

CORBETT WATER DISTRICT

~~DRAFT~~ APPROVED MINUTES

Regular Meeting: 9:00 A.M.

Tuesday, December 22, 2005

Corbett, Oregon

Attachments: Financial Report from Clerk
Fiscal Year 2005 Audit
Manager's Report

Commissioners Present: Malcolm Freund, Robert Gaughan, Lee Wyatt, Bob Colclesser, and Marion Kirkham.

Also present were District Manager Frank Sterzinar and District Clerk Jamie Simms.

Audience Members Present: Dave Mysinger, Barb Adams, Mike Visscher, Brian Lee from Lee Engineering, Vern Gardner and Bobbie Mohler from Clackamas Construction and Jim Lee from Springhill Construction.

Chairman Freund called the meeting to order at 9:13 ~~pa~~.m. at the Corbett Fire Hall, noting that this meeting is the rescheduling of that regular meeting scheduled for December 20, 2005, but canceled because of bad weather.

Chairman Freund called for an executive session [Pursuant to Oregon Revised Statute 192.660(1) (f)] "To consider information or records that are exempt by law from public inspection."

The regular meeting was reconvened at 9:25 ~~pa~~.m.

Commissioner Wyatt moved to direct staff to pay the bill referenced in the December 14th letters from the District's Attorney Richard Weill. Motion seconded by Commissioner Colclesser. Motion passed unanimously.

Review / Approve Agenda.

Commissioner Wyatt moved to adopt the agenda removing 'Approval of the Minutes' items A and B from the agenda. Motion seconded by Commissioner Colclesser. Motion passed unanimously.

Approval of the Minutes.

Commissioner Wyatt moved to adopt the November 17th and December 6th workshop minutes. Motion seconded by Commissioner Colclesser. Motion passed unanimously.

Financial Report.

Jamie Simms reviewed the Financial Report with the Board. The Auditor has supplied the Beginning Working Capital number; there are more funds than were estimated. The Loan Repayment Fund was not estimated by the District and that beginning fund balance is \$67,000, which represents the unallocated carry-over. The Board can choose as part of the budget to use those funds to overpay the loan in the next fiscal year.

Jamie ~~reviewed~~ ~~went over with the Board~~ the budget vs. actual along with the shutoffs and late notices that had been sent out. She also highlighted ~~three~~ customers whose houses are vacant and for sale. The District shut off ~~the water of~~ these three customers for non-payment. The next day, when the customers did not pay their bill, the District staff went again to the property and found that the water had been turned back on, but not by the District. The District turned the water back off and locked the meter. Jamie reminded the Board that if a water meter lock is broken and the water is again turned on, then the District policy is to ~~removetake~~ the entire meter and require payment for replacement of the meter, ~~prior to the replacement~~. She indicated that one of the three customers had ~~to have~~ his meter removed. Another of the three customers called and received special arrangements for payment with Jamie, but when the District staff went to the property, the water had been turned back on without permission, and so the District withdrew the offer for special arrangements. This last customer argued, ~~sent~~ a letter to the District voicing displeasure and has received a letter in response from the District Manager. The charges associated with shutoffs are: \$15 for each shut-off and \$25 ~~to put for having to put~~ the lock on the meter. In order for these three customers to have their water turned back on they had to pay their entire past due balance and the fees for shutting off their water both times. All three customers have resolved their accounts with the District.

Jamie went through the documentation she prepared to illustrate the known and expected costs to complete the Water Treatment Plant Upgrades. The reference to amounts due to Stellar Jay are not based on any known numbers, but represent an estimate for planning purposes. This discussion related to the possible option available to the Board for a Supplemental Budget. Jamie confirmed to Commissioner Wyatt that the Supplemental Budget would take into consideration reality of what the District knows to be in the fund given the Audit. Jamie also outlined with the Board her information for cash on hand amounts. Jamie said that the number that she had and the number that the Accountant had were the same number.

Jamie also discussed with the Board two options for budgeting purposes. If no changes are made to the budget then \$19,000 would be available for 'System Improvements.' If the Board chooses to have a Supplementary budget that included the actual beginning fund balance then \$55,000 would be available for 'System Improvements.'

