

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

Minutes
Regular Board Meeting

December 20, 2018
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 Cribbins presiding. Other Board members present: Greg Solarz, Bob Dillard and Dr. Charles Sharps. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Jeff Howes, Finance Director; Jerre Cover, Water Treatment Supervisor; Rick Abbott, Distribution Supervisor; Bryan Tichota, Customer Relations Supervisor; Jeff Page, Operations Manager; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. Media present: None. Roger Damon and Patrick Bannon from SUEZ were present. Dan Draper of Coos Watershed Association was present. Chair Cribbins opened the meeting at 7:00 a.m. and asked Mr. Solarz to lead the Board and assembly in the Pledge of Allegiance.

Chair Cribbins asked if there were any corrections or additions to the November 15, 2018, Regular Board meeting minutes. Dr. Sharps moved the minutes be approved as written. The motion was seconded by Mr. Dillard and passed unanimously.

Mr. Thomas stated the Water Board is in the process of transitioning from its current provider of environmental and wildlife monitoring commitments. The Water Board has some very successful history with Coos Watershed Association (CWA) for vegetation and fish monitoring at sites where these environmental commitments are necessary.

Staff has met with CWA concerning additional services that were previously provided by the utility's former environmental consultant. Those services for the upcoming year include monitoring commitments at Matson Creek and preparation of the 2018 update of the fisheries management plan that is due to the Oregon Department of Fish and Wildlife (ODFW) the first quarter of 2019.

Mr. Draper introduced himself and stated he is the Fish Habitat Specialist-Stream Ecologist for CWA and has worked for CWA for about 15 years. Mr. Draper stated he has performed and been hands-on in providing monitoring data to Sol Coast so he is very familiar with the work.

A proposed scope of work has been provided for services in 2019 that the Water Board must complete to meet its environmental commitments with ODFW in the amount of \$6,612. A contract will be drafted by CWA and reviewed and approved by the Water Board's General Manager and Board attorney Jim Coffey.

After a brief discussion, Dr. Sharps moved to authorize the General Manager to enter into a contract with Coos Watershed Association for the proposed environmental monitoring and

reporting work in the amount of \$6,612. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding the tank maintenance program with SUEZ, Mr. Thomas commented the tanks at Bright's Mill, Bay Park, and Libby were refurbished and recoated in fiscal year 2017. Tanks at Terramar and Millington were refurbished and recoated in fiscal year 2018, with tanks at Radar and Isthmus Heights to be completed in fiscal year 2019 and 2020. The three tanks that were put back into service in fiscal year 2017 were completed and put back into service with no issues. Terramar and Millington tanks were completed and put back into service but aesthetic concerns followed putting the tanks back into service. Shortly after, these two tanks were drained and taken back out of service. This was done prior to releasing the water to customers in those areas.

SUEZ has been working with the utility's staff to remedy the issues with these tanks over the past several months. Roger Damon and Patrick Bannon of SUEZ were present to give an update and what their plan is moving forward. Mr. Damon reassured the Board they are working diligently to find out what is causing the odor issues, especially the Terramar tank. The issue has not been pinned down as all of the VOC reports have come back negative. The paint has been tested, however it is not exactly known why the tanks, mainly Terramar, are holding that odor.

