

OAK LODGE

WATER SERVICES

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Minutes

Board of Directors – Regular Meeting 6:00 p.m.

June 19, 2018

Board of Directors - Members Present:

Nancy Gibson, President
Susan Keil, Vice President/Secretary
Lynn Fisher, Treasurer
Kevin Williams, Director
Vacant Seat, 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 (absent)
Kelly Stacey, Finance Director
Todd Knapp, Field Operations Superintendent
Tommy Brooks, District Counsel, Cable Huston LLP,

Visitors Present:

Eric Hofeld, Sunrise Water Authority
Paul Gornick, Budget Committee Member
Ernie Platt, Sunrise Water Authority
Robert DiLallo, Local Resident
Rob Moody, Representative for PlanB Consultancy/Financial Contract.

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 Secretary Keil led the pledge of allegiance.

2. Call for Public Comment

Robert DiLallo, 3230 SE Riesling Road, Oak Grove, asked from where Oak Lodge gets its water, prompted by the recent news of algae being in other water sources. General Manager Chaplen responded that Oak Lodge gets its water from two lakes, Timothy Lake and North Fork Reservoir. Portland General Electric (PGE) has control over the lakes and conducts regular monitoring so that if they see a sample that should receive follow up testing they let the drinking water plants down the Clackamas River (including the Oak Lodge drinking water plant) know. Next, all of those drinking water treatment plants test the raw water for signs of algal blooms. In the last twelve years of testing Oak Lodge has not

had signs of toxicity in our finished water. President Gibson added that our plant has activated charcoal set up in our drinking water treatment process should we need it. A follow up question asked whether our source is open to the public or protected. The Board responded that Timothy Lake and the North Fork Reservoir as well as the Clackamas River are open to the public and are used for recreational purposes.

3. Consent Agenda

- **May 2018 Financial Reports**
 - **Approval of May 2018 Check Run**
- **May 15, 2018 Board Meeting Minutes**

Questions included: One the Bank Reconciliation Check Register what was the check to North Clackamas County Water Commission (NCCWC) for \$69,000? Response that is the charge for the OLWS water purchase. Question about what the Water Systems Consulting is? Response that they are the consultants for the Water Master Plan and the charge was an installment on the work. Question on the seven small payments to Rose Villa? Response that they received two bills on each account and made duplicate payments on the accounts they have for OLWS and there were several refunds for their regular billings that were duplicated. No further changes or comments on the consent agenda. Question about what the payments to Schoolyard Farms were for? Response that this payment was for plant materials, as part of a District grant to Schoolyard Farms for projects that assist the District in achieving the goals on their Municipal Separate Storm Sewer System (MS4) Permit. These goals help reduce water temperature in our local waters and the projects help educate the public while they meet the MS4 goals. The District has several partners like Schoolyard Farms, for example the North Clackamas Urban Watersheds Council (NCUWC). There were no further questions.

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

Ayes: 4

Nays: None

Motion carried: 4-0

4. Repeal of Resolution 2008-9 of the Oak Lodge Water District establishing System Development Charges for the Water System and replacing it with Oak Lodge Water Services District Resolution 18-04 reestablishing System Development Charges for the Water System and changing the effective date for rate changes to July 1 every year as part of the adopted budget.

General Manager Chaplen presented Resolution 18-04 to the Board in order to line up the review of Water System Development Charges (SDCs) with the timing for review of the other SDCs. Any future changes to Water System SDCs will be based on this Resolution, which will match the fiscal year of the rest of the OLWS Fee Schedule. There was a question about the adoption of Fees Schedule being very close to the July adoption date, and recommendation that we move the review of the Fees/Rates/Budget earlier in the year, to the April meeting if possible. Staff comment that we have been sharing the proposed Fee Schedule since early in the calendar year. Question about if the District uses a pricing index consistent with the Home Builders Association. Staff responded yes and that each

year the fees and rates will be renegotiated in order to adopt them as part of the regular Budgeting process. The Board suggested that Portland may have adopted in May and that we should be as transparent as possible and have a clear process for public review. The Board raised another question about the website and if we have the SDC methodology publicly posted on it. Staff response that yes, the rates and methods for getting to those rates are likely posted and we will follow up on where. The Board suggested how important it is to have the public understand the philosophy around regular rate increases over time to keep up with investments in infrastructure. The General Manager will follow up on next year's schedule.

