

SOUTH FORK WATER BOARD  
MINUTES OF BOARD MEETING  
**February 27, 2019**

Board Members Present: Dan Holladay, Oregon City Mayor, Chair  
Russ Axelrod, West Linn Mayor, Vice Chair  
Rocky Smith, Oregon City Commissioner  
Bill Relyea, West Linn Councilor  
Frank O'Donnell, Oregon City Commissioner  
Richard Sakelik, West Linn Councilor

Staff Present: Wyatt Parno, SFWB Acting General Manager  
Kim Brown, SFWB

Others Present: None.

**General Board Meeting**

(1) **Call to Order**

**Chair Holladay** called the meeting of the South Fork Water Board to order at 6:00 pm.

(2) **Roll Call**

(3) **Public Comments**  
There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the January 23, 2019 Board Meeting.

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

(5) **Review of SFWB Annual Financial Report for Fiscal Year Ending June 30, 2018**

**Wyatt Parno, Acting SFWB General Manager/Finance Director**, provided a brief overview of his professional background and presented the Annual Financial Report. He reported that Merina and Company had issued a clean opinion with no findings, meaning the financial reports are accurate and there is nothing to report with regard to internal control issues. Additionally, there were no significant difficulties in dealing with management, no misstatements were noted during the audit, and SFWB was found to be compliant in all areas regarding state laws and regulations.

He described and reviewed the asset and liability line item totals presented in the Statement of Net Position. South Fork's biggest liability was the Net Pension Liability, which consists of the assets SFWB had to pay out future pensions, less the present value of what was expected to be paid out as people retired over time. Fortunately, South Fork had always made the required payments to the pension system. Although payments into the PERS system would increase on July 1, 2019, it was an amount that South Fork can absorb.

He clarified that PERS owned the entire liability and calculated what portion SFWB's liability represented of the whole.

He believed the Net Other Post-Employment Benefits (OPEB) amount included a portion that was a false liability. The reporting requirements required South Fork to look at what medical expenses costs for retired people compared to what medical costs were for new, younger employees, which was called an implicit liability. That cost difference was included in the liability, and even though most would be making their own medical payments, South Fork was still required to record a liability.

The Unrestricted Net Position or Equity totaled about \$6 million. He had met with CH2M last week to talk about the latest updates on the chemical feed building which was expected to be about \$3 million or less. The \$6 million was based on June 30, 2018 so it did not include the pipeline work, which was about \$1.5 million, so both projects could be completed with no need for debt. SFWB was absolutely debt free, and he described how paying off a high interest bond early using a loan from one of the cities saved both the city and South Fork a lot of money, and had helped South Fork to build its Capital Reserves to be used for Master Plan projects.

**Board Member Relyea** noted the Capital Assets on Page 16 and asked about a Deferred Maintenance Plan in order to address future costs for replacement. **Mr. Parno** replied South Fork had an ongoing Maintenance Plan with existing replacement and expansion plans that were included in the SFWB Master Plan, as well as ongoing maintenance checklists.

**Chair Holladay** explained that South Fork did not really have any deferred maintenance.

**Board Member Sakelik** asked what the breakout percentages were between cash and investments.

**Mr. Parno** replied he did not know the exact percentages, but most of the balance was investments and everything was in the local government investment pool with the State. There was very little cash deposited with the bank, which saved on banking fees that had also been negotiated down significantly. He continued his report, reviewing the Statement of Revenues, Expenses and Changes in Net Position with the following additional comments.

He noted Miscellaneous Income included the rebate from PGE for energy savings. The most recent rebate check was about 50 percent higher after General Manager Collins negotiated an increase with CLEAResult after there was a change from EnerNOC. He added that the Federal Funds rate had been going up, so SFWB should expect to earn more on its investments. The System Development Charges capital contributions were \$297,000 with the split between Oregon City and West Linn being about \$225,000, and \$72,000, respectively, a question Vice Chair Axelrod had asked in the past.

**Board Member Sakelik** asked if there were any significant changes this year from last. **Mr. Parno** replied that he believed everything was on par with last year. South Fork had 3 percent rate increases. There might have been a bit more use, but nothing significant in consumption between the two years. Operating efficiently and saving money had gotten SFWB to where it was now.

(6) **Appointment of Budget Officer**

**Vice Chair Axelrod moved that the Acting SFWB General Manager Wyatt Parno be appointed as the 2019-2021 Budget Officer. Board Member Smith seconded the motion, which passed unanimously.**

(7) **Appoint Citizen Representatives to the South Fork Budget Committee**

**Vice Chair Axelrod moved to appoint Joanne McCall and Tim Christopher, as new Budget Committee Members for Oregon City and Jody Carson as a new Budget Committee Member for West Linn. The motion was seconded by Board Member Smith and passed unanimously.**

(8) **Approval of Biennial 2019-2021 Budget Schedule**

**Wyatt Parno, Acting SFWB General Manager** reported the Budget Committee meeting would be held on April 24, 2019.

Following discussion, the Board agreed to hold the Budget Committee meeting at South Fork, rather than City Hall or another location.

