

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

Minutes
Regular Board Meeting

May 20, 2021
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 Greg Solarz presiding. Other Board members present: Dr. Charles Sharps, Bob Dillard and Melissa Cribbins. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Bryan Tichota, Customer Relations Supervisor; Jeff Howes, Finance Director and Karen Parker, Administrative Assistant. Present via teleconference was Vince Stonesifer, Field Services Technician; and Spencer Gordon of Nasburg Insurance. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Solarz opened the meeting at 7:00 a.m. and asked Mr. Tichota to lead the Board and assembly in the Pledge of Allegiance.

Chair Solarz asked if there were any corrections or additions to the May 6, 2021, Regular Board meeting minutes. Dr. Sharps moved the minutes be approved as written. The motion was seconded by Mr. Dillard and passed unanimously.

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

Regarding consideration of renewal of Cyber Insurance with Coalition Insurance, Mr. Howes stated the current coverage with Coalition Insurance expires on February 20, 2021. Dr. Sharps inquired if this was the same company the Board had three years ago. Mr. Thomas commented this would be the third annual renewal.

The Water Board purchased Cyber Insurance Coverage with Coalition Insurance Solutions, Inc. in 2020 with limits of \$2,000,000 for a premium of \$3,595.62. The quote for the same coverage for the February 2021-2022 period is \$3,952.64. The premium is adjusted based on projected revenue from the Water Board. Funds have been budgeted in the current fiscal year's operations budget. Dr. Sharps asked what the deductible amount was. Mr. Thomas stated this past year was \$7,500 and it is increasing this upcoming renewal to \$10,000 for legal fees and legal appraisals.

The Board's insurance broker, Nasburg Insurance, suggests renewal of the plan with Coalition Insurance Solutions, Inc. for Data Breach and Cyber Liability Insurance, and is satisfied with their scope of coverage and limits for the premium being offered.

Ms. Cribbins stated she appreciates Mr. Gordon attending virtually (due to technical problems Mr. Gordon could not be heard) and she has no questions as this seems straight forward and asked if staff has encountered any issues dealing with this company. Mr. Thomas commented Coalition has been very responsive and staff is pleased with their services.

Dr. Sharps questioned the charge of \$250 for a Policy Fee. Mr. Thomas stated he assumes this is for selling the annual policy. After a brief discussion, Ms. Cribbins moved to authorize the General Manager to accept the renewal contract and enter into an agreement with Coalition Insurance Services, Inc. for Data Breach and Cyber Liability insurance in the amount of \$3,952.64. The motion was seconded by Mr. Dillard and passed unanimously.

Mr. Thomas presented staff's request for the Meter Change out Program and AMR Pilot Program with Consolidated Supply Company. Currently the Water Board has over 13,500 water meters in its distribution system. Approximately 13,000 of those meters are smaller than 1-inch in diameter. The Water Board has historically not had a regimented meter change out program. Installation dates of meters date back to the 1950's. Industry standard and meter manufacturer recommendations suggest that water meters should be replaced every 20 years. Most small diameter water meters have a tendency to slow down or stop over time. Replacing meters on a regular basis ensures maximum revenue is gained by the utility from each water service.

Mr. Thomas stated last year staff investigated meters, as there are very old meters in the system (50 to 70 years old), knowing they should be replaced about every 20 years.

Staff researched meter age and meter accuracy within the system. Sample meter testing was conducted on meters that were installed prior to the year 2000. Samples from the 1990 era resulted in over a 50% failure rate; the 1970 era resulted in over a 75% failure rate; and the 1950 era resulted in a 100% failure rate compared to the American Water Works Associations standard specification for measured consumption through a cold-water meter.

Mr. Dillard asked what dictates failure. Mr. Thomas stated there are AWWA standards which specify a range for different types of meters; i.e. if a meter is 97.5% accurate to 100% measuring consumption, anything below the 97.5% is considered failed. Ms. Cribbins stated it is her understanding when a meter fails it is by under reading, not by over reading. Mr. Thomas confirmed stating very rarely is it by over reading, however the large meters (3-inch and larger) can tend to over read and they are tested on an annual basis and repaired if needed. Meters that are two-inch and smaller are replaced.

Staff have also researched Automated Meter Reading (AMR) technologies as a potential part of a meter change out program. Staff has reviewed multiple reading systems that include AMR and Advanced Metering Infrastructure (AMI) systems. Demonstrations were given by Neptune, Badger, Sensus, Zenner, Mueller, and more. After consideration of the demos and types of reading systems available, staff recommends installing a pilot project that uses AMR technology. AMR technology uses a radio frequency from an antenna that is attached to the meter to relay a signal to the meter reading vehicle to capture the read. With AMR technology hundreds or thousands of reads can be obtained within an hour depending on the location. This is compared to approximately sixty reads per hour reading meters manually. Advantages of AMR includes savings in manual labor, safety aspects, less run time on vehicles, customer usage inquiry, fewer re-reads, less staff dependent systems, and more.

After research and many product demonstrations, staff found that the Mueller system had been competitively awarded to the City of Tigard in 2018. The Tigard solicitation (RFP) was a joint cooperative procurement and meets the criteria in Oregon statute (ORS 279A.210). Under this statute, "The Seller agrees to extend identical prices and services under the same terms and conditions to all public agencies in the region." Staff and Water Board Legal Counsel have verified that the meter prices that are being offered to the City of Tigard under the joint

cooperative procurement are the same prices that are being offered to the Water Board for the purchase of its meter replacements and AMR pilot.

