

# OAK LODGE

WATER SERVICES

## OAK LODGE WATER SERVICES

### Minutes

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

October 16, 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,

#### Visitors Present:

Rob Moody, Plan B Consulting  
Jan Bunte, Local Resident  
Dave Phelps, Budget Committee  
Eric Hofeld, Sunrise Water Authority.

## **Regular Board of Directors Meeting**

### **1. Call to Order and Flag Salute**

Board President Nancy Gibson called the regular meeting to order at 6:00 p.m. and Director Paul Gornick led the pledge of allegiance.

### **2. Call for Public Comment**

There were no comments from the public.

### **3. Consent Agenda**

- a. **September 2018 Financial Reports**
  - i. **Approval of September 2018 Check Run**
- b. **September 18, 2018 Board Meeting Minutes**

There were questions or comments.

**Vice President Keil moved to approve the consent agenda as presented. Director Williams seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

#### **4. Consolidation Cost Savings Report**

Finance Director Kelly Stacey presented the report to the Board and the Board complimented her on the fine quality of the work as presented. General Manager Sarah Jo Chaplen thanked Treasurer Fisher for helping to review the draft and credited Kelly for the report. She stated there was \$711,000 in ongoing savings due to the consolidation. Full savings should be realized by fiscal year 2019/2020. This does not count non-monetary savings and efficiencies due to merged/shared staff (cross-trainings, internal work, backup coverage, etc.).

President Gibson provided a brief background on the consolidation history and process, and that about \$425,000 was the annual projected savings for a consolidation. During public focus groups a common thread was to apply any savings to investments in infrastructure.

Kelly requested the Board accept the Report so that District staff can begin sharing the information with the public on the website and in our upcoming newsletter. Vice President Keil suggested notifying the Portland Tribune and the Clackamas Review of this news. Both she and President Gibson volunteered to speak with reporters if needed.

**Director Williams moved to approve the Consolidation Cost Savings Report so that it may be published to our website and saved as an official report of the savings related to the consolidation. Director Gornick seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

#### **5. Commercial Real Estate Broker / Agent of Record Contract**

General Manager Chaplen updated the Board on the applications for this contract – there was only one applicant. Cushman and Wakefield, Inc has extensive experience with headquarters and working with the public sector. She is requesting permission to sign the contract at the end of the week because the compensation for the contract will likely be over \$50,000.

**Vice President Keil moved to authorize our General Manager to negotiate a final contract for Commercial Real Estate Broker/ Agent of Record services from 2018-2022 with Cushman & Wakefield, subject to final review by the District's attorney. Director Gornick seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

## **6. Adoption of Finance Policies**

Finance Director Kelly Stacey presented seven updated finance policies to the Board for adoption. These include the: Budget Policy, Debt Policy, Fund Balance Reserve Policy, Investment Policy, Low Income Rate Relief Policy, Revenue Policy, Surplus Property Disposal Policy and Surplus Request Form. All have been reviewed at previous meetings. The Low-Income Rate Relief Policy was updated with the change to review applications once per year and this will have to be clarified and changed in the Rules and Regulations. Because the intent of the policy is the same as that of the Rules and Regulations, the change will be able to be addressed in the next few months. The Board asked what issue needed to be reviewed with labor attorney Chris Duckworth. Kelly responded the Surplus Property Disposal Policy was not a change in how the employees are currently disposing of property. G.M. Chaplen stated in the union contract there is a section allowing for union review of policies which might have consequences to employees. Employees could face consequences for inappropriate disposal of property, so Chris Duckworth reviewed this policy. The Board asked whether through the former Sanitary District's ability for elderly customers (as part of a state tax deferral program) to deferral sewer bills until the property changed hands, at which point the taxes be paid out of the value of the home. The response was now the District can shut off water for lack of payment. Also, if there are any outstanding taxes left from certified amounts the District will receive a percentage of these charges from Clackamas County. The Board asked if OLWS sewer only customers are still able to certify their bill and lawyer Tommy Brooks responded yes, the District still has this authority for sewer only customers. OLWS no longer has the ability or authority to certify customers who are water/sewer combined. Staff added customers who no longer certify avoid late fees and certification charges as well as potentially quality for the 50% rate reduction based on low income approval. Staff brought up partnership possibilities related to the Gladstone IGA and the group agreed to revisit this question later. The Board asked about how many customers face water shut off each month and staff responded about 20 customers were shut off with most turned back on through payment in full by the end of the day. Staff added OLWS provides an electronic lien docket to title companies when properties sell, and bills are paid in full as part of the exchange of title.

