

SOUTH FORK WATER BOARD  
MINUTES OF BOARD MEETING  
**February 24, 2016**

Board Members Present: Russ Axelrod, West Linn Mayor, Chair  
Dan Holladay, Oregon City Mayor, Vice Chair  
Brian Shaw, Oregon City Commissioner  
Thomas Frank, West Linn Councilor

Board Members Excused: Jenni Tan, West Linn Councilor  
Rocky Smith, Oregon City Commissioner

Staff Present: John Collins, SFWB General Manager  
Wyatt Parno, OC/SFWB Finance Director  
Mark Cage, Senior Plant Operator, SFWB  
Kim Brown, Technical Writer, SFWB

Others Present: Alice Richmond, West Linn Resident  
Ernie Platt, Sunrise Water Authority  
Bob Martin, West Linn Councilor

**General Board Meeting**

(1) **Call to Order**

**Chair Axelrod** called the meeting of the South Fork Water Board to order at 6:08 pm.

(2) **Roll Call**

(3) **Public Comments**

There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the January 27, 2016 Board Meeting.

**Board Member Frank moved to approve the Consent Agenda. Vice Chair Holladay seconded the motion, which passed unanimously.**

(5) **Budget Adjustments for SFWB 2015-2017 Biennial Budget**

**Wyatt Parno, OC/SFWB Finance Director**, stated the Board was being asked to approve the adjustments listed on the Budget Adjustment Summary spreadsheet included in the meeting packet. Although South Fork was exempt from Oregon Budget Law because SFWB did not collect property taxes for the entity, South Fork still followed those budget law procedures to ensure the budget was credible, consistent, and efficient, and to maintain South Fork's bond rating. High water usage last year and the programmed rate increase resulted in \$400,000 in additional revenue than was anticipated, which would easily fund the proposed adjustments in the current year. He reviewed the three requested adjustments related to the new maintenance position, emergency repair of the waterline near the Anchor Way Bridge,

and the purchase of two replacement cells for the hypochlorite generation system, one of which would be kept as a backup for future replacement.

**Board Member Frank** confirmed that with the proposed adjustments, the remaining General Fund balance would be about \$200,000 given the overall surplus from last year.

**Vice Chair Holladay** moved to approve **Resolution 16-01 to provide supplemental funds to adjust the budget. The motion was seconded by Board Member Frank and passed unanimously.**

(6) **Review of SFWB Annual Financial Report for Fiscal Year Ending June 30, 2015**

**Wyatt Parno, OC/SFWB Finance Director**, distributed the SFWB Annual Financial Report for the fiscal year ending June 2015, which had been provided to the Board earlier. He briefly overviewed his professional background, adding that he had worked with Mr. Collins over the last few years and that Mr. Collins was very careful with the funds the Cities had entrusted to South Fork. He highlighted the findings on Page 2 of the memorandum from Merina and Company, the independent firm contracted to perform the annual audit, and noted the SFWB Staff was doing a good job. He also reviewed key components of the Financial Report, noting the controls and financial statements looked good and SFWB was in compliance with the budget laws in Oregon. He described how GASB 68 and 71 impacted how retirement benefits and liabilities were to be calculated in the future and reflected on the face of each jurisdiction's Balance Sheet, which resulted in the \$524,242 adjustment on Page 6. Although the Net Pension Asset of \$282,959 on Page 8 softened the blow, he expected that to be a liability next year because the Oregon Supreme Court overturned some legislative changes made to PERS. The pension estimate would be the percentage calculated on the current payroll and SFWB would have to come up with those dollars, which would lead to further discussion in the next year or so. The calculation could be an asset or a liability, depending on the future looking estimates, but it would most likely be a liability. While these projections were something to be aware of, the funds would be paid out in 20 years. He clarified that the Interest Income on Page 6 was earned on SFWB's cash balance and was not as high as they would like because rates were so low.

**Mr. Collins** confirmed he received an email from Councilor Tann saying the financial report looked very satisfactory to her, adding no formal action was required by the Board.

**Mr. Parno** reminded that South Fork's financial position had improved by \$400,000 from the prior year and that SFWB had only two more years of debt service payments. Mr. Collins and the Board made a decision many years earlier to pay off relatively expensive debt early, enabling South Fork to save all the costs of a bond issuance and get a great rate. Since then, all excess funding not paid into debt was being put into reserves for future capital expenditures, which was another reason for South Fork's healthy net balance.