There was also discussion of the cash flow analysis. Commissioner Wyatt said she would like to see cash flow to continue to be used as part of the next budget process to make sure that the staff has what it needs when it needs it.

Commissioner Wyatt asked if there was any reason not to issue a supplementary budget. No Board member could find a reason not to issue a supplementary budget. Commissioner Wyatt said the Board could either recognize reality now or at the beginning of the next budget year.

The Board referred to page 17 of the Audit. Chairman Freund sought clarification of information regarding the audit and agreed to bring up his question during the Audit discussion.

Commissioner Gaughan asked if the extra funds would be used for pipe for Christiansen. Frank said he preferred not to speculate what he would spend the extra funds on until he knew he has the funds.

Jamie said the Board could continue with the process for a supplementary budget, but they still had the option to use the funds now or to hold them over into the next budget year. Frank recommended that the Board continue with the simple process for a supplementary budget.

Commissioner Colclessler moved to begin the process for a supplementary budget with the 'Beginning Fund Balance' changed to \$36,785. Motion seconded by Commissioner Kirkham. Motion passed unanimously.

Manager's Report

Frank Sterzinar reviewed with the Board the following information:

Water Treatment Plant Upgrades: Progress toward completion has been slowed by the weather. The Treatment Plant can now be controlled by a portable lap top. Frank referenced that there was 8 inches of ice up at the Plant that made things difficult. There is one electrical issue with the flow meter going to the clear well. Currently the crew is trying to find if and why the water is surging, Phil Beverly is expected to come to the District tomorrow to help staff resolve this issue. District staff are having to perform the chlorine injection "by hand," but that is a difficult balancing act to accomplish.

The project has suffered some delays and that is why some of the contractors were attending the meeting. All State requirements for recording and monitoring have been met.

Work Orders: Work Orders are now a part of the billing software. This will allow historical data to help get a better idea for the proper operation budget amount for employee hours.

Frank went through the difficulties with certain customer difficulties continuing with the remodeled house with leaks on the customer side of the line. (Note: see October Regular Meeting Minutes for further details). He stated that the District treats customers with respect and verbal abuse against a public utility worker is a misdemeanor.

Frank spoke about the high water use due to folks leaving their faucets dripping to keep their pipes from freezing. The District can run 900 gpm in a 24 hour period through the system without any problems; at the height of usage recently, 1430 gpm was going out of the Treatment Plant. This rate of use drained the Mershon and Larch Mountain Reservoirs completely. Within a 2-hour period, this rate of usage also dropped the 1 million gallon Reservoir 1 from 19 feet to 9 feet. All of this was from faucets running to prevent freezing. Chairman Freund asked if the incident at the Corbett Elementary School involving burst pipes happened as part of this; Frank indicated the incident, in fact, happened after this referenced height of usage.

If the various leaks in the system performed in the past had not been done, the District would have been drawn bone dry. Frank suggested that the solution involves keeping the Reservoirs at the max. Investigating it, Frank believes that the high demand in lower Springdale triggered the draining of the Mershon tank and then emptied Larch Mountain and pulled down hard on the Loudon tank. Frank is working on adding information on adding this issue to the newsletter.

District Vehicles: The Ford F350 dump truck, used mostly to transport steel plates, was having transmission problems, the lowest priced quote to repair the transmission was \$2,500. Frank diagnosed the problem and directed the crew made the repairs to the dump truck. A complicating factor was the summer intern filling the tank with Diesel instead of gasoline. That has also been repaired. On a trip to the Treatment Plant during a recent ice storm, the truck slipped off the road. The driver's side mirror got caught on a branch and caused the driver's door window to break. So, the truck is now without a driver's side window.

The Ford F350 Service Truck has an air filter that has a habit of filling up with mud. The waste gate on the turbo vacuum line was damaged in the last service by Suburban Ford, which cost \$850. The filter was

also not replaced properly allowing water to pool in the bottom. The Diesel tank had water in it as well. All these problems were repaired by Frank for about \$250. The truck is running well and using less fuel.

