

OAK LODGE

WATER SERVICES

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Minutes

Board of Directors – Regular Meeting 6:00 p.m.
April 16, 2019

Board of Directors - Members Present:

Susan Keil, President/Chair
Kevin Williams, Secretary/Vice Chair
Lynn Fisher, Treasurer
Nancy Gibson, Director,

Board of Directors - Members Absent:

Paul Gornick, Director (absent),

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 Present:

Katie Dahlin, Financial Analyst, Cushman & Wakefield
Tom Usher, Executive Director, Cushman & Wakefield
Tommy Brooks, District Attorney, Cable Huston LLP
Dave Phelps, Budget Committee
Eric Hofeld, Sunrise Water Authority
Michael Gradt, Local Resident
Fred Swingle, Budget Committee
Thelma Hagenmiller, Local Resident
Peter Winter, Budget Committee.

Regular Board of Directors Meeting

1. Call to Order and Flag Salute

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

2. Call for Public Comment

There were no comments from the public.

3. Consent Agenda

- a. **March 2019 Financial Reports**
 - i. **Approval of March 2019 Check Run**
- b. **March 19, 2019 Board Meeting Minutes**

Questions included whether we are being more reliant on other fees and charges than on our basic wastewater sales. Finance Director Kelly Stacey responded because of the billing system error in wastewater this year, we will end up about \$70,000 short in wastewater, or about 5% short overall. Another question was why the expenses are high in the general ledger budget to actual under the drinking water vehicle and equipment maintenance. Staff will look at the detailed expenses in this line and report back. Treasurer Fisher commented the rollup of that line item is only at 68% and he places more weight on the rollup than on individual accounts. Kelly stated the importance of individual account reporting under budget law.

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

Ayes: 4

Nays: None

Motion carried: 4-0

4. Clackamas River Summer Conservation Messaging

General Manager Sarah Jo Chaplen introduced Kim Swan, Director of the Clackamas River Water Providers (CRWP), who provided the messaging on seasonal water conservation for our area. Kim works for all cities and districts using the Clackamas River as their water source. She stated the CRWP implements two programs, the Source Water Protection Program and the Public Outreach and Education Program for the members of the CRWP. Her goal is to make sure providers participating in the CRWP use the same water conservation messaging this year. She gave her presentation (see Power Point), focusing on the importance of the fall river water levels. Snowpack is important in meeting early-midsummer flows, while fall rains keep the natural discharge high enough in the fall. Water use in the summer doubles or triples, when the levels are naturally lower. The Board commented on the 650 cubic feet per second being fairly low. Kim showed the water level stressors on salmon, particularly coho and chinook in the early fall. She has been working with water producers/providers on changing their methods and water use to help keep more water in the river whenever possible. After Labor Day, water reduction happens quickly but we are still often missing the fall flow targets.

CRWP is also developing a curtailment calculator tool, which will allow them to specify the exact number of days that curtailment will be necessary in order to keep flow levels within our permit.

She illustrated the new summer conservation messaging for the entire Clackamas River basin, which CRWP will implement through the work of Kim Swan and Christine Hollenbeck, Education and Outreach staff. They want the Clackamas River campaign to support and not conflict with the larger Regional Water Providers Consortium summer messaging campaign. This collateral will be more targeted to people just in the Clackamas Basin – at the members' summer events, farmers markets, in member newsletters and on our websites. They are requesting feedback by their June meeting and will roll out in mid-July.

She detailed the resources featured in the landing page content. This is a longer-term messaging strategy which will be used annually. Comments from the Board included: do not say customers should "hand water" their lawn and/or garden because customers will over water. Instead water clocks and soaker hoses will be helpful for people without irrigation systems.

There is also printed material, including a flier for handing out at festivals, a pledge for people to commit to saving water, and a lawn sign helping to relate the state of the lawn to helping keep water in the river for the health of the fish. The Board was supportive and encouraged the mission of shared resources with the fish. The goal is to provide people with a variety of tools they can use to implement their level of commitment to using less water.

