

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

Minutes
Regular Board Meeting

November 9, 2017
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 Sharps presiding. Other Board members present: Melissa Cribbins, Greg Solarz and Bob Dillard. Board members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Jeff Howes, Finance Director; Bryan Tichota, Customer Relations Supervisor; and Monica Kemper, Accounting Technician. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Sharps opened the meeting at 7:00 a.m. and asked Mr. Whitty to lead the Board and assembly in the Pledge of Allegiance.

Chair Sharps asked if there were any corrections or additions to the October 26, 2017 Regular Board meeting minutes. Mr. Solarz moved the minutes be approved as written. The motion was seconded by Ms. Cribbins and passed unanimously.

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

Finance Director Jeff Howes gave a brief overview of Milliman's actuarial report of the Retirement Income Plan for employees of the utility as of July 1, 2017. Milliman reviewed the utility's projections over the next 3 years. Milliman's recommended monthly contribution is equal to the Normal Cost Rate of 13.07% of payroll, plus a monthly UAL amortization payment of \$16,835 payable at the end of each month. Milliman did not quote the recommended employer contribution as a percentage of payroll due to the fact that the plan was frozen to new entrants effective as of January 1, 2011. The recommended contribution percentage rate is .27% less than the prior study. With the new actuarial assumptions, the plan would be 83% funded. Dr. Sharps asked how many employees are currently under this plan. There are currently 20 employees under this plan. Mr. Howes stated the Board has previously taken a conservative approach in recommending a higher contribution percentage, as well as a higher monthly flat fee payment. After a brief discussion, Mr. Solarz moved to accept the 2017 Actuarial Report by Milliman and adopt the 13.34% of gross pay less overtime per pay cycle, and a flat fee of \$16,835 per month. The motion was seconded by Mr. Dillard and passed unanimously.

Joe Colo of Hough, MacAdam, Wartnik, Fisher & Gorman, LLC, was present to review the contents of the completed financial audit of the Board's accounting system for the Fiscal Year ended June 30, 2017. Mr. Colo said the utility's accounting systems are adequate and the accounting records are properly maintained. The internal controls for the Board are operating as designed and regulations are being complied with. The utility has a good system of checks and balances. Mr. Colo reviewed the Schedule of Operating Revenues – Budget to Actual and the

Statement of Net Position. He stated the utility is in very good financial position and complimented the Board and staff on their long-term planning. Mr. Colo stated this would be his last presentation of the audit in front of the Board as he will be retiring soon, but wanted to leave the Board with a few comments. The Water Board's Purchasing Policy is run very efficiently and the budget concept is one of the most comprehensive in the area. In addition, the utility has very thorough operating policies, and an effective hiring process. Mr. Colo gave the Board members high regards of their involvement with the utility.

At 7:30 a.m. Chair Sharps asked for a brief recess to enable the appointed audit committee, consisting of Ms. Cribbins and Mr. Solarz, to meet privately with Joe Colo to go over the annual financial audit. At 7:37 a.m. the Board reconvened to open session. Ms. Cribbins moved they accept the annual financial audit as presented. The motion was seconded by Mr. Dillard and passed unanimously.

Regarding the 6th Avenue Bridge 6-inch Main Replacement Project, Engineering Manager Matt Whitty stated The Dyer Partnership has completed the design for replacement of the 6-inch AC water main crossing the slough on 6th Avenue. Dyer contacted staff and inquired if the Water Board would consider piggybacking with the City of Coos Bay's project. Based on their design, staff received a quote from the City's contractor, West Coast Contractors, to install an 8-inch diameter ductile iron water main underneath the new bridge for connection to the existing AC water main. West Coast Contractors will remove the replacement portion of the existing AC main and dispose of it under the City's contract. The quote received from West Coast Contractors is \$26,006 which was considerably less than the pre-design estimated replacement cost of \$36,596 provided by The Dyer Partnership. Staff feels the quote from West Coast Contractors is acceptable.