Field Work: Currently the crew is performing backflow assembly tests. In order to test the assembly and clear out any foreign matter in the assembly, water service has to be interrupted for about 10 minutes. The District has sent out letters to customers and the crew knocks on customer doors to let them know of the interruption. Going to the customers' houses has the added benefit of satisfying the required annual premises inspection. So far, very few assemblies have failed. In the past, these assembly tests were not done by District staff.

Commissioner Colclessor commented on appreciating the efficiency of the District staff, especially when there are three and not four workers. Frank acknowledged that it can be taxing at times.

See attached Manager's notes/ report for more details.

Correspondence.

Commissioner Kirkham questioned the bid for servicing the diesel generator at the Treatment Plant. Frank confirmed he will service the generator; the bid was for the Board's information to show what services would otherwise be required and the cost for that outside service. Frank was disappointed at the bid's lack of specificity on what services would be provided for what cost. The warranty covering the generator can be protected by documenting servicing the generator. Mice have been a problem that Frank is solving.

Frank solicited a security company to evaluate the District, because the District's Auditor was concerned about the security of the District's building and records. Three other security companies are being looked into for bids. The District already has purchased security equipment.

Chairman Freund questioned the date for certification indicated in the letter from Deb Weatherford from the Drinking Water Program. Frank replied that the certification date for the consumer report had yet to be completed. He said that delay can be explained in part because the Drinking Water Program recently went through a "reconstruction" (Note: it was a reorganization) and is now the Department of Human Services, and one person was now in charge of all Water Districts in the State of Oregon.

Frank spoke about a proposed rule change from the Oregon Department of Human Services on assessments to every District to support their program. These assessments and other expected fees will all need to be taken into account in the next Budget.

The Board discussed ~~those~~ certain larger customers who are billed each month; regular customers are billed every other month. Barb Adams confirmed that the new policy manual provides that regular customers can request a monthly billing for a \$5 charge per bill. Commissioner Wyatt commented that this would mean a total yearly additional cost of \$30, because six of the months would not be a special billing request, but would be the regularly sent bill. The Board agreed that an open issue remained: would this \$5 assessment in the policy apply to those certain larger customers that ~~ehose or~~ have been chosen by the District to be billed monthly. Barb Adams made a note of the issue for the Policy and Procedures Committee.

The Board thought it would be helpful if each document in the Board packet ~~eh~~contained an Agenda number.

Commissioner Wyatt would like for a table to be provided to the Board to show what documents were received by the District. The table should include the following: date, to, from, and subject and if a document corresponds to the Agenda.

Theft of District Fuel.

Frank reported ~~that the~~ first theft was someone who cut a hole in the fence, cut the nozzle and stole approximately eighty gallons of regular gasoline. The second was someone who stole a \$50 gas can out of the back of the service truck and filled up their tank. This vehicle was impounded and the District got its gas can back. The driver was not caught. Frank did not know if the theft cases were related. The Sheriff's patrol has also been stepped up.

Frank also reported that Cascade Utilities recently had eleven spools of 911 phone cable stolen from their yard.

Account 9365 Leak Adjustment Request.

Frank said that customer 9365 had been offered help by District staff to find the leak, but the offer had been ignored. This leak was moving water so fast through the meter that it actually burned a water meter and melted it from the inside. Frank refused to approve a leak adjustment, and he suggested ~~to~~ the Board ~~that they did~~ not grant a leak adjustment.

Commissioner Wyatt asked the audience if anybody was present to speak on behalf of account number 9365. Nobody present commented.

Commissioner Wyatt moved that there be no leak adjustment for account 9365. Motion seconded by Commissioner Colclessner.

Commissioners Freund and Gaughan wanted to make sure that policy was being followed. Frank replied yes, policy was being followed. He said that six months had passed so account 9365 would not have seen an adjustment under the policy. Commissioner Wyatt said that a leak adjustment rewarded folks for not wasting water, time, and resources. Frank said that he has not run into a customer who has taken more than five days to repair a water leak. This leak had continued for six months.

Commissioner Kirkham questioned the status of the leak. Frank replied that the leak was now fixed.

Motion passed unanimously.

Elect Budget Officer

Commissioner Colclessner moved that Frank Sterzinar be appointed the Budget Officer. Motion seconded by Commissioner Wyatt. Motion passed unanimously.

