

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

Minutes
Regular Board Meeting

August 3, 2017
7:00 a.m.

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Chair Sharps presiding. Other Board members present: Melissa Cribbins, Bob Dillard and Greg Solarz. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Bill Hagan, Operations Manager; Jeff Howes, Finance Director; Jerre Cover, Water Treatment Supervisor; Rick Abbott, Distribution Supervisor; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Sharps opened the meeting at 7:00 a.m. and asked Mr. Solarz to lead the Board and assembly in the Pledge of Allegiance.

Chair Sharps asked if there were any corrections or additions to the July 12, 2017 Regular Board meeting minutes. Ms. Cribbins moved the minutes be approved as written. The motion was seconded by Mr. Dillard and passed unanimously.

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

Ms. Souza, Sol Coast Consulting & Design, LLC, updated the Board regarding the pending updated draft of the Water Management and Conservation Plan (WMCP). At the June 1, 2017 Regular Board meeting, Ms. Souza advised the Board after completion of the final draft of the WMCP, she received communications from Oregon Water Resources Department (OWRD) stating they had determined the Board needed to request greenlight water in this WMCP update. Since that time the issues have been resolved and permission has been requested to fully develop the two permits that the Board has already fully developed. Water Resources Department's intention is to grant that. Red light water was developed without permission, however this is a very low violation and OWRD has no intention of any type of enforcement action. The intention of the red light water and making sure that a utility goes to OWRD to request permission prior to developing it, is to make sure that any endangered species are protected that might not have been on the list at the time the original permit for development was approved. In the Water Board's case, the utility has been very diligent in protection of all the endangered species that were on the list, and those that are currently on the list, so there are no concerns on OWRD or ODF&W's behalf. Ms. Souza recommends the Board approve the WMCP update for review by the local affected agencies, and further recommends after the 30-day agency review has passed and pending acceptance of or non-substantial altercations to the WMCP based on comments by those agencies, the WMCP be finalized and submitted to OWRD.

An update to the WMCP has a required submission date to OWRD of August 29, 2017. Ms. Souza stated a 60 day extension has been requested on the submission of the WMCP to OWRD, from August 29, 2017 to October 29, 2017.

After a brief discussion, Ms. Cribbins moved to approve the WMCP update for review by the local affected agencies, and after the 30-day agency review has passed and pending acceptance of or non-substantial alterations to the WMCP, to finalize the WMCP and submit it to OWRD. The motion was seconded by Mr. Dillard and passed unanimously.

Regarding proposed award of the 2017 Timber Sale in the Pony Creek Watershed, Engineering Manager Matt Whitty stated Stuntzner Engineering & Forestry initially identified 73.3 acres located west and south of the 9 million gallon clearwell. After the unit was cruised, the volume was much lower than anticipated. Due to the low volume of the 73 acre unit, Stuntzner recommended adding 32 well stocked acres to the timber sale to entice bidders.

Only one bid was received from Scott Timber Company as follows:

Unit 1	73.29 acres	823 MBF	\$51,315
Unit 2	32.11 acres	1,161 MBF	\$293,020
Total:	105.40 acres	1,981 MBF	\$344,335

The amount of the bid was lower than expected due to high logging costs for the large understocked unit, and a reported industry-wide increase in logging costs. Anticipated logging costs were \$300 per MBF. Based on the bid, Scott's logging costs for these units are closer to \$400 per MBF. This reduces the Water Board's gross anticipated revenue by approximately \$200,000.

The low revenue will impact the utility's capital funding. Staff budgets \$192,500 from timber sale revenue per year to support capital improvements. The utility's biennial sales provide capital funds to two fiscal years totaling \$385,000. Following is a summary of anticipated revenue and expenses for the 2017 Timber Sale:

Gross Revenue	\$ 344,335
Consultant Fees	\$ 51,780
Site Prep and Reforestation	<u>\$ 80,000</u>
Total Expenses	<u>\$ 131,780</u>
Net Revenue	\$ 212,555

The result is an anticipated shortfall of \$172,455 for capital project funding over two years, approximately \$86,000 per year. This shortfall could be covered with funds from the utility's timber reserves. The timber program currently has a reserve of \$185,600.

Mr. Whitty stated the Board would get minimal positive revenue from the 73 acres, but logging it now and returning it to production will provide a good revenue source in the future. Dr. Sharps asked if this will impact the Board's long range plan to log every other year. Mr. Whitty stated staff needs to take a look at all the units that were logged prior to 1990 to see if any other units

are poorly stocked. This will provide information for a harvest plan that will provide a sustained yield of revenue from the watershed.

Mr. Solarz inquired if the utility has any reports from prior years on conditions of the units. Mr. Whitty stated he is not aware of any. Ms. Cribbins inquired as to the total amount of acres. Mr. Whitty stated there are approximately 3,000 acres in the watershed. The Water Board owns two-thirds, and the City of Coos Bay owns one-third.

After a brief discussion, Ms. Cribbins moved to award the 2017 Timber Sale to Scott Timber Company in the amount of \$344,335 and authorize the General Manager to enter into a contract for the same. The motion was seconded by Mr. Dillard and passed unanimously.

Dr. Sharps inquired as to the status of the chemical removal and disposal. Mr. Thomas stated staff is in the process of contract negotiations with Clean Harbors Environmental Services Inc. and working with Board attorney Jim Coffey with contract preparation.

Mr. Whitty updated the Board on the water main replacement on the northwest side of the McCullough Bridge. Staff has submitted a plan and will take part in a meeting with ODOT for further review.

The North 8th Street Water Main Replacement Project is scheduled to begin the week of August 14, 2017.

The Board's next regular meeting was set for Thursday, September 7, 2017, at 7:00 a.m.

At 7:40 a.m. Chair Sharps directed they go into executive session for the purpose of discussing potential litigation pursuant to ORS 192.660(2)(h). They returned to open session at 8:06 a.m.

There being no other business to come before the Board, Chair Sharps adjourned the meeting at 8:06 a.m.

Approved: _____, 2017

By: _____
Chair Charles J. Sharps, Ph.D.

ATTEST: _____