

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

Minutes
Regular Board Meeting

November 8, 2022
11:30 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 Bob Dillard presiding. Other Board members present: Dr. Charles Sharps, Greg Solarz and Carmen Matthews. Board Members absent: None. Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Bryan Tichota, Customer Relations Supervisor; Jeff Howes, Finance Director; and Karen Parker, Administrative Assistant. Board Legal Counsel Melissa Cribbins was present. Media present: None.

Chair Dillard opened the meeting at 11:30 a.m. and asked Ms. Parker to lead the Board and assembly in the Pledge of Allegiance.

Chair Dillard asked if there were any corrections or additions to the October 6, 2022, Regular Board meeting minutes. Dr. Sharps moved the minutes be approved as written. The motion was seconded by Mr. Solarz and passed unanimously.

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

Regarding the proposed US 101 – East Bay Road Water Main Relocation Project, Engineering Manager Matt Whitty stated the Oregon Department of Transportation is designing a storm drain, signal and signage, and ADA improvement project at East Bay Road. Water Board staff have received a demand letter notifying the Water Board of a potential conflict between the new storm drain/sign improvements and the 8-inch diameter AC water main crossing Highway 101 to serve the Glasgow area. The letter requires staff to investigate and confirm any conflicts, and accomplish any necessary infrastructure relocations by March 23, 2023.

Water Board staff have potholed our water main in the critical conflict area on the East side of US 101 and determined that the new storm drain and sign improvements conflict with and place concrete structures in close proximity to our water main. In addition, the removal of deep foundational support for signage that is nearly touching our watermain will expose our water main and the thrust blocks supporting vertical elbows.

After considering the challenge of supporting and protecting the pipe from disturbance or damage staff believe there is a high potential for failure of the AC water main during or after the ODOT project. Fortunately, the 2018 project rerouting our 16-inch transmission main to the East side of the McCullough Bridge provides an alternative connection point to serve the Glasgow area, eliminating the need for the 8-inch main crossing US 101.

Staff proposes an in-house design and installation of a new water main to connect the Glasgow system and allow the abandonment of the old main crossing US 101. The preliminary cost estimate for this project is \$35,000. Staff proposes utilizing available resources from the active capital fund for this project. Mr. Dillard asked if ODOT is covering any of the costs. Mr. Whitty stated no funds will be received from ODOT. Mr. Dillard inquired how long the project will take. Mr. Whitty stated we have to be complete by March 23, 2023.

After a brief discussion, Dr. Sharps moved to authorize staff to design and install 80 feet of replacement 8-inch diameter water main at US 101 and East Bay Road at an estimated cost of \$35,000. The motion was seconded by Mr. Solarz and passed unanimously.

Mr. Thomas stated there are several items of interest staff would be presenting to the Board of Directors to obtain feedback and recommendations on future business practices. The topics to be covered are general business, finance, current and future projects, regulatory commitments, community and customer outreach/notification and challenges of the utility.

Mr. Thomas went over reserves and how they work. Mr. Thomas reviewed a current breakdown as of the end of September 2022 of what project costs are remaining:

Unbudgeted and Older Project	\$ 184,636
Unfinished FY 21 Projects	\$ 629,284
Unfinished FY 22 Projects	\$ 929,484
Unfinished FY 23 Projects	\$ 1,989,691

Assumed Total Project Cost FY End 2023 \$ 3,733,095

The East Bay Drive Project will go into the unbudgeted and older projects category. It will be in addition to the \$184,000, and there are some unfinished projects in Fiscal Year 21 and 22. The current Fiscal Year is the highest capital improvements as the Fiscal Year started in July and it takes time to get the jobs completed.

