

CORBETT WATER DISTRICT

APPROVED MINUTES

Regular Monthly Meeting

Thursday, March 11, 2004
Corbett, Oregon

Commissioners Present: Chairman Gordon Fulks, Vice-Chairman Doug Geller, Secretary-Treasurer Malcolm Freund, Ken Blanc and Bob Colclessner.

Also present were District Interim Manager Marc Caldwell and District Clerk Jamie Simms.

Audience Members Present: Henry Schwartz, Torey Redfern, Gene Hubbard, Tim Richardson, Marion Kirkham, David Glenn (Local 701), Jim Anderson (Local 701), Jane Anderson, Richard Weill, Susan Leigh, John Graff, Dan Graff, Jim Leckron, Victor Jones, Clint Davis, Woody Davis, Tom Layton (Fire District 14 Chief), Dave Mysinger, Dave Tobie, Ed Kalberg, Kathy Werner, Brian Evans, Kelli Jung, Phil Dufrense, Sue Fry, Jim Dittimore, Bob & Nev Scott, David & Carolyn Davis, and Dale Burkholder.

Executive (Closed) Session (Pursuant to ORS 192.660 (1) (h)).

To consult with legal counsel concerning potential litigation. Present: Chairman Gordon Fulks, Vice-Chairman Doug Geller, Secretary-Treasurer Malcolm Freund, Ken Blanc, Bob Colclessner, and Attorney Richard Weill. The executive session was recorded and filed at the District office.

The meeting was then opened to the public. There was no public discussion of the executive session.

Changes to the Agenda.

- Purchase of billing software not to exceed \$1,000.

Discussion of February 17th Minutes.

Commissioner Freund made a motion to table the February 17th minutes. Motion seconded by Commissioner Geller. The motion passed unanimously.

Financial Report.

Jamie Simms reported that the second payment to Stellar J had been made of \$64,000. The process for drawing \$10,000, from loan proceeds was completed as a test run. It took about three and a half weeks to receive the money from the Oregon Economic and Community Development (OECD).

Water sales billed in January & February were almost \$127,000. The hard freeze in January caused a number of pipes to crack and leak. It was estimated that about \$25,000 from water sales were attributed to leaking water pipes from the hard freeze.

Monthly Work Report.

Mr. Caldwell briefed the Board on work projects performed in February and March 2004.

- The Treatment Plant (TP) was shut down to install a 'T' and valves for the new Reservoir. Water was shut off for six hours. The crew then had to remove air from water lines.
- The crew repaired a leak on the four inch steel main on Littlepage road.
- A road push was completed on the Scenic Highway, allowing three more customers to be hooked up to the new main.
- Transmission fluid was leaking from the older white truck, and it was taken in for repair.
- A new meter and Double Check Valve Assembly (DCVA) was installed on Woodard road.

- Torey Redfern rebuilt the pushing machine.
- The crew is clearing the trees near Reservoir #4, allowing for the repainting of the reservoir.
- Marc Caldwell, Torey Redfern and Gene Hubbard spent a lot of time with customers to help find water leaks.
- The water main in Springdale was shut down for about four hours because of the Reynolds School project.
- Marc Caldwell went to school for five days to obtain state required Continuing Education Units (CEU's) for renewal of his cross-connection inspector, Water Treatment II and Distribution III certifications.
- The crew obtained their Commercial Drivers License (CDL) permits. A CDL allows the crew to drive larger dump trucks.
- Certification exams are coming up in May. Gene Hubbard and Marc Caldwell are both planning on taking the exams.
- The crew received the permit for laying a new main along 366th. Marc Caldwell pointed out that Gene Hubbard had a part in obtaining the permit and did a good job. Chairman Fulks questioned the need to submit a new application for 366th. Marc Caldwell replied that the original permit was completed before it went for review so the application needed to be updated. Materials for 366th have been bid and the price has been locked in with the lowest bidder.

Calendar.

A conduit needs to be buried at Reservoir #4 so that power can be installed, for cathodic protection, level indication, and a light.

Marc Caldwell reported that Chairman Fulks had requested documentation of water meter locations to be identified. One approach would be to mark locations on a map.

The pipe replacement project for 366th will be planned and started soon. The crew is also looking at replacing the Pressure Reducing Valve station (PRV) on Littlepage road. The crew is continuing to work on switchovers along the Scenic Highway. Switchovers will include a tap and bore for Benfield Loop, a tap for 365th, and the completion of 366th.