**Director Gornick moved to approve the attached financial policies after final approval from the Union. The Finance Director, General Manager and Attorney will finalize. Director Williams seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

Audience member Eric Hofeld asked how the funds in the three reserve policies will be built and maintained. Kelly responded they would be built over time and assessed as part of the master plans, forecasts, development of rates and budgeting processes in the future.

## **7. Initial Human Resource Policies Workshop**

Human Resources and Payroll Manager Aleah Binkowski-Burk presented the Ethics and Cyber Security Policies as part of the Employee Handbook. The Ethics Policy was combined and made more robust for the District, and the Cyber Security Policy has been updated and includes all forms of technology used by employees. The Board commented on use of the word "they" versus "employees" and requested "they" be more specific. In addition, the policy had use of the word "city" employees which needed changing. The Board asked about the intent of the Professional Development section which reads, "District staff and officials shall be responsible for maintaining their own competence and

enhancing the competence of their colleagues.” Staff pointed out the importance of having employees maintain their professional certifications and the District will support this training. General Manager Chaplen added the importance of the employee returning to the District and adding any knowledge gained to professionalizing the organization. The Board asked for more clarity in this section. Another Board comment pointed out language relevant to this area in the Union Contract, which staff could refer to. The Board commented on adding the language that not only employees but also that family members should not benefit from gifts or other items of worth over \$50 (total per family) and provided suggestions. The Board asked and received clarification about disclosure for managers and employees. The Board asked about the conflict of interest specification and whether it covers the fact that they cannot use public resources or property for personal or political gain. Staff responded they will confirm the Conflict of Interest form includes this and added the form should be signed annually. The Budget Committee members, as Key District Officials, should also sign an annual Conflict of Interest form.

The Board asked about who the District's Information Technologies representative is; staff answered the software consultant we work with is Convergence and internal staff managing the processes is Gary Floyd. In addition, management of specific devices and hardware assigned to employees is Aleah Binkowski-Burk. The Board commented on a typo on page one, “presumption of the District”, and asked about coverage of inappropriate vehicle use in the District and whether we have enough clarity about inappropriate use of District property (computers, resources, etc.). Company vehicles are only taken home when employees are on call and personal use of company vehicles is generally not allowed. Moving of equipment is also not allowed, nor is use of personal computer technology allowed without prior approval and authorization.

No action required at this time. Comments made here will be added to the policies, which will then be shared with the Union Representative. A final version will be brought back to the Board for approval in November.

#### **8. Initial Amendments to Oak Lodge Water Services District Purchasing Rules Workshop**

General Manager Chaplen presented the procurement policy. The goal for the policy was to keep to the state rules while still honoring the needs of the District processes. The policy should reflect a user-friendly document that respects staff needs and state rules. The suggestion for a visual chart was made. Conversation included a reflection of the historical needs of the water and sewer districts.

Board asked for clarification about when the District is suggesting being less restrictive than state rules. Legal counsel Tommy Brooks responded the state rules are very clear in certain cases, and in other areas the state requires districts to put processes in place that respect outlined requirements. G.M Chaplen requested processes that respect the District's preservation of options within the legal guidelines that the state requires. Question about the procurement process versus purchasing authority and the goal for the District's policy. Legal counsel pulled out the spending authority are from the procurement rules and the purchasing authority will be assigned separately. Under this policy, the General Manager role will be assigned signing authority up to \$50,000 and then the General Manager would assign lower signing limits to the managers.

