

South Fork Water Board
Minutes of Meeting
January 9, 2014

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
January 9, 2014

Board Members Present:

John Kovash, West Linn Mayor, Chair
Doug Neeley, Oregon City Mayor Vice Chair
Rocky Smith, Oregon City Commissioner
Betty Mumm, Oregon City Commissioner
Mike Jones, West Linn Councilor
Jody Carson, West Linn Councilor

Staff Present:

John Collins, SFWB General Manager
Kim Brown, SFWB, Technical Writer
Christopher Crean, SFWB Legal Counsel

Others Present:

Alice Richmond, West Linn Resident

General Board Meeting

(1) Call to Order

Chair Kovash called the meeting of the South Fork Water Board to order at 6:01 pm.

(2) Public Comments

There were none.

(3) Consent Agenda

(A). Approval of the Minutes of the November 13, 2013 Board Meeting

Board Member Jones moved to approve the Consent Agenda. Board Member Mumm seconded the motion, which passed unanimously.

(4) Election of Chair and Vice Chair for 2014

Board Member Jones nominated Mayor Doug Neeley as Chair of the SFWB for 2014. Board Member Carson seconded the nomination. Mayor Neeley was unanimously elected as the 2014 SFWB Chair.

Mayor John Kovash passed the gavel to newly elected Chair Neeley.

Board Member Carson nominated Mayor John Kovash as Vice Chair of the SFWB for 2014. Board Member Mumm seconded the nomination. Mayor Kovash was unanimously elected as the 2014 SFWB Vice Chair.

(5) SFWB Annual Financial Report – Wyatt Parno, OC/SFWB Finance Director

Wyatt Parno, OC/SFWB Finance Director, presented the SFWB Annual Financial Report, which had been distributed to the Board. He briefly reviewed the statutory requirements involved, highlighted key indicators regarding the financial stability and well-being of South Fork, and addressed clarifying questions. SFWB's net financial position had improved by

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about \$800,000, a testament to the great job done by the Board and General Manager John Collins to be consistent with reasonable annual rate increases, careful with expenses, and reserving appropriate funding for capital expenses. Page 3 summarized South Fork's net position while Page 7 provided the details. The Miscellaneous Income shown on Page 4 was a reimbursement from FEMA for the water damage and intake repair project. [dollar amount for clarification vs. SDAO?] The decrease in Utility Plant and Service stemmed mainly from the building's depreciation. Funds were being set aside for equipment replacement. Mr. Collins noted the new \$4 million Clear Well Reservoir had up to a 100-year shelf life, but was depreciating every year. The \$11,000 in Miscellaneous Income was the Special Districts Association Organization (SDAO) reimbursement for credits for best management practices and longevity; the amount was similar to last year.

Mr. Collins commended Mr. Parno and his staff, who were relatively new, for their great work. South Fork's team would meet on February 4th with Mr. Parno and his staff to begin work on the budget.

Board Member Carson noted her name was misspelled in the Annual Report. [retain?]

Mr. Collins confirmed the Cash Reserves was a carry over to some degree, but clarified that the SFWB has never taken the position to have a lot of cash, but to work on a cost of service basis for operation. Reserves are maintained to meet insurance deductibles in the event of major catastrophes and South Fork carries a considerable amount of insurance. As discussed last year, as SFWB satisfied its bond payment, the bond payments are reduced each year and South Fork was applying that difference to the Construction Fund, which would ultimately result in a rate offset. In 2017, that fund would be at \$1.5 million and growing and be available in addition to the SDCs. When South Fork goes to the bonding community, and if able to continue putting money aside, SFWB would be able to use a lot of cash when the capital expenditures are needed. South Fork's Master Plan identified it would be some time before SFWB had a lot of money to spend on capital needs; however the majority of those funds were SDCs and based on growth, the SDCs were matching the money being applying to the Construction Fund.

