

COOS BAY-NORTH BEND WATER BOARD
P O BOX 539 – 2305 Ocean Boulevard
Coos Bay, Oregon 97420

Minutes
Regular Board Meeting

7:00 a.m.
August 11, 2016

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Chair Vigue presiding. Other Board members present: Melissa Cribbins, Greg Solarz and Dr. Charles Sharps. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Bryan Tichota, Customer Relations Supervisor Jerre Cover, Water Treatment Supervisor; Jim Kaylor, Operations Manager; Jeff Howes, Finance Director; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Vigue opened the meeting at 7:00 a.m.

Chair Vigue asked if there were any corrections or additions to the July 21, 2016 Regular Board meeting minutes. Dr. Sharps moved the minutes be approved as written. The motion was seconded by Ms. Cribbins and passed unanimously.

Chair Vigue asked if there were any public comments, and there were none.

Finance Director Jeff Howes presented Resolution No. 347 “Adopting a Revision to Establishment of Asset and Expenditure Capitalization Thresholds, Criteria, and Other Requirements of GASB No. 34”. Proposed Resolution No. 347 will increase the capitalization threshold from \$500 to \$5,000. Currently, any individual item acquired by the utility costing at least \$500 with an estimated life of three years or more, or with a fair market value of at least \$500 if donated, is capitalized as an asset, tracked as an inventory item, and depreciated according to GASB 34. Recommendations to raise the capitalization threshold to \$5,000 have been made by the utility’s auditors and GASB. After a brief discussion, Ms. Cribbins moved to adopt Resolution No. 347 as proposed. The motion was seconded by Dr. Sharps and passed unanimously. The resolution read as follows:

Resolution No. 347

**A RESOLUTION ADOPTING A REVISION TO ESTABLISHMENT OF ASSET AND
EXPENDITURE CAPITALIZATION THRESHOLDS, CRITERIA, AND OTHER
REQUIREMENTS OF GASB NO. 34**

WHEREAS, Coos Bay-North Bend Water Board (Water Board) is required and intends to fully implement and comply with all applicable requirements and provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, including asset expenditure capitalization criteria, policy establishment, substantiation and record keeping regulations contained therein; and

WHEREAS, Water Board is required and intends to implement and maintain policies and procedures to fully satisfy and comply with said GASB Statement No. 34 provisions initially for the fiscal year ended June 30, 2016, and thereafter;

NOW, THEREFORE, be it resolved, that Coos Bay-North Bend Water Board stipulates certain expenditure, asset, depreciation, and recording and reporting criteria as necessary and required by GASB Statement No. 34 and as hereby authorized by the Board of Directors as follows:

1. Effective July 1, 2016, any individual item acquired by Water Board costing at least \$5,000 with an estimated life of three years or more, or with a fair market value of at least \$5,000 if donated, or is an increase value to meters, services, or mains with a useful estimated life of three years or more, shall be capitalized as an asset, tracked as an inventory item, and depreciated according to this policy (see paragraph 5 below).

2. Any individual item such as land, building, furniture or equipment, water utility treatment plant, water system transmission and distribution lines, pump stations, or vehicles (see paragraph 4 below) with a historical or estimated historical cost of at least \$5,000, acquired or with major improvements incurred previously, shall also be capitalized and depreciated both accumulatively and currently in accordance with this policy.

3. Items costing Water Board less than \$5,000 shall be expensed in accordance with generally accepted accounting principles and other applicable accounting guidelines.

4. The major categories of capital assets are approved as follows:

- a. Land
- b. Buildings and improvements
- c. Land improvements
- d. Furniture and fixtures
- e. Machinery and equipment
- f. Vehicles
- g. Water utility system

At the discretion of Water Board, the Water Utility Plant may be categorized by the following major areas:

- Intangible asset
 - Source of supply
 - Power and pumping
 - Purification
 - Transmission
 - Distribution storage
 - Distribution
 - General plant
- h. Construction in progress (CIP)
 - i. Infrastructure, if any

5. The following ranges are approved as guidelines in setting estimated useful lives for asset reporting:

Buildings and improvements	5-50 years
Land improvements	10-100 years
Furniture and fixtures	3-15 years
Machinery and equipment	3-15 years

Vehicles	6-20 years
Water Utility system	10-75 years

Note: Land and CIP are not depreciated.

It is understood that the straight-line method of depreciation shall be utilized.

6. With respect to asset improvements, costs over \$5,000 should be capitalized if:

- a. The estimated life of the asset is extended by more than 25 percent, or
- b. The cost results in an increase in the capacity of the asset, or
- c. The efficiency of the asset is increased by more than 10 percent, or
- d. Significantly changes the character of the asset.

Otherwise, the cost should be expensed as repair and maintenance.

7. It is understood that the purpose of this resolution is to allow Coos Bay-North Bend Water Board to fully comply with the implementation provisions of GASB Statement No. 34 and all other applicable accounting requirements pertaining to asset capitalization, all of which may be reviewed on a regular basis to ensure such intention and compliance.

