

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
May 27, 2020

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

Board Members Excused: Dan Holladay, Oregon City Mayor, Vice Chair (present for Executive Session)

Staff Present: John Collins, SFWB CEO
Christopher Crean, SFWB Legal Counsel
Wyatt Parno, OC/SFWB Finance Director
Kim Brown, SFWB Support Staff
Katelyn Niece, SFWB Regulatory Compliance

Others Present: Lee Odell, Odell Engineering, LLC
Aaron Gress, Jacobson Engineering
Alice Richmond, SFWB Citizens Advisory Group

General Board Meeting

(1) **Call to Order**

Chair Axelrod called the meeting of the South Fork Water Board to order at 6:05 pm.

(2) **Roll Call**

(3) **Public Comments**

There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the April 22, 2020 Board Meeting.

Board Member Sakelik moved to approve the Consent Agenda. Board Member Smith seconded the motion, which passed unanimously.

(5) **Presentation on Shovel-ready Projects – Lee Odell, Odell Engineering, LLC**

John Collins, CEO, noted the Board had discussed the potential of having shovel-ready projects to take advantage of the opportunity to receive federal infrastructure money and the Board believed it would be worthwhile to explore. Mr. Odell was invited to prepare information and give a presentation on what it would take for South Fork's projects to become shovel-ready.

Lee Odell, Odell Engineering, LLC, noted Mr. Collins had told him about the potential for stimulus funding a month before he heard about it as Chair of the American Society of Civil Engineers, which was a national committee. He presented his findings on South Fork projects that could qualify as shovel-ready via PowerPoint, noting the definition of shovel-ready was not quite clear. At minimum, shovel-ready projects approved for stimulus funding had to have a Project Definition, which described the scope of the work and some of the local permitting and/or environmental review work that had been done.

- For the stimulus funding opportunity, he suggested developing a Project Definition Report for the remaining high-priority projects from the 2016 Water System Plan: the new chemical building, raw water pipeline, and the water treatment plant expansion, which included a number of improvement components to achieve the desired 30 mgd capacity. He reviewed the background, 2016 cost estimates, and key components of these high-priority projects with clarifying comments provided by Mr. Collins.
- The Project Definition Report would help identify the specifics of the project, update the costs, and provide the opportunity for the Board to move forward. The Project Definition Report would help identify the specifics of the project, update the costs, and provide the opportunity for the Board to move forward. Some of the tasks included reviewing the planning criteria and existing facilities, surveying, considering facility upgrades, doing the calculations for the design criteria, and looking at the permitting and code reviews for the improvements. Environmental and cultural reviews could be delayed. All completed tasks would be included in the Project Definition Report, along with preliminary design drawings.
- The Project Definition Report would cost about \$129,000, but if surveying and the environmental and cultural reviews were delayed, the cost would be \$79,000. The report could be completed by the end of July if surveying and the environmental and cultural reviews were delayed; otherwise the report would be completed by the end of August.

Mr. Collins added that the Facilities Master Plan approved by the City of Oregon City was a 20-year plan. SFWB had only nine years left to take advantage of the approved land use Master Plan and the proposed project/projects would take several years from conception to finish.

Mr. Odell confirmed the new raw water pipeline would be installed alongside the old line, but the placement would be tight due to the existing 30-inch cylinder pipe and 24-inch drain or return line in the easement. The idea was to lay the new drain line and raw water line together where the 24-inch drain line was to fit into the easement and to avoid disturbing the existing pipe.

Mr. Collins clarified the lines could not be installed along the roadway and had to cross the roadway between the nearby houses because that was the least vulnerable spot, according to the geotech seismic report. South Fork purchased a 2.5 acre buildable lot on the bend of the river for \$33,000 where he proposed to someday build South Fork's office building. The area would be cleared to site a staging area for the pipe and equipment for the raw water pipeline project.

Chair Axelrod stated his concern was having enough room to maintain the structural integrity of the existing line and there seemed to be enough.

Mr. Collins clarified the dimension of the existing line was 29- or 30-inches, which seemed like a big pipe when it was installed in 1957, but not by today's standards.

Aaron Gress, Jacobsen Engineering, asked if the preliminary design drawings for the Project Definition Report would need to be 30 percent.

Mr. Odell replied they would be more like 10 percent.

