

**CORBETT WATER DISTRICT
REGULAR MONTHLY BOARD MEETING
AND PUBLIC HEARING**

Chairman Ed Kalberg called the meeting to order at 7:00 p.m. Board members Ken Blanc, Jeff Grover and Henry Schwartz were present. Also present were Superintendent Randy Stark and District Clerk Kathie Cicerich.

Community members present were: Gordon Fulks, Bob Colclessor, Doug Geller, Barb Adams, Marc Caldwell, Bart Witka, Malcolm Freund and Ross Johnson. Also present were Phil Beverly and Ed Hodges from Lee Engineering, Inc.

APPROVAL OF MINUTES

Jeff Grover moved to accept the October 8 and October 15, 2002 minutes. Board members voting for the motion were Ken Blanc, Ed Kalberg, Jeff Grover and Henry Schwartz. Motion passed unanimously.

FINANCIAL REPORT

Kathie Cicerich went over October 2002 expenditures and payables. Year to date expenses were also discussed.

MONTHLY WORK REPORT

Mr. Stark briefed the Board on work projects and leak repairs performed in October.

- Cleaning was finished on filter pond #3
- Strobe light and rack were installed in Ford Ranger
- Repaired two leaks in 4" steel main on Woodard Rd.
- Pressure data was collected from Wand Rd.
- The turbidimeter failed at the treatment plant
- A 10" main break on Littlepage near Grange Hall. It was a 20' section with $\frac{3}{4}$ " service line. The main was 5' underground. Safety issues came up regarding shoring for deep trenches.
- The North Fork intake pond was cleaned.
- Two leaks were repaired in a 2" main on Scenic Hwy, $\frac{1}{2}$ mile E. of Hurlburt were repaired.
- Replaced a 1" service and reset meter with a double check valve for Viewpoint Inn.

There was some discussion regarding the main break near Grange Hall.

LETTER FROM CUSTOMER LARRY HAFFNER

Mr. Stark read aloud a letter received from Larry and Pat Haffner. The Haffner letter addresses out of control water rates. Chairperson Jeff Grover said most of the information contained in the letter is information from the rumor mill because Larry and Pat Haffner have not attended Board meetings.

AUDIENCE COMMENTS NOT ON THE AGENDA

Barb Adams would like to see some early discussion on budget items for the coming year. Gordon Fulks would like all critical needs in the District addressed. Malcolm Freund asked how much money has been banked from the last 25% rate increase. Kathie Cicerich said \$46,214.66 has been banked. Mr. Freund said the District phone message during the main break on Grange Hall Road should have included a message for the customers to turn off their water heaters during the time no water was available. Marc Caldwell said by the time the customers would of got the message about turning off their water heater, the damage would have already occurred. Bob Colclessor talked about the master plan update.

ELECTRONIC CHECK PAYMENTS

Kathie Cicerich researched the costs involved to implement electronic check payments from District customers. U.S. Bank charges \$250.00 for software and an additional \$30.00 a month for monthly software maintenance. Software with telephone training is \$350.00 and after that \$75.00 an hour for telephone training. U.S. Bank's software is Windows based and the District's current billing program is not. After some discussion, the Board decided to hold off on electronic check payments until a new Windows based billing system is purchased.

Chairperson Ed Kalberg temporary adjourned the regular Board meeting at 7:30 for the purpose of holding a Public Hearing regarding the "State Revolving Loan Fund" Loan Resolution.

PUBLIC HEARING: STATE REVOLVING LOAN FUND LOAN RESOLUTION

Mr. Stark gave a presentation regarding the purpose of the loan. This hearing is to consider a resolution that will enter the District into a loan application with the Oregon Economic and Community Development Department (OECCC). The loan amount is \$1.5 million with an annual percentage rate of 4.06 for 20 years. The purpose of the loan is to build a reservoir and to make water treatment plant improvements. In addition to the \$1.5 million the District is to borrow, there is additional funding of \$335,000 in a reserve fund specifically for this project.

Mr. Stark also gave the Board and Community members some background information with regards to Corbett Water District. The source of the District's water comes from the North and South Fork of Gordon Creek on Larch Mountain. The water requires treatment because it is surface water.