Commissioner Geller asked Marc Caldwell if there is another freeze like the one in January would he recommend that the meters be read during that month even if they were not scheduled to be read? Mr. Caldwell said it would probably be a good idea.

Progress.

- Commissioner Freund visited a water district at the coast and found their billing system to his liking.
- The garbage service has been modified to an 'as needed' basis.

Approval of Consent Items.

- Purchases: Pipe, valves, etc. for 366th (Not To Exceed (NTE) \$10,000)
Security system for office and treatment plant (NTE \$1,000)
- Minor Change Orders for New Reservoir Project
- Change "Superintendent" to "District Manager" in Employee Handbook
- Employees Must Wear Hard Hats in all 'Work Zones'
- Purchase of Billing Software (NTE \$1,000)

Commissioner Blanc wanted to remove the security system from the list so it could be discussed.

Commissioner Freund moved to accept the consent items excluding the security system. Motion seconded by Commissioner Colclessler. The motion passed unanimously.

Commissioner Blanc wanted to know if Lee Engineering had recommended anything for security. Chairman Fulks replied that they recommended a \$30,000 fence, something easily cut through. Commissioner Freund believed that the video security system was the least expensive way to increase security.

Phil Dufrense (owner of Big Bear's Market) wanted to know who would respond to the security system and who would make it work. Chairman Fulks said that the security system was purchased to address the theft that occurred at the District office. He declined to go into specifics of how it works. Chairman Fulks has expertise in security.

Woody Davis questioned whether the security cameras were Board approved. Chairman Fulks replied that they would be formally Board approved tonight. Commissioner Freund said that they were purchased following the break-in. Chairman Fulks said that the Board responded quickly to the break-in to increase security in a number of ways. Woody Davis asked if the security system had been installed. Chairman Fulks said it had not.

Commissioner Freund moved to approve the security system. Motion seconded by Commissioner Colclesser. Voting for the motion were Commissioners Fulks, Geller, Freund and Colclesser. Voting against the motion was Commissioner Blanc.

Commissioner Freund moved to change the garbage service to an 'as needed' pickup. Motion seconded by Commissioner Colclesser. The motion passed unanimously.

Establishing Purchase order System.

Chairman Fulks read the Resolution to the Board. He said that this Resolution would require purchases to be approved by an officer of the Board before the purchase was made. Commissioner Freund pointed out that a purchase order system would provide a paper trail.

Commissioner Geller said that if the purchase was significant, it must be approved by the entire Board. Commissioner Blanc wanted to know what the dollar amount required the entire Board's approval. Commissioner Geller said that there was not an established amount, but perhaps there should be one.

Marc Caldwell said that the three field employees have never spent District money frivolously. He asked when this new purchase order system would go into effect. Chairman Fulks replied that it would be effective April 1, 2004.

Torey Redfern asked what would happen when they needed a part promptly that is not in stock. Chairman Fulks replied that blanket permission would be issued for instances like this and the purchase order would be completed afterwards. Chairman Fulks also said that a vendor could be pre-approved for purchase: For example, Familian purchases could automatically be approved.

Susan Leigh asked if Chairman Fulks could sign his own purchase orders. Yes, he could authorize his own purchases. Kelli Jung wanted a closer look at the purchase order system. Chairman Fulks said that a purchase order system would tighten the controls over District money.

Victor Jones thought that this type of system was reactive and not proactive. Phil Dufrense questioned the different options for purchasing, including personal credit cards and personal checks. Chairman Fulks said that those who have worked in government agencies know to keep their receipts and to present them for payment. Clint Davis questioned the use of personal credit cards. He would like to see that no airline miles or cash back benefits are allowed. Clint Davis said this would eliminate any type of conflict of interest. Chairman Fulks replied that he cannot sign his own reimbursement check, just as Marc Caldwell cannot sign his own pay check.

Commissioner Freund moved to approve Resolution 2004.03.01 “Establishing A Purchase Order System.” Motion seconded by Commissioner Geller. Voting for the motion were Commissioners Fulks, Geller, Freund and Colclessner. Voting against the motion was Commissioner Blanc.

Limiting Disbursement of District Funds.

Chairman Fulks read the Resolution to the Board which limits the ways the District can pay for purchases. He said that it is rare for companies to use company credit cards for purchases other than telephone and gasoline cards. Chairman Fulks also thought it would be best to not have cash in the District Office. If someone paid their bill in cash they would not be able to receive change back but instead a credit would be applied to their bill. Chairman Fulks said the idea was to get away from cash as much as possible. This Resolution would not go that far in limiting cash payments, but would be considered for the future.