The Board asked whether there was a conflict reflected between the flexible direct appointment up to \$100,000 and then it states the Board will approve direct appointment

greater than \$50,000. General Manager Sarah Jo Chaplen clarified that she would have to ask the Board for approval when a direct appointment contract is between \$50,000-100,000. Over \$100,000 would have to be a competitive process, and under \$50,000 would be under the G.M.'s purview.

The Board asked about page 10, Part G and if the lowest bid on a job is from an employee's family/business. Conversation about ethics and Board oversight for approvals. The Board suggested that even outside of an emergency the transparency of the process is the most important part and making sure the Board approved of the process. Suggestion to delete the word "prohibited" from the title of Part G and leaving the suggested rules in place.

The Board commented on Part IV. Preferences as being provincial. The District's Lawyer responded that within Part IV sections A and B are mandatory based on state rules, section C could come out, but the General Manager would prefer to preserve organizational options. No changes will be made in this section.

The Board asked for a definition of "minority." Rob Moody from Plan B Consulting responded it is defined in state statutes and that minority consultants must be certified under state statute. There was a suggestion to change #1 to "The District shall" instead of "may". The District Lawyer suggested we follow the state's rules on this item because the rules are updated frequently. No changes on this item were proposed.

The Board asked about purchasing cards for employees, and staff responded that we did not have credit or p-cards at this time, and that a finance policy would be forthcoming. Overall, the Board was supportive of putting in a program including the rules, p-cards, staff training program, and oversight into place. There was a short conversation about which employees should have cards, and that some would not need them.

The Board asked whether on page 21 the Professional Services dollar amount limits include the original amount and the District Lawyer responded yes, it would include the original amount and go up to the overall amount stated.

The Board asked about evaluating proposals and whether there was a requirement to bring in outside evaluators. The Board suggested using Board members to be brought in at times, when they have an area of expertise to offer.

On page 21 VIII there was a suggestion to add the word "total" before "estimated fees" for clarification.

No further comments. No action required at this time. The final draft will be shared with the Union for review.

#### **9. Resolution No. 18-11: Closure of Oak Lodge Water Services Flex Spending Account at Clackamas County Federal Credit Union.**

Finance Director Kelly Stacy pointed out that Resolution 18-11 is the correct document to move forward with and that we only need that one approved. The Board asked why we are putting the money into the new account and staff responded that it will be a reimbursement for another account that was already created with the same amount of funds.

**Secretary Keil moved to approve Resolution No. 18-11 authorizing Kelly Stacey, the Finance Director, to close the Clackamas Federal Credit Union and promptly deposit the funds into the OLWS Wells Fargo Checking account. Director Gornick seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

## **10. Department Reports**

- **Finance Report:**

Finance Director Kelly Stacey shared they are getting ready for the audit next week. The audit preparation will help with clean up in Accela, which will help with next year's finances. The Accela Water Commission change over will be complete very soon. The temporary staff Matt Parla will remain hired to work on clean up from the conversion and not having him to regular administrative work, but to stay focused on special one-time projects. His time has been extended through the end of December. The consultant from Plan B has completed interviews and will be putting together a report to share results with the Board soon. Kelly will be on vacation in early November and then will begin budget conversations with managers upon her return. General Manager Chaplen brought up the need for two new Budget Committee members and how to proceed with appointing members by January. The Board mentioned making sure to advertise and be transparent, along with using liaisons to local organizations need to push the opportunity and inviting possibilities directly. The application will be on the main page of the website so that people can be easily directed to the application.

The Board asked whether, for a period, a second look could be given to all red tags before they go out to avoid mistakes. The staff agreed. The Board asked if we could check to make sure any duplicate accounts are merged and cleaned up. The staff mentioned this is one of the projects that the temporary staff would be doing. The Board requested staff check Oregon unclaimed funds on the District's behalf, and staff replied we had checked for both the former Sanitary and Water Districts.

- **Field Operations Report:**

Field Operations Superintendent Todd Knapp referred to his staff report, highlighting that he had learned a lot at the recent Lucity conference, which is the District's asset management program. The Board asked about the asset management module in Accela and would we be using it. General Manager Chaplen commented on the Lucity program being more likely to work for the water assets as well as the sewer information, as opposed to using Accela. The Board recommended keeping in mind the overall costs of the programs as well as the usability, and the staff agreed.