Insurance

Chairman Freund reported that earthquake coverage was included in the insurance package. [\(Note: this was in response to a question raised at the 11-15-05 Regular Meeting.\)](#) SDAO is processing the insurance package.

(Note: the CD of Tape 1 goes blank at 2:25:22 until the end of 2:35:01)

Chairman Freund suggested that health insurance covered by the District be capped at \$257 per regular full time employees. This closely matches the current cost of just under \$257. He said that this was a recommendation directly from staff.

Commissioner Colclessler moved that health insurance be capped at \$257 per month per regular full time employee. Motion seconded by Commissioner Wyatt. Motion passed unanimously.

Commissioner Colclessler thanked Chairman Freund for the work he had done for the District in 2003 and 2004 for health insurance. The Budget for health insurance had been at \$60,000 and now it is \$1550,000. Chairman Freund was also thanked for his work on the property insurance as well.

Draft Audit.

Chairman Freund wanted more details on the Loan Budget amount for this year's budget of \$945,000. He compared page 2 of the Financial Report from the Clerk [which](#) showed the District had budgeted \$945,000 in round numbers to page 13 of the Audit which says \$750,000. Frank said this was the amount used of the Loan and is not the ending balance. Chairman Freund pointed out that \$750,000 used means there is about \$750,000 left because \$750,000 is half of the 1.5 million total of the Loan. Jamie said the \$945,000 had been an estimate of what the District would have had at the beginning of the 2005-2006 fiscal year to spend and represents the amount left in the Loan with the State. She added that \$945,000 was a number used to create the Budget; it was not a real number. So, according to Jamie, if you take the drawn down amount of \$750,000, that was how much the District had drawn down.

Chairman Freund made the point that during the budgeting process last year, the Board thought they had actuals but they did not; without actual numbers, the Board was flying blind as it put the Budget together. Commissioner Wyatt asked for re-assurance that the next budget process will use actual numbers and not estimated numbers.

Commissioner Wyatt moved that the Supplementary Budget also reflect the actual balance in the [OHD](#) Loan. Motion seconded by Commissioner Colclessler. Motion passed unanimously.

Commissioner Wyatt requested that staff use the actual Audit numbers as a part of next year's budget to fully track reality. Chairman Freund reminded Commissioner Wyatt that the Audit is a year behind and can not drive the Budget.

Chairman Freund reminded the Board of the movement from District Improvements to "backfill" the Loan to make the cost amount. If the amount used in those calculations was \$945,000, then how is the \$200,000 covered given that the actual number was \$200,000 less than \$945,000, which is \$750,000. Jamie said that the shortage was attributed to the 1.5 million Loan's total draw down of 1.308 million as of 11-30-05 and explained the numbers as follows: referencing a document from a prior Board Meeting showing every drawn-down ever made on the Project and the payment currently due which the District has requested Loan money reimbursement, the District is left with approximately \$48,000 left in the Loan; taking the \$1.103 million as the original contract amount and \$17,581 in change orders further increasing the cost of the contract and adding an additional amount for extra room brings the total estimated cost of the contract to \$1.131 million; taking that number and subtracting the previous payments applied, which she has confirmed with Brian Lee as the actual and complete collection of payments applied, shows how much the District has already paid Clackamas Construction; meaning, she said, \$386,282 is still owed; taking that amount and subtracting the amount currently due, which is the \$142,000 waiting to come from the Loan, changes it to \$243,000 still owed, and subtracting the \$48,000 still left in Loan funds yet to receive leaves a balance of \$195,070 and that number is added to the current amount paid for engineering out of the fund, which is \$85,685; and then the current payment due for the Treatment Plant Upgrades is \$9,641 plus an estimated \$20,000 still due to "them" to finish off the project means that there is \$310,000 that is still owed; that number comes down and the amount that the Board transferred in to make it balance was \$177,120; which leaves the District short in the entire fund

\$133,276; and so the District is saying there is no money in the fund and the District has run out, but the District can pay this out of Capital Outlay under General Fund, which is where you take the number and plug it in under Clackamas Construction; leaving a balance in the account, assuming no other monies are taken out before then, then there is only about \$18,000 for Frank to do projects. Putting in the Supplementary Budget makes the District short only \$96,000 and that means there is \$56,000 left for Frank to do projects.