Review and breakdown of the Bank Account:

Bank Account Categories	Actual Sept. 2022	Projected June 2023
Debt Fund	\$ 1,192,948	\$ 835,498
Reserve for 45 Days O & M Expenses	\$ 713,294	\$ 764,099
Timber Management Program TMP	\$ 365,394	\$ 292,394
Vehicle Replacement Program	\$ 437,807	\$ 466,641
Active Capital Improvements Fund	\$ 3,988,588	\$ 4,872,648
Reserve for Sick Leave Payout	\$ 24,073	\$ 29,995
Infrastructure Reserve (Restricted)	\$ 1,556,914	\$ 1,589,395
TOTAL BANK ACCOUNT:	\$ 8,279,018	\$ 8,850,670

The Debt fund are funds held to pay back loans. As the balance decreases by the end of the fiscal year it will give more time to rebuild some of that structure for debt.

Funds are added monthly into the Vehicle Replacement Program. The Timber Management Program is strictly what comes in and out of timber. Funds were received from the 2019 timber sale. The reserves for 45 days Operating and maintenance expenses always increase as staff make projections, and is based on the CPI. Infrastructure reserves (restricted) are earmarked for a big emergency, and reserve for Sick leave payout typically increases as we anticipate people retiring and having to pay out that money. The biggest pool is the Active Capital Improvements Fund. The figures shown are minus any projects that need to be completed.

Dr. Sharps asked what the unfinished projects consist of under capital reserves. Mr. Thomas stated he didn't have the full list at hand but some are meters that need to be purchased, water main replacements that have not gone out for bid yet, Wisconsin Pump Station.

Mr. Solarz inquired if more funding should be set aside for water main replacements that have not been completed so the utility doesn't fall behind or need to increase rates. Mr. Thomas stated water mains are being replaced every year, not enough water mains every year, but staff is following the Distribution System Analysis, Condition Assessment and Replacement Strategy (DSCARP) which identifies those projects that are priorities. This is a common problem within this industry. Mr. Solarz stated he understands costs are increasing. Mr. Thomas commented there will be a large amount of debt dropping off in 2024 and again in 2032 and those funds could be directed toward water main replacements.

Finance Director Jeff Howes stated a final draft of the audit is being worked on and will be brought before the Board on November 17th.

Regarding the Hauser Surcharge (\$5.00/month) which has been collected to help cover the loan taken out for the Hauser Reservoir, the loan has been paid off and the fee will no longer be charged. There are some accounts which overpaid and will be reimbursed.

Mr. Thomas reviewed operational challenges to include water quality, non-revenue water, well field operations and the Joe Ney Pump Station. The utility deals with source water and finished water quality issues. The source water over the last year was good. Manganese levels were decently low at .04 or .05. Mr. Dillard asked what the high level of manganese was. Mr. Thomas stated finished water was .11. Staff is able to control odor and manganese with the lake level. Divers will be coming soon to clean the contact basin and diving at Merritt Dam.

A non-revenue water chart was reviewed showing a 12-month rolling average. This has become a challenge over the last year with the highest month being 12%. The utility's goal is to stay under 10%. Mr. Dillard asked for the definition of non-revenue water. Mr. Thomas stated it is either leakage, theft, or meter inaccuracies that do not get billed to current customers. Staff has discussed hiring a consultant to do a water audit or a GAP analysis.

Well Field Operations – Some of the challenges faced are the water mains get exposed due to weather/movement of the sand. These mains are only used when pumping water from well to well or pumping water to a certain point. Staff does monthly sampling in the dunes and checking wells. The Board needs to think about long term as the mains are not used much since Weyerhaeuser shut down. The Board needs to address how much use they want to put into the system. There are 29,000 feet of transmission mains in the dunes. Mr. Dillard asked what percentage of the wells are being used. Mr. Thomas stated as of now 4 wells are being used in the western part of the wellfield to maintain ocean outfall, about one-half a million gallons per day. There are potential users that could demand more use from the wellfield. Mr. Thomas asked the Board of Directors if they want to continue with minimum maintenance in the case a big user comes in or spend more time on maintenance and refurbishing it at the wellfield. Mr. Dillard asked what the cost has been for maintenance. Mr. Thomas stated between \$10,000 to \$20,000. It was the Board's consensus to continue with minimal maintenance at this point.

