

**CORBETT WATER DISTRICT
REGULAR MEETING OF THE BOARD
Written Summary
November 15, 2011**

Board members present: Jeff Hargens, Robert Gaughan, Sonny Boyd, Robert Churnside.

Absent board members: Kevin Wilhelm

Staff present: James Jans, Shanti Kraai.

Audience members present: Lyn Pope, Brian Lee, David Jacobs, Erin Storlie, Malcolm Freund, Robert Colclessor, Dave Mysinger.

Chairman **Jeff Hargens** called the meeting to order at 6:34 p.m.

APPROVAL OF THE AGENDA

Robert Gaughan made a motion to approve the agenda, **Sonny Boyd** seconded, passed unanimously.

APPROVAL OF THE MINUTES

During the leak adjustment discussion, it was written that Robert Churnside seconded a motion, however he was not in attendance at the meeting. The minutes need to be modified to show that Robert Gaughan was the one to second the motion. **Sonny Boyd** made a motion to approve the minutes of October 18, 2011 as modified, **Robert Churnside** seconded, passed unanimously.

LEAK ADJUSTMENTS

1725-00: This customer removed all trailers from the property and the service line will no longer be used. **Jeff Hargens** made a motion to adjust the May/June and July/August 2011 billing cycles each to 40 units, the average of the 2009 & 2010 May/June reads and the 2011 March/April read, **Robert Churnside** seconded, passed unanimously.

4055-01: This customer had to repair multiple leaks on their irrigation line. Although the leak was repaired promptly, it went over two billing cycles. The water line is now completely repaired with no leaks present. **Jeff Hargens** made a motion to adjust the July/August and September/October 2011 billing cycles each to the six month average prior to the leak, 24 units, **Robert Churnside** seconded, passed unanimously.

4065-00: This customer dug and repaired their water line by hand. Due to medical conditions, this process took an extended length of time, therefore the leak was present over multiple billing cycles. **Sonny Boyd** made a motion to adjust all billing cycles that occurred between November 2010 through June 2011 to the average units used after the leak was repaired, 13 units, **Robert Churnside** seconded, passed unanimously.

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MERINA & COMPANY: PRESENTATION OF AUDIT

Lyn Pope distributed a memo to the Board of Directors summarizing the two communication letters included in the audit. She states that in their opinion, the financial statements were free of misstatement. She said they had full access to all of the District's accounting records and management was forthcoming to all their requests. No significant difficulties were incurred during the audit. She states there were several end of year audit adjustments, mostly for depreciation, that she feels the District Clerk will be able to do in the future with help from the auditing firm. They tested compliance for Oregon minimum standards and no non-compliance issues were found. She said the auditing firm does not feel that QuickBooks is the best accounting software, as items can be back dated, changing the prior year's retained earnings. **Shanti Kraai** states the office is now using closing dates in QuickBooks, which will require a password to change any transactions occurred during fiscal years that have already been audited. **Jeff Hargens** states that the office prefers to use QuickBooks, however in the future the Board will consider another accounting software option. **Lyn Pope** states it is also a cost vs. benefit decision. **Lyn Pope** said that the District needs to implement an intangible asset policy as well. **Shanti Kraai** states that the District already has one, and will forward it to her the following day. **Lyn Pope** states that they would like to see the depreciation schedule easier to follow. **Shanti Kraai** replied that the office just received numbered water proof stickers in order to keep track of current inventory. She said that the depreciation schedule includes lines entered by prior employees that do not specify the items, such as an entry stating "office equipment" and does not list what exact items in the office were purchased. It is hard to know if the equipment is still in the office or if it needs to be removed from the list without knowing what the items are. The numbered stickers will help tremendously with the depreciation schedule. **Lyn Pope** thanked the Board for their work in reviewing the financial reports every month. She said that the District Clerk is now knowledgeable enough to begin drafting the financials by herself. **Jeff Hargens** informed Lyn Pope that the audits issued by Merina & Company have been the most detailed audits the District has received.

HYDRO UPDATE

James Jans said that the City of Gresham has issued a plumbing and electrical permit for the hydro generator. We have sent in a request for approval to use the traditional licensing process for a hydro electric project. The application for this request was 88 pages long. The FERC process is moving forward rapidly. The Water Resources Department is coming out on November 16, 2011 to review our site. They issued a 30 day hearing on November 1, 2011 and would like to have an answer by December 1, 2011. We are currently working with six different governmental agencies, including the Oregon Fish and Wildlife Department. The turgo pump will take 120 days to receive after ordering. It is planned on placing the order tomorrow. We have installed the tee for the hydro at the treatment plant, and next week the building will be completed. The special meeting on December 13, 2011 is a requirement by FERC. The meeting will allow the general public to make comments and allow them to view the hydro site if requested.

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ADDITIONS/CHANGES TO POLICIES: WORK CLOTHES ALLOWANCE

Sonny Boyd made a motion to adopt the following paragraph in our personnel policy under item 10.9: Safety and Accidents, section B Personal Protective Equipment:

As part of its commitment to a safe working environment, the District will pay for work boots and raingear that meet ANSI safety standards for employees in the job classifications of District Manager, Utility Worker II, Utility Worker I and Utility Worker Apprentice. ANSI verification must be made by the Manager. The total expenditures are not to exceed the annual limit of \$200 for boots and \$100 for rain gear per employee. This amount is to be reviewed bi-annually to consider price fluctuation. The Manager's annual proposed budget shall include these items for Board review and approval.

