

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.  
March 3, 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: Richard Vigue and Greg Solarz. Board members absent: Dr. Charles Sharps. Water Board staff present: Ivan D. Thomas, General Manager; Ron Hoffine, Operations Director; Matt Whitty, Engineering Supervisor; Rick Abbott, Distribution Supervisor; Jim Kaylor, Water Treatment Supervisor; Jeff Howes, Finance Director; Bryan Tichota, Customer Relations Supervisor; and Karen Parker, Administrative Assistant. Board Legal Counsel Jim Coffey was present. 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 February 11, 2016 Regular Board meeting minutes. Mr. Vigue moved the minutes be approved as written. The motion was seconded by Mr. Solarz and passed unanimously.

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

Water Treatment Supervisor Jim Kaylor stated as a result of a tie bid for liquid polyaluminum chloride, the Board requested staff re-request quotes from all potential bidders for this chemical. Re-quotes were mailed to all potential bidders and were opened on February 12, 2016. Five vendors participated in the re-quotes as follows:

<b>Quoter</b>	<b>Liquid Polyaluminum Chloride \$/ton</b>
Kemira Water Solutions, Inc. Lawrence, Kansas	\$505.00
Chemtrade Chemicals US, LLC Parsippany, New Jersey	\$755.00
Cascade Columbia Distribution Co. Sherwood, Oregon	\$630.00
Northstar Chemicals, Inc. Sherwood, Oregon	\$610.00
CalChem Enterprises Modesto, California	\$454.00

Low bid was received from CalChem Enterprises in the amount of \$454.00/ton. Based upon the annual estimated quantity of 110 tons of liquid polyaluminum chloride, the expense for this chemical will decrease by \$6,380.00. After a brief discussion, motion was made by Mr. Vigue to award the bid for liquid polyaluminum chloride to CalChem Enterprises for \$454.00/ton. The motion was seconded by Mr. Solarz and passed unanimously.

Regarding proposed Resolution No. 343, Mr. Thomas stated the Board previously adopted a motion to accept and agree to terms and conditions of the OTIB loan commitment letter for the South Empire Boulevard Waterline Relocation Project. The loan amount agreed upon was \$808,000 with a one percent loan origination fee due upon closing of the loan. The accepted loan commitment letter stated loan payments to commence in 2019. In order to reduce paid interest, the loan agreement repayment starts in 2016 with a maturity date of 2026, rather than 2029. The proposed resolution promises the irrevocable pledge of net revenues from the operation of the water system to the repayment obligations of the Cities (Coos Bay and North Bend) under the OTIB loan agreement and the charging of rates and fees in connection with the operation of the system that are adequate to generate net revenues each fiscal year which are equal to at least 100% of the annual debt service due under the OTIB loan.

After a brief discussion, Mr. Solarz moved to adopt Resolution No. 343 as proposed. The motion was seconded by Mr. Vigue and passed unanimously. The resolution read as follows:

**Resolution No. 343**

**A RESOLUTION AUTHORIZING ACCEPTANCE OF THE TERMS AND CONDITIONS CONTAINED IN THE LOAN FROM THE OREGON DEPARTMENT OF TRANSPORTATION BY AND THROUGH THE OREGON TRANSPORTATION INFRASTRUCTURE BANK (OTIB) TO THE CITIES OF COOS BAY AND NORTH BEND FOR THE SOUTH EMPIRE BOULEVARD WATER LINE RELOCATION PROJECT LOAN AND PLEDGING WATER BOARD REVENUES FOR PAYMENT OF THE LOAN**

WHEREAS, pursuant to ORS 225.050, the City of Coos Bay and the City of North Bend, Oregon (hereinafter "Cities") are the joint owners of the municipal water supply system serving the Cities; and

WHEREAS, the Coos Bay-North Bend Water Board (hereinafter "Water Board") is a joint agency of the Cities, established under the Charters of the Cities; and

WHEREAS, pursuant to the Charters of the Cities, and ORS 225.050, control over the operation, maintenance, improvement, and extension of the municipal water supply system is delegated to and the responsibility of the Water Board; and