Director Fisher moved to approve Resolution No. 18-04 which repeals Resolution 2008-9 of the Oak Lodge Water District and then reestablishes System Development Charges for the Water System and changes the effective date for rate changes to July 1 every year as part of the adopted budget.”. Secretary Keil seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

5. Resolution 18-05 to adopt OLWSD FY'19 Budget, and Resolution 18-06 to adopt FY'19 Rates, Fees and Other Charges Schedule

Finance Director Stacey Kelly presented the Board with final budget, the same budget document that was recommended by the Budget Committee. She requested a public hearing in order to pursue the adoption of the FY 2018-2019 Budget. The Board asked about the high fees for industrial pretreatment and for ongoing monitoring (although the District currently does not have any industrial users). Staff responded the District followed the same rate structure as the Department of Environmental Quality, and that in general we are low on many of our permit fees. The Board suggested conducting a rate study on permits and presenting that information to the Budget Committee for review sometime before next year. The Board asked about the District's philosophy about cost structure and staff replied the District approach has been to cover costs.

President Gibson called for a Public Hearing in review of the budget as presented. There were no comments from the Public. President Gibson closed the Public Hearing and reconvened Regular Board Meeting.

Director Williams moved to adopt the amounts as stated in Resolution 18-05 for Fiscal Year July 1, 2018 and appropriate the funds in the amount of \$45,236,543. Secretary Keil seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

Director Fisher moved to adopt the amounts as stated in Resolution 18-05 for fiscal year beginning July 1, 2018 and appropriate the funds as outlined. Director Williams seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

Secretary Keil moved to adopt Resolution 18-06 adopting Fiscal Year 2018-2019 Rates, Fees, and Other Charges. Director Fisher seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

6. Financial Services Contract

Finance Director Kelly Stacey presented Rob Moody from PlanB Consultancy and outlined next steps for the District, including providing a set of consistent and integrated financial policy's, the capital asset data conversion (transfer of fixed assets into the new system), and conduct a risk assessment. In order to complete these goals in a timely manner she recommended contracting with PlanB Consultancy to assist with this work. Rob Moody introduced himself and provided an overview of the services PlanB will provide to the District. To hire PlanB, the District can use the same services as the state contract because they went through the appropriate RFP process. The Board emphasized the importance of getting the financial policies set into place and staff responded work could be done concurrently by the PlanB team. The Board asked how the capital asset determinations will mix with the current asset inventory and staff responded the project includes this question and will have to make sure the inventory is validated using available data and/or direct assessment with the goal of having the total amounts consistent and accurate for financial auditing purposes. The detail provided in the financial system will help provide information for financing if needed.

Director Williams moved to approve the Finance Director to sign a contract with PlanB Consultancy, Inc for financial services as described in the attached contract and to negotiate individual purchase orders for selected financial services as needed not to exceed \$150,000. Secretary Keil seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

7. Capital Asset Management Policy

Finance Director Kelly Stacey presented the Capital Asset Management Policy, written by Rob Moody and tailored to OLWS by managers, which will provide a framework for the District to make decisions around Capital Asset Management. The Board had no significant questions on the policy but asked if there was adequate staffing to carry out the required tasks. The Board commented on the fast pace of the work throughout and since the consolidation and urged management to make sure staff are not burned out. The Board reflected that the policy will draw on multiple departments to manage the work. Eric Hofeld asked what the lower limit for tracking would be and the Board responded \$5,000 as defined in the document. Staff added that smaller items such as cell phones and computers would also be tracked on an independent list. The Board was impressed with the asset class lifecycles listed commenting that the replacement cycles would help keep down the cost of repairs.

Director Fisher moved to approve the Oak Lodge Water Services Capital Asset Management Policy as presented. Secretary Keil seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

8. Donated Leave Policy

Human Resources and Payroll Manager Aleah Binkowski-Burk presented a Donated Leave Policy to bridge paid leave coverage to help employees take care of costs after their Family Medical Leave Act time has been drawn down. The Board commented on a Catastrophic Leave Policy at a former place of employment and to make sure that employees do not abuse the policy. Staff assured the Board that they would track abuse and reassured the Board that the District is small, and abuse would prove to be difficult to hide.

