

CORBETT WATER DISTRICT APPROVED MINUTES

Special Meeting: 5:00 P.M.

Tuesday, February 6, 2007
Corbett, Oregon

Commissioners Present: Bob Gaughan, Marion Kirkham, Robert Colclessner, Jeff Hargens, and Malcolm Freund.

Also present were District Manager Frank Sterzinar and District Clerk Jamie Simms.

Audience Members Present: Zachary Bertz, Kevin Moran, Victor Schmidt, and Donna Colclessner.

Chairman Gaughan called the meeting to order at 5:00 p.m. at the Corbett Fire Hall.

Review / Approve Agenda.

Commissioner Freund moved to approve the agenda. Motion seconded by Commissioner Colclessner. Motion passed unanimously.

Health Insurance.

Commissioner Freund moved to reaffirm the vote from December 2006 establishing health insurance as follows: Medical plan YOJ, Vision plan 8V, Rx rider plan ZBC, and life insurance coverage in the amount of \$15,000 per covered employee. Motion seconded by Commissioner Kirkham. Voting for the Motion were Commissioners Freund, Colclessner, Kirkham, and Gaughan. Commissioner Hargens abstained. Motion passed.

Commissioner Hargens wished to discuss the motion. He questioned what the motion was for. He said there had obviously been some changes and he wished to discuss them. Commissioner Freund said it was discussed at length back in December and to move things along that vote, based on the prior Board meeting was reaffirmed.

Chairman Gaughan questioned the documents Frank had supplied for the Board. Frank spoke about the history of health insurance. Back in 2002 health insurance cost peaked at \$42,000 for the year and in 2006 \$11,987. Frank compared leak adjustments to the cost of health insurance and how it applied to the Districts 1072 customers. Chairman Gaughan asked if those cost also included dental coverage. Frank replied yes the cost stated above included dental coverage. Frank also spoke about the OAR Health Net documentation concerning participation levels.

Frank referred back to the workshop that was held in early December with Tory Dittman a representative from LaPorte who is the District's health insurance agent. Frank said Tory had provided the Board during the workshop the materials needed on health insurance including dental and the increased cost in medical coverage.

Chairman Gaughan believed the insurance compared to last year was to remain the same, accept the change to vision and the addition of life insurance. When he signed the document for Health Net specifying the insurance coverage he added dental to that sheet because it had been covered the prior

year. Frank said the document had been processed as instructed, although dental insurance coverage was not specifically mentioned in the December Board meeting.

Commissioner Hargens said he would like to go back to the beginning and review the correct health insurance documents. He believed that back when the insurance cost was increasing rapidly, that the Board at that time should have changed insurance. He felt the changes made in 2004 put the District back on the right track. Commissioner Hargens said the only question he believed there to be with insurance was the coverage of the District Clerk. Commissioner Freund said this was a separate issue.

Commissioner Hargens summarized that he believed the insurance rate was not increasing and that the vision coverage was decreased in order to cover the cost of adding life insurance. Commissioner Colclessler referred to a letter from Tory that stated health insurance went down by 5%. Commissioner Freund said the basic health insurance increased by 9%, but the total went down because dental was not included.

Commissioner Colclessler referred to a fax from Todd Yost that stated the District needed to maintain 5 employees to be eligible for dental insurance. Chairman Gaughan said the eligibility requirement was waived as long as the District continued with the same coverage. Commissioners Colclessler and Freund did not believe that to be the case. Commissioner Freund referred to a statement that he received last year that stated the District's dental would be cancelled at the end of the year. Jamie referred back to the workshop with Tory when she stated that since the District was grandfathered in for dental coverage, Health Net could not drop dental coverage because of their rule changes, but no changes to the coverage could be made or the dental would be voided. Because no changes can be made to the dental, the rate is fixed at \$35.28. Commissioner Hargens asked if the District had provided dental insurance to its employees over the past five years. Frank replied yes.

Kevin Moran asked the Board why they were considering dropping dental insurance. Zac Bertz commented on making sure every Board member understood the outcome of a vote. Commissioner Colclessler said that was exactly why the District Manager and Clerk needed to bring the specific information to the Board so the Board could make a proper decision. Kevin referred back to the workshop with the Board and Tory that when he left that meeting he believed dental insurance would be covered. Zac said at that workshop he was told nothing would change and there was a discussion on dental insurance being grandfathered into the system. Commissioner Freund said the Board did not have the information when they voted and dental was not mentioned at that meeting. He said that if staff had observed they were missing something they should have brought it up. Zac questioned how the Board did not have the material when it had been provided to them by Tory at the workshop before the meeting. Commissioner Freund said Tory at the workshop had stated the total health insurance rate was flat. Zac referred to a worksheet in his packet from Tory that showed a 9% rate increase to health insurance.

