

CORBETT WATER DISTRICT APPROVED MINUTES

Regular Meeting: 7:00 P.M.

Tuesday, May 15, 2007
Corbett, Oregon

Commissioners Present: Bob Gaughan, Robert Colclessor, Jeff Hargens, and Malcolm Freund.

Present from PACE Engineers was Brian Lee.

Also present were District Clerk Jamie Simms and Utility Worker Zac Bertz.

Audience Members Present: Peter & Sue Fry, Dave Mysinger, and Victor Schmidt.

Chairman Gaughan called the meeting to order at 7:00 p.m. at the Corbett Fire Hall.

Review / Approve Agenda.

Commissioner Colclessor moved to accept the agenda. Motion seconded by Commissioner Freund. Motion passed unanimously.

Chairman Gaughan then called for the budget hearing.

Budget Hearing.

Dave Mysinger questioned if there was additional PERS information available. Chairman Gaughan said the District still owed the funds to PERS. Commissioner Hargens said this topic would be discussed in detail later in the meeting.

With there being no other comments or questions for the Budget Hearing, Chairman Gaughan then moved the meeting out of the budget hearing and proceeded to the regular Board business at 7:05 pm.

PACE Engineering.

Brian reviewed the three bids for the Loudon Reservoir recoating project. The Engineer's estimates were \$134,490 with an additive of \$2,400 for the fence. The bids were as follows:

- HCI Industrial & Marine Coatings, Inc. \$125,898 additive of \$7,161
- S & K Painting \$141,600 additive of \$6,500
- Purcell \$148,923 additive of \$6,820

Brian said the bid additives for the fence appeared too high. He recommended the Board award the contract to HCI minus the alternative additive for the fence.

Commissioner Freund asked Brian to comment on HCI as a company. Brian has not worked with HCI, but they are a large company with offices in Washington and Oregon. HCI owns a lot of their equipment eliminating the need to rent the required equipment to complete the project. Brian has worked with S & K on another project. He felt that all three companies were reputable.

Commissioner Hargens did not see anything wrong with HCI's bid. He felt that for this time of year, and how busy folks were that the bids were reasonable. Brian spoke about some of the work to be done on the Reservoir and about how the project should be completed quickly.

Commissioner Freund said because there was nothing negative about HCI the District was obligated to choose the lowest bidder. Brian said there were no mistakes on the bid and they had fulfilled all the requirements.

Commissioner Freund moved to proceed with HCI. Motion seconded by Commissioner Hargens. Commissioner Hargens modified the motion to proceed with HCI without the additive. Modification accepted by Commissioner Freund. Chairman Gaughan called for the vote of accepting HCI's bid to complete the Loudon Reservoir recoating without the alternate additive for the fence. Motion passed unanimously.

Brian Lee said the 14 day waiting period started today and work would commence on May 29th. During the 14 day protest period Brian will verify that HCI has the correct bonds and check with the contracting Board to ensure HCI has no complaints on file.

Commissioner Hargens would like for the contract to be sent to the District's legal counsel. Brian said he would be assembling the contract and getting it ready for signatures. At that time the Board can have legal counsel review the contract.

Brian Lee informed the Board that the Tracer Study had been completed and the document was being finalized for the State Health Department.

Brian also spoke about a recent visit to the North Fork intake with folks from the Oregon Department of Fish and Wildlife (ODF&W). He spoke about the screens that would be constructed and used at the intake. Commissioner Hargens wanted to ensure that Brian was considering the low flow elevation level when designing the screens in order to maximize the water flow during the summer months. Brian said he had taken the flow differential into consideration.

Zac Bertz asked about the timeline for the North Fork screen work to be completed. Brian has planned to have the work completed this summer. The screens would be installed by District staff. He also spoke about possible grant funds being available to the District to share the cost 60% / 40% including the District's labor cost to install the screens. He said the gentlemen from ODF&W would help write the grant. Commissioner Hargens said the District wanted to proceed with obtaining a grant for the project.

Brian informed the Board that Prineville had installed these types of screens on their intakes. He said the folks at Prineville were willing to give a tour of their facilities to the District's staff and Board members.

Commissioner Freund asked Brian if he had the water requirements for the District. He asked if there was a guideline that showed the needs of the District. Brian Lee referred to the Master Plan and the District's water rights. He said currently the District's water rights allowed for the District to remove two Cubic Feet per Second (CFS) between either intake structures. Zac said this was approximately 900 gallons per minute.

Commissioner Hargens asked Brian Lee if he could provide to the Board (two new Board members will take office July 1st, 2007) an outline of the water system. Brian will be prepared in August to provide the Board with a short presentation pertaining to the District's Master Plan.

Leak Adjustments.

Commissioner Freund moved to approve Scott Bowman's leak adjustments as presented by the Clerk, using the six month average in accordance with policy. Motion seconded by Commissioner Hargens. Motion passed unanimously.