SUEZ will be sending a washout crew to spray wash and brush the inside of the tanks. Dr. Sharps asked what their next step would be if the washout is not successful. Mr. Damon stated they have been reassessing other options and what they can do. Dr. Sharps inquired what those options would be. One option they may consider is scraping and cleaning the tanks. Mr. Damon has been in contact with a specialist in California that deals with these type issues and they may try to schedule a time for him to take a look at the tanks. Mr. Coffey inquired if staff received any customer complaints on water quality before SUEZ did their initial work. Mr. Thomas stated the utility had not received any complaints prior to SUEZ doing their work. Ms. Cribbins inquired what type of odor was in the tanks. Mr. Thomas stated the odor is that of a paint thinner or solvent smell. Even though the VOC's come back under allowable limits, the reason of the presence of the odor is unknown. Mr. Damon stated all the experts they have spoken with cannot understand this so SUEZ is going through the steps trying to get the odor completely eliminated. Mr. Thomas stated the bloom is not on the entire inside of the tank, only portions of it near the bottom and top of the tank. Mr. Solarz asked what convinced them that this bloom is causing this problem. Mr. Damon stated the paint manufacturer has a technical representative. SUEZ sent a technical representative here who took samples and their analysis came back as a bloom was present on the surface that may or may not be causing the odor issue. The subcontractor has signed off and the manufacturer has signed off on this. Mr. Damon stated he noted the presence of the odor in the tanks and SUEZ is trying to solve the problem one step at a time.

The Board thanked Mr. Damon and Mr. Bannon for their time and report on this issue.

Regarding the proposed 2019 Timber Sale, Engineering Supervisor Matt Whitty stated the area on the north side of Libby Road has mature timber. The volume of timber is less than what was actually estimated. Staff planned to do a large sale and try to increase the balance of the utility's timber reserves. Mr. Whitty stated he was under the impression the utility would be looking at a \$1,000,000 sale, however it is much less. Mr. Whitty stated one of the factors is a timber cruise has never been done to determine the actual volumes. Stuntzner Engineering cruised the 118 acres on the north side of Libby Road during the week of December 10th to

determine specific volumes. An evaluation of the cruise plots indicate gross revenue between \$575,000 and \$600,000 for this sale based on current log prices.

Revenue from this sale will need to cover the cost of administering the sale and reforestation costs. These costs are estimated at \$140,000 and include seedlings and contract planting for the reforestation of the proposed sale. The 2019 sale revenue should also provide \$385,000 in capital funding for two fiscal years. To cover these costs the 2019 sale will need to produce a minimum of \$525,000 in gross revenue.

In speaking with Mr. Stuntzner, prices are low right now and staff may want to wait until April or May of 2019 to bid. Mr. Whitty commented staff could go ahead and prepare the timber sale and solicit bids now, and if the prices come in low, bids could be rejected.

After a brief discussion, Dr. Sharps moved to approve preparation of the 2019 timber sale. The motion was seconded by Mr. Dillard and passed unanimously.

Regarding the proposed 20-year harvest plan, Engineering Supervisor Matt Whitty stated staff is currently working with Stuntzner Engineering on a scope of work for the evaluation of harvest units that were logged prior to 1990. This is necessary to determine the 20-year outlook for timber harvest on the Pony Creek and Joe Ney watersheds. Staff anticipates spending between \$10,000 and \$15,000 on the initial evaluation of units that are or will become merchantable in the next 20 years.

The proposed 20-year harvest plan will provide information for long range planning regarding the ability of the watershed to produce revenue to support capital expenditures. Harvest over the next 20 years could include all of the merchantable stands and many of the sapling stands.

Regarding proposed Resolution No. 368-CPI Adoption for Pension Plan for Employees hired prior to January 1, 2011, Mr. Thomas stated the Portland CPI (PCPI) was discontinued last year.

Staff has previously depended upon using the PCPI to determine the changes to the utility's closed Defined Pension Plan's cost of living adjustments (COLA) for retirees. With the PCPI being discontinued a new CPI for this utilization needs to be selected. Each year the COLA is capped at 2% increase or decrease. For example, if the utilized CPI specifies a 3% increase, the COLA realized by the retirees for that year would be 2%.

Staff contacted Jeff Kirtner of Hershner Hunter LLC. Mr. Kirtner suggests staff consider using a CPI that was close to the PCPI to replace it with. His suggestion was compare all CPI's that have a category in the West region for all urban consumers, and the Seattle CPI-U. He also recommended comparing a number of CPI's with the PCPI and see which is most comparable to the history of the PCPI.