**Vice Chair Axelrod moved to approve the South Fork Water Board Budget Preparation Schedule. Board Member Smith seconded the motion, which passed unanimously.**

(9) **Business from the Manager**

1) **American Water Works Association 2019 Annual Conference and Exposition (ACE)**

**Wyatt Parno, Acting SFWB General Manager**, asked the Board to decide which two members would attend in June.

**Board Member O'Donnell** noted a couple of the presentations involved finance and he suggested that Mr. Parno attend the conference. **Mr. Parno** said he would speak with General Manager Collins, to see if that would fit the budget.

**Board Member Smith** suggested Mr. Parno attend as the Oregon City representative if no other Oregon City Board Member could attend.

**Board Member Relyea** said he could not attend due to scheduling.

**Chair Holladay** said the conference was merely an opportunity and nobody had to attend. He noted Vice Chair Axelrod was currently the only member attending the meeting, adding if anyone else was interested, they could contact Mr. Parno. He suggested that Mr. Parno, General Manager Collins, and Vice Chair Axelrod attend the conference.

**Board Member O'Donnell** thought those members would be good because the meeting encompasses technical and financial.

2) **Next Board Meeting**

**Wyatt Parno, SFWB Acting General Manager**, explained that as in the past there would be no meeting in March. Staff would be focused on preparing the budget documents and getting ready for the April 24, 2019 Budget Committee meeting.

3) Bypass Line and Repair Project Update

**Wyatt Parno, SFWB Acting General Manager**, stated the project was still on target. While scheduled in the Master Plan, a small leak in the existing water main escalated the timeline for the project. The 42-inch water main was installed in November and installation of that bypass was a great success, being under budget and with no disruption in service. Afterward, work proceeded with fabricating the pipe to repair the existing 30-inch main, which would provide redundancy to the system. A needed valve repair was also identified. Emory and Sons was still on schedule to complete the work in March. He provided background on the road project South Fork was doing with Icon that would provide a better more consistent road for the residents.

**Vice Chair Axelrod** stated he and General Manager Collins would address the vegetation plan when the Collins came back.

4) Oregon Health Authority Certificate of Outstanding Performance

**Wyatt Parno, SFWB Acting General Manager**, noted water providers were required to undergo a comprehensive review by the Oregon Health Authority every three years. SFWB was reviewed in November and received a Certificate for Outstanding Performance, which was the highest rating. He read an email sent from General Manager Collins, which described the review, noted that SFWB had no reports on deficiencies and that as a recipient of the certificate, South Fork would now have the review in five years instead of three years. In the email, General Manager Collins also expressed his appreciation for the Staff's level of excellence.

(10) **Business from the Board**

**Vice Chair Axelrod** reported on the Regional Water Providers Consortium Executive Committee meeting. The work plan and budget were unanimously approved for 2018-20. DHM presented the results of its review on the effectiveness of the Consortium's outreach, noting the outreach approach was working, and the survey results were good. Surprisingly, TV was the most wide-reaching media in 2019. A table-top exercise called The Bloom Doom 2019 was being organized to help regional providers figure out an approach for addressing cyanotoxins. He noted a house bill pertaining to changing zoning included language about when SDCs could be charged, which could affect South Fork. The Consortium was tracking legislative matters, including that bill, but he had heard nothing more.

**Mr. Parno** stated House Bill 2001 provided that SDCs could only be collected later at the Certificate of Occupancy issuance versus earlier in the permit process, which could create problems. He was concerned about it because there are already significant laws which adequately address SDCs, adding he did not believe it was the best legislation.

**Vice Chair Axelrod** said the way the draft was written, the developer did not pay the SDC, it was put on the property owner and could be passed on until the property was sold. Jurisdictions could not collect SDCs ahead of time and collecting them could require a lien. The Consortium expected all those things to change and were just watching to see what happened.

**Chair Holladay** said much of the concern in in regards to the effect it would have on local neighborhoods.

**Vice Chair Axelrod** added it got into the size of piping and everything. In the Master Plan, West Linn only planned to move so much water and sewage, and if zoning was changed from single family to multifamily in all these areas, it changed the whole dynamic, especially the master planning for West Linn's wastewater treatment plant.

(11) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**

The February 27, 2019 regular meeting was recessed at 6:37 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).

(12) **Reconvene Regular Meeting if needed to take any action necessary as determined in Executive Session.**

**Chair Holladay** reconvened and then adjourned the regular meeting at 6:39 pm.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, Inc.  
for Wyatt Parno, SFWB Acting General  
Manager