

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

Minutes
Regular Board Meeting

June 15, 2023
1:00 p.m.

Coos Bay-North Bend Water Board met in open session in the Board Room at the above address, date, and time with Chair Greg Solarz presiding. Other Board members present: Carmen Matthews, Bill Richardson, and Rob Kilmer. Board Members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Jeff Howes, Finance Director; Jeff Page, Operations Manager; Jeff Miller, Water Treatment Supervisor; Aimee Hollis, Customer Relations Supervisor; Vince Stonesifer, Field Services Technician; Micah Demanett, Distribution Technician; Jeff Kirtner of Hershner Hunter was present (virtually); and Karen Parker, Administrative Assistant. Board Legal Counsel Melissa Cribbins was present. Media present: None.

Chair Solarz opened the meeting at 1:00 p.m.

Chair Solarz asked if there were any corrections or additions to the May 18, 2023, Regular Board meeting minutes. Mr. Matthews moved the minutes be approved as written. The motion was seconded by Mr. Kilmer and passed unanimously.

Chair Solarz asked if there were any public comments and there were none.

Regarding proposed Resolution No. 398, Mr. Thomas stated this would ratify the Cycle 2 and Cycle 3 plan amendments for the Water Board's Nationwide Retirement Plan. Mr. Thomas introduced Jeff Kirtner, legal representative of Hershner Hunter, and asked if he would like to elaborate on the two plan amendments. Mr. Kirtner referred to his memorandum stating there are two actions recommended to be taken by the Board of Directors. One is to ratify adoption of the Cycle 2 plan as signed by Mr. Thomas in April of 2023. Secondly, those same changes need to be carried forward into the Cycle 3 document. The fact that those changes were not in the initial Cycle 3 document timely adopted last year, Nationwide has prepared a revised Cycle 3 document with those changes included. Going forward, future restatements should automatically include the changes.

After a brief discussion, Mr. Matthews moved to ratify the adoption of the Cycle 2 plan as signed by the General Manager on April 24, 2023 and approve the adoption of the Cycle 3 plan to be signed by the General Manager. The motion was seconded by Mr. Kilmer and passed unanimously. The Board thanked Mr. Kirtner for his assistance.

RESOLUTION NO. 398

COOS BAY – NORTH BEND WATER BOARD

A RESOLUTION BY THE COOS BAY – NORTH BEND WATER BOARD

(1) RATIFYING THE GENERAL MANAGER’S APRIL 24, 2023 EXECUTION OF A 2023 RESTATEMENT OF THE COOS BAY – NORTH BEND DEFINED CONTRIBUTION PLAN EFFECTIVE JULY 1, 2015 (THE “2023 RESTATEMENT OF THE CYCLE 2 PLAN”); AND (2) APPROVING AND ADOPTING A RESTATEMENT OF THE COOS BAY – NORTH BEND DEFINED CONTRIBUTION PLAN EFFECTIVE AS OF JULY 1, 2022 (THE “2023 RESTATEMENT OF THE CYCLE 3 PLAN”)

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, in 2011 the Water Board adopted the Coos Bay-North Bend Water Board Defined Contribution Plan (the “Plan”); and

WHEREAS, the Water Board did not timely adopt a restatement of the Plan by April 30, 2016, which was the deadline to restate the Plan during the IRS-defined second restatement cycle; and

WHEREAS, to correct the failure described immediately above, (1) the General Manager executed the 2023 Restatement of the Cycle 2 Plan on April 24, 2023, which restated the Plan effective July 1, 2015, and (2) the Water Board submitted such restatement to the IRS for review and approval under the IRS correction procedure known as the “Voluntary Correction Program” (see generally IRS Revenue Procedure 2021-30); and

WHEREAS, the Water Board timely adopted a 2022 Restatement of the Plan on July 18, 2022 (the “2022 Restatement of the Cycle 3 Plan”), which restated the Plan effective July 1, 2022; and

WHEREAS, the Board of Directors of the Coos Bay - North Bend Water Board now finds that it is necessary to restate the Cycle 3 Plan by adopting the 2023 Restatement of the Cycle 3 Plan effective July 1, 2022;

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 ratifies and approves (1) the April 24, 2023, execution and

adoption of the 2023 Restatement of the Cycle 2 Plan by the General Manager on behalf of the Water Board, (2) the submission of the 2023 Restatement of the Cycle 2 Plan to the IRS under the IRS's Voluntary Correction Program; and (3) all other actions taken by the General Manager and the Water Board to resolve issues surrounding adoption of the Cycle 2 restatement of the Plan.

