

**REGULAR BOARD MEETING
CORBETT WATER DISTRICT
BOARD OF COMMISSIONERS
September 21, 2017**

PRESENT **BOARD MEMBERS PRESENT:** Jeff Hargens, Sara Grigsby, Jack Garrison and Bob Gaughan
BOARD MEMBERS ABSENT: Kevin Wilhelm
STAFF PRESENT: District Manager Jeff Busto, Office Assistant Lynda Ronell and District Clerk Gail Griffith
AUDIENCE MEMBERS: Donald Horn, Karen Horn, David Jacobs, Malcolm Freund, Bob Colclessor & Gordon Fulks.

President Jeff Hargens called the meeting to order at 6:30 p.m.

APPROVAL OF THE AGENDA

Jeff Hargens asked if anyone had any changes or additions to the Agenda. District Clerk Gail Griffith and District Manager Jeff Busto asked that “Agent of Record for Insurance” be added to the New Business. President Hargens said we will add Agent of Record as number 5 under New Business. Jack Garrison made a motion to approve the Agenda as modified. Sara Grigsby seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, S.Grigsby & B.Gaughan 0 no votes)

MINUTES

President Hargens asked if there were any corrections to the June 20, 2017 Budget Hearing minutes. There were no corrections. Jack Garrison made a motion the minutes of the June 20, 2017 Budget Hearing be approved as printed. Sara Grigsby seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)

President Hargens asked if there were any corrections to the June 20, 2017 regular Board meeting minutes. There were no corrections. Jack Garrison made a motion to approve the minutes of the June 20, 2017 Regular Board meeting minutes, Bob Gaughan seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)

President Hargens asked if there were any corrections to the July 18, 2017 regular Board meeting minutes. Jack Garrison said under “Election of Officers” the first line there needs to be a space between *Garrison* and *sent*. Malcolm Freund stated that on page 4 in the “District Managers Report” The third line where it says “Reservoir 4 which is next to Reservoir 1” the numbers should be changed to “*Reservoir 1 next to Reservoir 4*” Bob Gaughan made a motion to approve the July 18, 2017 regular Board meeting minutes as modified. Jack Garrison seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)

President Hargens asked if there were any corrections to the August 15, 2017 regular Board meeting minutes. Jeff Hargens had a correction under the “LGIP Contact and Signers” section the third sentence where it says “*Jeff Hargens made a motion the President....*” should read “*Jeff Hargens made a motion for the President....*” Sara Grigsby made a motion to accept the August 15, 2017 regular Board meeting minutes as modified. Bob Gaughan seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)

Sara Grigsby asked if when handouts are brought in to a meeting if they should be referenced in the minutes. It was agreed any hand out or paper report presented to the Board should be noted in the minutes. The District Clerk stated that any documents sent to the Board ahead of the meeting or given to the Board at the meeting are also filed in the Minutes Book.

LEAK ADJUSTMENTS

Account #3380-00: The customer stated the delay in submission was theirs. They had repaired a “massive” leak in December and submitted a leak adjustment request, but, the Water District found that we still had a small leak. We couldn’t repair that leak until after the weather cleared up and ultimately decided it was better to replace the entire 650 foot water line. Jeff Hargens made a motion to adjust account #3380-00 December 27, 2016 billing of 136 units to the six months average of 17 units. Bob Gaughan seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes) Short discussion of how history information is considered. The customer thanked the Board for the adjustment and told the Board that District Manager Jeff Busto is a fine representative of the Water District.

TREASURERS REPORT

Sara Grigsby passed out a copy of the Treasurer Report to everyone in attendance at the meeting.

Sara went over her report. Sara asked Gail Griffith to present one of the reports from the July “new” Corbett Water District chart of accounts that aligns with the Budget line items. Gail went over the July report revenues and expenditures. Gail explained that all invoices were reviewed by District Manager Jeff Busto and each one was assigned to a specific line in the budget and was then entered into the books under that line item. Jack Garrison said this should help with booking errors and is a good step forward. Bob Gaughan asked if Assistant Clerk Lynda Ronell is being kept “in the loop.” The District Clerk stated Lynda is definitely being kept informed and she and Lynda are working together closely.