Treatment of water includes filtration through the slow sand filters, corrosion control with the use of sodium bicarbonate and chlorination for disinfection. The water is monitored for contaminants, such as organics, inorganics, asbestos and radioactive materials.

Building a reservoir at the treatment plant site would resolve the current problem of no water storage at the plant. The clearwell is improperly used for water storage, where as its function is intended as a contact chamber so the chlorine has enough time to be in contact with any pathogens to deactivate them. This current way of operating means the treatment plant operates at peak values rather than average daily use. Other current problems are the treatment plant can't be shut down when repairs are needed and when raw water turbidity is high. Chlorination is undependable, resulting in two violations of inadequate chlorination and one monitoring violation. Monitoring and alarm systems are inadequate resulting in slow response time during adverse weather conditions, which makes it difficult to gain access.

Randy Stark read aloud resolution 2002.11.02 of the Corbett Water district, authorizing a loan from the Safe Drinking Water Revolving Loan Fund, with the Oregon Economic and Community Development Department in the amount of not more than \$1.5 million.

Audience asked questions about interest and payments on the loan. Payments will be made from receipts and billings that come in from contractors and other vendors. The District is not obligated to borrow the full amount of \$1.5 million. Interest is payable on the amount the District borrows. Treatment Plant improvements need to be approved by the Oregon Health Division before they can be covered under the loan. Comments were made about pipeline replacement and the existing reserve fund.

Mr. Phil Beverly from Lee Engineering, Inc (LEI) said the District is receiving the \$1.5 million loan package because of potential violations at the treatment plant. Replacement of pipes and filter media are usually considered a maintenance project and the interest rates on these types of loans are typically much higher compared to the reservoir loan.

Jeff Grover made motion to accept resolution 2002.11.02 as read by Randy Stark. Board member Ken Blanc said the cost of the project keeps increasing and he will not vote for any future rate increases in the future. He said for the last two years he hasn't been able to tell anybody where the money has gone. Jeff Grover said that though the project is budgeted at approximately \$1,835,000, it doesn't necessarily mean the District will borrow the full amount. Mr. Kalberg agreed with Jeff Grover's comment. Board members voting for the motion were, Ed Kalberg, Jeff Grover and Henry Schwartz. Ken Blanc voted against the motion. Motion passed. The hearing ended at approximately 8:30 p.m.

The regular Board meeting reconvened at 8:30 p.m.

MASTER PLAN-RESERVOIR UPDATE

Phil Beverly and Ed Hodges from (LEI) passed out a water treatment plant improvement prioritization list for the Master Plan Update. Below is the suggested list of items by priority, including amounts. The dollar amounts should only be used as a reference point at this time.

A. Meters, Valves and Controls	\$345,000
B. Chemical Feed and Building Expansion	\$108,500
C. Clearwell	\$ 4,095
D. Generator	\$ 47,800
E. Filter No. 2 Media	\$104,850
F. Fencing	\$ 29,500

Mr. Beverly said the current valves are very worn, they don't control well, which makes it difficult to run the plant. To change the flow rate with the current valves, four different valves need to be changed manually. If an alarm sounds, an employee has to go to the treatment plant even at night to find out what the problem is. New valves will reduce manpower. Mr. Beverly said the current meters are not accurate. Meters made today don't wear out because they have no moving parts. The current building houses chemical feed in one room and all the controls and generator in the other room, which makes it difficult to seal the vapors off from the controls. The vapors cause corrosion on the controls and instrumentation.

Audience members raised questions and comments about a security system, a new generator and fencing. Mr. Phil Beverly from (LEI) said a propane generator is recommended over a diesel fuel generator because diesel fuel can go bad within six months, whereas propane doesn't. Various security systems were discussed.

Duane Lee from (LEI) will be attending an upcoming meeting with Multnomah County pertaining to permits. Mr. Beverly asked the Board if they want (LEI) to start working on the reservoir project. Jeff Grover made motion to authorize LEI to do the survey for the reservoir project and to start the permit process. Discussion ensued about the survey. Phil Beverly discussed the four tasks involved with the survey, which are: elevations on the site, map topography, locating lease boundary and monument the boundaries. After all is done (LEI) will file record of survey. Mr. Beverly said the purpose to monument the boundaries is to establish permanent elevations. Board members voting for the motion were, Ken Blanc, Ed Kalberg, Jeff Grover and Henry Schwartz. Motion passed unanimously. Board member Henry Schwartz was not feeling well and left at 8:50 p.m.