WHEREAS, the Water Board engaged in the construction of a water line relocation project (hereinafter "Project") in anticipation of planned road improvements by the City of Coos Bay on South Empire Boulevard; and

WHEREAS, a major portion of the financing for the Project will be procured by the Cities, as owners of the municipal water supply system, through a loan agreement from the State of Oregon Department of Transportation (hereinafter "ODOT"), acting on behalf of the Oregon Transportation Infrastructure Bank (hereinafter "OTIB"); and

WHEREAS, the OTIB loan is secured by a pledge of the Cities' full faith and credit and funds payable from the Oregon Department of Transportation to the Cities, including but not limited to the Cities' Highway User Tax Apportionments; and

WHEREAS, the OTIB agreement requires the Cities to make certain covenants and agree to abide by certain conditions, including the obligation to make all payments due on the loan; and

WHEREAS, the Water Board will receive all net proceeds of the loan made to each City; and

WHEREAS, the Board of Directors of the Water Board, as governing body of the Water Board, and in the exercise of its control over the operation, maintenance, improvement, and extension of the Cities' municipal water supply system, in consideration of the receipt of the loan proceeds from each City, intends to be irrevocably bound by the covenants and conditions contained in the OTIB loan agreement, including the payment provisions for the loans, and will make the payments when due on the loans;

NOW, THEREFORE, BE IT RESOLVED by the Coos Bay-North Bend Water Board as follows:

1. The above recitals are true and accurate and are incorporated herein by this reference.
2. The Water Board shall be irrevocably bound by any and all covenants and conditions of the OTIB loan agreements with each City and shall perform and satisfy all such covenants and conditions on behalf of the Cities, including, but not limited to, the following:
  - a. The irrevocable pledge of net revenues from the operation of the water system to the repayment obligations of the Cities under the OTIB loan agreement and the charging of rates and fees in connection with the operation of the water system which are adequate to generate net revenues each fiscal year which are equal to at least one hundred percent (100%) of the annual debt service due under the OTIB loan agreement, plus debt service due with other agreements, if any; and
  - b. Assumption, on behalf of the Cities, of the responsibilities delegated to the Water Board by the Cities to undertake and complete all obligations, abide by all covenants, and conform to all conditions as set forth in the OTIB loan agreement; and to cooperate with the Cities whenever necessary to prepare financial statements, audits, or other financial reports made necessary by or required under the OTIB loan agreement.
3. The General Manager of the Water Board is hereby authorized to enter into any agreements and to execute any documents which may be required from the Cities to obtain the OTIB loan in the total amount of \$808,000, including, but not limited to the execution of any loan agreement and Promissory Note if required by OTIB.

The foregoing instrument was duly adopted by the Coos Bay-North Bend Water Board, Coos County, Coos Bay, Oregon this \_\_\_\_\_ day of \_\_\_\_\_, 2016, to be and hereby is entered in full in the minutes and records of the Water Board.

Regarding the proposed job description of Engineering Manager, Mr. Thomas stated the Board previously adopted a new organizational structure in relation to future recruitment. Currently, the Operations Director position oversees the Water Treatment, Distribution and Engineering sections. Under the proposed job description, the Engineering Section will separate from the Operations Division and become the Engineering Division, upgrading the Engineering Supervisor position to Engineering Manager. If approved by the Board, It is staff's intention to begin

recruitment by first posting the position internally for five business days. After a brief discussion, Mr. Solarz moved to approve the Engineering Manager job description as proposed. The motion was seconded by Mr. Vigue and passed unanimously.

Regarding the proposed Operating Policy update for Section IX, Conservation and Leak Repair Incentive, Mr. Thomas stated at a prior Board meeting, Board members discussed they would like to consider a more customer friendly Conservation and Leak Repair Incentive Policy. The policy that is currently in place was developed in 1999 and was primarily meant to be a one year program to motivate customers to repair leaks on their private plumbing systems. However, the policy has been practiced routinely by the utility's staff since 1999.