Staff has identified a location it would like to implement its AMR pilot in the Englewood area. This area consists of 866 water meters. The area is one of the more time consuming areas to manually read and is challenging with areas of rural landscape and topography. Consolidated Supply Company from Eugene, Oregon is the vendor for the Tigard contract and has supplied the Water Board with a quote to replace the 866 water meters in the amount of \$156,923. The quote includes the software and hardware needed to relay the reads from the meter location to the reading vehicle. The price of the equipment has been waived by Consolidated as a promotion from Mueller for purchasing an AMR meter reading system (approximately a \$13,000 value). Staff plans to use in house labor to install the meters over the next several months. The Water Board has \$183,000 budgeted in the fiscal year capital improvement budget for the purchase of water meters and an AMR system pilot.

Dr. Sharps asked if only 866 meters are going to be replaced, what would the cost be to replace the remaining meters. Mr. Thomas estimated \$2.5 to \$3 million over an 8 to 9 year period. The utility does not have enough staff currently to install all 13,000 meters. Mr. Dillard inquired if staff decided not to continue with this program but just continued buying meters could they be purchased at the same rate. Mr. Thomas stated so many meters would be purchased annually. The current plan would be to install a pilot getting some advantage of the pilot in a very hard to read area, making sure this technology is what the utility wants and hopefully move forward. As more meters are put in, the less staff time is required to read leaving more time for new installations. To begin the utility would purchase 866 meters, and the following year possibly 1,200 meters may be purchased, with the end result in 8 to 9 years having all the meters changed and on an AMR system. Dr. Sharps asked how the meters would be read. Mr. Thomas stated the meters are read by driving by and the signal transfers to the truck.

Mr. Solarz commented if a customer asks about the cost of the meters and installation cost, how long would it be before the costs are recouped. Mr. Thomas stated a conservative estimate for revenue enhancement for implementing a meter change out program is \$175,000 to \$200,000 per year, which is about a 2.5% gain, once the full program has been realized. This figure does not include the meter reader position that eventually through attrition will not be hired back which is another \$75,000.

Mr. Dillard asked how many meters can be read daily by a meter reader. Mr. Thomas stated on the average a meter reader reads about 60 per hour, with a goal of 300 per day.

Mr. Thomas commented before the utility went to SMART phone meter reading replacing the handheld devices, the amount of white orders went down from approximately 2,200 per month to 1,500 because of the GPS and picture taking capabilities with the reads going directly back to Data Processing Section. Mr. Thomas asked Mr. Tichota if he would like to add any comments. Mr. Tichota stated from a billing standpoint with the Billing Clerk getting the reads directly, eliminates re-reads caused by blocked meters or vehicles parked over meters. The proposed AMR system would eliminate all of these issues. Currently, the utility is seeing a 30 to 40 percent reduction annually in service orders from the Billing Clerk, which does not include service orders that are developed by the Customer Service Representatives. This would eventually allow staff to divert their attention to those duties once the AMR program increases. Mr. Tichota stated he has researched these types of programs for 5 years and is looking forward to this change. Staff would see a huge reduction in white orders/service orders, expedite billings and be able to keep a tighter schedule even if the department is short staffed. One person could probably read the entire

system in just a couple of days, whereas currently each month is a race to keep up due to being short staffed and training new meter readers.

Ms. Cribbins inquired if staff has any concerns about getting a pushback on a health issue. Ms. Cribbins stated when Pacific Power switched out their system their meters are located on the house, however the water meters are a distance away from the house which may help alleviate those concerns. Pacific Power allowed customers to opt out at an additional cost. Mr. Thomas stated he hasn't addressed this issue as of yet but agreed it is an interesting concept and believes there are tools to help alleviate concerns.

Mr. Solarz commented in switching to an AMR system the meters would not be opened, eventually getting covered with overgrown foliage and asked if there is a GPS if the meter needs to be located. Mr. Thomas stated the SMART phone meter reading system currently in use has GPS in the database. Staff will be able to locate the meters and what negates this concern is the program would include a person physically going to the meter once a year to ensure the meter is cleaned out and accessible.

At 7:30 a.m. Chair Solarz directed they go into executive session for the purpose of discussion pursuant to ORS 192.660(1)(f). They returned to open session at 7:38 a.m. Chair Solarz asked if there was any additional discussion regarding the AMR Pilot Program. Mr. Thomas stated if the program is approved by the Board, the meters would most likely be installed in November. Dr. Sharps inquired if the Board is able to back out of the agreement if staff decided it was not the right direction to take. Mr. Thomas stated Mr. Coffey would address this issue in the contract.

After a brief discussion, Ms. Cribbins moved to approve the General Manager work with Board legal counsel to draft a purchasing agreement with Consolidated Supply Company allowing the purchase of the identified AMR system and water meters in the amount of \$156,923. The motion was seconded by Dr. Sharps and passed unanimously.

Dr. Sharps asked when the Water Board campus will allow the public and employees to no longer wear a mask. Ms. Cribbins mentioned most employers are still waiting for the updated OSHA guidance which should be released soon. Mr. Thomas stated he has not had any customers or staff question him on this issue.

The Board's next regular meeting was set for Thursday, June 3, 2021, at 1:30 p.m. following the first Budget Committee Meeting at noon.

Updates were given as follows:

- Tank Maintenance – Radar tank is about ready to be refilled and it is the last of the steel water reservoirs in the program. Once Phase 1 is complete, staff will start maintaining the concrete tanks more often.
- Timber Cruising Services – The contractor is working on Joe Ney and off of Libby to get plots down. The flight has not been scheduled but will most likely be this summer, July or August.
- Brussels Street Water Main Replacement – All customers have been switched over to the new main and tie-ins are done. There is some paving to be completed.

At 7:47 a.m. Chair Solarz 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 8:01 a.m. There being no other business to come before the Board, Chair Solarz adjourned the meeting at 8:01 a.m.

Approved: _____, 2021

By: _____
Chair Greg Solarz

ATTEST: _____