One other comment included concern about paving in place of brown lawns, and Kim responded education about planting perennials can help. Director Gibson emphasized making sure people do not stop irrigating and instead pave over their lawns. Kim circled back to state their goal of providing people with tools for using less water, not stopping watering completely. Eric Hofeld encouraged adding another graph clarifying how the fish will be supported by using less water. The Board invited CRWP to this year's Oak Grove Trolley Trail Festival on August 24th. Kim wrapped up by encouraging any other feedback or reaction from the Board to get back to her by June.

5. Approval of Auditor's Contract

Finance Director Kelly Stacey requested pre-approval of the auditor selected out of the pool of four applicants. There will be a team of Sarah Jo Chaplen, Kelly Stacey, Lynn Fisher and Jeff Voreis reviewing the applications and making a recommendation.

Director Gibson moved to authorize the General Manager to negotiate and execute a contract for professional auditing services, with the contractor selected by the review committee, for an annual amount not to exceed \$40,000 per year. Director Williams seconded the motion.

Ayes: 4

Nays: None

Motion carried: 4-0

President Keil recommended we ask for a non-discrimination statement from all applicants.

6. Department Reports

G.M. Chaplen started off the staff reports by announcing the recent letter sent to all district customers alerting them to the opportunity to sign up for the Backflow Testing Program. The program supports a reduced rate for backflow testing and has alerted some people to the fact they have a device that needs annual testing. There has been a variety of responses to the letter and G.M. Chaplen wanted the Board to know there was increased public awareness about the program. There is more information on the website and Dave Siefert has been responding to each inquiry with tailored staff support. Thelma Haggemiller commented the letter should have had more information about what types of appliances (irrigation, swimming pools, hot tubs, etc.) require a backflow device.

- **Finance Report:**

Finance Director Kelly Stacey provided an overview on her staff report. The District is kicking off implementation of the Lockbox system through Wells Fargo Bank. Customer Service staff is getting organized around the new process as well as customer messaging. She has worked hard to complete the budget this week. There have been a number of low-income program renewals, with a few that have dropped off the program for a variety of reasons. Outreach for

the program continues on an ongoing basis. The Board suggested offering the program to new customers.

- **Field Operations Report:**

Operations Superintendent Todd Knapp presented photos of the collections system from his staff report. He commented on the amount of work needing to be completed to maintain, repair, and replace the collections system. The Board asked about making repairs that are done properly and whether they were completed by contractors. Todd commented the issues have not come up as much recently since we have an inspector on staff to catch faulty work. Contractors TVs and repairs lines and our inspector reviews and certifies the work.

He mentioned recently there was significant damage to one of the City of Gladstone's water pipes that OLWS staff helped to repair. City of Gladstone's Public Works Director Jim Whynot appreciated the support OLWS staff offered in the situation.

Water use is up slightly over the 10-year average. TVing slowed as the TV van needed some updates and repairs. The Water Meter Replacement Program is on hold for the season while they complete other seasonally prioritized projects. This break helped keep down the costs of the contract. The project has been moving along very quickly.

The Oregon Health Authority surveyed our water system and based on their findings OLWS staff scaled the water tanks and repaired the screens on the vents of the water tanks. Pictures of the project will be in the next Board Packet.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall presented his board report, stating the low rainfall in March made the groundwater infiltration unseasonably low towards the end of the month. April showers brought the inflow and infiltration back up within the Water Reclamation Facility's flow. The plant process is in very good shape.

OLWS hauled a lot of biosolids last month even though transportation in the Gorge was slow due to bad weather. He described the work they are doing to get ready to take the aerobic digesters off line for repair and maintenance. The new Flygt pumps should arrive in June. It is time to repair the grit classifier, which flags the entire portion of the grit system for repair. During the time the grit classifier is offline the waste stream will bypass the classifier and go directly into the aeration basin. The Board commented the treatment plant is no longer brand new and supported the maintenance needed to keep it up.

David mentioned that maintenance staff worked on a slide gate which will be used to isolate the UV channel in order to repair and maintain the UV system. He highlighted the plant operators will be trying out a system to keep scum from going backwards into the system.