Chair Axelrod noted the work would have to be done eventually and he recommended getting it done.

Board Member O'Donnell commented that at the April 22, 2020 meeting, there was discussion about having a range of projects of different sizes and values ready to possibly obtain federal stimulus money, but now it seemed the Board was fixated on the raw water pipeline, which he hoped was the most critical project among the list of desirable projects to accomplish. He had hoped to see an offering of different projects rather than just one. The federal government would want to see an immediate return on its investment, such as how fast employment or a service would be generated, rather than building for the sake of building. He believed the government would be looking at things like security and hard sites. Was this was the only project SFWB was prepared to offer? The amount of federal funding available was not known. So he believed a multitude of projects should be ready; however, if this was the most critical project, he would listen to that, but he did not want the Board to have tunnel vision.

Chair Axelrod said the raw water pipeline was one of several high-priority projects the Board had identified and wanted to advance. There were other fairly substantial projects that Mr. Odell had reviewed in his presentation. The plan had always been to do the new chemical building and the related infrastructure, which was consistent with projects in the Capital Improvement Plan (CIP).

Mr. Collins agreed, adding that the project Mr. Odell presented could be broken up and prioritized into as many as ten projects. For instance, if \$30 million in federal funding was made available, that would bring the raw water pipeline to the plant, which was a huge portion of what needed to be done. The sedimentation basins could also possibly be prioritized because they did not meet today's seismic standards. In 2006, the project cost \$38 million to \$40 million, which would be much more in today's dollars. Wyatt Parno, Mr. Odell, and himself could work as a team to see what it would actually cost to get the project done, using some assumptions for interest rates and to understand the impact to the ratepayers. After paying off its debt, South Fork's debt payments had been put into capital reserve funds, so SFWB could make bond payments to some extent, but the actual real-world costs were needed so the Board could be able to make a decision after understanding any repercussions to the ratepayers, who would be in the Cities of Oregon City and West Linn. With the expertise and Board members South Fork had available, he was excited to move forward, but was concerned about the money. He recommended doing the project at \$79,000 and allowing Mr. Parno to put together an economic feasibility study.

Board Member O'Donnell said he liked the fact that the larger project could be broken down into components so that SFWB could tailor its offering for federal government assistance to

meet the funding level the government was willing to put forward. He would take the first aspect of the project as far forward as possible, because if SFWB ended up competing for funds, it would be best to be at the front of the line and ready to go with the quickest startup and ready to provide the maximum amount of employment to the maximum number of people. Knowing the project could be done in stages sold him on the idea.

Chair Axelrod added that the resiliency component was a very strong supporting criterion for seeking federal funding. Building a package around resiliency would be very much in South Fork's favor. His first thought was to take the \$129,800 approach to make sure that any issues or glitches that might occur with environmental or archeological reviews could be addressed early on.

Mr. Collins asked about how long such reviews gathered through the evaluation process would be valid if SFWB could not qualify for the stimulus or could not find funding.

Mr. Odell responded that typically the environmental, cultural, and historical reviews were good for five years. If a funding project came up during that time, they did not have to be redone. Any surveying would be good for a longer period. He noted his firm had looked at the Oregon Resiliency Requirements and the Water System Plan and the plant expansion to 30 mgd met the State's resiliency requirements for the pipelines and for the treatment plant.

Mr. Collins added that as Chair Axelrod had mentioned, resiliency projects could help SFWB with the State Revolving Fund.

Chair Axelrod noted resiliency was key right now, especially in light of circumstances with the current pandemic. Imagine having a Cascadia earthquake right now.

Mr. Gress asked if the Project Definition Report would go out to bid with an RFP or was it something that had already been contracted.

Mr. Collins replied no conclusion had been reached on that yet. Both Mr. Gress' and Mr. Odell's firms had a master service agreement (MSA) with SFWB, so the Board could ask for a level of efforts or costs associated with the report, or the Board could just award the contract. That was something that the Board would have to make a decision on.

Chair Axelrod asked if SFWB with the prior land use decision had obtained a Conditional Use Permit for the plan.