Sara continued through her written report. She asked the District Clerk to review the adjustments between the accounting system (Quickbooks) and the water utility billing program (CUSI). Gail explained that each month as we receive payments for water bills Lynda Ronell makes electronic deposits to Wells Fargo and enters the payments into CUSI and then into Quickbooks. There is a note in the reminder calendar and also a Standard Operating Procedure that says to make an adjusting journal entry in Quickbooks to either increase or decrease water sales to match the accounts receivable balance with the utility system. If you relate it to your personal bank account it would be like deciding that if your bank statement and register didn’t balance you would just add or subtract the money to make it balance. Gail explained that she did not follow that SOP and is not comfortable making adjusting journal entries to “make things balance.” Sara Grigsby said there should be a note that this was not ill intended operations but sort of an institutional acceptance of something without an understanding of why. Jeff Hargens asked how this developed and that he understands it should be changed. The District Clerk said she did not know how it was started. Gail said she did have doubts that she wasn’t thinking correctly that we could change the bookkeeping to something easier that we could all understand and have it relate to the budget. She continued that she spoke with the Fire District Auditor and his assistant who both do government audits. She read them the Water District SOP and the notes explaining how to make the books match. They were both extremely surprised by the information. They both asked why the chart of accounts doesn’t match the budget and why fixed assets are in the books. They noted that it sounded like the books were set up for some large company like Xerox or Microsoft where you have a Financial Officer and a layer of staff to do your books. They asked about payments and checks written. They said any adjusting journal entries are made by an auditor not the bookkeeper. Jack Garrison said this has been questioned in the past. Sara Grigsby said the main thing is to see these directions in a standard operating procedure, that there was a major misunderstanding and we are working forward to change how things are done. Next month we should have actual expenses related to budget items. The Treasurer will review the credit card statements face to face next month with the District Clerk. Jeff Hargens will hold August 31st financials for next month for approval.

VARIABLE BASE RATE

The Board received a copy of the draft ordinance for the variable base rate in their Board packets. Jack Garrison asked District Manager Jeff Busto if a report could be run to show the difference there would be for incoming revenue based on the current use of the tax rate compared to the new way based on two times the rate for water used for the last six months of billings. This would give the Board a good idea of parity with someone living in the District. Jeff Busto stated that Lynda Ronell has run that information and it can be provided to the Board. The report for the Board comparing the system of billing the five out of District water customers with the tax rate item on their bill compared to billing those customers for water use at twice what in District customers pay will be emailed out to the Board when complete.

The District Clerk Gail Griffith stated that back in March of 2017 the Board minutes reflect there was a motion, which passed, to start the process of a boundary change to include the customers outside the district. That didn't happen and the motion was not amended in subsequent meeting. Discussion. President Hargens said that once the Board reviewed the information Jack requested tonight we should be able to make a decision. He further stated that he would like all five Board members present and we should be able to get this resolved. Jack Garrison said he didn't know if a decision could be made at the next meeting but all the Board members need to have the information so we can decide which direction we want to go. If we want to annex them in it will be very costly for the district and require a vote or if the individuals want to take on the process to annex into the District or just pay the extra monthly differential amount as an out of district customer. Jeff Hargens noted he is one of the five out of district customers. It was understood that if the Board decided to go with the draft ordinance presented tonight it would need to be modified and be advertised and read at two upcoming meetings.

CROSS CONNECTION ORDINANCE 2017.04.01

First reading of Cross Connections Ordinance 2017.04.01. Second reading will be at the October meeting with a corrected date of October. The final document will be signed by the current Board members after the second reading. District Manager Jeff Busto will give Sara Grigsby background information about the cross connection ordinance.

SOUTHFORK INTAKE

District Manager Jeff Busto reported he spoke with Brian Lee of Pace Engineering earlier and he has all of the documentation about Southfork. It is his contention the boulders in place now have sunk and that is why we are not getting water into the headgate. Next week Jeff Busto will take measurements off of the control points to see if there has been any movement in the creek bed and we will go from there.

Jeff Busto said he also left a message with the State Forester to discuss what we will be doing about the timber harvest next to the watershed and if it is in compliance. Jeff Hargens gave some background and noted he and Jeff Busto had gone up to visit southfork during the middle of the fire to see what impact there was to our watershed, if any. Jeff Busto was concerned about the intake being higher than what it should be to collect the water out of southfork and the possibility of lowering our facilities to get water out of southfork correctly. Jeff Busto said if we raise the creek bed it will force the water over the headworks and be significantly less expensive. Jeff Hargens said when they were looking at the area he was surprised at the logging that was going on in our southfork area. The concern is the skid roads are directing a flow of erosion to our facilities. Jeff Busto has talked to the Logging operation and they have stated they are following their permits. Jeff Hargens continued that their buffers are only fifteen feet from our creek. They are directing flow directly into the creek. Both Jeff Hargens and Jeff Busto are concerned about this situation. Jeff Busto said this is pre-emptive work since we can see a problem that could occur and we want to correct it before it is a problem. Jack Garrison asked if it was the same company doing the logging up there a few years ago? If so the state was supposed to be out to address

