

CORBETT WATER DISTRICT MINUTES

REGULAR MEETING: 6:00 P.M.

Tuesday, July 17, 2007
Corbett, Oregon

Roll Call:

Board of Commissioners: Robert Gaughan, Marion Kirkham, Jeff Hargens, Victor Schmidt, Sonny Boyd

Staff: James Jans, District Manager; Barbara Strasbaugh, District Clerk

Engineers: Brian Lee

Public: Robert and Donna Colclessor, Vera Gaughan, Dan and Z Marsh, Dave Mysinger, Jamie Simms, Gordon Fulks, Linda Hargens, Carnetta Boyd

Call to Order

Robert Gaughan called the meeting to order at 6:00 P.M.

Swearing in of New Board Members

Sonny Boyd, Victor Schmidt, and Jeff Hargens read their oaths of office and were dully sworn in as Commissioners of the Corbett Water District.

Approval of the Agenda

Jeff Hargens noted that the Board packets included several documents from PACE Engineering and proposed that the Agenda include a discussion of engineering issues: Item 6(a).

Robert Gaughan proposed to remove the section on Leak Adjustments since all that were submitted were evaluated and resolved by the new District Manager.

Motion: Jeff Hargens moved that the Agenda be approved as amended, seconded by Marion Kirkham; unanimously approved.

Election of Board Officers

Chairman

Jeff Hargens nominated Robert Gaughan; Marion Kirkham second.

Victor Schmidt asked for a point of discussion regarding the rotation of officers. All commissioners agreed that though rotation should be encouraged, in light of the recent staffing changes and the election of commissioners new to the Board it would be in the best interest of the District to elect officers with experience and knowledge of its history.

Jeff Hargens indicated that time constraints would not permit him to accept nomination for Chairman.

Vote: Robert Gaughan was elected by a vote of four (Jeff Hargens, Marion Kirkham, Victor Schmidt, Sonny Boyd); Robert Gaughan abstained.

Vice Chairman

Sonny Boyd nominated Jeff Hargens for Vice Chairman; Marion Kirkham second.

Vote: Jeff Hargens was elected by vote of three (Marion Kirkham, Victor Schmidt, Sonny Boyd); Robert Gaughan abstained.

Secretary / Treasurer

Robert Gaughan nominated Sonny Boyd; Jeff Hargens second.

Victor Schmidt nominated Marion Kirkham; Jeff Hargens second

Victor Schmidt asked for a point of discussion, bringing up the same issue as before regarding the election of officers with experience and knowledge of the District.

Vote: Marion Kirkham was elected by a vote of three (Sonny Boyd, Jeff Hargens, Victor Schmidt); one vote for Sonny Boyd (Marion Kirkham); Robert Gaughan abstained.

Introduction of New District Staff

Robert Gaughan introduced the new District staff:

District Manager – James Jans

District Clerk – Barbara Strasbaugh

Temporary Adjournment of Regular Meeting

Robert Gaughan adjourned the Regular Meeting to the Public Hearing.

PUBLIC HEARING: 6:15 P.M.

Tuesday, July 17, 2007
Corbett, Oregon

P.E.R.S. Payback

Robert Gaughan called the Public Hearing to order at 6:15 P.M. He read *ORS 264.312 – Increasing water rates; hearing; notice.*

Background

When the Corbett Water District first joined the P.E.R.S. program in 1972, it did so as an individual member. In 2000, the Board of Commissioners elected to join the P.E.R.S. Actuarial Pool. This move reduced some of the risks associated with individual membership, but it also required that the District assume a loan in the amount of \$140,000 to pay off Unfunded Liabilities accrued by the District prior to its entry into the Pool; it also ensured that the District entered the Pool as a level player.

The loan interest was set at a fixed rate of 8%, with monthly payment rates based upon a percentage of payroll amortized over a 28 year period. The District's payroll has been evaluated annually, followed by an adjustment in the amortization schedule to ensure payoff at the end of the 28 year term. With such a small number of staff, the changes in payroll since joining the Pool has had a greater impact on the monthly payment rate – when the District's payroll dropped significantly, the monthly payment rate increased dramatically.