Mr. Collins responded the 20-year Master Plan was approved by the City. He suggested having Ben Schoenberg who wrote the master plan provide an update at the next meeting. Conditions of approval were included noting that SFWB had designed everything and had provided details about everything South Fork wanted to do. It remained largely the same, but the chemical reed building got a bit bigger than originally thought, which might need to be renegotiated with the City. South Fork was in very good shape because it was doing exactly what had been included in the Master Plan. The drawings seen tonight were some of the same drawings and material presented in the Master Plan to the City of Oregon City and the Planning Commission. He confirmed that everything in the plan, except for the chemical feed building was within the 10-percent change tolerance.

Chair Axelrod believed getting that confirmed in writing from the City of Oregon City as soon as possible would be good.

Board Member O'Donnell asked whether any of these things would enhance South Fork's ability to defend its water rights.

Mr. Collins answered absolutely, when increasing the ability to produce water from 20 million to 30 million gallons, the development of water rights and the infrastructure to be able to use them was a large part of how water rights were justified, which Mr. Crean could attest to as well.

Board Member O'Donnell said he was curious if the incremental capacity and incremental costs were lineal, but that would be a discussion for another time.

Mr. Collins noted that everything South Fork did moving forward, whatever component was put in, would be going toward build-out the 53 mgd water rights that SFWB had. The plant would not be built to just 30 mgd, only to start over for 40 mgd. For example, the sedimentation basins going in at 30 mgd would also accommodate full build-out to water rights.

He said if the Board was comfortable with Mr. Odell and his firm doing the work, the Board could move forward tonight as they were under an MSA. SFWB Counsel could confirm whether a cost analysis or bids would be needed.

Board Member O'Donnell asked whether the \$79,000 or \$129,800 approach should be taken.

Alice Richmond, SFWB Citizens Advisory Board, agreed with Mr. Collins and Board Member O'Donnell that it would be smarter to do the work now. The consequences of waiting were that the work could be more cumbersome and it would cost more money.

Board Member Relyea recalled that one of the lessons learned in the 2009 era for shovel-ready projects for the Oregon Department of Transportation (ODOT) was to make sure there were DMW-ESB goals in the packages. When the goals were built into the bid packages, the project funding had a greater opportunity for success.

Chris Crean, SFWB Legal Counsel, confirmed South Fork did not have to go through the RFQ/RFP process if the cost was under \$100,000. Three bids might be required, but a formal solicitation was not necessary.

Mr. Collins stated he would review the Contractor Review Rules to determine whether three informal quotes or bids were required.

Chair Axelrod suggested the Board could authorize CEO Collins to move forward if the bid process did not need to be followed so that time would not be lost. He called for a motion to authorize Mr. Collins to move forward with the \$79,000 package.

Mr. Collins suggested the Board authorize the CEO to move forward with a not to exceed \$100,000 on the project, and if required to get three bids, other firms could come to next month's meeting to make sure the Board had the same level of confidence in Mr. Odell. He preferred that Mr. Odell's firm did the project, but he wanted to make sure his team was on board with whoever did the work. If he was able to negotiate and move forward, he would do so. If he could just award the work to Mr. Odell, he would do that as well, adding he would touch base with Mr. Crean about the Contractor Review Rules to make sure he was on the same page.

Mr. Crean said that would be good because he was not very familiar with the Contractor Review Rules off the cuff.

Board Member Sakelik moved to authorize CEO Collins to investigate moving forward on the pipeline improvement project with an amount not to exceed \$100,000.

Board Member Smith said he was hesitant about not including the environmental and archeological studies. There were several other projects in Oregon City where that had become an issue on his radar in the last couple of months. While he did not know the history of the area where this project would take place, he did know the history of other parts of Oregon City where he had major concerns, and that caused him to wonder about that piece of it.

Chair Axelrod said he appreciated those comments because that was his initial read on why he believed the studies should be done upfront as well. He understood from Mr. Collins that the studies might be able to be done for less.

Mr. Collins said he would work on getting information, including an understanding from Mr. Odell and putting out a description for others to weigh in on, and he would return with a recommendation. He was aware that if the cost exceeded \$100,000, it would need to go to a formal process as opposed to soliciting bids. He asked Mr. Crean if the different components of the project could be broken down and separated amongst consulting firms.

Mr. Crean replied there was a statute that specifically said a project could not be broken down into smaller parts for the purpose of avoiding the thresholds in the statute. That said, a project like this was often multi-faceted. As long as it could be considered that South Fork was acting as the General Contractor having individual contracts with separate contractors, the project would not be separated out for the purpose of avoiding the statutory thresholds. He noted the statute was in place to protect prevailing wage requirements.