this same issue. Did that happen then. Jeff Busto said they have not been out and it is the same logging company. Jeff Busto continued he should have a call back from the State Forester tomorrow. Jack Garrison suggested getting a copy of the permit as well as having the Forester out. Further discussion. The District Manager will be meeting with the State Forester on site. Sara Grigsby asked if they are following the permit what would we be asking them to do. Jeff Busto replied he would ask them to come in and place biobags or something to keep the siltation out of the creek. We need to make sure the silt does not get into the creek. Jeff Busto said he has contacted Oregon Department of Fish and Wildlife as well. The Board came to a consensus to appoint Jeff Hargens as the representative of the Board to work with Jeff Busto on this situation. They will be bringing information back to the Board.

EAGLE CREEK FIRE

District Manager Jeff Busto reported when the conflagration was called we were in the loop, however, when Fire District #14 dropped out of the conflagration, we lost all communication about the fire. Jeff Busto had to scramble to find someone to talk to about the fire. The Bull Run watershed has a definitive boundary on maps whereas the Gordon Creek Watershed just looks like a bunch of trees when you look at a map. They were going to let our watershed burn. The Fire Incident Commander met with Jeff and Jeff outlined exactly on a topographical map what areas would affect the watershed if it was allowed to burn. They were going to allow it to burn down to the powerline which would have protected the Bull Run but would have burned Gordon Creek. Once Jeff met with him, the Fire Commander called in 60 five man crews and they cut a fireline around our watershed. The Fire did not affect the watershed negatively. We are still having some pH spikes because of the large amount of ash. We have made adjustments and our water quality has not suffered because of the fire. Jack Garrison said there was an effort in the past with NWCC and Molalla State Forester and the previous Manager and a complete package of points of contact and a map of the District including no drop zones for retardant was compiled. Further discussion. We have a good supply of water.

REPORT OF SPECIAL DISTRICT BOARD MEMBER TRAINING

Sara Grigsby gave the Board a summary of information related to the Special District Board training she attended in August. She said she enjoyed it and suggested that all new Board members should be required to attend one of these classes as well as staff members. She said she had some basic questions and information she may bring up at future meetings.

CHANGE OF OCTOBER MEETING DATE - APPOINTMENT OF AGENT OF RECORD

The District Clerk reported we were going to ask to have the meeting moved up or changed because the Health insurance renewal is due by October 15th, however, with Jeff Busto's proposal to appoint an Agent of Record that could change the need for a meeting date change. Jeff Hargens said we could discuss both items at once. Jeff Busto said he wants to shop our insurance and see what is best for the District. He said Wilson Heirgood is currently our representative for workers comp and they would be able to handle our other insurance as well. We currently have LaPorte for our agent on property, casualty and liability, Kaiser group is our representative for Health insurance and Aflac independently handles additional insurance such as disability that is paid by the employees. If you pick an agent of record they can handle all of our insurance and shop it out for us which can give us more choices. Wilson Heirgood is the Agent of Record for 30% of the Special Districts in the State. We do not pay them. Jack Busto said he is hoping to save some money with going to one Agent of Record by bundling some of our insurance. The District Clerk said this will allow us to deal with one Agent who can shop all the different insurance for us. This way the District Manager and District Clerk will be familiar with the Agent.

Jack Garrison said his problem with using Special District for liability we are in a pool with Fire and EMS which are high risk entities while we are a low risk entity which causes us to offset costs for them. Sara Grigsby asked if we say we are appointing an Agent of Record are we suspending our relationship with Kaiser. The District Manager said it is possible we could stay with Kaiser depending upon what information Wilson Heirgood brings us once they check out the plans available.

Jeff Hargens make a motion to appoint Wilson Heirgood the Agent of Record for insurance for the District. Jack Garrison seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)

The October meeting date will not be changed.

MANAGER'S REPORT

The September Manager's report was included in the Board packets. District Manager Jeff Busto went over the items in the report.

The Meter Replacement evaluation process is currently at a standstill until we can devote resources towards its accomplishment. I hope to have this completed by the December board meeting.

Drew and Tyler continue to learn through hands on work experience, and are attending classes required by the District to maintain compliance with our regulatory agencies.

Water sales increased for July/August from last year's billing cycle by \$20,995.00 which equates to roughly 5.250 MG more product for two months. Point being the district is in dire need of more storage. A feasibility study is scheduled for October/ December of this year. Jeff Busto and David Jacobs should have information regarding the study for the Board in November.