Commissioner Geller asked if the District Clerk would be the only one authorized to use the District credit card? Chairman Fulks replied that the purchasing would be controlled by her. Commissioner Freund thought that it was good business practice. Torey Redfern said that the crew uses petty cash to wash work gloves. He questioned the need for a resolution on petty cash. Chairman Fulks replied that it was good business practice.

Dan Graff questioned the need for ‘reimbursements’ since the Board just approved a purchase order on any items to be purchased by the staff and Board. Chairman Fulks used the example of Marc Caldwell attending a class. Marc used a District credit card to pay for his hotel room but in the future would have to use his personal credit card and be reimbursed. Marc Caldwell asked what would happen if the staff member did not have a personal credit card?

Tom Layton asked what the crew would do when they needed a part from Home Depot. Chairman Fulks said that the District could get an account at Home Depot. Tom Layton said that it required a credit card, and the Fire Department uses Visa cards.

Dan Graff asked what was being purchased that needed ‘reimbursement.’ Chairman Fulks said that the Resolution deals with ‘disbursement’ and has nothing to do with ‘reimbursement.’ He requested that the audience limit comments to the Resolution being considered. John Graff asked what purchases Board members make that they cannot wait until the meeting to purchase. Commissioner Geller said that it was a good question, but he did not have an answer.

Commissioner Freund moved to approve Resolution 2004.03.02 “Limiting Disbursement of District Funds.” Motion seconded by Commissioner Geller. Voting for the motion were Commissioners Fulks, Geller, Freund and Colclessner. Voting against the motion was Commissioner Blanc.

Authorizing Expenditure of Insurance Proceeds to Replace Stolen Items.

Chairman Fulks read the Resolution to the Board. Commissioner Colclessner made a motion to approve Resolution 2004.03.03. Motion seconded by Commissioner Freund. The motion passed unanimously.

The regular meeting was suspended at 8:05 p.m. to hold the first budget committee meeting of the year.

FIRST BUDGET COMMITTEE MEETING FOR 2004-2005

Former Chairman Doug Geller called the Budget Committee Meeting to order at 8:05 p.m. Budget Committee members Gordon Fulks, Doug Geller, Malcolm Freund, Ken Blanc, Bob Colclessner, Marion Kirkham, Dan Graff, Dave Mysinger and Dave Tobie were present.

Selection of New Budget Committee Chairman.

Nominations were opened for Budget Committee Chairperson. Bob Colclessor nominated Dave Mysinger. Nomination seconded by Gordon Fulks. There were no other nominations. Dave Mysinger was unanimously voted Chairman of the Budget Committee.

Introduction of the New Budget for Fiscal Year 2004-2005.

Gordon Fulks presented the Budget Message for the Corbett Water District. He said that the purpose of this meeting was to explain how the budget document was organized, what information it contained, and how it worked. This first meeting was an introduction only and not a discussion of the pros and cons of numbers within the budget. He also said that there was an error in the proposed budget that was discovered that afternoon; he wanted to see if anybody could spot it.

Dr. Fulks mentioned an article from *The Oregonian* about remaining financially viable. In the Master Plan, Lee Engineering said that the District needed to spend \$650,000 per year to update its infrastructure over the next ten years. The District has three alternatives to address this situation:

1. Borrow \$6,300,000, to fix the system immediately. This would double water rates for 20 years.
2. Gradually contract repairs, over ten years and double rates to pay for them.
3. Use the 'do-it-yourself' approach with no rate increase.

He said that in order to understand the 2004-05 budget, one must first understand how the current budget was being used. The budget that the Board inherited for 2003-04 has been used much differently than originally intended. Money was saved when three employees resigned in June. The Board reduced many costs and moved a lot of money into pipe replacement. They also switched construction of a reservoir from concrete to steel with an estimated savings of \$500,000.

Dr. Fulks explained that the budget was a fiscal plan and not an accounting record. All resources are based on 'good faith' estimates. The Budget Committee must approve appropriations. Appropriations allow the District to spend money. He said that there were no major changes in financial policy. The District continues to operate on an accrual basis of accounting. The major goal for this year and for the next ten years is to complete as many projects in the Master Plan as possible, borrowing the least amount of money.

There are a number of differences in the 2004-05 budget compared to the 2003-04 budget including:

- Personal Services have decreased because of the decrease in the number of staff. This category is based on the 2003-04 anticipated actual expense.
- Capital Outlay has been significantly increased, reflecting the need for pipe replacement and now pressure reducing valve stations.
- Numbers presented have been rounded to the nearest thousand dollars where possible.