**Mr. Collins** noted the next two capital projects would be paid with cash and not require bonding.

(7) **Business from the Manager**

- 1) Update on SCADA communication issues

**John Collins, General Manager**, described the recent issues being experienced with South Fork's SCADA system, which was almost 20 years old. Since early January, the system was operating sporadically and would crash South Fork's computer systems due to the number of errors. The contractor of record, Taurus Power and Controls, provided several options and suggested SFWB consider cellular communications, possibly using the internet, to have direct communication. Because the system had been working for 20 years and would be expensive to change, Taurus agreed to his request to see what could be done to make the radio work or whether the system could be upgraded. A different antenna system was installed and the radio moved higher up the tower, but the signal strength was not sufficient enough. Additionally, the man in charge of AT&T's cell phone towers agreed to do a drop test early next week that involved AT&T taking their system offline at the Rosemount Tower and monitoring the radios to see if any signal gain resulted. AT&T promised to assist in any way possible with this problem.

**Mr. Collins** addressed clarifying questions and several additional suggestions from the Board about how to address the SCADA communication issues with these comments:

- At this point, there had only been a visual inspection of the dish or antennae, but a physical inspection would be done. AT&T had noted that the time frame for addressing South Fork's system issues dovetailed with AT&T's testing of the online part of the system as well. He confirmed AT&T would assist with troubleshooting any potential issues with its equipment and systems.
- South Fork could certainly have a fiber optic system by the time the City of Oregon City installed fiber optic for its public network. Although there was dark fiber at City Hall in West Linn, which was not that far away from the tower, South Fork would still need to get the signals; the radio would have to be unimpeded to receive the signals to send them via the dark fiber. South Fork could not just have a link on the dark fiber network because the tower was the repeater. South Fork would not be in a good place if the tower was lost.
- It was possible to have a translator off SFWB's systems in the various places that would go directly to fiber and the internet, but that was also expensive, so he would continue pursuing the current option a bit further.
- One task identified in the SFWB Master Plan Update called for an upgrade to the entire system, which included a recommendation for redundancy. In the past 20 years, there had only been a handful of issues with the system, but redundancy was being considered.
  - No computer ran the SFWB facilities; the computer was directed manually by Staff who were paid to be present and responsible. While the plant was automated to some extent, it also required a human interface to make it work. A system with no door could not be hacked. The Board had always recognized the value of having an individual at the plant to monitor and interact with South Fork's systems.
  - Staff could tell the pumps/drives at the intake and Division Street pump station how to operate by manually punching in the numbers to give the command, which was normally transmitted to the pump by encrypted radio via the tower. If the tower was lost, such commands would have to be done manually. Currently, Staff was manually turning on and off the pumps and motors. While inconvenient for Staff, it could be done. Fortunately, South Fork was currently in the low production cycle, but the communication issues would be very problematic for Staff during the high demand season.
- He was confident the problem was tied to the retrofit of the tower, because significant changes were made to the tower. There could be some substantial additional costs in the future, but Staff was currently working to find a solution to repair it. Portland Engineering provided an estimate to do a study to see if the existing system could still be used.

- Another complication that occurred when the SCADA system was installed in 1996 was that the servers operated opposite from how a normal system would work.
- He had been working with Conley Engineering to get the interface and the company offered to review the system when in town in a couple weeks and provide their thoughts. Additionally, CH2M, which has 35 programmers in its SCADA division, would also do a revision of the SCADA system because it was a task order in the Master Plan, so the South Fork had the resources to do it.
- Reprogramming the SCADA system, adding a redundant cell and internet connections, and covering all the upgrades would cost \$70,000 to \$150,000, which was addressed in the Capital Improvement Plan. A portion would also be paid by SDCs, so the project was not anything that had not been prepared for in planning. South Fork was simply reevaluating its capital plan and doing the project earlier than expected.

2) South Fork transmission pipeline

**John Collins, General Manager**, stated Icon Construction was proposing to build 8 to 9 homes on the Parker property across the street from the SFWB plant. He indicated how South Fork's effluent transmission main, which fed 95 percent of Oregon City and West Linn, ran through the Parker property. Geotechs from the City of Oregon City and CH2M found two areas along the water main where the trees were bowed and there was earth movement, so the pipe, which was installed in 1957 was now in a hazard zone. In 2002, a new 42-inch line was installed from the plant to the Hunter Ave. pump station. He noted where an additional 800-ft of 42-in pipe could be tied into the existing line, providing the geotech work was good, which would result in a redundant feed. Another advantage was that the engineers estimated about 2 psi greater pressure at the suction side of Division St, which could result in a 5 percent decrease in electricity usage since the pumps would not have to work as hard to pump the flows. Electricity at Division Street Pump Station costs \$140,000 and \$170,000 a year, so even 5 percent was significant over time. The proposed 42-in line was in the public right-of-way on the street, so there were no issues with land acquisition.