The Eagle Creek Fire had little impact on the Gordon Creek Watershed. District staff was proactive regarding the event successfully preventing any shortages, or quality issues with our finished product.

We also experienced a six-inch main break Monday September 4th. It was discovered by monitoring our SCADA system, therefore alerting us before water losses impacted storage capacity in our reservoirs. Only one customer was without water for about four hours.

Jack Garrison asked how many meters have been purchased. Jeff Busto replied twenty. Jack Garrison asked when the old meters are pulled out if they would be checked and then re-used as necessary. Jeff Busto said the old meters are at end of life and would not be re-used. David Jacobs noted the old meters had lead in them and once they are pulled cannot be re-installed. Jack Garrison said several months ago we discussed the possibility of a firm coming out and testing the meters of our high end users such as commercial and government has that been done. Jeff Busto responded it is pretty costly to have that done and he was waiting. Jack Garrison noted we could get a good kick in revenue if the high end user meters were checked. If they are off by 20% that could be a boost to revenue. Jeff Busto said the companies who do that kind of testing have a schedule of areas they go to. We are on the schedule and they could be out here in November.

Jack Garrison asked what needs to be done and the magnitude of it to finish the Hurlburt project. Jeff Busto responded he just needs the manpower and the time. We have the parts on hand.

Gordon Fulks asked what projects have top priority since the word "dire" was used. Jeff Busto said he used "dire" because if we have a situation when we couldn't produce water for a period of time then storage is paramount because once you lose your storage you have lost your system. Jeff continued and said he would love to see another source of water. Sara Grigsby asked if there was a three to five year operational goals plan. Jeff Hargens commented that the goals are discussed ongoing and they adjust because of funds and time. Some of the goals may be substantially met and that brings other goals to the forefront. Sara Grigsby said most organizations have strategic goals in mind knowing that the world changes and that those change in short term. Sara said she would like to discuss how goals are set which could be done at another meeting. Jack Garrison said the Budget Message from the District Manager should tie the Budget to his goals for the year. David Jacobs noted that in regards to a strategic plan all water district with more than 300 hook ups are required to have a 20 year master plan. The current master plan was put together in 2005 so it has eight years left. Jack Garrison said it is stamped draft.

PUBLIC COMMENTS ON ITEMS NOT LISTED IN AGENDA

Gordon Fulks said during the fire there were no updates on the website about the water system. Jeff Busto said we did post one. It was not right at the beginning of the fire. Jeff Busto said he also posted on the local social media.

FUTURE AGENDA ITEMS

Jeff Hargens said he would like to keep the Agenda format used tonight.

Jack Garrison said in June he asked the staff to provide information on aged receivables. He wanted to know our current policy and is it is adhered to and if not what changes would the staff recommend be changed in the policy. Also, what can you recommend from the point of view to reduce our number of aged receivables and bring people in to compliance. The District Clerk said we will provide as much information as we can by next months. Jack Garrison said we have 15% to 18% of our customers who are 60 to 90 days in arrears on paying their bills. PGE would shut off your power.

Sara Grigsby said in the past there had been discussions about the big users. She said she would like to see a report that could start a conversation regarding our large, medium and small users to discuss water use and we could get a shared understanding of the large users so we could start a conversation way ahead of time for when we have another drought. We will have a plan on how to work with those people. Jack Garrison said we did a report previously broken down by business, individual, government type users and that could be a start point.

Gordon Fulks noted his bill was late with no extension. The District Clerk said all bill due dates were changed to October 15th which is a month later than the normal September 15th. We were unable to mail the bills due to the Post Office being closed . There is a note on the front of the website about the bills being sent out late.

Malcolm Freund asked if the District Clerk is still Interim and when will this be resolved? Jeff Busto said that has already been changed. Gail Griffith said she was really glad Jeff Busto

Jeff Busto thanked Lynda and Gail for all their hard work.

ACTION ITEMS FOR NEXT MONTH

Treasurers Report
Variable Base Rate
Cross Connection Ordinance

Jeff Hargens said he would like an item added to the Agenda right before we adjourn we go through the Board members and ask if there are any other topics they would like to discuss. David Jacobs said items for the good of the order. This will be added to future Agendas.

ADJOURNMENT

Jeff Hargens made a motion the meeting be adjourned at 8:40 p.m. Sara Grigsby seconded, all were in favor, motion carried. (4 yes votes: J.Hargens, J.Garrison, B.Gaughan & S.Grigsby 0 no votes)