3. The Board of Directors hereby adopts the 2023 Restatement of the Cycle 3 Plan in the form presented at the meeting, and authorizes and instructs the General Manager to execute the same on behalf of the Water Board, with such changes, if any, as the General Manager believes in good faith to be in the best interests of the Water Board.
4. 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 15th DAY OF JUNE, 2023.

By: _____
J. Gregory Solarz, Chair

ATTEST:

Regarding adoption of the FY2023-24 financial budget, Mr. Thomas stated the Budget Committee recommended a 5.90% rate adjustment in general water rates, fire services and fire hydrants as shown in Exhibit "A" of proposed Resolution No. 399, and a 7.50% rate adjustment in System Development Charges, and asked the Board if they had any modifications or comments.

After a brief discussion, Mr. Matthews moved to adopt FY23-24 budget as recommended by the Budget Committee and approve Resolution No. 399 which includes a rate increase of 5.90% and a 7.50% rate adjustment in System Development Charges. The motion was seconded by Mr. Kilmer and passed unanimously. The Resolution read as follows:

Resolution No. 399

**ADJUSTMENTS TO GENERAL WATER RATES
FIRE SERVICES, FIRE HYDRANTS
AND
SYSTEM DEVELOPMENT CHARGES**

WHEREAS, by and pursuant to the authority vested in the Coos Bay-North Bend Water Board (Water Board), pursuant to the respective charters of the Cities of Coos Bay and North Bend, Oregon, and the laws of the State of Oregon, said Water Board has the right and authority to fix rates to be paid by users of water from the Water Board system, to make and determine reasonable classifications of various rates, and to promulgate and make effective regulations and service fees in connection with the operation of said water system; and

WHEREAS, Water Board has reviewed current rates and charges in relationship to the operational and capital needs of the utility and found them insufficient to meet Water Board's goals; and

WHEREAS, Water Board has determined that the needs of the utility must be appropriately funded;

NOW, THEREFORE, BE IT RESOLVED, that general water rates, fire services fire hydrants and System Development Charges for all classifications of water users within and without the corporate limits of the Cities of Coos Bay and North Bend, Oregon, established by duly adopted resolutions of Coos Bay-North Bend Water Board, shall be amended by the attached Exhibit "A" to be effective July 1, 2023, for all bills rendered on or after July 1, 2023.

Adopted this _____ day of _____, 2023.

COOS BAY-NORTH BEND WATER BOARD

By: _____
J. Gregory Solarz, Chair

ATTEST

GENERAL WATER RATES

Rate per 100 cubic feet for all consumption over 300 cubic feet			Minimum charge for consumption metering from 0 to 300 cubic feet per month		
<u>Classification</u>	<u>Inside</u>	<u>Outside</u>	<u>Meter Size</u>	<u>Inside</u>	<u>Outside</u>
Residential	\$4.052	\$5.394	Meter Surcharge	\$0.00	\$5.00
Multiple-residential	3.179	4.632	5/8-inch	27.53	38.46
Commercial	3.225	4.702	3/4-inch	29.22	40.91
Industrial	2.797	3.746	1-inch	36.10	50.52
Public/Other	2.930	4.264	1 1/2-inch	53.26	74.60
Untreated		0.480	2-inch	79.03	110.66
			3-inch	139.18	194.92
			4-inch	225.16	315.20
			6-inch	440.00	616.01
			8-inch	697.81	976.95
			10-inch	998.62	1398.07

FIRE SERVICES

To be charged monthly at the rate of \$6.95 per inch of diameter of service pipe in addition to any meter rate

<u>Fire Service Line Size</u>	<u>Monthly Fee</u>
2" or less	\$13.90
3"	20.85
4"	27.80
6"	41.70
8"	55.60
10"	69.50

SYSTEM DEVELOPMENT CHARGES

METER SIZE	(ME) Meter Equivalent	SDC
5/8"	1.0	\$ 4,797
3/4"	1.5	\$ 7,196
1"	2.5	\$ 11,993
1.5"	5.0	\$ 23,985
2"	8.0	\$ 38,376
3"	16.0	\$ 76,752
4"	25.0	\$ 119,925
6"	50.0	\$ 239,850
8"	80.0	\$ 383,760
10"	115.0	\$ 551,655

FIRE HYDRANT RATES

- Hydrants inside the Cities of Coos Bay and North Bend which are owned by the Cities of Coos Bay and North Bend - NO CHARGE
- Hydrants owned and maintained by private parties or by other public bodies within the Cities of Coos Bay and North Bend, per month in advance - \$14.34
- Hydrants owned and maintained by organized fire districts, private parties, or by other public bodies outside the corporate limits of Coos Bay and North Bend, per month in advance - \$19.91

NOTE: THE ABOVE GENERAL WATER RATES, FIRE SERVICES, FIRE HYDRANTS, AND SYSTEM DEVELOPMENT CHARGES SHALL BE IN EFFECT FOR ALL CHARGES MADE AND BILLED AS OF THE JULY 1, 2023, BILLING DATE.