Due to misunderstandings of the nature of the loan obligation, and lack of sufficient clarification and communication between subsequent District Boards, as well as between the District and P.E.R.S., the District failed to put in place a mechanism to pay off the loan. The loan has now grown to almost \$200,000. Since the loan amount is recalculated annually, a request has been submitted to P.E.R.S. asking for the exact amount of the loan as of July 31, 2007.

The current Board has convened this meeting to discuss proposals to resolve this debt, and to seek for community input and ideas.

Discussion

Robert Gaughan presented the following proposal and then opened the discussion to the Board and community members present.

Pay off the P.E.R.S. loan as soon as possible through a loan from the General Fund. Repayment to the Fund would be completed by the end two years through a P.E.R.S. Surcharge in the amount of \$15.00 per billing cycle.

The general consensus of those present was that the P.E.R.S. loan be paid off as soon as possible – in the words of Sonny Boyd, to “stop the bleeding.” Arguing in favor of a P.E.R.S. loan payoff, Robert Colclessor noted that the bid for Reservoir 5 came in well below bid and so the money is in the budget. He also added that we should keep in mind that we are saving ourselves the 8% interest on the P.E.R.S. loan. Jeff Hargens added that beyond this, the District was without a manager for several months and therefore, that account should come in under budget. Use of contingency funds was proposed by Z Marsh, but Victor Schmidt countered with the argument that the account must be kept clear in the event of a real emergency. The remainder of the discussion was focused on how to repay the General Fund – surcharge or rate increase – and then the details for repayment:

- Z Marsh proposed that the Fund loan repayment be based upon a rate increase that would be based upon usage instead of a flat surcharge. She noted the amount charged each customer would represent a percent of their bill and be fairer.
- Jeff Hargens expressed concern for the fairness of a rate increase to someone like a nurseryman who has to pay for employees. He also argued that a P.E.R.S. surcharge, clearly identified as such, would focus attention on the fact that it is specifically related to P.E.R.S.; a potential tool to send a message to customers and from there to state representatives on the impact of the program.
- Gordon Fulks interjected that the District’s water rate is already one of the highest in the area; adding that the surcharge would essentially be repaying ourselves.
- Robert Gaughan noted that if repayment is through a rate increase and that repayment is to be completed in two years, the increase would need to be approximately 20% (based upon water sales of just under \$500K).
- Dave Mysinger noted that at the last budget session it was discussed that a rate increase may be needed in the future to meet the rising costs of materials. A surcharge levied now to pay back this Fund loan could put the District in a difficult position if later there is need to increase rates to meet the rising costs– essentially a double whammy to the customer.
- Marion Kirkham argued that a surcharge would be for two years, where a rate increase would be of an indefinite duration. Jeff argued that rates could be decreased after two years.

It was determined that a surcharge based upon meter size would be more stable; a rate increase would make repayment dependent upon usage and therefore, the term of the Fund loan could be impacted by seasonal and economic fluctuations in water use. Various suggestions were proposed to calculate the surcharge for each meter size, but Gordon Fulks suggested the best path would be to keep it simple: charging \$7.00 for ¾-inch meters, raising the others proportionally, and prorating the last billing until the loan amount is paid off.

Additional concerns were discussed:

- If someone were to add service, they would be subject to the same surcharge table as other District customers.

- A special account will be needed to track payments
- The Board asked that District staff prepare a spreadsheet detailing out the repayment schedule based upon the number of meters in each size category.
- A motion could be approved this evening on the plan, but a public hearing must be held at which a resolution for the surcharge must be adopted.
- There was discussion on how a surcharge would impact low and fixed income households. Jamie Simms advised the Board that all District customers must be treated equally and District rules and regulations relating to hardships cases must be adhered to.

Motion:

Victor Schmidt proposed and Robert Gaughan seconded the following motion:

The Board should adopt a rate increase plan as follows:

Meter Size	Base Rate (bi-monthly)	Surcharge (per month)
¾ inch	\$24.00	\$ 7.00
1 inch	\$40.00	\$14.00
1.5 inch	\$60.00	\$21.00
2 inch or greater	\$80.00	\$28.00

and that this rate increase will terminate with the billing period following the payoff of the loan amount, which will be determined in the next couple days; the Board will have the option to terminate early. The start date is to commence on September 1, 2007, with the September/October 2007 billing cycle, and will first show up on the October bill.