Director Fisher moved to approve the addition of the Vacation Leave and Compensatory Time Donations and Use Policy to the Oak Lodge Water Services' Employee Handbook in substance. The HR Manager, General Manager and Labor Attorney will finalize. Director Williams seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

9. Resolution 18-07: Amendments to Oak Lodge Water Services District Purchasing Rules

District Engineer Jason Rice presented Resolution 18-07 for Board approval, clarifying changes to the current rules would update them to match the State rules. If expenses are over \$50,000 the Board would be brought into the decision. Intermediate procurement would likewise be shifted to \$250,000, also matching State rules.

Director Williams moved to adopt Resolution 18-07 and therefore modify the District's Purchasing Rules to mirror the contracting limits established in state law, allowing the direct appointment of architectural or engineering consultants in an amount up to \$100,000, to adjust the cap for intermediate contracting with A&E Consultants to \$250,000, and direct the District's staff and attorney to prepare a revised version of the rules to reflect this change. Director Fisher seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

10. Technical Services On-Call Contract

District Engineer Jason Rice presented the Technical Services On-Call Contract to prepare OLWS for the upcoming Capital Improvement Plan. He described details of individual applicants. There are five areas covering General and Specific Engineering Services, Environmental Services, Field Services and Public Involvement. He described the process

of writing, receiving and evaluating applicants for the Request for Qualifications. There were three firms selected for each area except for the single applicant to the Public Involvement area. Please refer to the Board Packet for recommendation of specific agencies for each category. He described how this support would help with the changes planned for the Development Tracker. The Board commented in detail on a negative experience with one of the vendors being extremely biased and unprofessional based on who had hired them and recommended that the firm be pulled from the selection pool. Staff heard the comments and respectfully described multiple projects in which the firm proved more than satisfactory in fulfilling the requirements they were hired for. The Board reiterated that the Jennings Lodge community and CPO will be very dismayed if they learn that this firm will work on projects in their area. Further comments included details about the historic trees on the Evangelical Retreat Center property, community roots and lack of storm water mitigation and shared the name of the firm as being AKS Engineering.

Director Williams moved to approve the selection panels' recommendations for On-Call contracts and to authorize the General Manager and/or Designee to sign contracts with selected firms. Director Fisher seconded the motion.

Ayes: 3

Nays: None

Abstain: 1 Due to Negative Comments about the single vendor listed above

Motion carried: 3-0

General Manager Chaplen commented on the significant amount of staff work that went into developing the Procurement Policy, the On-Call Contract, and the rest of this Board Packet and thanked them for getting through successfully. The Board echoed their thanks and appreciated the staff for going above and beyond.

11. Department Reports

- **Finance Report:**

Finance Director Kelly Stacey updated the Board on Accela implementation, sharing that the data base is being cleaned up and that the meter reading program is better than before Accela. There is still a significant amount of work to be accomplished on the fixed assets and inventory modules, which will be finished next year. They are completing the bank reconciliation manually until they can automate the process. The subsidy for Low income is up to 155 out of 9,000, or about 1.7%, after significant numbers have been notified about the program. She has been implementing Accela for the Clackamas River Water Providers and with the North Clackamas County Water Commission, which will take some time. The auditors completed their interim field work and will return in October.

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp highlighted the Operations Report with a focus on the yearly numbers, the new vector truck, and the pervious driveway project at the treatment plant which was completed under budget. The Board elaborated on the best practices around pervious pavement with the ability of certain products that can withstand commercial grade vehicles. He described the meeting of the Clackamas River Water Providers focused on emergency response protocols.

Water consumption is up. The Board asked if any consumption is captured because of the upgraded meter and staff responded perhaps 5%.

- **Plant Operations Report:**

General Manager Chaplen shared that Plant Superintendent David Mendenhall sends his regrets and couldn't be at the meeting. Please find his report in the Board Packet.