Distribution Technician Micah Demanett presented staff's request regarding renewal of a generator maintenance service agreement with Peterson Power. Mr. Demanett stated the Water Board owns three large diesel tower generators in the case of power outages which require annual maintenance and load bank testing to ensure their reliability and proper function. Peterson Power has performed this generator maintenance for the Water Board since 2013. Our previous 6-year service agreement with Peterson Power expired in 2022. Staff requested quotes from qualified vendors for a new 6-year service contract for maintenance of our generators.

The generators will each be serviced once annually, per the manufacturer's recommended maintenance procedures and intervals. A 2-hour load bank test will also be performed on each generator to ensure adequate performance.

Services shall be performed on three generators at the locations identified below:

- Cat C27, serial no. DWB02883, with approximately 248 running hours. This generator is located at the Pony Creek Water Treatment Plant at 2315 Ocean Boulevard, Coos Bay. It was installed new in 2013.
- Onan 80DGDA, serial no. H970645752, with approximately 221 running hours. This is a towable generator at the Water Board Service Center at 2305 Ocean Boulevard, Coos Bay. It was purchased new in 1997.
- Onan 125 DGDK, serial no. I060968984, with approximately 410 running hours. This generator is housed at the High-Level Pump Station at 575 Ocean Boulevard, Coos Bay. It was installed in 2006.

Water Board staff solicited four generator maintenance service providers for quotes for the maintenance of three emergency stand-by generators. Peterson provided the only responsive quote for the specified maintenance at \$62,515. Pacific Power Group did not submit a quote because they could not perform the most technical maintenance procedures detailed in the operator's manuals. Both Alpine Power Systems and D Square Energy, explained that the Water Board is outside of their service areas and so they did not submit quotes.

Funding for this contract is included in the current fiscal year's operations and maintenance budget.

Mr. Thomas commented staff has been very satisfied with the generator maintenance Peterson Power has performed in the past.

After a brief discussion, Mr. Matthews moved to authorize renewal of a Generator Maintenance Service Agreement with Peterson Power in the amount of \$62,515 for a six-year contract. The motion was seconded by Mr. Kilmer and passed unanimously.

Regarding the proposed renewal of Property/Liability Insurance Coverage with City/County Insurance Services, Finance Director Jeff Howes stated the utility's agent, Nasburg Huggins Insurance Agency, has provided the annual proposal for property and liability insurance for FY2023- 2024.

The FY 2023-2024 proposed premium cost with a multiline credit is \$169,222.90. This is an increase of \$14,003.61 from FY 2022-2023. This increase in premium is from an 8.95% rise in the value of Water Board infrastructure as last evaluated by CIS, as well as an escalation in material costs to rebuild in the event of a loss.

Property and liability insurance services for FY 2023-2024 will be effective July 1, 2023. Premiums will be billed applicable to the service dates within the same year. The premium is budgeted accordingly in the FY 2023-2024 Water Board budget.

After a brief discussion, motion was made by Mr. Matthews authorizing the General Manager to sign the CIS Property and Liability proposal to secure property and liability insurance service renewals for the 2023-2024 fiscal year at a proposed cost of \$169,222.90. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding the proposed renewal of Workers' Compensation Insurance with SAIF Corporation for FY2023-2024, staff has received the annual proposal from the Water Board's agent Nasburg Huggins Insurance Agency, Inc.

The estimate for workers' compensation in FY 2022-2023 was closed at \$24,424. The 2023-2024 proposal illustrates a price increase of \$6,574 for a total estimate of \$30,998. The price increase for FY24's renewal is primarily due to an increase in subject payroll and the increase in the utility's mod rating. The Water Board's modification (mod) rate increased from .76 to .90, a .14 point increase. The mod rate is based on the latest 3 year history of workers' compensation claims and projected payroll for the coming year. The Water Board's mod rate is still considered to be excellent. The best workers' compensation premiums are at a mod rate below 1.00.