Other highlights included lower than average water use for September and not hitting the goals for cleaning and t.v.'ing because of hunting season.

- **Plant Operations Report:**

Plant Superintendent David Mendenhall shared how busy September was. Operations staff have been making process changes with good results and are learning the ranges they want to stay within during the rainy season. The senior operators have been training the newly hired staff. There was one exceedance of the permit limit for bacteria, triggering a testing process through DEQ. After the follow up tests, staff believe the bacteria overage was avian (geese), and retest has reflected results within the permit limits. David went over other items in his staff report, including that the rebuilt pumps will come back this week. He also shared a noise complaint from a neighbor near pump station #2. Staff installed noise reduction matting, but the neighbor still has the complaint. He mentioned when the backup generator runs it might make a different sound, but hopefully this recent fix will help.

- **Technical Services Report:**

District Engineer Jason Rice updated the Board that Libby from Barney and Worth will be writing the plan for communicating with the public on the stormwater master plan, and the Board will receive a staff report at the November meeting. Chapters of the water master plan are being reviewed as well as the first draft of the project list. The water meter replacement program (meter installation) will be put out to bid this week. The Boardman Wetland Complex is well underway with the contractors getting through as much work as possible before the rainy season gets underway. The Board asked if OLWS received an extension on the in-water work window, staff responded no but we have been in conversation with Department of State Lands. They have not heard back from US Corps of Engineers. Initial conversations are underway on other projects. The Board asked whether we had any money from the North Clackamas Parks and Recreation District and staff responded no, but the first check from Metro came in and we are due to request another reimbursement from Metro. In addition, we will be transferring title of the properties to the parks district, along with getting a sewer easement on the property.

## **11. Call for Public Comment**

There were no comments from the public.

## **12. Business from the Board**

Director Williams reported that the Jennings Lodge CPO meeting with the preservation and renovation award for businesses that go above and beyond to make the area fit in historically. Reviewed a land use application to remodel a basement to a Bed and Breakfast at 4184 SE Hillside Dr. The only concern was to make sure there was off street parking for guests and owners, which they agreed to. Discussion to confirm the CPO's priorities for the Map It team to use as a guideline with Clackamas County. There was clarification of the discussion about what the table groups meant so that Karen could take the points forward. Another item discussed was how to acquire parks lands in Jennings Lodge neighborhood and possibly using the recreation area behind Jennings Lodge, considering Boardman Wetlands as a park, and possibly turning the play grounds behind New Urban High School as a park. Director Williams was asked to present information about the Stormwater focused special Board meeting at their next meeting. His plan is to generally share what was discussed between the Board, staff, and community. He

confirmed that there was no tree overlay proposed for the District and the rest of the Board confirmed there was not a special focus on trees proposed.

Director Paul Gornick attended the September 26<sup>th</sup> Board meeting of the Sunrise Water Authority. The new commissioner Wayne Barstow was sworn in. They passed the second reading of the Ordinance to reconstitute the North Clackamas County Water Commission, and Wade Hathorn would file it with the Oregon Secretary of State's office. They discussed a deal from the Special District's Association of Oregon for a 2% property insurance discount if the following conditions are met: the District needs a preventative maintenance policy and then apply to SDAO and fulfill their checklist and then receive the credit. He asked if this was something OLWS was aware of. General Manager Chaplen brought up that Aleah is working to complete our checklist. Aleah mentioned that we have two more items to complete before being eligible for 10% reduction, including a robust asset maintenance program holding the space for a separate preventative maintenance policy. The Board approved the financial statements and agreed to look back over customer accounts 24 months for overbilling and 12 months back for underbilling, as well as the possibility of an even greater look back in case of intentional tampering with a meter or diversion of water. The proposed changes will be reviewed at the next meeting. There was also discussion of a customer satisfaction survey and Director Gornick asked if OLWS has done one? General Manager Chaplen responded we have not done a web-survey. Director Fisher pointed out that OLSD did one for the Sewer District, which included \$25 incentives for respondents. Director Gibson noted that she worked to get Board approval for a Water District survey but lacked the support to do one. There was discussion that the challenge for customer surveys was to make sure there were enough responses to have them be statistically viable. There was discussion of lacking the proper performance bond form for Happy Valley's reservoir project, although the money to back the bond was in the correct checking account. Happy Valley also did not meet peak demand for water as in years past, their hypothesis was that new development had smaller lot sizes which required less water. Finally, they are still short one commissioner on the Board, with applications due Oct. 15<sup>th</sup>.