Staff compared seven of the CPI's utilized and/or prepared by the US Bureau of Labor Statistics. The graph shows the history of each of the CPI's over the last seven years. Taking into consideration the CPI's that Mr. Kirtner suggested, along with others, staff found that on average the Seattle CPI-U places between the West Region and the West Size A CPI's. Using the Seattle CPI-U also creates the consistency of utilizing a CPI that is still located within the Pacific Northwest while the West Region's utilize population from Utah-west.

Staff recommends the Board of Directors adopt proposed Resolution No. 368 accepting the utilization of the Seattle CPI-U for the annual calculation of COLA adjustments to the Water Board's closed Defined Pension Plan and allow the General Manager to sign the memorialization documents needed to make the necessary changes.

After a brief discussion, motion was made by Mr. Dillard to adopt Resolution No. 368 as proposed and authorize the General Manager to execute the memorialization documents. The motion was seconded by Dr. Sharps and passed unanimously. The resolution read as follows:

RESOLUTION NO. 368

COOS BAY – NORTH BEND WATER BOARD

**A RESOLUTION BY THE COOS BAY – NORTH BEND WATER BOARD
TO ADOPT AN AMENDMENT TO THE WATER BOARD'S CLOSED DEFINED PENSION
PLAN FOR THOSE EMPLOYEES HIRED PRIOR TO JANUARY 1, 2011 TO ADOPT A NEW
CONSUMER PRICE INDEX FOR PURPOSES OF ARTICLE VI. OF THE RETIREMENT
INCOME PLAN FOR EMPLOYEES OF COOS BAY-NORTH BEND WATER BOARD**

WHEREAS, the Coos Bay - North Bend Water Board (the "Water Board") is a joint instrumentality of the Cities of Coos Bay and North Bend, Oregon organized and operated pursuant to the provisions of Oregon law, and has the authority to adopt resolutions; and

WHEREAS, the Water Board has adopted the 2015 Restatement of the Retirement Income Plan for Employees of Coos Bay-North Bend Water Board (the "Plan"); and

WHEREAS, Article VI. of the Plan provides for cost of living increases ("COLA") for certain benefits "based on the annual increase or decrease in the Portland, Oregon, Consumer Price Index for all urban consumers as stated in the February Consumer Price Index reported by the U.S. Department of Labor (or a comparable index as determined by the Water Board if such index ceases to be published)"; and

WHEREAS, the Portland Consumer Price Index ("CPI") described in the prior recital has ceased to be published, so that a comparable index must be determined by the Water Board pursuant to Article VI. of the Plan; and

WHEREAS, the Board of Directors now finds it necessary to select a new CPI to utilize to determine a Retiree's cost of living adjustment due to the Portland CPI being discontinued.

NOW, THEREFORE, be it resolved by the Board of Directors of the Coos Bay - North Bend Water Board, Coos County, Oregon as follows:

1. The above recitals are accurate, and are incorporated herein by this reference.
2. The Board of Directors hereby adopts the utilization of the U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All items in Seattle-Bellevue, WA, Base 1982-1984= 100, Not Seasonally Adjusted, Annual Average, for the annual calculation of the cost of living adjustments (COLA) for the Retiree's in the Coos Bay – North Bend Water Board's closed Defined Pension Plan for purposes of Article VI of the Plan.
3. This resolution shall be effective immediately upon its passage by the Board of

Directors of the Coos Bay - North Bend Water Board.

Adopted by the Board of Directors of the Coos Bay-North Bend Water Board this 20th day of December, 2018.

Regarding the proposed Coos River Highway 2-inch Main Replacement Project, Engineering Supervisor Matt Whitty stated the existing main on Coos River Highway, North of D Street, in Eastside has experienced multiple breaks and is in poor condition. Staff proposes to replace 490 feet of 2" diameter PVC pipe.