- He was grateful that Icon Construction wanted to build homes in the area, as it brought the issue to South Fork's attention and there was a way to mitigate it.
- Because the proposed 42-in line would be an expansion the project qualified for SDCs. SFWB had \$2.2 million in SDCs and would gain approximately \$225,000 to \$275,000 per year in SDC revenue if the growth rates over the last two years were maintained, so South Fork was in a good financial position to do the project. It was important that the Master Plan was being updated. He noted the CH2M and Montgomery teams were aware of the situation, and he believed they would recommend moving the project to the top of the project list. He had received a geotech report from CH2M and noted the raw water pipeline [water main] was located in the only area where the ground was considerably stable.
- He confirmed there was no redundancy from the Anchor Way Bridge up to Division St, but the proposed plan was a solid step in the right direction.

**Vice Chair Holladay** noted there was not much South Fork could build to prepare for a major 8.5 or 9.0 earthquake.

**Mr. Collins** explained the displayed map was generated and dropped off at his office after a meeting he attended with Oregon City and CH2M. He also had additional images he could share with the Board, if desired.

**Board Member Shaw** confirmed that with regard to Icon's proposal, SFWB's 30-ft easement was secure and would be in Icon's street.

**Mr. Collins** added that Icon had been great to work with and he was impressed with Oregon City's Planning Department for doing their due diligence in working with new projects/developers. He confirmed that he would coordinate with Oregon City during the construction to see if any other projects could be done at the same time.

- He noted that he had attended the West Linn State of the City Address on Monday and thanked Chair Axelrod for standing up for South Fork, talking about its functionality, and commending the Staff.

(8) **Business from the Board**

**Chair Axelrod** reported on the first Regional Water Providers Consortium Board meeting of the year. He noted Andy Bryant from the NW National Weather Service gave a great presentation on weather, specifically on the impacts of El Nino this year and the complications it introduced with regard to water supply and planning.

**John Collins, General Manager**, stated that in the next budget cycle, he would be proposing the purchase of two packaged water treatment plants, one for each city. Packaged water treatment plants, which produce 1 million gallons a day, cost about \$100,000 each. Plants in several counties were purchased with grants through the Regional Water Providers. If the water main broke, having a treatment plant in each city that could use local water sources would enable potable water to be provided in both communities, which would be worth it at the current price. Although West Linn had a great intertie partnership agreement with Lake Oswego, if the transmission lines were lost, the intertie pump stations would have no water to move. SFWB could train each City's Staff to operate the water treatment plants, but if the bridge went out due to an earthquake, for example, West Linn would not have water. If the transmission lines were lost, Oregon City would be without water as well.

The Board discussed the resiliency of the intertie connections and pipes going to the reservoir in an earthquake. The pipes coming out of the intertie and out of the reservoir were the concern and would result in a lot of disconnect within the system.

**Mr. Collins** noted SFWB was now 27<sup>th</sup> on the list for grants, and about the first 22 on the list were considered priorities for grant funding. Spending \$100,000 was pretty cheap insurance to have the option for providing water. He noted Kim Brown was a great grant writer and South Fork could pursue grant funding.

**Chair Axelrod** noted South Fork had a lot of asset to play with if the Board wanted to build that redundancy, which he suggested adding to the agenda for further discussion at some point.

**Mr. Collins** confirmed the packaged water treatment plants would generate water for people to fill jugs and to make a small reservoir with a bladder that could be trailered into neighborhoods. As long as the Cities could provide safe drinking water, the citizens would be in a lot better shape than without the plant.

**Board Member Shaw** thanked Mr. Collins for the accommodations and opportunity to be at the Special Districts Conference at Sun River. It was a great conference and he was able to sit in on several sessions.

**Board Member Frank** agreed.

- (9) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**
- A. To consider information or records that are exempt by law from public inspection pursuant to ORS 192.660 (2)(f).
  - B. 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 pursuant to ORS 192.660 (2)(h).
- No Executive Session was held.

**Chair Axelrod** adjourned the regular meeting of the SFWB at 7:04 p.m.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, Inc.  
for John Collins, SFWB General Manager