Treasurer Fisher attended his first Clackamas River Water Board meeting, which starts with Business from the Board in a "work session", and then they go into a regular meeting. The agenda included approval of a professional services agreement for on call engineering services and clarifying whether Board policy for gifts should be \$50 per person or \$50 per person which includes family. They discussed the success of the Clackamas River watershed tour and then entered Executive Session, ending the bulk of the regular meeting. He also attended the Oak Grove Community Council meeting and reviewed the presentation by local business, Portland Posy, with the urban garden located on the north side of Naef. The owner has limited stock available at the new coffee shop in Downtown Oak Grove. They also hear from Dana Lynn Lewis, founder and creator of Gather Make Shelter. This collaborative is a new citywide engagement model for people who are homeless along with people who are more fortunate. They manufacture and sell bowls created by participants. There were several applications for review during the Land Use Application Review Team, including the one to subdivide the lot across from OLWS administration building (with possible use for parking).



President Gibson attended Regional Water Providers Consortium quarterly Board meeting. They concluded the update to the strategic plan, allowing staff to develop their workplans and budget. Bonnie Cushman gave a wonderful presentation on the media, media market coverage and public engagement across all channels. Consensus for rates would be to slight or slightly greater increase dues to continue providing the same or greater service level. This year's push has been to translate all material into Spanish and also post to Hispanic television and radio channels through increased Spanish language programming. She attended C4 and heard from Maria Pope, president and CEO of PGE, presented on their renewables program and making sure the grid was fully loaded in a consistent fashion. Wind power was challenging to store, but they had recently switched to lithium ion batteries to improve storage consistency. Connection to Timothy Lake, partnerships, and the importance of resiliency was also brought up with regards to emergency generation. PGE has their emergency headquarters in Clackamas County. She encouraged the Board to review her power point for details on renewables and sustainability. There was also a presentation on equity and diversity by Emmet Wheatfall. She was not able to attend the Executive Committee meeting due to traffic. The public asked about lithium ion batteries, e-waste and production, the Board responded that at a minimum the batteries should last 12 years, which is how long it takes most electronics (cell phones) to become carbon neutral.

There was no further Board business.

### **13. Closed Regular Meeting**

President Gibson ended the regular meeting at 8:33 p.m. to move into executive session.

### **14. Recess to Executive Session**

President Gibson recessed the Board to Executive Session at 8:38 p.m. under ORS 192.660 2(h) for consultation with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed.

The District's legal counsel informed the Board of a new lawsuit filed against the District relating to fees for new sanitary connections. The District's legal counsel provided an overview of the litigation process and a description of the claims presented in the lawsuit. Board members asked various questions regarding the process and the claims.

### **15. Adjourn Executive Session Meeting**

President Gibson adjourned the executive session at 9:36 p.m.

**Director Gornick moved that the Board authorize the General Manager and District's Attorney to negotiate a settlement of litigation regarding the fees charged in the City of Gladstone consistent with the guidance discussed in Executive Session. Secretary Keil seconded the motion.**

**Ayes: 5**

**Nays: None**

**Motion carried: 5-0**

### **16. Adjourn Regular Board Meeting**

President Nancy Gibson adjourned the regular Board meeting at 9:38 p.m.

Respectfully submitted,



Nancy Gibson  
President, Board of Directors

Date: 11-20-2018



Susan Keil  
Secretary, Board of Directors

Date: 11-20-18