This project is included in the current fiscal year's budget in the estimated amount of \$60,100. Staff plans to design the project and utilize the utility's crews for the installation. Construction is planned for the spring of 2019 contingent upon availability of asphalt cement.

After a brief discussion, motion was made by Dr. Sharps authorizing staff to design and install the Coos River Highway Main Replacement at an estimated cost of \$60,100. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding the proposed First Amendment to the original Lease Agreement with Crown Castle, AT&T LLC, Mr. Thomas stated the utility has leased land to Crown Castle, contractor for AT&T, at the storage tank site on Seven Devils Road in Charleston since 2002. Crown Castle recently approached staff about leasing additional space at the Seven Devils site. The size of space that is leased in the original agreement is 2,500 square feet on the northern part of the Water Board property. The original site lease currently expires in 2032. The current rent paid to the Water Board for the 2,500 square feet is \$11,212 per year and increases on an annual basis.

Crown Castle now wishes to lease an additional 400 square feet of space at the Seven Devils site. Crown Castle has also requested the Water Board extend the site lease for an additional 25 years. The additional space will be used to add equipment for T-Mobile and utilize the existing tower for cellular network coverage. Additional equipment in the newly leased site will be at ground level and will include wire cabinets, conduits, and other various equipment. Some equipment will need to be placed on the tower that is within the originally leased space.

After negotiation with Water Board staff, Crown Castle is willing to offer the following considerations for the additional 400 square feet and additional 25 year term, expiring in 2057.

- Additional \$8,400 per year. Lease amount to increase per the Seattle CPI-U on an annual basis.
- A \$2,000 onetime bonus.
- A \$2,500 reimbursement for Water Board attorney fees.
- Maintenance of the access roads during construction and one time repair of the roads after installation of new equipment.
- Coverage of due diligence fees for the site lease, survey, tax lot filing, etc...

Mr. Thomas stated he and Mr. Coffey have reviewed and approve of the contract and offer considerations. Mr. Coffey complimented Mr. Thomas on his efforts in negotiating with Crown Castle.

After a brief discussion, Dr. Sharps moved to authorize the General Manager to enter into the First Amendment to the original site lease agreement with Crown Castle based on the terms as discussed to lease an additional 400 square feet of Water Board property at the Seven Devils, Charleston site. The motion was seconded by Mr. Dillard and passed unanimously.

The Board's next regular meeting was set for Thursday, January 17, 2019, at 7:00 a.m.

Updates were given as follows:

- Joe Ney Dike Spillway Repair – Staff had planned on applying grout to completely seal the spillway, however ODF&W said there are Coho there. Staff will maintain the fish flow until June 30, 2019 and will wait to the work in early summer.
- High Service Pump Drive Replacement – The new drive has been working. S & B worked on the SCADA program, however now there is no power to the drive. An electrician is scheduled to be on site today.
- McCullough Bridge – There have been delays in installing the pipe and now the permit has expired. A geotechnical engineer has asked that the permit not be renewed without the requirement that the pipe be incased. The costs would be extraordinary with very little benefit. Mr. Whitty is working with Jeff Waddington regarding relocation of the pipe. Also, bids came in on the pipe painting project on the bridge. That portion of the bids came in at \$461,000 (the engineer's estimate was \$219,000).
- Office Remodel – The Customer Relations Supervisor has moved into his new office.
- Customer Service Representatives – One new CSR was hired, with another CSR to begin on December 26th.

At 8:10 a.m. Chair Cribbins 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 8:46 a.m.

Motion was made by Mr. Dillard to authorize staff to investigate firms to do a pay equity study/job description study and proceed to contract. The motion was seconded by Dr. Sharps and passed unanimously.

There being no other business to come before the Board, Chair Cribbins adjourned the meeting at 8:57 a.m.

Approved: _____, 2019

By: _____
Chair Melissa Cribbins

ATTEST: _____