

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.
January 21, 2016

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: Dr. Charles Sharps, Dick Vigue and Greg Solarz. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Ron Hoffine, Operations Director; Rick Abbott, Distribution Supervisor; Jim Kaylor, Water Treatment Supervisor; Jeff Howes, Finance Director; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. Also present were Sherlyn Heath and Kay Caraway. Media present: None. Chair Cribbins opened the meeting at 7:00 a.m.

Chair Cribbins asked if there were any corrections or additions to the January 7, 2016 Regular Board meeting minutes. Mr. Solarz moved the minutes be approved as written. The motion was seconded by Dr. Sharps and passed unanimously.

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

Regarding the proposed continued reforestation of the 2013 timber sale in Pony Creek Watershed, Operations Director Ron Hoffine stated the utility sold 35.7 acres of timber in the Pony Creek Watershed in 2013. In 2014, harvest was completed and partial reforestation occurred early in 2015. Seedlings were difficult to find due to shortages and staff were only able to purchase and plant 9,000 Douglas Fir seedlings. A total of 15,500 seedlings are needed for complete reforestation and a diverse selection of seedlings is preferred.

The City of Coos Bay will be soliciting quotes for reforestation of their 2014 timber sale. They harvested 76.3 acres and will plant 33,000 seedlings. Staff proposes to piggyback on their solicitation and reimburse them for the utility's share of the planting labor costs. The proposed Intergovernmental Agreement (IGA) was provided to Board members in their packet. The IGA has been reviewed the Board Attorney Jim Coffey.

Stuntzner Engineering and Forestry has administered the reforestation of the utility's 2013 Timber Sale, and they are working with the City on this project. Staff estimates the utility's share of the contractor's work to be approximately \$3,000, and approximately \$2,000 for Stuntzner's fees. The amounts of \$2,500 for contractor work and \$2,000 for Stuntzner's fees are included in the current fiscal year's budget. After a brief discussion, Mr. Vigue moved to authorize the General Manager to execute the Intergovernmental Agreement and approve reimbursement to the City of

Coos Bay for the utility's share of costs outlined in the Intergovernmental Agreement. The motion was seconded by Dr. Sharps and passed unanimously.

General Manager Ivan Thomas welcomed Ms. Heath and Ms. Caraway and thanked them for their attendance. Operations Director Ron Hoffine has been working with Ms. Heath and Ms. Caraway to provide water service to several lots on Caraway Lane owned by Mr. Caraway. The homes are situated north of Caraway Lane on five tax lots, currently addressed as 63506, 63508, 63516, 63504 and 63484 McGill Loop; and 90891 and 90907 Caraway Lane. Two of the homes (63506 McGill Loop and 90907 Caraway Lane) are each fronted with existing water meters but the meters are sealed and inactive. Mr. Hoffine gave a brief history of his work on this issue. He stated the primary issue with this development is that there was more than one home on a single meter. At least six homes were being served through two water meters which was in violation of the utility's rules and regulations which prohibit the service of two or more homes through a single meter. In addition, there were also cross connection issues with wells on the property that require backflow assemblies, and this was taken care of. Currently, there remains more than one home on a single meter. In May of 2011, Mr. Caraway was issued a notice of termination of service. Mr. Caraway appealed the termination and appeared at the July 7, 2011 Board Meeting. The Board upheld the termination of service, but acted to hold it in abeyance if Mr. Caraway complied with certain conditions. The termination would be for five years if Mr. Caraway did not comply with the conditions.

An agreement was prepared by Board Attorney Jim Coffey and mailed to Mr. Caraway following the July 7, 2011 meeting. Ms. Heath and Ms. Cervantes attended the July 21, 2011 Board Meeting objecting to some of the conditions of the agreement. Board action at this meeting validated conditions of the agreement. Mr. Caraway then contacted Mr. Hoffine on that date stating he would not sign the agreement. Water Board staff subsequently issued a service termination notice that became effective July 26, 2011.

The five year period for water service termination to the Caraway property will end in July 2016. Ms. Heath recently met with Mr. Hoffine to request activation of the two existing water services (63506 McGill Loop and 90907 Caraway Lane), and to purchase five additional water services. The cost for each new service with a 5/8-inch meter is currently \$3,895 (\$865 installation; \$2,990 System Development Charge; and \$40 County right-of-way permit). Dr. Sharps inquired why the time limit was 5 years. Mr. Hoffine stated that was staff's recommendation in 2011.