Commissioner Freund said the Kendall's had yet to repair their leaking toilets. He then moved to deny Kendall Account No. 9105 a leak adjustment at this time. Motion seconded by Commissioner Hargens.

Commissioner Freund said Kendall was also a new customer to the District so it was difficult to view their customer's history usage. Chairman Gaughan would like to see the leak repaired before a leak adjustment was given. The Board discussed the specifics of the customers leak adjustment request.

Motion passed unanimously. Jamie will issue a letter to the Kendall's explaining the leak request denial.

Approval of the Minutes.

Commissioner Colclessler made four changes to the April 17th minutes for clarity.

Commissioner Colclessler moved to approve the April 17th minutes as adjusted. Motion seconded by Commissioner Freund. Motion passed unanimously.

Commissioner Freund made two changes to the April 19th minutes for clarity.

Commissioner Freund moved to approve the April 19th minutes as adjusted. Motion seconded by Chairman Hargens. Motion passed unanimously.

Secretary / Treasurer Report.

Commissioner Colclessler wished to discuss the \$190,000 actuarial balance due to PERS. He said the loan was spread over 30 years. He also asked Jamie to provide the budget committee with the same documentation she had provided to the Board.

Jamie explained that the Board meeting minutes had not stated that an actuarial balance existed when the Board decided to enter into Pooling. Upon examination of the prior Superintendents Work report provided to the Board on April 10, 2001 (when the Board approved to join the Pool) it clearly stated that by joining the Pool an actuarial amount would be established. Jamie also reported that in speaking with Debra Hembree with PERS and Ron Guerra with the District's legal counsel Jordan Schrader, PC that this amount could not be appealed. PERS has the authority to establish and implement the actuarial amount and the ability to raise rates to collect on that actuarial debt. When the Board passed the Resolution to join the Pooling structure it provided PERS with the authorization to create the actuarial debt. Commissioner Freund said this debt has not been stated in the Audit since its inception. (For further information please refer to the attached letter from PERS dated May 4th, 2007).

Jamie also spoke about the 2005 contribution calculation wages of \$63,986. She explained that this was the actual wages reported to PERS in 2005, however the current wages are approximately \$100,000 and possible an additional \$52,000 if the District Manager vacancy was filled. Commissioner Freund said the \$63,986 was an unrealistic number that caused the District's rate to increase. PERS would use the 2007 actual wages to calculate the contribution rate for the 2009/2010 years. He said the PERS system was behind. Jamie said yes, that was how they stated they are required to calculate the new contribution rates.

Commissioner Colclessler said the folks at PERS were guaranteed 8% every year. He is concerned that in another two years PERS could come back to the District and raise rates again. This was the reason he has asked the District's Attorney and State Representative Patti Smith for assistance. Jamie asked what direction the Board would like to pursue with the Attorney's involvement. Commissioner Colclessler said the District was stuck with the debt and there was no reason to continue to spend money for an Attorney. Jamie said the District was not the only folks in this type of situation with PERS. She said several companies also had their rates increase dramatically. Victor Schmidt said PERS needed to solve their internal problems. He said PERS has had several legal problems in the past.

Commissioner Colclessler spoke about the Oregon Economic Community Development Department (OECD) loan. He said the reason the District was paying such a low rate was because of the prepayments that had been made reducing the principle.

Commissioner Hargens would like for the public to be informed of the PERS situation and what the potential impact was for each rate payer. Jamie will have a draft newsletter for the Board to review at their next regular Board meeting in June. This newsletter would go out with the May/June billing and it would cover the issues with PERS and the options the District has to pay for the debt.

Commissioner Freund would like for the newsletter to state the option of a surcharge. The surcharge could be for one time or spread out over time. He would like to see a survey question in the newsletter to see what direction the Community preferred. Commissioner Colclessler would also like to find out if Patti Smith would write a letter to be included in the newsletter.

Commissioner Freund asked the audience their opinion on the matter. Sue Fry asked if there was anything Patti Smith could do about the matter. Commissioner Hargens said she could try and help change the future. Dave Mysinger said PERS was almost to a point where a permanent surcharge may be required to cover its cost.

Commissioner Colclessler also spoke about making a 25% payment to PERS with the excess funds from Personnel this year from the vacancy of the District Manager position. Jamie said if the District made a 25% payment, the new rate would be approximately 29%.

Financial Report.

Jamie reviewed the financials with the Board.

Jamie said that 'Water Sales' would be short for the year because the School had repaired their leak and the bill for the Grade School had decreased from approximately \$2,500 a month to less than \$500 a month. Chairman Gaughan questioned if the new meter for the Grade School worked properly. Zac Bertz replied yes, the new meter worked properly. He said the other buildings were on a separate meter. Commissioner Colclessler said more interest had been received than originally budgeted.