Workers' compensation insurance services for FY 2023-2024 will be effective July 1, 2023. Premiums will be billed applicable to the service dates within the same year and the Water Board will receive a 3% discount for paying the premium in advance. The premium is budgeted accordingly in the FY 2023-2024 Water Board budget.

After a brief discussion, motion was made by Mr. Matthews authorizing the General Manager to sign the SAIF Workers' Compensation agreement to secure workers' compensation insurance service renewals for the 2023-2024 fiscal year at an estimated cost of \$30,998. The motion was seconded by Mr. Richardson and passed unanimously.

Mr. Thomas presented proposed Resolution No. 400 titled "Resolution Extending Workers' Compensation Coverage to Volunteers of Coos Bay-North Bend Water Board for Policy Year 2023-2024. Insurance will be provided by SAIF Corporation. The estimated premium for coverage is \$2.34 per year. Mr. Matthews moved they adopt Resolution No. 400 as proposed. The motion was seconded by Mr. Solarz and passed unanimously. The resolution read as follows:

Resolution No. 400

A RESOLUTION EXTENDING WORKERS' COMPENSATION COVERAGE TO VOLUNTEERS OF COOS BAY-NORTH BEND WATER BOARD FOR POLICY YEAR 2023-2024

WHEREAS, ORS 656.031 provides that workers' compensation coverage will be extended to the classes of volunteer workers;

NOW, THEREFORE, be it resolved that Coos Bay-North Bend Water Board elects to provide workers' compensation coverage as listed below:

1. Unpaid volunteer Board Members will be provided with workers compensation based on providing administrative duties and hours volunteered. The assumed hourly wage for unpaid volunteer Board Members will be the assumed minimum wage filed by the National Council on Compensation Insurance for the year in which the volunteer services are provided.
2. A roster of active volunteers (non-public safety) will be kept monthly for reporting purposes. It is acknowledged that SAIF may request copies of these rosters during year-end audit; and
3. Unanticipated volunteer projects or exposure not addressed herein will be added to Coos Bay-North Bend Water Board's coverage agreement (1) by endorsement, (2) with advance notice to SAIF, and (3) allowing two weeks for processing. It is hereby acknowledged that coverage of this type cannot be backdated and must be pre-approved; and
4. This resolution will be updated annually.

Adopted this _____ day of _____, 2023.

COOS BAY-NORTH BEND WATER BOARD

By: _____
J. Gregory Solarz, Chair

ATTEST: _____

Regarding the proposed award of FY2023 Water Main Replacement Bundle, Engineering Manager Matt Whitty stated bids were opened on June 7th. Four bids were received for the project. The water main replacements include 740 feet of 6-inch cast iron on Myrtle Avenue, 1,100 feet of 6-inch AC on Pacific Avenue and 1,250 feet of 6-inch cast iron on South 8th Street.

The four bids received are:

Cradar Enterprises	\$748,488
Knife River Materials	\$1,198,967.25
Laskey-Clifton Corporation	\$836,536.08
R & G Excavating, Inc	\$904,117

Cradar Enterprises is a qualified construction company based in Roseburg, Oregon. They successfully completed our 2022 Water Main Bundle. Notice of Intent to Award was sent to all bidders. The notice includes a 7-day protest period that expires on Friday, June 16th.

The total budgeted cost of these projects, including construction, engineering and inspection costs, is \$703,000. The amount of \$16,906 has been used in staff resources for survey and design, and preparation and execution of the bidding documents. Remaining inspection and project management costs are estimated at \$21,000. With Cradar's bid and a 5% allowance for change orders the total anticipated project cost equals \$823,818.

Funds to cover the \$121,000 shortfall are available in our active capital fund.

After a brief discussion, Mr. Kilmer moved to accept the low bid in the amount of \$748,488, awarding the FY2023 Water Main Replacement Bundle to Cradar Enterprises contingent upon the expiration of the 7-day protest. The motion was seconded by Mr. Matthews and passed unanimously.

Regarding the re-engineering of the Customer Service Section, Mr. Thomas stated currently we have a Customer Relations Supervisor, Bryan Tichota, who is responsible for the Customer Service section call center, customer interactions in the office, billing and collection of water bills, data processing center, and field work supervision including meter Readers, Field Services Technician, Field Customer Service Representatives; Meter changeout programs, and cross connection control in addition to other duties. Mr. Tichota retires on September 1, 2023. Over approximately the past 20 years Mr. Tichota has mastered all these duties. Interviews for this position were completed and has been filled with the most qualified candidate. All candidates that were considered had expertise in customer service experience or in field customer service. It is hard to find expertise in both

office customer service and field customer service related to water meters and cross connection.