Ms. Heath has indicated willingness to comply with all Water Board rules and regulations. Staff recommends authorization for water service to the Caraway properties at this time, prior to the end of the five year termination period. Staff proposes to reinstate water service to the two existing accounts and install five new services with meters; and the customer would pay all normal fees associated with reinstatements and installations.

Mr. Vigue asked if staff would be following up to ensure compliance is being met. Mr. Hoffine said if they purchase a meter for each home, it is unlikely there would be more than one home on a single meter. Dr. Sharps asked what the renewal costs would be in addition to the \$19,475 for five additional new services. Mr. Hoffine said there would be no penalty, just the new service fee of \$20. Mr. Thomas added the customer will need to install backflow devices behind the meters which is an additional cost and those would be followed up on annually. Ms. Heath commented they would most likely pay for installation of new meters one or two at a time, rather than all five at once. Dr. Sharps asked who would be contacting the County. Mr. Hoffine stated he would like Ms. Heath to make initial contact with the County for confirmation of addresses. Motion was made by Dr. Sharps to authorize water service to the Caraway properties at this time, prior to

the expiration of the five year period; reinstate service to the two existing accounts and install five new services with meters with customer paying for all normal fees associated with the reinstatements and installations; and services be allowed conditioned upon 1) the addresses assigned for each home must be confirmed to staff by Coos County Planning Department; 2) staff must observe evidence that any plumbing lines between the homes are disconnected; and 3) a reduced-pressure principle backflow assembly be installed by the customer at each meter as cross connection hazard premise isolation. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding the Request for Quotes for 2016 Water Treatment Chemicals, Mr. Thomas stated bids were opened on January 6, 2016 for water treatment chemicals to be used during the 2016 calendar year. Water Treatment Supervisor Jim Kaylor reviewed the bids received. There were thirteen bidders for seven chemicals. All products meet the specifications outlined in the information to quoters, with the exception of Calchem's bid for liquid polyaluminum chloride. The next low quoters for liquid polyaluminum chloride were identical bids at \$520 per ton. Kemira Water Solutions from Lawrence, Kansas, and Summit Chemical Specialty Products from Flemington, New Jersey, provided the identical bids. Mr. Kaylor suggested to tighten up the bidding specification to include all bidders are required to submit a complete chemical analysis for the product they are providing. The utility has not dealt with a tie bid, and this requires staff to have an evaluation method.

Mr. Coffey commented rules cannot be changed once the request for quotes is given. Staff requested each tie bidder to supply a specification sheet that detailed specifically a sulfate content. This was provided by only one of the tie bidders. Mr. Coffey advised the best way to deal with a tie bid is to re-issue a request for quotes. Mr. Coffey suggested the Board review and amend the utility's Local Public Contracting Rules to provide for a tie situation.

Staff recommends approving the award of all chemical bids with the exception of liquid polyaluminum chloride, rejecting all bids received on liquid polyaluminum chloride and to re-issue request for quotes from all potential vendors for liquid polyaluminum chloride.

Based on the expected quantities of treatment process chemicals to be purchased and the bids received, expenses will decrease for the upcoming year by approximately \$1,158.00. A \$200/ton reduction in the bid for Activated Carbon used for taste and odor control resulted in the majority of the cost savings. After a brief discussion, motion was made by Mr. Solarz to award the bids to the low bidder for each chemical with the exception of liquid polyaluminum chloride, reject all bids received on liquid polyaluminum chloride, and to re-request quotes from all potential vendors for liquid polyaluminum chloride, and further direct staff to modify the Local Public Contracting Rules. The motion was seconded by Mr. Vigue and passed unanimously. The low bidders were as follows:

Treatment Chemical	Bidder	Price Per Ton
Anhydrous ammonia	Airgas Specialty Products, Inc.	\$2,460.00
Liquid chlorine	JCI Jones Chemicals	850.00
Hydrated lime	Cascade Columbia Distribution Co.	348.00
Powdered Activated Carbon	Cal-Pacific Carbon	1,100.00
Sodium fluoride	Brenntag Pacific Inc.	1,520.00
Sodium hydroxide	Northstar Chemicals, Inc.	210.00