Jamie reported that the Auditors had recently spent an entire day at the Water District doing interim audit work. She said the Auditors were very thorough in their work and have planned to return in late August to finish their audit work for the year.

Commissioner Freund did not like the District using a credit card in a former employee's name. He said it was fraud and it needed to be stopped immediately. Commissioner Hargens said a new card needed to be obtained. Jamie said there was approval for a new credit card but it was on hold because of the District Manager vacancy. Commissioner Freund spoke with Leslie Radke with West Coast Bank and she said

the District could work around not having a Manager. Leslie said she would come to a Board meeting once the new Board has been voted in and discuss with the Board their options.

Commissioner Hargens commented that the Labor allocation for the Utility crew was better spread out. For example less than 10% of the crews time was spent in the office, 40% spent on maintenance of the system, and 50% was spent on system improvement, and a few months ago the opposite was true. He felt that the current structure was where the District needed to be. He felt the crew was doing an excellent job.

Commissioner Freund asked about the nature of the emergency pages. Zac said the emergency pages for the month were all from customers. The Treatment Plant chlorine pump errors have been corrected and are now working properly. Commissioner Colclessler would like for the labor report to show if the emergency pages were for customers or Treatment Plant calls.

There was also a brief discussion on Unemployment. The District pays unemployment when it's incurred.

Field Crew's Report.

Utility Worker Zac Bertz presented to the Board a written report stating the field crew's monthly progress. Zac spoke about a leak that needed to be fixed across from the new Grade School. He has scheduled the required repair tomorrow morning.

Zac and Kevin had reviewed the Temporary Field crew help applications and will be conducting a couple of interviews later in the month. The Board will hold a special meeting when the field crew has made their selection for final approval.

Zac said the Reservoir No.5 bypass had been installed and was working properly. He reported that staff had completed the road push at Reservoir No.4 for the power conduit. They are currently working on the secondary 3" conduit from the meter base to the transformer. The entire conduit is approximately 600' and the crew has installed approximately 120' – 140'. The Schmidt's have had continued access to their driveway during the entire construction work. Victor Schmidt spoke about a security issue at his home. They are planning on installing a conduit in the crews ditch to run a line for an electric fence. Victor spoke with Ed Ekstrom with PGE and he has given the okay, as long as there was approximately 1' of backfill between the conduits. The crew plans on finishing the project later next week, once Utility Worker Kevin Moran is back from his week long Coast Guard duties.

Zac reported that the new meter at the South Fork had been installed. The new meter can be remotely read with the use of a solar panel.

Zac spoke about the lab results for filter pond No.2. The results showed a 97% reduction for the entire filter. However, the algae was reduced by 90%, and Kari Salis with the State would like for this number to be 95% or higher. She would like for the District to perform a plate count. Zac will submit the water for the plate count later this week. He said the results were good, because it showed the filter was filtering.

Commissioner Colclessler asked if a Track Hoe was purchased if the Gator would still be used at the Treatment Plant. Zac said yes, because of the edging work that was required. He also spoke about the potential damage if a hydraulic hose broke because it would ruin the sand.

Correspondence.

None.

Measure 37 – Establishment of a Committee.

Chairman Gaughan questioned if a committee was still needed at this point in time. Sue Fry said the District needed to have an idea of what the actual costs were to install a new meter, and how many new houses the system could handle. Peter Fry spoke about his experience in land development. He referred to the PACE Master Plan that states a zero growth factor. He felt the assumption of zero growth was dangerous. He said water demand and new households would occur over time.

Peter also spoke about a Capital Improvement Plan (CIP). He wanted to take a closer look to see what the water demand would be in 20 years. Commissioner Colclessor pointed out that since the Master Plan was created 100 more homes had been added to the system. Peter spoke about different ways to fund a CIP, either through an impact fee or a system development charge.

Peter felt it would be a good idea to have a committee look at the Master plan and its assumptions. Sue Fry spoke about the high consumption usage during the summer months. Commissioner Hargens spoke about the District's high water loss. He said by fixing those leaks the number of households could increase, and still stay within the District's water rights.

Commissioner Hargens wished to table this discussion until the Board was up to date on the system. He felt a committee would be the right direction to go, but not until the Board had heard from the Engineer in August concerning the Master Plan.

BLM Timber Harvest.

Utility Worker Zac Bertz spoke about a report available on BLM's website that describes in detail the watershed.

Personnel Manual Review Committee Update.

Commissioner Freund made several small changes to the manual. The Board decided to send the document to the Attorney for review. Commissioner Hargens would like for the Attorney to remove all excess material in the document.

Public Comment on Items Not Listed on the Agenda.

None.

Unfinished Items for Board Consideration.

None.

Executive Session.

None.

Commissioner Hargens moved to adjourn the meeting. Motion seconded by Commissioner Freund. Meeting adjourned at 9:50 p.m.