MEDICAL INSURANCE

Superintendent Randy Stark talked about the cost for Employee health insurance. Members of the community, Board and Budget members have brought up this topic on several occasions. The cost of health insurance has increased considerably. The current health care plans that have been approved are through Special Districts Association of Oregon (SDAO) and Kaiser. The Kaiser plan is a managed care program and the Lifewise plan is an indemnity program that is contracted through SDAO. Every year SDAO puts health care services out to bid in order to get the lowest rates.

The fastest and easiest way to reduce health insurance costs is to increase deductible amounts, which in turn, shifts the cost to the employee. Health insurance costs are really not reduced but passed on to the employee. Currently the cost for providing health insurance is roughly \$45,000 annually, which averages out to \$9,000 annually per employee, or \$750 a month per employee. If the District were to not provide health insurance, it would cost an average \$750 a month per employee to carry his or her own health insurance. That same cost divided out over one thousand customers is \$45 per year or \$3.75 per month. If employees were to contribute \$100 each per month or \$1,200 per year towards their health insurance premium, it would reduce the cost per customer from \$3.75 to \$3.25 monthly.

After Mr. Stark's presentation, he asked the board for direction. What does the Board want to do? The reduction in cost of insurance for the District would be minimal if it chose to have each employee contribute \$100 per month, but will increase the cost for it's employees greatly. Ken Blanc expressed how important it is for employee's to have health insurance. Ed Kalberg told Mr. Stark to be prepared to go into detail during next year's budget process and suggested maintaining the health insurance program as is for the current budget year. In Mr. Kalberg's opinion he would much rather not give an employee a rate increase then to not provide health insurance.

Audience members raised questions and made comments regarding employee health insurance. One suggestion was to pass higher health premiums on to employees through higher deductibles and or premium sharing. Another suggestion was to raise health deductibles in order to reduce health insurance premiums and then give District employees a certain dollar amount towards their deductible.

AUDIT

The Audit Report prepared by Dennis Conner for the fiscal year ending June 30 2002, was submitted to the Board for its review and approval. The report shows that no main category was overspent. Mr. Kalberg prepared four different spreadsheets and handed out copies. The spreadsheets consist of a balance sheet, statement of revenues, statement of cash flows and increase/decrease percentages comparison report. There was some discussion of various findings. Ken Blanc moved that the Board accept the audit report for 2001-2002. Board members voting for the motion were Ken Blanc, Ed Kalberg and Jeff Grover. Motion passed unanimously.

SUPERINTENDENT EVALUATION POLICY AND PROCEDURE RESOLUTION

Mr. Stark presented resolution 2002.11.01 of the Corbett Water District, changing the method of performance appraisal for the position of Superintendent. Jeff Grover made motion that the Corbett Water Board accepts Resolution 2002.11.01., as presented to the Board.

Audience member Gordon Fulks raised some questions given to him by Doug Geller. Mr. Fulks said Doug Geller is very concerned with the resolution and that it is not in its final form. He didn't think there are any limits in wages after looking over the resolution. Various other comments were made.

After brief discussion, Board members Ken Blanc, Ed Kalberg and Jeff Grover voted for the motion. Motion passed unanimously.

EXECUTIVE SESSION

At 9:35 p.m. pursuant to, ORS 192.660 (1)(i), chairman Ed Kalberg called the Board into Executive Session for the purpose of the Superintendent job appraisal.

At 10:35 p.m. Chairman Ed Kalberg reconvened the regular Board meeting. The Board awarded Superintendent Randy Stark a 2% merit increase. Discussion regarding a discretionary bonus will be held next month in executive session when all Board members are present.

Ken Blanc moved to adjourn the meeting at 10:40 p.m. Board members voting for the motion were Ken Blanc, Ed Kalberg and Jeff Grover. Motion passed unanimously.