The general fund revenue sources come from water sales, property taxes, estimated carryover from current fiscal year, and reservoir rate surcharge. There is no proposed change in water rates. Under expenditures there are three categories: Personal Services, Material & Service, and Capital Outlay.

The proposed budget for Personal Services reflects the actual costs expected to be incurred in 2003-04. David Glenn (Local 701) pointed out that the budgeted amount for 2003-04 and the proposed amount for 2004-05 are not equal. Education has been moved from Material & Services to Personal Services. Overtime and Temporary help have been separated. There is a new line item added to Personal Services titled Commissioners Per Diem.

Dr. Fulks said that Personal Services are proposed as a lump sum because the breakdown was unknown. The District is considering putting most of the costs of an employee, including Salary, Social Security, Medicare, and PERS under that employee's category.

There is one big expenditure adjustment under the Material & Services category. Legal has been increased to \$35,000 to cover the cost of an additional labor attorney and labor negotiator. Woody Davis questioned why legal spending was budgeted at \$35,000 when it's already been estimated at \$30,000 for 2003-04, for a total of \$65,000 for two years. Dr. Fulks said that these were good faith estimates. Dale Burkholder wondered if the Water District had ever spent that much money?

Carolyn Davis thought the community did not understand what was going on. Gordon Fulks said that once the structure was presented, the details would be discussed.

Doug Geller said that public meetings of the Water Board have been very open to public input, but the Public Meeting Laws do not require an elected Board to allow those in the audience to speak at all. He thought that the level of audience participation required was only for attendance. At times there was difficulty maintaining order from the audience with multiple audience members speaking at the same time, and audience members speaking when not called upon by the person running the meeting. Gordon Fulks asked for questions regarding the origin of the numbers in the budget, not for comments regarding changes to those numbers at this time. Bob Colclessor said he did not understand all of the discontent expressed by the audience.

Under Capital Outlay, the main focus will be on pipe replacement projects and pressure reducing valve stations. The difference between Capital Outlay Shop & Office and Material and Services Shop & Office is that the Capital Outlay Shop & Office can be depreciated because they are improvements made to the building and shop.

Torey Redfern questioned the amount under fire hydrants because they benefit everybody. Tom Layton said that the Fire Department has budgeted for one fire hydrant per year, but they may be willing to budget more. He wanted to additional fire hydrants on existing pipe lines, not just on new construction. Marc Caldwell said that even a simple installation may cost more then \$1,000.

There is one reserve fund for the 2004-05 budget. The Capital Improvement Reserve Fund – Headworks Project is for the construction of the new one million gallon reservoir and treatment plant upgrades.

There is also one special fund for the 2004-05 budget. The Loan Repayment Special Fund was established in 2002 to repay the \$1.5 million State Revolving Loan Fund (SRLF). The Reservoir Rate Surcharge funds the Loan Repayment account.

The Budget Committee through majority action has the authority to specify the amount of tax revenue for all funds, establish a maximum expenditure total for each fund, approve the total taxes as an amount and/or rate and has the final authority to approve the budget.

The goal is to have the budget approved by the April 2004 regular Board meeting. This allows the Tax Supervising & Conservation Commission (TSCC) enough time to review the document and to make any recommendations or changes in time for the June 2004 regular Board meeting where the Board adopts the budget.

Following the budget message, Gordon Fulks discussed details in the spreadsheets. Water sales were decreased by about \$20,000 to reflect the decrease in rates in July of 2004. Net Working Capital carryover is estimated to be \$90,000 from unused Capital Outlay. This amount may be spent in the current budget if time allows. He explained how the general fund revenues and expenditures balance.

Dr. Fulks explained how the net working capital was computed in the Headworks Project Fund. In 2002-03 more money was spent than estimated to be spent in 2003-04, so a negative \$69,000 was carried forward. He also explained that the District does not want to use all of the cash reserves, so \$50,000 was estimated to be carried forward into the 2004-05 budget.

The Reservoir Project and repainting of Reservoir #4 are scheduled to be finished in July. In order to pay for them in July some of the money needs to be carried forward into the 2004-05 budget. But, if the contractor gets behind and more work must be carried into the 2004-05 budget, the District must have appropriated funds to pay him. The Budget Committee needs to consider this error when deciding how much money needs to be carried forward into the next budget year. The Budget Committee needs to keep in mind that by adding this amount into the 2004-05 budget it also remains in the 2003-04 budget.