Mr. Collins confirmed that restrictions regarding rate increases in each City's Charter did not apply to South Fork. If needed, SFWB could charge the Cities of Oregon City and West Linn whatever was appropriate for SFWB to do business. He described how borrowing money from Oregon City had kept SFWB from increasing rates 30 to 40 percent or technically defaulting on the bond. Approximately 70 percent of South Fork's needed infrastructure would be paid by SDCs, but at some point, South Fork would need to bond money and pay the bonds with SDCs as they come in, a common practice for utilities. The Board's membership would change in about 1½ years, and he hoped the Board would maintain its current fiscal direction.

Mr. Parno noted SFWB's last payment on that debt would be in 2017, so that money could be put into the Construction Fund. He suggested changing the Equipment Replacement Fund to Capital Replacement to clarify the intent for future boards.

The Board agreed leaving that legacy for future Board members was important and commended Mr. Collins for his incredible work.

(6) SDAO Policy Renewal and Rate Lock

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John Collins, SFWB General Manager, reminded the Board about how the SDAO provided South Fork's insurance at about a 30 percent savings compared to the regular insurance industry. SDAO would keep annual insurance premium increases at 5 percent or less and offered a \$12,810 rebate, slightly higher than the \$11,000 from two years ago. SFWB was also eligible and should receive a \$6,000 premium reduction based on Best Management Practices, resulting in a total \$24,000 per year in savings.

Board Member Jones moved to authorize the General Manager to enter into a policy renewal agreement with SDAO. Board Member Carson seconded the motion, which passed unanimously.

(7) **Business from the Manager**

- 1) SDAO Annual Conference scheduled for February 7 – 9th 2014 in Seaside, OR

John Collins, SFWB General Manager, confirmed that Board Members Carson and Smith would attend the conference. He would confirm details about the conference and Board Member Smith's schedule after the meeting.

- 2) PGE/ENERNOC Energy Partner Agreement Update

John Collins, SFWB General Manager, updated that next week PGE would be installing an interface at the pump stations and plant to install an interface and then ENERNOX would install the meters the following week. SFWB would be effectively participating in the program no later than March 1. He confirmed he would do a presentation on the program in February for the West Linn Utility Advisory Board.

- 3) Sodium Hypochlorite Tank Replacement

John Collins, SFWB General Manager, updated the Board on the tank replacement, noting a favorable bid was received from an AWWA certified chemical tank manufacturer that was about \$15,000 less than anticipated. The tank was scheduled to arrive the second or third week of March. The temporary back up system, although very labor intensive, was working well namely because of lower flows in the winter. SFWB would be prepared and ready when demand increases in the spring. He confirmed the old tank had a catastrophic failure and had to be removed, but due to the operators' inspection schedule there was no environmental hazard. Because SFWB produces its own sodium hypochlorite, it was at .8 percent and not considered a hazardous material. The new tank is certified at 15 percent, because if the system failed, South Fork had a backup plan to be able to dilute the formula and adjust the feed rate.

Board Member Mumm inquired if the incident could be written up as an emergency preparedness action or disaster drill, which might help SFWB in the future.

Mr. Collins replied that because of South Fork's preventative maintenance, the plant did not reach a failure point or have a massive sodium hypochlorite leak to warrant calling it a disaster. However the incident could become a good example to use in a table top training exercise.

Vice Chair Kovash asked if the backup system was limited in the amount of water that could be produced.

Mr. Collins replied that the backup system for the storage tank was also able to convert 12.5 percent, so a backup existed for the backup; SFWB was not in danger; the process,

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which he briefly described, was just labor intensive. He clarified that Sodium Hypochlorite is a disinfectant for drinking water, basically, a form of chlorine.

(8) **Business from the Board**

The terms of the Board members were briefly discussed and the importance of having a continuation of the Board direction noted. Chair Neeley would talk with the incoming Oregon City mayor about the need to have continuation on the Board.

(9) **Report from Legal Counsel**

There was none.

(10) **Executive Session –Adjourn regular meeting and convene Executive Session.**

The January 9, 2014 regular meeting of the South Fork Water Board adjourned at 6:41 pm.

- 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).

(9) **Reconvene Regular Meeting if needed to take any action necessary as determined in Executive Session.** Regular meeting did not reconvene.

Respectfully Submitted,

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