The utility has had challenges in maintaining meter reading staff. With the challenges in staff expertise and meter readers and new meter reading technology, management has researched options on how to staff the Customer Service Section moving forward and is proposing to split job roles asking for the Customer Relations Supervisor to become the Customer Service Manager, becoming a part of the senior management team, with a Meter Services Supervisor working for the Customer Service Manager to get the field work completed. Staff proposes updating the Customer Relations Supervisor’s job description reflecting these changes. Board members were given drafts of the proposed job descriptions for approval. The proposed new pay scale based on a by-weekly salary is as follows:

Position Title	1	2	3	4	5	6
Customer Relations Supervisor (old)	2,899.41	3,044.38	3,196.60	3,356.43	3,524.25	3,700.46
Customer Relations Manager (new)	3,196.60	3,356.43	3,524.25	3,700.46	3,885.49	4,079.76

There is an \$8,000 difference in the budget from this plan to the current staffing. Rather than hire another Field Customer Service Representative (Meter Reader) back, staff proposes creating a new Meter Services Supervisor position to manage and maintain all the field work. This new position would be effective July 1, 2023 and will be funded through savings realized by not filling the vacant Field Customer Service Representative and savings realized by other current vacant positions within the utility. The overall cost of this position is \$128,500 including benefits. Current savings are estimated to be \$11,000 in the first year FY2024. The proposed pay scale for the Meter Services Supervisor is as follows:

Position Title	1	2	3	4	5	6
Meter Services Supervisor	2,899.41	3,044.38	3,196.60	3,356.43	3,524.25	3,700.46

The cost of the Customer Relations Manager will remain the same and not increase budgetary needs for the FY24 budget and propose to make this effective upon Board approval.

Mr. Thomas asked the Board if they had any questions. There being none, motion was made by Mr. Matthews accepting the Customer Service Section re-engineering plan as proposed, allowing the General Manager to update the job descriptions and pay scales as proposed. The motion was seconded by Mr. Solarz and passed unanimously.

Mr. Thomas stated at the last Board meeting staff discussed the possibilities of purchasing more meters for the meter replacement program/AMR next year, however staff did not have close to final purchase prices. Mr. Thomas presented the Board with updated costs for the 3 cycles that staff are anticipating, being Cycles 8, 10 and 12 and what the cost of each cycle is with installation for a total of \$1.153 million and that is with contractor install at \$57.25 per meter.

Mr. Thomas reviewed reserve balances, funds from the timber management plan and the active capital improvement fund for total available funding of approximately \$3.473 million. There is approximately \$400,000 in the meter fund, which leaves about \$700,000 needed to fund out of reserves if we want to replace meters in all three cycles.

	Meter Cost	Contractor Cost	Total
Option 1	\$913,442	\$239,993	\$1,153,435
Option 2	\$643,249	\$173,983	\$ 817,232
Option 3	\$374,229	\$ 99,157	\$ 473,386

Mr. Richardson commented the faster staff replaces all meters, the faster we will see the rate of return. Mr. Solarz stated the question is does the Board want to gamble using funding for all three cycles now.

Mr. Thomas stated the 10 year plan for this meter replacement program is raising rates over the next few years by one-half percent to fund this program long term. If staff completes this project sooner perhaps within the next 3 to 5 years we will be near completion and should be able to place funds back into reserves. Mr. Solarz commented his concern is if something unforeseen arises.

Mr. Matthews commented he is in favor of getting all meters replaced as soon as possible making it easier on staff and gaining advanced data. Mr. Thomas stated the quote for FY24 is 3 percent more than the current price, and if meters are purchased prior to July 1 we are locked into this year's price. After a brief discussion, Mr. Richardson moved to approve Option 1, to include Cycles 8, 10 and 12 with the first order of business to order the water meters from Consolidated Supply. The motion was seconded by Mr. Matthews and passed unanimously.

The Board's next regular meeting was set for Thursday, July 20, 2023, at 7:00 a.m.

At 1:29 p.m. Chair Solarz directed they go into executive session for the purposes of discussing potential litigation pursuant to ORS 192.660(2)(h) and personnel issues pursuant to ORS 192.660(2)(a).

The Board returned to open session at 1:43 p.m. There being no other business to come before the Board, Chair Solarz adjourned the meeting at 1:43 p.m.

Approved: _____, 2023

By: _____

J. Gregory Solarz, Chair

ATTEST: _____