Dr. Sharps inquired if the utility needs the North Spit Treatment Plant. It needs to be refurbished and is expensive to run. The last time it ran was in 2012 and there were problems. Dr. Sharps asked if the land it is on has value. Mr. Thomas stated he feels it is of value and it could be maintained for future use - as a chlorination site or a pump station.

Operational Challenges with Joe Ney Pump Station – Mr. Thomas stated we can pump water at Joe Ney Pump Station at the rate of 5 million gallons per day with the water right from Joe Ney to Upper Pony Creek, which is highly unlikely as more water is being stored each year. There are issues with the 3 pumps at Joe Ney Pump Station. The pumps are about 20 years old and have malfunctioned. The cost to fix all three pumps is approximately \$120,000. Mr. Dillard asked how often the pumps are used. Mr. Thomas stated Distribution Specialist Jason Mills runs it quarterly to test it. It was last used in 2013. Mr. Thomas commented he feels the pumps should be fixed and the utility could fix the pumps over a certain number of years rather than all at once. Mr. Thomas will check to see if the pump station could run on one pump, and budget funds appropriately. It was the Board's consensus to fix one pump each year. The funds for this would come out of the capital budget.

Mr. Thomas reviewed staffing challenges. Under the Board's direction, staff temporarily moved a vacant Crew Leader position to a vacant Utility Worker position and now needs the Board's consideration to add an additional Utility Worker to the Distribution Section. Currently the distribution crew has 7 utility workers, a Distribution Specialist and Distribution Technician. Mr. Thomas reviewed the actual work hours needed to accomplish all tasks. The cost to add a Utility Worker is \$72,000 annually, which includes benefits. Staff will finalize how this position would be budgeted and bring this back to the Board for their consideration.

The Engineering Section is short-handed at times and there may be a need for additional staff at some point. There is one full time Engineering Technician that responds to locates called in by other construction companies when they're getting ready to dig. Currently, the utility's locator is out doing construction inspection for water main replacements full time, which means we have to pull our other Engineering Technician to do locating.

Mr. Thomas and Ms. Cribbins presented information on regulatory challenges to include EPA lead and copper rule revisions and also Per- and Polyfluoroalkyl Substances (PFAS).

Staff discussed the State's new Oregon Paid Leave program and how it is funded which begins January 1, 2023.

Mr. Thomas stated a group from Travel Southern Oregon Coast and possibly the mountain biking group may come before the Board in February to discuss installing biking trails on Water Board property. Previously, staff met with the City of North Bend's and City of Coos Bay's Managers and Mayors concerning this. Mr. Thomas commented since then he has researched what it meant for the Water Board environmentally, and being unprecedented in opening the watershed. His main concerns being Source Water Protection in the main part of the watershed and maintaining the community's water supplies. In addition, from the environmental standpoint of our environmental agreements for things that we've built over the years for water rights; Oregon Department of Fish and Wildlife and making sure that we protect the environmental impact statements and the buffers for wildlife and for the lake.

Mr. Thomas provided the Board of Directors with maps identifying buffer areas and a proposed bike trail area. The proposed area is off of Libby Road and consists of 2 pieces of property, about 40 acres each. Mr. Thomas stated he would like the Board of Directors to assess this. Dr. Sharps commented the main watershed should be off limits. Mr. Dillard stated any trails should not be close to the reservoir. Mr. Thomas stated this property abuts the slough. Mr. Matthews commented he feels this would provide great recreational opportunities for the community but he also wants to ensure protection of the community's water supply. The Board will continue with discussions on this issue.

It was decided to continue with the remainder of discussion items at the next Board meeting.

The Board's next regular meeting was set for Thursday, November 17, 2022, at 7:00 a.m.

Chair Dillard adjourned the meeting at 1:50 p.m.

Approved: _____, 2022

By: _____
Bob Dillard, Chair

ATTEST: _____