- **Technical Services Report:**

G.M. Chaplen mentioned District Engineer Jason Rice is heading to a conference and presented his staff report. He will be calling in for the second half of the meeting. She

highlighted the Emergency Water Distribution Exercise on Saturday, April 13th, stating there were 72 cars and several walk-throughs in attendance of the event. There were volunteers from Oak Lodge Community Emergency Response Team (OL CERT), Milwaukie CERT, and Gladstone CERT, all of whom were very pleased with the exercise even though the weather was a challenge. The Board was pleased with the packet of emergency preparedness materials and supportive of the exercise for the sake of supporting the CERT volunteers in their practice of the emergency response process. Treasurer Fisher requested names be added to any photos that are added to reports. President Keil asked what "permit expires" means in the development tracker. G.M. Chaplen responded the developer is required to resubmit the permit application because the length of time required to complete the project exceeded the time allowed within the permit. She will confirm with Jason and staff Markus Mead and get back to the Board.

7. Call for Public Comment

There were no comments from the public.

8. Business from the Board

Treasurer Fisher reported he missed the Clackamas River Water meeting. He attended the Oak Grove Community Council meeting and reported on a presentation by a local arts and culture group about what they are doing for residents at Rose Villa. Mike Bezner, Clackamas County Assistant Director of Transportation presented information on the Vehicle Registration Fee and talked briefly about the Oak Grove Lake Oswego pedestrian-bike bridge feasibility study. The project is moving slowly, and they are putting together a task force for the work. OLCERT announced the April 13th Emergency Water Distribution Exercise, and some land use issues were considered.

District Engineer Jason Rice called into the meeting so that he could participate in Item #9.

Secretary Williams attended the Jennings Lodge CPO meeting this month. He shared comments from Representative Mark Meeks who focused on the issue of affordable housing in Oregon. There is a house bill focused on adding density to existing homes and lots. There was a problem statement in the bill suggesting utilities will not face added pressures with the addition of more users, but Secretary Williams was not able to challenge the statement. He contacted our Senator Alan Olson to comment on the implications to utilities of the bill, with the waiver of System Development Charges. Director Gibson commented on the underlying issue of wage stagnation and underlying wage inequality. Happy Valley introduced a house bill 3099 to waive the requirement of local cities to go through local Boundary Commissions in order to go through a succession. The bill would only require the vote of the City Council. Thelma Hagenmiller provided a detailed update on testimony about the bill to the Agricultural Committee, summarizing there were two thirds more comments against the bill as for it.

Director Gibson missed the C4 meeting this month. She commented on a house bill that would waive the licensing requirements for contractors installing irrigation systems. G.M Chaplen

inserted OLWS submitted a letter against the bill, but unfortunately the bill has wide support and may pass. She will attend C4 in May.

Secretary Keil commented to the group on the legislative updates from the Chamber of Commerce and shared that she passes on the information she gets from them as well as from the Special Districts' Association of Oregon (SDAO). She had no further business to share.

Director Gornick was not in attendance.

There was no further Board business.

9. Consolidation Facilities Project Update

G.M. Chaplen welcomed two guests from Cushman & Wakefield, who are supporting OLWS on the facilities consolidation project. Katie Dahlin, Financial Analyst, and Tom Usher, Executive Director for Cushman & Wakefield – Portland, have been assisting the District with real estate issues. The Facilities' sub-committee consists of LRS Architects, Secretary Williams, Treasurer Fisher, G.M. Chaplen and Jason Rice. The team has kept all options on the table to examine needs and costs. The consultants come at this project with a lot of experience and they are presenting at this meeting in order to help the District clarify the criteria for making any final decisions between different scenarios for the facilities consolidation project. G.M. Chaplen turned the meeting over to Katie Dahlin, who provided an update on the real estate advisory project. As part of the project their team will provide a scope review of their task, a scenario overview with a deeper dive into the work, they will go through their criteria discussion, and then they will show an example of how to use the criteria to make tangible recommendations about the choices up for consideration.