Jeff Hargens offered, and Victor Schmidt second, the following amendment to the motion:

The Board approves that the money be taken out of General Funds to pay off such bill as soon as the amount is known.

The Board voted unanimously to adopt the motion as amended.

Robert Gaughan adjourned the Public Hearing at 7:08 P.M. and called the Regular Meeting back in session.

REGUARL MEETING: 7:08 P.M.

Tuesday, July 17, 2007
Corbett, Oregon

PACE Engineering – Brian Lee

Progress Project Reports

Brian advised that PACE is now providing the District monthly project progress reports as the Board requested; they are to be provided to the District by the first Friday of the month. Jeff Hargens asked that reports identify projects with a description name along with the project number.

Louden Reservoir

Brian advised that the contractor is basically done with the painting (there were some areas that needed to be touched up where thickness was insufficient and areas around the ladder brackets). The contractor removed the scaffolding and will complete site cleanup tomorrow. Electrical service is all that is left. The remainder of the cure period ends this week, and then it will be ready for disinfection (to be completed by the contractor) and put back on line. Jeff

Hargens asked if there were any chance for backflow during the disinfection process and Brian Lee advised that he doubted it, but that the contractor will be on hand to oversee the process.

Filter Pond 2

Brian reported that the filter pond is now online with no problems to report.

DRC

With the new manager and newly certified District staff, Brian Lee asked about the status of the DRC contract and advised that any changes to the contract should be in writing.

Jeff Hargens moved and Marion Kirkham seconded the following motion:

The DRC services with PACE Engineering will be discontinued and the work transitioned to District staff. PACE will do the last report in July, with final readings and completion of the transition set for August 2007. The District Manager will work with PACE to transition the work over to District staff.

The Board voted unanimously to adopt the motion as amended.

Monthly Reports

Secretary / Treasurer

Since this officer was just elected there will be no report this evening.

Financial Report – Barbara Strasbaugh reported the following:

Signature Authority – A letter was sent to West Coast Bank updating their records to reflect recent District staffing and Board changes, but it remains for the Board to decide the members who are to have signature authority. It was agreed upon that the three officers, along with the District Manager, should have signature authority. Each needs to stop by the District office to sign the paperwork.

District Credit Card – Paperwork for credit cards for the following is being processed.

District Manager, with a credit limit of \$1,000.

Utility Workers, each with a credit limit of \$500.

Bonding – The District Manager and District Clerk are bonded positions, so it was a simple process to provide the District's agent, LaPorte, with the names and information for the new staff.

Purchase Orders – With the assistance from Jamie Simms, annual purchase orders were created for recurring District expenses. A spreadsheet was created and will record up to date expenditures and balances. Should expenditures approach the purchase order limit, supplemental purchase orders will be submitted for approval.

Manager's Report – James Jans reported the following:

- The meeting with the BLM was completed prior to his hire; the District is waiting for the draft proposal
- Reservoir 5 – The bypass has been completed; the newly installed 45 degree valve will provide stirring action in the reservoir.
- Reservoir 4 – Power installation has been completed, hook up coordinated with PGE and cathodic protection is working. The altitude control valve was not in stock. This has been set as a top priority.

- Bell Road Service Line – The crew has repaired a couple leaks and replaced two service lines.
- General Maintenance – The crew is in the process of chopping weeds around the reservoirs.
- Christensen Road Project – Of the 3000 feet of 6-inch main to be installed, 41%, or 1236 feet of pipe has been installed. One hydrant has been installed, with two more yet to be installed. It was suggested that it would be a good time for meter replacement in the project area. Work on the project is a priority.
- North Fork – Working with Oregon Fish and Wildlife and engineering on the stream intake project.
- South Fork – The intake has been shut off for zero flow; the installed meter recorded 207 gallons last week, but by Friday, it was down to zero.
- Treatment Plant – Reservoir level gauge is not working correctly in distribution; it malfunctioning and so the crew has to physically note how much water is in it.

Correspondence – Barbara Strasbaugh reported the following:

Letters have been sent to all candidates who applied for the District Manager and District Clerk positions.

Public Comment

Clarification of the surcharge rate was requested.

Adjournment of Meeting

Robert Gaughan adjourned the meeting at 7:08 P.M.