Jane Anderson wondered why the Superintendent who resigned in June, was still not replaced. She believed that should have been the Board's number one priority.

The possibility of having a Budget Committee meeting on April 6th was discussed. Jane Anderson questioned if the meeting on April 6th was on the Boards approved budget calendar. She also did not understand why the Board and Budget Committee meetings were on the same night both scheduled to end at 9:30 p.m.

Mrs. Anderson thought that the budget process and decisions should be made by the District Manager and not by the Board Chair or District Clerk. Gordon Fulks pointed out that the District Clerk is the Budget Officer. Mrs. Anderson said that it was obvious that the District Clerk was learning the process but it should be the District Managers responsibility to oversee the process. Commissioner Freund pointed out that the discussion was over an additional meeting and that the School Board has added additional meetings when needed. Jim Anderson (Local 701, IUOE) pointed out that his wife, Jane Anderson, is on the School Board.

At 9:40 p.m. Gordon Fulks made a motion to close the Budget Committee meeting. The motion passed unanimously.

The regular meeting was reconvened at 9:40 p.m.

Update on Search for New manager.

Commissioner Geller said that there have been six applications received for the District Manager's position. Those applications were reviewed by Chairman Fulks and Commissioner Geller independently. They want to interview five of the six. Names will not be released at this time. Credentials will not be released to the public at all. None of the six applicants live in Corbett or work for the District.

Commissioner Geller would like for the next step to be interviews of the selected five applicants to see if one person emerges from the process as the best. He would also like to discuss the job offer with the candidate and then bring that draft job offer to the Board for approval. It is possible that none of the candidates will make it that far.

Commissioner Freund pointed out that the Special Districts Association of Oregon (SDAO) newsletter was published today and contained the job posting stating open until filled. Commissioner Geller said that it was also on their website. The original announcement set a deadline of March 1st. Commissioner Geller wondered if the Board needed to officially close the position.

Chairman Fulks said that about 29 or 30 applications were sent out. Commissioner Geller said that the District really needs to hire a manager. When three staff members resigned they left no one to run the office.

Commissioner Blanc asked if a community member would be involved with the interview process. Chairman Fulks believed that he and Commissioner Geller needed to conduct the interviews. Jane Anderson asked if there was a policy on hiring. Commissioner Geller knew of no such policy. Victor Jones said that it was discussed at the previous meeting that a community member might be a part of the interview process. Chairman Fulks replied that the justification for this had disappeared because no one from the community had applied for the Manager's position.

Commissioner Colclessor pointed out that when he was previously on the Board, the Chairman had all of the paper work made up for when the hiring of the Superintendent. They created the handbook with an attorney's help.

Jane Anderson questioned the hiring policy. She pointed out that all members of the School Board reviewed applications, conducted interviews in a closed session, and hired the Superintendent. Jane Anderson said that the decision for hiring the District Manager should be up to all Board members not just the Chairman.

Jim Ditmore asked if the District would still have three field employees or if some positions would be eliminated. Commissioner Geller replied that they did not know yet.

Victor Jones questioned the Districts hiring procedures. From his own experience he believed that once a Board has publicly announced a job nothing could not be changed.

Public Input on Items NOT on This Agenda.

Marc Caldwell commented on the Corbett Water District Newsletter that went out with the January/February billing. He said the newsletter had no staff input or discussion of the Newsletter contents. Commissioner Colclessor did not know of any policy that there had to be staff input. Marc Caldwell replied that it was common sense to have staff input. Victor Jones believed that the Corbett Water District Newsletter should reflect the needs of the District and not certain individuals.

Commissioner Colclessor said that the Newsletter was factual. Marc Caldwell claimed that he had proof that the Newsletter was not factual. Much discussion followed from the audience.

Dan Graff asked if everything sent out publicly had to be approved by the Board? Commissioner Geller replied that he did not think so. Jane Anderson said that any statement must be Board approved. Commissioner Geller replied that the Board authorized him to be responsible for the Newsletter creation. He would like for this responsibility to be transferred to the new District Manager once hired. Dan Graff asked if the Manager would be solely responsible. Chairman Fulks said that ultimately the Board was responsible. Dan Graff asked if the Board would have to approve the Newsletter the Manager creates. Chairman Fulks replied that it would depend on the procedures that would be placed at that time.

Commissioner Colclessor made a motion to adjourn. The motion passed unanimously.

Meeting adjourned at 10:10 pm.