Mr. Collins confirmed he would review all of the rules and nuances to make sure it made sense to have some independent components to the project. He would return to the Board with a recommendation at next month's meeting and a shovel-ready package.

Board Member Sakelik withdrew his motion.

Chair Axelrod read the following note in the Zoom chat as follows, "From Aaron Gress to Everyone: 06:54 PM 'You could also possibly just remove the surveying section of the project and keep environmental and cultural work upfront and still be under the \$100,000.'"

Chair Axelrod noted that was an option CEO Collins could consider when repackaging the work and returned to the Board with a recommendation.

(6) **Resolution 20-02 General Manager Job Title Change to CEO**

Chair Axelrod noted this was the end result of a recommendation Board Member O'Donnell had made at the January 22, 2020 Board meeting. The consensus at the April 22, 2020 Board meeting was to move forward with the CEO characterization of Mr. Collins' position, and based on Mr. Crean's recommendation, not go back to change the historic records and documentation to save time and money. The new title of CEO would be incorporated in all documents and materials going forward. He recommended changing the text in Section 3 to read, "The South Fork Water Board Staff and Chief Executive Officer are directed to ~~update~~ **use the new title in all future** legal, administrative, and operational documents including South Fork Water Board...." etc. He believed using "to update" could be interpreted to mean that all previous records would need to be updated.

Chris Crean, SFWB Legal Counsel, explained the language was carefully chosen because besides administrative and operational documents, many other documents had to be included. Many current documents were not formally adopted but would continue to exist for a long time that used the title, General Manager.

- He noted that the last two lines of Section 3 stated, "...as these documents are adopted or amended or as may be convenient" to change the title from General Manager to CEO, making it a "do it when you can" provision, which was difficult to write. It was a direction to Staff and this General Manager to update the documents to change the title of the General Manager to CEO as it was convenient to do so, either when things were adopted or when there was time to update operational documents, emergency management plans, etc. There was a huge administrative aspect to the title change that was not regulatory or in a contract. If it was just regulatory, it would be easy to address the title change on an ongoing basis moving forward, but with all the operational documents, the direction to Staff was to update those documents as was convenient.
- He clarified that inserting future to say, "... directed to update all *future* legal, administrative, and operational documents" would not be more clear because of the number of documents currently in place that use the title General Manager that need to be changed.

Chair Axelrod said he understood and withdrew his suggestion.

Board Member O'Donnell recalled that at the last meeting, Mr. Crean proposed a simple transition that prior to making Mr. Collins' title CEO, any reference to the General Manager duties would be handled within the CEO function, with the rest just being housekeeping as time allowed. He believed Mr. Crean's prior suggestion was excellent.

Vice Chair Holladay entered the Zoom meeting at this time.

Mr. Crean responded that Board Member O'Donnell's comments were exactly right. In the sequence of the three sections, the first formally changed the title to CEO, the second section stated exactly that, "The CEO shall serve the function of the General Manager in all existing

South Fork Water Board documents, wherever that title is used” meaning that anywhere the title of General Manager was used, that function shall be performed by the CEO. The third section directed Staff to “update present or future documents as may be convenient or is necessary to do so to change the title.” The fourth section addressed the going forward provision, stating that on and after the effective date, all future documents shall use the title CEO." He believed that covered the gamut of what needed to be done.

Board Member Sakelik moved to approve Resolution 20-02 as written. Vice Chair Holladay seconded the motion, which passed unanimously.

(7) **Business from the Manager**

1) Coronavirus PPE Update

John Collins, CEO, updated that as of today, SFWB had an adequate PPE supply for now and for a few months into the future. He thanked the Board members that had offered help be part of the solution.

2) Apprenticeship Program

John Collins, CEO, reminded that in 2008, the Board approved an apprenticeship program that was derailed when the economy fell apart. He believed the opportunity had come to revisit that program, and he wanted to get a sense as to whether the Board would be interested in a presentation on that at next month's meeting. The concept was of a two-year program without benefits, but would require a minimal Public Employees Retirement System (PERS) contribution. There would be no guarantee of work for the interns going forward. People would be trained to be water treatment operators with the potential to become full-time South Fork water treatment operators. He and Mr. Parno attended a conference before the pandemic shutdown and found there was a great need for people with knowledge and expertise to work in the industry. Half of South Fork's workforce were in their 50s or 60s, and this would give South Fork a great opportunity. One intern would be hired each year for two years so there would be two interns at \$15 and \$18 per hour. Within the two years, South Fork would have the opportunity to get to know the interns and their character to evaluate them as potential employees.