Zac spoke about staff obtaining a safety grant for \$3,000 and changing chemical suppliers for the Treatment Plant saving an additional \$10,000 for the District. Kevin asked the Board if they understood why he was upset over this issue. Commissioner Freund said it worked both ways. He said the idea was to keep expenses flat because as Frank previously pointed out look what happened when the Board didn't keep things flat. He said that both Federal and State were looking at changing the way insurance plans worked.

Commissioner Freund said most basic health plans did not include prescription drug coverage. He believed drugs, vision and dental were extra and the employee paid for that coverage. He questioned if the employees used the prescription coverage. Zac said he currently did not take any prescription

drugs, but he did use the dental. Commissioner Freund said that information needed to come to the Board so the Board could make an educated decision. He said it made sense not to pay for something that was not being used. Kevin Moran said he didn't know when he would need to use the insurance.

Chairman Gaughan asked about the monthly cost of dental. Frank replied \$35.28. Chairman Gaughan questioned if the Board was trying to get the employees to quit for \$35.28 a month. Commissioner Freund said that was not where he was going. Chairman Gaughan understood the Board had a duty to the tax and rate payers to keep rates down, but he didn't think this issue was worth upsetting the employees. Commissioner Hargens said the decision was made in December on information on hand and if dental coverage was dropped it had been dropped by mistake. Commissioner Hargens wished to reevaluate the insurance packages. As an individual he would rather have dental insurance than life insurance. Commissioner Colclessler said a cap had been placed on the insurance the prior year at \$257. He said this information should be in the Clerk's calendar of events. Commissioner Hargens said a 9% increase for a year was a substantial increase.

The Board reviewed the insurance package options that were originally presented by Tory at the health insurance workshop. Looking at this information Commissioner Hargens said his vote would have been different in December. There was an option to change the coverage and have an increase of 2.5% [Note: actual 3.1%] rather than 9%. The difference would be an increase in the employee's copayments and deductibles. Commissioner Hargens felt a two or three percent increase was reasonable, as well as the District's rate because of inflation. Commissioner Colclessler said both PGE and Cascade Utilities had increased their rates this year. He spoke about the cafeteria plan that was discussed at the workshop that would allow the employees to use pre-taxed dollars to pay for their medical expenses.

Commissioner Hargens said it had been a mistake to drop dental insurance and he wanted to look at correcting that mistake. Commissioner Colclessler said staff needed to provide the Board with the needed information. Frank said the Board had been supplied with the needed information. Commissioner Freund said the document under current review had not been present at the meeting and that it was everybody's fault for not bringing it to the meeting. Chairman Gaughan said the Board each received a copy of this document at the workshop and it was not the fault of the Clerk for not bringing additional copies for the Board at the meeting, although it would have been nice. Commissioner Freund asked if the coverage could be changed at this time because it was now past January first. Frank said Todd Yost would work with the District on this issue and he believed the plan could be changed.

Commissioner Colclessler asked what the total dollar value would be if the insurance was changed to a lesser plan. Commissioner Hargens said the health insurance premium would be \$229.34 and dental was \$35.28. Commissioner Kirkham wanted to consider having the employee pay a portion of the premium. Commissioner Hargens said that could be what happens in the future. He believed the District was asking the employees to pay for the changes because the co-pays and deductibles the employee paid would be increased with this new plan.

Commissioner Hargens moved to adopt health insurance package P201V2, a 2.5% [Note: actual 3.1%] increase over last year's premium and to include dental insurance effective January 1, 2007 and raise the cap accordingly to cover the cost (\$265). Motion seconded by Chairman Gaughan.

Commissioner Freund asked what this change in health plans included. Commissioner Hargens said it changed the employees co-pay for office visits from \$15 to \$20 and the deductible changed from \$500 to \$1000. He said basically the employee was paying for the difference in coverage. Commissioner

Hargens felt a 2.5% [Note: actual 3.1%] increase was reasonable. He has 75 employees in his company and his insurance increased by 3% over last year.

Motion passed unanimously. If this cannot be changed the plan will have to remain the same.

Commissioner Colclessler handed to the Board a copy of page 3 of 5 concerning health insurance that he had asked for in the past. He has asked Andy Jordan to look into the issue of insurance coverage for the District Clerk to protect the Board and the Clerk. Andy Jordan would like authorization from the Board to investigate this matter. Chairman Gaughan asked how much this investigation would cost. Commissioner Colclessler said he did not know but he didn't believe it would take much time. Commissioner Freund said it was an unresolved issue and the Community could come back to the Board.