This project is included in the current year's fiscal budget in the amount of \$20,200. Additional cost includes design by The Dyer Partnership estimated at \$8,250, bringing the total estimated project cost to \$34,256. Staff proposes using capital reserves to cover the difference between the budgeted amount and the current estimated project cost. Dr. Sharps asked if the project would be less expensive by piggybacking on the City of Coos Bay's project. Mr. Whitty stated the total estimated cost of the project is less than the original budget estimate given to staff by The Dyer Partnership just for the construction work in the amount of \$39,000. Dyer's estimate included some appurtenances which are not needed. Mr. Thomas added the utility also will save costs in permitting fees and traffic control. Mr. Whitty stated staff has prepared a contract with West Coast Contractors for review and input by Mr. Coffey. After a brief discussion, Mr. Solarz moved to authorize the General Manager to enter into a contract with West Coast Contractors for the replacement of the AC water main crossing the slough under the 6th Avenue bridge with a new 8-inch ductile iron water main at a quoted price of \$26,006. The motion was seconded by Ms. Cribbins and passed unanimously.

Mr. Thomas provided Board members with a summary of projected 2018 reserve balances for Fiscal Year 2017-18 and stated staff will provide an updated summary on a monthly basis.

Regarding the proposed Campus Lighting Project, Mr. Thomas stated staff has been working with the Energy Trust of Oregon to receive promotions and grants for installation of a more sustainable and efficient LED lighting system. The new lighting system will ensure that OSHA standards are met for after hour and non-daylight worker safety while utilizing motion sensor technology where possible.

Quotes were solicited from three electrical contractors for replacement of all outdoor lighting on the Water Board campus, interior lighting at the Pony Creek Water Treatment Plant, and interior lighting in the chemical building adjacent to the treatment plant.

Only one quote was received from Reese Electric, Inc. in the amount of \$34,950. Kyle Electric and Lloyd Electric declined to bid on the project. In working with the Energy Trust of Oregon, incentives are estimated to be \$9,225. Once the project is approved by the Energy Trust the utility has a calendar year to complete the project to receive the incentives. The project is expected to be approved this month. The incentives would be reimbursed to the Water Board after the project is complete. With the incentives, the net cost of the lighting project would be estimated at \$25,725 total cost to the Water Board.

This project is included in the current fiscal year's budget in the estimated amount of \$77,800. Funding is available for this project as estimates have come in \$52,075 under budget. Staff recommends that a 15% contingency be placed on this project for a cost of \$5,242. After a brief discussion, Mr. Solarz moved to authorize the General Manager to enter into a contract with Reese Electric, Inc. for a total of \$34,950, and direct the General Manager to approve change orders up to 15% above the contract amount (\$5,242). The motion was seconded by Ms. Cribbins and passed unanimously.

The Board's next regular meeting was set for Thursday, December 7, 2017, at 7:00 a.m.

Dr. Sharps voiced his concerns regarding security of the Water Board's Service Center. Mr. Thomas addressed the issue and stated staff would like to get information on a card lock system.

Updates were given as follows:

- ACH tank replacement is in progress.
- Clean Harbors Environmental Services has picked up the chemicals that are to be disposed of.
- Tank maintenance – Bay Park Tank should be completed this week.
- Nationwide 457 Employee Personal Loan Procedures – The Union has consented and will be returning a confirmation letter.
- Telephone automation upgrade - Mr. Tichota explained the new software which will include a directory to allow the caller to leave a message on any given extension. Currently, a voice message is left with customer service and then a Customer Service Representative has to forward the call on to the correct division/person. This will free up the customer service section.
- State Street design is complete and the Water Board's crew will be starting this project.
- North 8th Street project is 95% complete. Knife River is currently reinstalling hydrants and some trench patching remains to be performed.

- Joe Ney Dike – Tides have not been favorable, staff intends to revisit the site as soon as possible to check on status of the leak.
- Audit Services – Staff is working with Mr. Coffey in preparing a Request for Proposals

Regarding the Water Treatment Plant Chlorine Conversion, Mr. Dillard inquired if there are any other alternatives other than S & B to allow staff to continue with the project. Mr. Thomas stated staff is researching other alternatives.

At 8:18 a.m. Chair Sharps 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 8:26 a.m.

There being no other business to come before the Board, Chair Sharps adjourned the meeting at 8:26 a.m.

Approved: _____, 2017

By: _____
Chair Charles J. Sharps, Ph.D.

ATTEST: _____