Board asked about the creation of a stormwater

advisory committee and staff responded we have not finished organizing around what we need from a committee yet, and we still need to hear from the public. The public outreach process needs to involve education on a three-pronged approach for the way we involve the public in surface water management. The Board added how important it was for the Budget Committee to understand this issue in providing advice and oversight to the District. The goal is to keep rate increases at the same level while figuring out what level of service customers want to pay for.

End of staff reports.

Board comment:

The Board brought up the surface water issue on Jennings Road, Boardman Wetland, and along the Trolley Trail. Customers have been approaching the Board about the issue and encouraged staff to raise the issue at the Clackamas County level as well as using the website to inform customers that Boardman was a water quality project and was not intended to solve flooding issues on Jennings Road. Staff commented we put information about the project and the flooding issue in the latest newsletter, and we will monitor activity on NextDoor and respond to customer complaints directly. Management of the site needs to occur, but we have to decide what maintenance will look like. The Board mentioned pushing the OLWS goals at the C4 level and also suggested the possibility of engineering a flooding solution.

13. Call for Public Comment

Eric Hofeld commented on the way Portland addressed the impervious area through the application of a fee per square foot of impervious area for houses and driveways. Staff and the Board discussed how the District charges for stormwater and pointed out that OLWS assigns fees for one-acre parcels, but this formula could be reassessed to account for greater impervious surface.

14. Business from the Board

Treasurer Fisher did not attend the Oak Grove Community Council because the Concord Library Task Force met the same evening, which he attended. The task force got off to an interesting start and he will report on developments as they unfold. He was not able to attend the Clackamas River Water Board meeting.

Secretary Keil attended the North Clackamas Chamber of Commerce and heard a presentation from Clackamas County on the idea of running dark fiber out to every area in the County that still needs fiber coverage. Clackamas County also discussed becoming an internet provider. They are in early stages of exploring the possibility and have yet to provide a cost analysis of the various layers the project would require.

Director Paul Gornick attended the November 28th Board meeting of the Sunrise Water Authority in which they swore in the new Zone 4 Commissioner Andy Code. Later in the meeting it was announced that the Zone 2 Commissioner had resigned his appointed position which will be filled immediately. The Board passed the consent agenda and discussed the maintenance bond requirements on public agency projects. At the recommendation of the outside auditor Sunrise will start recording the loans of money

made from their general fund for capital projects in advance of receiving SDC revenue. He presented the remainder of the items from the agenda listed his Board report.

Director Williams reported on Karen Bjorklund's speaking at the Jennings Lodge CPO meeting, during which she illustrated the drop in participation in the CPO since the development of the Evangelical Retreat Center property. She described the difficulty for the of keeping things going with little support and Director Williams challenged the younger folks to step up and start participating more. He described the County's denial of the Roethe property application for a set-back because it was out of compliance with County code (see Board packet for documentation). Discussion of priorities on the list of six to be submitted to Clackamas County and the surfacewater project went through. The agenda included presentation about livability and problem homes and a map of homes was shared (see Packet); and a presentation about turning Jennings Lodge into a hamlet, which might provide more resources to the area.

President Gibson attended C4 where the main issues are around transportation planning, with a focus on the Abernathy Bridge, tolling, and the widening of Interstate 205 around 2016 (see C4 Packet included in the Board materials). She highlighted page 10 in the packet, which describes the executive committee task of assigning roles on the executive committee and whether they will want to bring in a water or a sewer representative for the alternate seat. She would like to get a caucus of special districts and elected officials together to decide what representation they would like by March. She will volunteer to continue her service on the executive committee.

There was no further Board business.

15. Closed Regular Meeting

President Gibson ended the regular meeting at 9:17 p.m. to move into executive session.

16. Recess to Executive Session

President Gibson recessed the Board to Executive Session at 9:23 p.m. under ORS 192.660 2(f) to consider information or records that are exempt by law from public inspection and 2(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

The General Manager provided an overview of her intended course of action regarding a personnel issue that could potentially result in arbitration or litigation for the District.

Chris Duckworth gave an overview of the personnel issue. He explained various labor and employment law-related legal strengths and risks in the matter and gave an overview of the District's options for addressing the employee's policy violations as outlined in a memo he presented to the Board.

No decision was made during the Executive Session. The General Manager will continue to work with the District's labor and employment attorney and make an independent decision on the personnel issue. If new facts arise that cause the General Manager to reevaluate her position, the General Manager will update the Board.

17. Adjourn Executive Session Meeting

President Gibson adjourned the executive session at 10:02 p.m. with no Board actions.

18. Adjourn Regular Board Meeting

President Nancy Gibson adjourned the regular Board meeting at 10:02 p.m.

Respectfully submitted,



Nancy Gibson
President, Board of Directors

Date: 1-15-19



Susan Keil
Secretary, Board of Directors

Date: 1-15-19