Under the existing policy, there are several areas that need a change such as the maximum amount of Board participation for leak adjustments, time incentives for repairing leaks and submitting documentation for proof of repair, and the frequency of adjustment request. The proposed policy considers all these factors and ensures the customer and Water Board staff follow specific guidelines for these factors. Following are proposed changes in the policy:

	<b>Existing Policy</b>	<b>Proposed Policy</b>
<b>Time to repair leak</b>	N/A	Within 30 days of notification
<b>Time to submit documentation</b>	N/A	Within 30 days of leak repair
<b>Water Board Participation</b>	50% above average bill	50% above average bill
<b>Maximum Adjustment amount</b>	\$100.00	\$1,000.00
<b>Adjustment Frequency</b>	1 per lifetime of the account	1 every 24 months

The current policy does not address guidelines to create a fair standard practice for all customers regarding timeliness of repair and submittal of documentation. Repair guidelines for the proposed policy give the customer incentive to repair leaks and turn in documentation timely. The proposed policy considers one adjustment every 24 months and gives the Board a new standard that is more customer friendly than its existing policy.

Mr. Vigue inquired as to the efficiency of the steps taken by staff when they recognize a problem before the customer does. Mr. Thomas commented staff is very efficient. In many cases, it is the meter reader who notices the inconsistency of water consumption, and in turn reports that information to staff for further investigation, and to make contact with the customer. In other cases, the billing staff will note an inconsistency. Mr. Tichota, Customer Relations Supervisor, stated the current system is highly effective. Mr. Thomas asked Mr. Tichota what the billing turnaround time is. Mr. Tichota stated from the time a customer's meter is read to billing is approximately 4 to 7 days.

Mr. Solarz expressed his concern on the proposed maximum adjustment amount of \$1,000.00 and the frequency of adjustment, stating he feels the adjustment frequency should be 1 every 5 years. Ms. Cribbins stated she felt the proposed policy gives staff discretion, and if the customer is unhappy they have the option of appealing the General Manager's decision. Mr. Vigue suggested changing the adjustment frequency to 1 every 36 months. After a brief discussion, Mr. Vigue moved to approve the Operating Policy Update to Section IX-Conservation and Leak Repair Incentive with amendment of the adjustment frequency to 1 every 36 months, and implement the update effective March 3, 2016. The motion was seconded by Mr. Solarz and passed unanimously.

Engineering Supervisor Matt Whitty updated the Board regarding the proposed Merritt Dam seismic evaluation. He stated the construction of Merritt Dam (1988) and Upper Pony Creek Dam (UPC) in the Pony Creek Watershed included seismic analysis of those dams based on earthquake

events anticipated at that time. In 2015, AECOM, successor of UPC Dam designer URS Corporation, updated the Deterministic Seismic Hazard Analysis for UPC Dam. AECOME is currently evaluating the stability of UPC dam based on this analysis.

An inspection report by Oregon State Dam Safety Engineer Keith Mills in January of 2015 recommended the utility conduct a seismic stability analysis of Merritt Dam. Staff is recommending an analysis of this structure to determine the seismic resiliency of the dam to assist with planning for the future management of this infrastructure. The seismic risk is much greater now than what it was when the dam was constructed in 1988. This project will utilize Quality Based Selection because the cost is anticipated to be in excess of \$100,000.00. The current fiscal year's budget includes \$134,000.00 for a seismic stability analysis of Merritt Dam. Mr. Mills informed staff some funding support should be available from Oregon Water Resources Department. Mr. Whitty stated staff plans to include additional funding in Fiscal Year 2017 budget in the event negotiated costs with the selected consultant exceed the sum of any State funding and the amount budgeted for 2016.

Mr. Whitty stated staff would like to request proposals for professional engineering services for Merritt Dam geotechnical and seismic evaluation, and report back to the Board with responses and further direction.

The Board's next regular meeting was set for Thursday, March 24, 2016 at 7:00 a.m. The Board has also scheduled a Special Board Meeting to be held on March 16, 2016, 11:30 a.m. at Ciccarelli's.

At 7:52 a.m. Chair Cribbins directed they go into executive session for the purposes of discussing personnel issues pursuant to ORS 192.660(2)(a). They returned to open session at 8:19 a.m. There being no other business to come before the Board, Chair Cribbins adjourned the meeting at 8:19 a.m.

Approved: \_\_\_\_\_, 2016

By: \_\_\_\_\_  
Chair Melissa Cribbins