Jeff Hargens seconded the motion, passed unanimously.

RESOLUTION 2011.11.01: REGISTERED OFFICE AND AGENT

This resolution will inform the State of Oregon where legal documents can be served on behalf of the District, as well as the person that can accept them. The resolution was signed by all present members of the board.

RESOLUTION 2011.11.02: DISCHARGE OF AN EMPLOYEE

This resolution states that the District will contact the SDAO pre-loss legal counsel prior to discharge of an employee in order to avoid a loss of insurance coverage. The resolution was signed by all present members of the board.

RESOLUTION 2011.11.03: SURPLUS PROPERTY

This resolution describes the procedures to follow when property of the District becomes surplus. These procedures were already being followed, however it will reduce our insurance rate by having the procedures listed in a resolution. The resolution was signed by all present members of the board.

MONTHLY REPORTS

Secretary/Treasurer Financial Reports: **Sonny Boyd** questioned the purchase of heated floor mats. **James Jans** states that these were purchased for the office staff, which will in turn allow the office heat to be kept at a lower degree. **Sonny Boyd** then questioned what the ACH origination, dated October 31, 2011 on our Wells Fargo checking account statement was for. **Shanti Kraai** said this transaction was for payroll direct deposits. **Sonny Boyd** made a motion to approve the financial reports as presented, **Robert Churnside** seconded, passed unanimously.

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MONTHLY REPORTS – (Cont.)

Managers Report: District Manager **James Jans** read as follows:

Distribution: A total of 280 feet of 4” HDPE and 1,700 feet of C-900 PVC on Deverell Road have passed the pressure and BT test. Dave Olcott’s meter has now been tied over to the new main. Pace Engineering will finish the required survey later this month which will complete the project. Over 1,025 feet of old rusty pipe has been replaced with HDPE on Lucas Road, along with over 2,950 feet of old 2” rusty pipe on Woodard Road replaced with 6” C-900 PVC main between Seidl and Ogden Road. Woodard had about 985 feet installed east of the Wand and Mershon intersection for a total just under 7,000 feet of old leaking pipe replaced in the system this year.

The fence installation for Reservoir 1 and 4 is now finished.

The September/October 2011 billing cycle generated \$92,290.37 in water and base rate sales.

We have cleaned up the last of the scrap iron in the yard and received \$553.70.

Treatment Plant: The Water Resource Department has received our application and has a closing date of December 1st. They are coming out to the site November 16th to look over the hydro requirements. The hydro generator will take 13 weeks for delivery and we are still waiting for the issuance of the FERC permit. The PG&E Net Metering application was issued on November 1st. The FERC pre-application document has been filed with FERC in Washington DC and we have a Public Hearing at the Corbett Fire Station on December 13th at 3 pm.

The tee package for the butterfly valves has been installed at the Treatment Plant for the Hydro project. Later this week, we will install the forms for the cement wall for the Turgo generator.

We had the North Fork site surveyed for the Farmers Screen and should hear back later this month on the completion date for the manufacturing of the screen module.

Our John Deere Gator has been stolen over Veterans Day weekend. The chain link fence was cut in order to get the Gator out. We have notified the Sheriff’s Department as well as our insurance company.

We have finished the fuel tank confinement wall behind our shop since this was a requirement from our insurance company. The crew did the forming for the cement work and this project was done in house.

PUBLIC COMMENTS ON ITEMS NOT LISTED ON THE AGENDA

Robert Colclessor said that Jeff Hargens and Robert Churnside are an asset to the District due to their work experience. He also said that Sonny Boyd and Robert Gaughan have been faithful to the District for years and would like to thank them for this. He said that the Board needs to review the rates and consider a possible rate increase. He said that the majority of the Board will serve the District for at least three more years, and it would be unwise to put off reviewing the rates until members no longer serve on the board just to avoid conflict. He said that three of the budget committee members are in attendance at this meeting and they would like to review and

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PUBLIC COMMENTS ON ITEMS NOT LISTED ON THE AGENDA – (Cont.)

plan for the next three years during the budget season. It may be necessary to consider a rate increase or surcharge to get essential projects completed. **Malcolm Freund** would like the budget committee members to receive a list of known projects that will need to be completed, separated by priority. **Jeff Hargens** said that this list will be hard to produce, as new projects come up often that are not planned for. **Malcolm Freund** said he understands this, however a list of just the currently known projects would be of assistance to the committee.

UNFINISHED ITEMS FOR BOARD CONSIDERATION

James Jans said that a check has been issued to the Oregon Economic & Community Development Department for the loan payment. **Shanti Kraai** was instructed to have staff issue a draft policy for leak adjustments for the Board to review at the next regular board meeting.

Robert Churnside made a motion to adjourn the meeting, **Robert Gaughan** seconded, passed unanimously. Meeting adjourned at 7:43 p.m.