- **Technical Services Report:**

District Engineer Jason Rice updated the Board with information from his staff report, including the River Road/Walta Vista Culvert replacement project being on hold officially for now. Boardman Wetland Complex Groundbreaking kicks off Wednesday, June 27 with a ceremony featuring President Gibson in the excavator and local Hawaiian food. President Gibson shared several stories about her history with tractors. North Clackamas Parks and Recreation District is hopeful that their grant application for the nature playground will be recommended for funding, having used President Gibson and Board members from NCUWC in a promotional video for the project.

- **General Manager's Report:**

General Manager Chaplen mentioned three applications for the OLWS Board of Directors vacancy. She is waiting for responses from all three candidates for interviews, which will take place in the beginning of the July Board meeting.

12. Call for Public Comment

There were no comments from the public.

13. Business from the Board

Treasurer Fisher went to the Oak Grove Community Council meeting on May 23 and heard several presentations. There is a new business which will dehydrate vegetables and create a vegetable powder. East Side Village group is from Milwaukie, Oak Grove, Jennings Lodge and Gladstone forming to help people age in place. The group organizes projects including transportation and maintenance support. The land use application review team updated the group on several applications as well as on the I205 Toll project. He heard another presentation from Oregon Department of Transportation on June 9 at Rose Villa about the many studies being done on the various possibilities for the road development. He went to the NCPRD supplemental Budget Committee meeting and found out that Happy Valley's application for separation from the park district was denied by the Oregon Department of Revenue at the State because of mistakes made in the separation process. Namely the whole community had voted to become a part of the parks district but only the Happy Valley City Council had voted to separate out. The State informed Happy Valley of the process of separation having to go through a vote from the Clackamas County Board of Commissioners. Happy Valley was taken off guard because they followed advice from Clackamas County's legal counsel.

Vice President Keil will be attending the C4 Retreat and had no other business to report.

Director Williams told the group about the Crime Prevention Deputy presentation of crime statistics at the Jennings Lodge CPO meeting. He referred the group to the information in the Board Packet. He described proposed changes to the parks district Service Development Charges as presented by Director Fisher. Terry Gibson updated the group on MAPIT activities and encouraged follow up for those interested on participating in selecting the consultant for the Park Avenue project. There was considerable discussion about developing a community preservation award for businesses or individuals who significantly help preserve the historical/cultural identity of the area. The Evangelical Retreat Center property mitigation discussion is wrapping up and proves to be a significant loss for the community with negligible payments and the loss of the structures and trees.

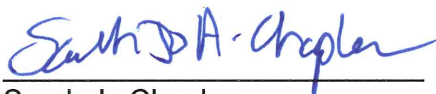
Director Gibson picked up on the Jennings Lodge Community Council efforts around the Evangelical Retreat Center starting 2014 and 114 supporters working to protect the property and trees. The value of the timber in board feet is 5 million dollars and the suggestion was made for that amount to be given back to the community for the loss of the trees. The value pricing was discussed in the C4 meeting and Executive Committee and consensus is that value pricing will increase the amount of traffic on local roads and will impact congestion on other routes. Department of Transportation Development (DTD) is interested in mitigating the challenges of congestion including shifting work hours for employers to disperse travel times for commuters. Transportation funding sources were discussed at C4, points included the lack of Federal match money (maybe 20%) and how will C4 fund local projects. The Consortium meeting contained election of officers with Russ Axelrod as chair and President Gibson again elected to the Executive Committee. The presentation was from the State NOAA meteorologist on water/drought (see presentation in the Board Packet). The expectation is for severe drought across Oregon by late summer. The Clackamas River is expected at 90% of average for April-September. The Consortium will push a strong water conservation message.

General Manager Chaplen announced the NCCWC Board meeting on June 28 and thanked Secretary Keil for representing OLWS as the alternate for what would be a key meeting. She asked to make sure OLWS had coverage for all of Jim Martin's representative responsibilities. President Gibson asked for any last comments. There were none.

14. Adjourn Regular Meeting


President Nancy Gibson adjourned the regular meeting at 8:04 p.m.

Respectfully submitted,



Sarah Jo Chaplen
General Manager

Date: 07/17/18



Nancy Gibson
President, Board of Directors

Date: 7-17-18