Chairman Freund received confirmation from Jamie that the District is still short and has not covered the cost. Jamie explained that the District is covering from a different category that leaves extra money. The cost is coming out of General Funds.

Commissioner Gaughan asked where the \$96,000 is coming from. Jamie responded from the General Fund Capital Outlay; the 2nd page after the Agenda that says “Capital Outlay Totals” shows a balance of some \$39,989 and the budget amount is \$212,000, so to the right of that shows that there is still \$172,000 to spend in that category; but, not only the Clackamas Construction payments need to come from there but also the final retainage due for Stellar Jay. One item not already mentioned that changes the figures is a Change Order that has not been approved yet.

The Board’s consensus was that the District could pay its bills. There were no negative comments from the Board about the draft audit [as presented](#).

Jamie stated that the actual audit was when the \$200,000 discrepancy was found. Chairman Freund thanked the staff for the help to the Board to understand the figures.

Chairman Freund commented on how pleased he was that the Auditor actually came out to the District offices to perform aspects of the Audit because this had not been done in past years.

Wage and Step Scale.

Frank Sterzinar presented to the Board the draft job descriptions for Utility Worker AP, Utility Worker I, and Utility Worker II. Frank suggested that because there was now a Committee that would be dealing with the Employee Handbook, the draft should be considered by the Board to that Committee.

Chairman Freund questioned whether the descriptions should include computer level skills required for each position. Frank indicated that the only work on computers involved data entry, so only minimal computer skills are necessary. Frank is more concerned with the abilities of employees to do higher math.

Update From the Contract Inventory Board Committee.

Chairman Freund said that Barbara Strasbaugh would be back in town the first or second week in January.

Public Comment on Items Not Listed on the Agenda.

Mike Visscher said that during the recent high water usage, he had sand in his sink and he questioned [where the sand had come from its source](#). Frank Sterzinar said that if the sand had come from the Treatment Plant there would have been sand also in the clear well. Brian Lee commented that the sand could have come from the bottom of the Reservoirs when they went dry.

Mike Visscher also indicated his concern over -the rodent issue in the generator at the Treatment Plant and the concern for a potential of high levels of snow covering the generator, which is a heated device. There was a potential to him that the generator could end up in a pool of water. The Board received information that the rodents had nested in the generator before it was plugged in. Frank is currently waiting on Cummings NW for a screen for the generator to keep the rodents out. He also plans on constructing a

small building to cover the generator. Frank reminded Commissioner Wyatt that the District was responsible for those aspects of the generator. Frank has been working to plug holes and secure the generator, especially now that the generator sits flat on the slab.

Jim Lee informed the Board that Springhill Construction had filed a lien on the Performance Bond for non-payment. He noted that the specifications required under the contract have been approved by Lee Engineering, and the District has paid Clackamas Construction. He said that once Corbett Water District issued payment to Clackamas Construction, Clackamas Construction had ten days to pay their subcontractors. The last payment Springhill received was an invoice paid in July of 2005. According to Jim's last conversation, on December 16th with Jeff of Clackamas Construction concerning the money due Springhill, and Jeff told Jim that Clackamas Construction has the money paid by Corbett but not for Springhill to plan on getting paid.

Commissioner Kirkham questioned if Springhill was bonded. Jim replied that the lien was against the [Clackamas'](#) bond. Commissioner Wyatt said she had a copy of the December 20th Notice of Claim against Clackamas Construction. She confirmed that Springhill was providing the Board notice of its actions with Clackamas Construction relating to the Performance Bond and not to seek direct relief from the District.

Commissioner Wyatt asked Jim Lee if he would provide a chronological timeline in a letter to Frank to help keep the Board aware of the status. Jim said that he would possibly provide a timeline later. Commissioner Wyatt said papers supplied by Springhill at this meeting were not sufficient to provide the District with sufficient notice of claim. Frank confirmed that the Registered Mail copy sent by Springhill has been received by the District.

Bobbie Mohler said Clackamas Construction has the money owed to Springhill in a separate savings account, letters have been sent about the defective work and that once the issues were resolved payment would be issued. She said that Clackamas Construction disagreed over the amount due.