She referred to the "OLWSD Draft Criteria Matrix" in the Board Packet in her presentation. Options include staying in place with or without an expansion, relocation scenarios that may include a lease or a buy situation, either of which would allow for a retrofit of another building or require a build-to-suit scenario. These options are part of a standard approach to considering a facility change. For the Criteria discussion the limitations are fixed within the options, for example the facilities must be within the Geography of the District and must be financially feasible, prudent, and provide the best value for the best cost. Criteria can be added along the way.

President Keil commented on a hurdle left over from the feasibility study, which said the new District could be combined into the former water district building. Ratepayers who were paying attention to this proposal have held to this option and will need an explanation for why we are not going this route. G.M. Chaplen added under her leadership the District is exploring the issue more fully, reviewing new information that might have been left out of the original proposal, and looking at longer term solutions. Treasurer Fisher commented the new information changed the scenario, including the extension of the time horizon to a product which will last 50 years into the future. Katie responded this exercise will provide the District with a tool for comparing all

options in a fair and balanced way, and the District will be able to share the findings of the tool transparently with the public.

President Keil emphasized some of the public will be expecting to be able to use an existing building at a much lower cost and needs to be notified of the coming changes to the originally proposed plan. Tom Usher commented the work with LRS will be helpful in this process.

Katie presented the criteria (see Draft Criteria Matrix). Comments included the importance of providing large enough community meeting space in our District. Criteria headers included: Geography, Functional Workspace, Emergency Access, Mission Critical, Risk, Access, Financial, Building Criteria and Design. She provided a sample scorecard showing comparisons and a ranked final score. There was conversation about emergency response with regards to the importance of the location and the site requirements. The limited industrial property also came up. G.M. Chaplen mentioned adjustments and comments on the criteria can be made after the meeting. Tom reiterated the top options will hopefully mesh with the best financial choices. Secretary Fisher commented on the overly optimistic projection in the FCS Study, based on potential changes fifty years from now, changes which will likely include staff growth. G.M. Chaplen mentioned how the master plans will also affect future needs. There was a brief public discussion about cross laminated timbers (CLT) construction and their feasibility for seismic issues. Another comment that Lake Oswego's public works building is a gold standard and was also designed by LRS Architects.

10. Recess Regular Board Meeting to Executive Session

President Keil recessed the regular Board meeting at 8:04 p.m. and declared a 5-minute recess.

11. Convene Executive Session

President Keil convened the Board at 8:07 p.m. for an Executive Session under ORS 196.660(2)(e) to deliberate with persons designated by the governing body to negotiate real property transactions, ORS 192.660(2)(f) to consider information or records that are exempt by law from public inspection and ORS 192.660(2)(h) for consultation with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

The Board reviewed a memo from the District's attorney regarding the continued use of the Administration Building and other properties in the District's boundaries. The Board then discussed the negotiation and acquisition of a nearby property.

12. Recess Executive Session

President Keil closed the Executive Session at 9:22 p.m.

13. Reconvene Public Meeting

President Keil reconvened the Regular Board Meeting at 9:23 p.m. There were no members of the public present.

The Board took action in the following motion.

Treasurer Fisher moved to authorize the General Manager to purchase the lot to the Northeast of the administration building at auction, not to exceed twice the General Manager's purchasing authority, and after consultation with the Cushman & Wakefield to determine what the reasonable price should be. Director Gibson seconded the motion.

Ayes: 4

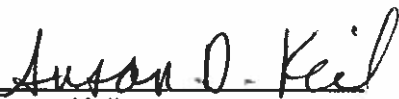
Nays: None

Motion carried: 4-0

14. Adjourn Regular Board Meeting

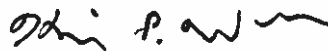
President Keil adjourned the regular Board meeting at 9:25 p.m.

Respectfully submitted,



Susan Keil
President, Board of Directors

Date: 5-21-19



Kevin Williams
Secretary, Board of Directors

Date: 05-21-19