Commissioner Colclessler moved to give Andy Jordan, The District's Attorney, the authority to investigate this insurance issue and get it straightened out. Motion seconded by Commissioner Hargens. Motion passed unanimously.

Chairman Gaughan moved to authorize Commissioner Colclessler to talk to Andy Jordan to resolve the issue as soon as possible. Motion seconded by Commissioner Freund. Motion passed unanimously.

Priority Projects to be Completed by the District Manager.

Frank has committed to installing power to Reservoir No.4. Commissioner Hargens asked about the weather's affect on the project. Frank said if there were heavy rains it would postpone the project because of the mess it would create. Frank spoke about the specific work that will have to be done to complete the project, including how the boring machine worked.

Chairman Gaughan asked about the previous problems that arose when the crew attempted to perform the work last month. Victor Schmidt said his mother was concerned over the project being completed and the weather. He is aware of the benefits of completing this project for the community and for themselves. Once the project is complete the crew will place rock on the driveway. Victor would like for the District to follow up to ensure the driveway is maintained once the original rock has settled. Chairman Gaughan asked about the Schmidt's being able to get their vehicles out of their driveway. Victor Schmidt said he would move the vehicles so they were not blocked in. Frank said there would be approximately one or two days when the driveway would be inaccessible to the Schmidt's.

Commissioner Hargens spoke about the Loudon by-pass being on the priority list of projects. Frank said once Reservoir No.4 had power staff would then install the by-pass to the Loudon Reservoir.

Commissioner Colclessler asked about the concrete for the Generator Shed at the Treatment Plant. Frank said the concrete had been poured for the shed and staff was building the structure.

Frank announced that the upcoming sanitary survey had been cancelled because the Health Department did not want to perform the survey until a new Manager was in place, because they wanted to see what the new manager was capable of doing.

Frank spoke about scheduling the filter pond No.2 leak test. He spoke about the bugs in the filter pond needing nutrients to survive. Frank believed there would be enough water in the filter to keep the bugs alive while the tank was offline for the leak test.

Frank spoke about the biological growth for the pond. He believed the filter was not acting like a slow sand filter but as a high speed filter or a green sand filter. He believes this may be caused by the choice of material being too coarse in the pond. Chairman Gaughan asked how much it would cost to replace the material. Frank believed this was a warranty issue because the top three feet of sand would have to be removed. Commissioner Hargens believed since the material had been approved by the Engineer that it would be an Engineering issue and those were tough to deal with. Frank has spoken with Tom Charbonneau an Engineer for the State and Kari Salus with the Drinking Water Program to see if they can come up with another solution.

Frank believes the design of the intake could be a problem because it was stirring up the sand. The water enters into the filter pond in the far corner in a way that it is carving the sand away. The design of the pipe introduces air and it explodes into the pond. Frank said the water needed to be dispersed. Phil Beverly is working on this issue.

Chairman Gaughan told Frank he has done a good job training the staff, but he questioned how knowledgeable Kevin and Zac were in the location of the valves and pipes. He questioned if Frank should list out the location of these items to assist the staff and the new manager. Frank said there was a lot of pipe in the system that no staff member knew where it's located. From day one it was Frank's goal that if anything happened to him the District would still function properly. Frank said staff knew everything he knew and they could each follow in his place.

Commissioner Colclessor asked Frank about creating charts and maps with the location of the District's distribution system. Frank said the District's Milar maps have been upgraded and when new information it's noted on the maps. Staff takes pictures and records the required information into the system. Eventually this information will be placed into a CAD system.

Commissioner Kirkham asked about the by-pass for Reservoir No. 5 being installed before the work was done for Reservoir No.4. This would allow the tank to be drained and bidders for the project could actually inspect the inside of the tank. This would allow the District to receive more accurate bids for the project. Frank said he would have to gather up the parts but it could be done. Commissioner Hargens wanted to get Reservoir No.4 completed. He felt that there was still time to do Reservoir No.5 work because it wasn't scheduled to go out to bid for another two months and PACE Engineering was still working on the drawings. Commissioner Hargens agreed that having the bidders visually inspect the inside of the tank was a good idea.

Commissioner Colclessor moved to adjourn. Motion seconded by Chairman Gaughan. With there being no other business Chairman Gaughan moved to adjourn the meeting at 6:45 p.m.