Board Member O'Donnell said he understood the need to grow your own employees in a marketplace that did not serve it. He believed the courses were offered at different community colleges. He asked if SFWB could get any kind of commitment-in-kind from the candidate to at least spend some amount of time working at South Fork. It was hard to train people and have them go elsewhere.

Vice Chair Holladay said he understood Board Member O'Donnell's concerns, but he believed an apprenticeship program might inspire other agencies to follow suit and train new people coming into the industry. As a journeyman electrician, he had probably trained 100 apprentices that would often go on to another job site. He was not really concerned about that point, because he felt it was important to be able to train your own people. While they learned at community college, there was no substitute for actually doing the work. He fully supported the program.

Chair Axelrod added that he believed the goal was to nurture the culture so that anyone here as a trainee really wanted to be here. Employees were free to go anywhere as well, so he was very supportive of creating the environment and the culture to try and nurture what South Fork was trying to create and build. Although South Fork might lose a person here and there, he'd rather pursue it than not pursue it for that reason.

Mr. Collins noted Clackamas Community College had a Water Environment Service Program Associates Degree, and several members of Staff had been a part of that curriculum. South Fork would offer a different option for people to be part of the operational aspect. People coming out of college had a great understanding of chemistry and had toured plants. He considered this as a way to work with the college to possibly increase the students there. In bad times, 40 people were in the class. In good times or tight job environments, there could be as little as 3 to 5 people, with 15 jobs waiting for them. This program would guarantee a work base of people that were trained to be highly functional to do the job itself in a full, conventional treatment plant. He knew South Fork would be the Gold Standard and anticipated people from South Fork's program being in high demand and wanting to come back to work for South Fork because of its great environment.

Board Member Sakelik added that making a contractual agreement could be a negative if the intern did not last the full one or two years, but it was an opportunity for SFWB and the intern to assess how they learn and their ability and desire to stay with SFWB if a position was available. He did not see it as a negative.

Mr. Collins added he anticipated having benchmarks that were revisited possibly every six months following a program that said if the intern was not meeting expectations, they would be gone. The intern had to want to be part of one of the best utilities in the state.

Board Member O'Donnell stated he was fully supportive of the Apprenticeship Program but wanted to make sure the South Fork worked closely with the community college. He relayed the experience his business had in working with a community college with machining apprentices. The interns had access to equipment they would not normally have at the college level so they could fine-tune their skills. He encourages South Fork to work hand-in-glove with the community college. SFWB would get a future good employee and the interns could possibly get graduation credit for this as a work study program as well as experience on equipment not accessible in an educational environment due to the cost of the equipment.

Mr. Collins noted he had discussed this with Mr. Parno multiple times, and he was supportive and wanted to work with Mr. Collins on this.

Wyatt Parno, OC/SFWB Finance Director, said he was excited about the project as a cost-effective way to bring talent into an industry where younger, newer people were needed. He and Mr. Collins well able to retain good staff and if the intern was worth their merit, they would appreciate working for a great organization like SFWB. He believed it was a great program.

The Board consented to have CEO Collins pursue researching an apprentice program and return with a report at the next meeting.

(8) **Business from the Board**

Chair Axelrod reported that the Regional Water Providers Consortium Executive Board would meet via Zoom next Wednesday and he would report back.

(9) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**
The May 27, 2020 regular meeting was recessed at 7:19 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).
- C. To review and evaluate, pursuant to standards, criteria, and policy directive adopted by the South Fork Water Board, the employment related performance of the General Manager pursuant to ORS 192.660 (2)(i).

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

Chair Axelrod reconvened the regular meeting at 7:36 pm.

Vice Chair Holladay moved to grant CEO John Collins a 5 percent salary increase for his final year at SFWB as well as a 5 percent performance bonus effective June 1, 2020. The motion was seconded by Board Member Smith and passed unanimously.

Chair Axelrod adjourned the regular meeting at 7:38 pm.

Respectfully Submitted,

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