Regarding the proposed updates to the Water Board's Personnel Policies and Procedures Manual, Ivan Thomas stated the updates include changes to the residency requirement for employees, vacation accrual updates, wage policy, inclusion of compensatory time and bereavement leave policies, tuition reimbursement, and grammatical and numbering corrections. The updates were prompted by a combination of an effort to convert to best business practices with a large percentage of the changes prompted by the 2016 Labor Union agreement. Adopting the updates will supersede all prior updates to the Personnel Policies and Procedures Manual and would become effective August 26, 2016, to give Water Board staff a 15 day notice of proposed changes. Dr. Sharps moved to adopt the proposed updates to the Personnel Policies and Procedures Manual effective August 26, 2016. The motion was seconded by Ms. Cribbins and passed unanimously. It was the Board's consensus to have the General Manager further review the Personnel Policies and Procedures Manual to determine what functions the Board of Directors want delegated to the General Manager and those they want to reserve for their determination. Mr. Thomas will review the Manual and present any additional modifications to the Board at a future date.

Engineering Manager Matt Whitty presented staff's request regarding the proposed Lombard Street 2-inch Main Replacement Project. The existing main is 60 years old. This water main failed due to corrosion in 2010 and is in poor condition. Staff proposes the replacement of 410 feet of 2-inch galvanized iron water main with 2-inch diameter PVC pipe on Lombard Street in North Bend. This project is included in the current fiscal year's budget in the amount of \$39,800, including design and installation of the main and surface restoration. Mr. Whitty stated staff proposes installation to be performed by the utility's personnel and equipment. After a brief discussion, Dr. Sharps moved to authorize staff to design and install 410 feet of replacement 2-inch diameter PVC pipe on Lombard Street at an estimated cost of \$39,800. The motion was seconded by Ms. Cribbins and passed unanimously.

Regarding the proposed South Broadway 8-inch Main Replacement Project, Engineering Manager Matt Whitty stated staff proposes to replace 560 feet of 8-inch cast iron water main with 8-inch PVC down to the hydrant, and downsize to 4-inch PVC beyond that point on South Broadway Street in Coos Bay. Staff originally planned to replace the entire 560 feet with 8-inch PVC pipe, however after reviewing water demands from nearby businesses, it was decided a 4-inch main is more than sufficient. The existing unlined cast iron main is 53 years old and has experienced multiple breaks. During prior repairs the main revealed severe internal and external

corrosion with deep pitting of the pipe barrel. This project is included in the current year's fiscal budget in the estimated amount of \$86,900, to include design and installation of the main and surface restoration. Mr. Whitty stated staff proposes installation of the new main to be performed by the utility's personnel and equipment. After a brief discussion, Mr. Solarz moved to authorize staff to design and install 560 feet of replacement 8-inch diameter PVC pipe/4-inch diameter PVC pipe on South Broadway Street at an estimated cost of \$86,900. The motion was seconded by Dr. Sharps and passed unanimously.

Regarding the proposed Merritt Dam Geotechnical and Seismic Evaluation, Engineering Manager Matt Whitty stated following recommendation of Oregon State Dam Safety Engineer Keith Mills, the Board authorized staff to request proposals from seven qualified firms and received proposals from two firms, Cornforth Consultants and CH2M. An evaluation committee consisting of Ivan Thomas, Greg Solarz and Matt Whitty reviewed and scored the proposals, resulting in the selection of Cornforth Consultants. Cornforth Consultants submitted a scope of work and cost estimate in an amount not to exceed \$143,000. This project was budgeted in fiscal year 2016 with an estimated consultant cost of \$132,000 including a contingency of 10%. Staff met with representatives from Cornforth Consultants to review the scope of work and cost. It was determined Water Board staff could perform the piezometer monitoring work, thereby reducing Cornforth's contract by 4,000. The project was reduced an additional \$9,000 by transferring the task of identifying mitigation measures and preparing pre-design cost estimates for those mitigation measures into a second phase. Pre-design work on mitigation measures may not be necessary and is more appropriate for a second phase of the contract. Final cost estimates are as follows:

Phase 1 Cost Breakdown

Project Management/Meetings	\$15,540
Geologic Reconnaissance	\$4,870
Subsurface Explorations & Instrumentation	\$38,280
Laboratory Testing	\$9,430
Seismic Hazard Analyses	\$5,020
Liquefaction Analyses	\$ 4,250
Slope Stability Analyses	\$7,120
Deformation Analyses	\$14,960
Facility Impacts	\$ 5,190
<u>Geotechnical Report</u>	<u>\$25,340</u>
Total	\$130,000

After a brief discussion, motion was made by Ms. Cribbins to hire Cornforth Consultants for the geotechnical and seismic evaluation of Merritt Dam and authorize the General Manager to sign a contract for the work at a not to exceed price of \$130,000. The motion was seconded by Dr. Sharps and passed unanimously.

The Board's next regular meeting was set for Thursday, September 1, 2016, at 7:00 a.m.

At 7:45 a.m. Chair Vigue directed they go into executive session for the purpose of discussing personnel issues pursuant to ORS 192.660(2)(a). They returned to open session at 8:40 a.m. There being no other business to come before the Board, Chair Vigue adjourned the meeting at 8:40 a.m.

Approved: _____, 2016

By: _____
Chair Richard Vigue