Jim Lee of Springhill wanted the record to reflect that Clackamas Construction's comments did not address the August invoice.

Commissioner Wyatt said that for next time if anyone would like to be on the Agenda to call ahead of time so they would not have to wait until Public Comment to have the Board hear what they had to say.

Mike Visscher asked if the District tested individuals' backflow devices. Frank said the crew tests the backflow devices at the meter, but staff was not allowed to work on the customer's side of the meter. Mike also asked about pressure reducing valves. Frank confirmed the District sold them to customers at cost up to 6" and outlined the other various sizes. There was a discussion of the benefits to the customer and the District of customer-installed pressure reducers and the District staff's willingness to help get the pressure reducers installed.

Items for Board Consideration.

Commissioner Wyatt asked Brian Lee to define "anadroms", referred to in the November 1st letter to Mr. Stahl. Brian Lee said it was a fish that migrated to the ocean and came back to spawn.

Commissioner Wyatt asked Brian who had done the sealant referred to in the December 16th letter to Clackamas Construction: Clackamas Construction or a subcontractor was his response. The joint sealant was installed by a sub or Springhill Construction: P.A.Services (sic). Brian Lee said that Clackamas Construction was ultimately responsible for their actions and their subs.

Commissioner Wyatt commented on the December 20th letter to Clackamas Construction that discussed the work that would need to be done once the filters thawed. She said it was not clear whether digging up a section of laterals would give 100% satisfaction as to whether the filter has been nicked. Brian Lee said they would not know 100% unless they looked at everything. They plan on uncovering a ten or twenty foot square section, while the pond is eighty by seventy feet. Brian explained that before the ice storm had occurred, Clackamas Construction elected to drain the filter, but there was no way to drain all the water out. So the distance from the floor to the bottom of the lateral is all water and with it frozen solid, there is a risk for a thaw heave. A thaw heave would stress out and pop the stainless steel straps holding down the laterals and become displaced from the gravel and not perform the way it is needed. Brian said the inspection is set for the next day, Wednesday at 9 a.m.

Commissioner Wyatt asked what action was sought from the Board regarding Partial Payment Number Thirteen to Stellar J. Frank said this payment would complete payment for Reservoir No. 4 repainting. Brian Lee said that this payment would release the money owed to Ben Bear, the last sub that still needs to be paid and that got caught up in the dispute. Frank indicated he needed Chairman Freund to sign the form. Brian Lee gave details on what happened during this time and referenced a report that he had prepared.

Commissioner Kirkham asked Brian Lee about the survey performed for Christensen line replacement. Brian Lee said that in order to tie the center line of Christensen Road, the survey they had to start at the last closest survey done, which was at the Historic Columbia River Highway. He said that Christensen Road was not laid down the center of the right away. Now the District will know exactly where the District can lay a new line without having to seek permission from the land owners.

Chairman Freund asked about the South Fork intake and who had paid the stream expert. The bill from Lee Engineering includes this cost and all the permitting issues.

Chairman Freund asked about the water service for Yoshida. Frank said Yoshida had also drilled a well for fire service. It will be a 2" inch pipe and not 8" pipe crossing the Sandy River.

Chairman Freund said that Barb Adams and Deb Simone both had volunteered to take the first look at the Customers' Rules and Regulations. With no objections from the Board, Chairman Freund approved that Barb Adams, Deb Simone, and Commissioners Freund and Colclessler move forward and proceed to look at the Customers' Rules and Regulations.

Chairman Freund said the final workshop for the Policy and Procedure's Committee would be held on January 3rd at 6:00 p.m. at the Fire Department.

At 12:35 p.m. Chairman Freund moved for a five minute recess. Chairman Freund called the meeting back to order at 12:40 p.m. and moved to executive session [Pursuant to Oregon Revised Statute 192.660(1) (i)] "To review and evaluate the performance of an officer, employee or staff member pursuant to standards, criteria and policy directives you have adopted in an open meeting, unless the person request an open meeting." Semi-annual performance review of District Manager, Frank Sterzinar, Jr.

Chairman Freund called the regular meeting back to order at 3:15 p.m.

Chairman Freund adjourned the meeting at 3:15 p.m.