Regarding the proposed cathodic protection rectifier replacement at Shorewood, Operations Director Ron Hoffine stated the system is controlled by a rectifier that supplies the required amperage to protect 1 mile of 16-inch diameter steel pipeline in Highway 101. The system was recently inspected and after contacting the utility's corrosion control consultant, George Richards, it was determined the rectifier had failed and is in need of repair or replacement. The model of rectifier that failed is no longer produced so Mr. Richards recommended it be replaced with a new model. Mr. Richards recommended two models to select from ranging in price from \$2,500 to \$3,500. Additional costs for the utility's crew to install the rectifier and an electrician to make the final connections are estimated in the amount of \$1,000. This is an unbudgeted project, and funds would come from capital reserves. Mr. Hoffine stated rather than budgeting this project for next fiscal year, this is time sensitive and needs to be done. Dr. Sharps asked if the pipeline is already showing corrosion. Mr. Hoffine said the corrosion has not been confirmed, although if the rectifier is not replaced soon it will most likely be affected by corrosion. After a brief discussion, Dr. Sharps moved to authorize staff to solicit quotes for a new rectifier and authorize the General Manager to select the lowest quote and order the new rectifier. The motion was seconded by Ms. Cribbins and passed unanimously.

Mr. Solarz inquired as to the balance of the capital budget on July 1, 2015, commenting that several projects are being paid for out of capital reserves. Mr. Hoffine stated the balance was \$251,000 at that time and staff is in the process of completing an accounting of the capital project expenditures and reserves for the first half of the fiscal year. Mr. Thomas commented he felt comfortable moving forward as the \$800,000 OTIB funds will be received soon. Finance Director Jeff Howes said staff would have an update of the capital budget for the Board.

Regarding proposed consulting services for System Development Charges Methodology Review and Report, Finance Director Jeff Howes stated a request for proposals was issued to seven consultants. Proposals were received from three companies and scored with a total of 100 possible points. The scoring was based on personnel and company experience (25 points); level of service (25 points); references (25 points); and costs (25 points).

Company	Personnel & Company Experience	Level of Service	References	Costs	Score	Proposed Cost
Black & Veatch Management Consultants Portland, OR	25	17	20	13	75	\$37,520
Donovan Enterprises, Inc. Tigard, OR	17	13	13	20	63	\$8,755
FCS Group Portland, OR	25	22	25	21	93	\$19,310

The FCS Group scored as the most qualified firm. Staff proposes to enter into an agreement with FCS Group for an amount not to exceed \$19,310 for the System Development Charges methodology review and report. If approved, staff will prepare a contract for review by Mr. Coffey prior to signing. Due to an oversight, this project is not included in the current fiscal year's budget, so it would be funded from reserves. Dr. Sharps inquired why this process is necessary. The utility is required pursuant to statute to defend the System Development Charges. After a brief discussion, Mr. Vigue moved to authorize the General Manager to enter into an agreement with FCS Group for consulting services for system development charges methodology review and report in an amount not to exceed \$19,310. The motion was seconded by Ms. Cribbins and passed unanimously.

Mr. Thomas updated the Board on the Culvert crossing on 6th Avenue stating the box culvert is deteriorating. The City of Coos Bay plans to take the culvert out and build a bridge. This is a non-budgeted project for the City. The Dyer Partnership will be performing the engineering work on the bridge so there may be some costs associated for the utility. This work will probably take place in October of 2016. The City wants to begin design of the bridge in March 2016. Mr. Solarz commented staff should place a cap on the utility's portion of engineering services to be performed. Mr. Thomas said he will keep the Board updated once he gets additional information.

Regarding the Matson Creek Fisheries Restoration Project, Mr. Thomas gave an update stating a letter was received from Oregon Department of Fish & Wildlife confirming the fish passage waivers were received for Upper Pony Creek and Merritt Dam allowing the utility to reduce flows.

Mr. Thomas commented on the utility's current Customer Adjustment Policy. The current policy provides for a one-time leak adjustment of \$100.00 and he feels it should be more customer friendly. He asked for the Board's thoughts on this. It was the Board's consensus they would like to see the policy updated. Mr. Thomas stated staff would present the Board at a future meeting with a draft of an updated Customer Adjustment Policy for their review and comments.

The Board's next regular meeting was set for Thursday, February 11, 2016, at 7:00 a.m.

At 7:58 a.m. Chair Cribbins directed they go into executive session for the purposes of discussing personnel issues pursuant to ORS 192.660(2)(a) and current and potential litigation pursuant to ORS 192.660(2)(h). They returned to open session at 8:25 a.m. There being no other business to come before the Board, Chair Cribbins adjourned the meeting at 8:25 a.m.

Approved: _____, 2016

By: _____
Chair Melissa Cribbins