

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

Minutes
Regular Board Meeting

April 18, 2024
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: Rob Kilmer, Bill Richardson and Carmen Matthews (virtually). Water Board staff present: Ivan D. Thomas, General Manager; Matt Whitty, Engineering Manager; Jeff Miller, Water Treatment Supervisor/Interim Operations Manager; Monica Kemper, Finance Director; Jason Mills, Distribution Specialist; Vince Stonesifer, Field Services Technician (virtually). Melissa Cribbins, Board Legal Counsel was absent. Media present: None.

Chair Solarz opened the meeting at 7:00 a.m. and asked Mr. Thomas to lead the Board and assembly in the Pledge of Allegiance.

Chair Solarz asked if there were any corrections or additions to the April 4, 2024 Regular Board meeting minutes. Mr. Kilmer moved the minutes be approved as written. The motion was seconded by Mr. Richardson and passed unanimously.

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

Regarding the Actuarial review of the defined pension plan contribution for Fiscal Year 2025, Finance Director Monica Kemper stated Milliman completed the bi-annual actuarial valuation of the defined pension plan asset in 2023. The recommended changes to the contribution for FY 2025 are 15.90% of base payroll for employees within the plan and \$33,704 per month.

After the last review, the Board directed staff to use a contribution that was higher than recommended, 14.49% of base pay for an employee within the plan and \$18,185 monthly.

The table below shows the recommended contributions from each actuarial review and the Board direction for each year a review has been completed.

	<u>Milliman Recommended Asset Contribution</u>		<u>Board Adopted Asset Contribution</u>	
2011	11.49%	\$14,429	11.49%	\$14,429
2013	11.73%	\$12,105	11.73%	\$14,429
2015	13.34%	\$14,240	13.34%	\$14,429
2017	13.07%	\$16,835	13.34%	\$16,835
2019	14.49%	\$18,185	14.49%	\$18,185
2021	16.76%	\$10,169	14.49%	\$18,185
2023	15.90%	\$33,704		

According to the most recent statement from AllianceBernstein, it shows a return of investments of \$807,000, which is approximately 7.48% higher than their conservative approach of 5.5%. According to the report, we are only 84% funded and would like to be over 90%, so would like to move forward with funding. Staff's recommendation would include funding 15.90% of base payroll for employees within the plan and \$25,278 per month (75% of the recommended monthly amount) equating to a total cost of \$440,197 for the 2025 budget year. This would account for an approximate 1.10% rate adjustment just for pension for the 2025 budget year, but it will get us to where we need to be. In addition to the Water Board's current retirees, with more upcoming retirements, we will be losing that base payroll and need to makeup that shortfall.

Staff recommends the Board approve the 2023 actuarial valuation and adopt 15.90% of base pay less overtime wages and a flat fee of \$25,278 per month to fund the Board's defined pension plan for FY 2025.

Mr. Thomas added that this is a snapshot in time for a two-year period and the market will fluctuate. The difference between funding the plan at 75% versus 100% is approximately a 1.1% rate adjustment for the customer instead of 2.2% increase. A conservative rate for FY 2025 is recommended at 75%, then depending upon the market the following year, we could raise rates again to fund the plan further.

Mr. Richardson made inquiry concerning what a 2% customer increase would be. Mr. Thomas verified it would be dependent upon customer usage, however if staff recommended a 6% rate increase, then all rates and fees would increase by the same percentage.

After a brief discussion, motion was made by Mr. Richardson to adopt staff's recommendation for the 2023 Actuarial Valuation report at the 15.90% of base payroll for employees within the plan and 25,278 per month to fund the Boards defined pension plan for FY 2025. The motion was seconded by Mr. Kilmer and passed unanimously.

Mr. Thomas reviewed a letter from Board Attorney Melissa Cribbins requesting an adjustment in legal fees effective July 1, 2024. Attorney Cribbins has not had a fee increase since she was originally contracted in May of 2022. Legal fees would be increased from \$200 to \$225 per hour. There will be sufficient funds in the FY 24-25 budget for legal expenses to accommodate this increase. Mr. Kilmer inquired how many hours per month are utilized on attorney fees. Mr. Thomas stated it varies, however Attorney Cribbins' billing per month averages \$2,000. The amount of \$40,000 is budgeted annually for legal fees.

After a brief discussion, Mr. Matthews moved to approve the proposed increase in legal fees. The motion was seconded by Mr. Kilmer and passed unanimously.

Regarding proposed FY 2024 purchase of E.H. Wachs 416 Guillotine saw package in the estimated amount of \$14,080, Distribution Supervisor Jason Mills shared a product operation video and stated that with the purchase of the saw package it would assist in the safety and efficiency of the distribution work. The hydraulically powered saw can cut safely and precisely 4” to 16” pipes in compact spaces and eliminates toxic fumes and dust seen in traditional cutting practices.

Mr. Solarz asked how many times per year this product would be utilized. Mr. Mills stated it would depend on the annual projects, however would utilize it at least once per month, possibly more frequently due to the increased safety features.

E.H. Wachs is a water utility specialty tool manufacturer and the sole provider of the Guillotine Saw. For that reason, staff recommends the sole source purchase of this tool through E.H. Wachs.

The following is a breakdown of the tool costs:

1. E.H. Wachs 416 Daimond Wire Guillotine Saw Package	\$12,995
2. Spare Diamond Wire	\$645
3. Freight:	\$440

Total Estimated Cost: \$14,080

The FY 2024 CIP budget includes \$16,500 for the purchase of the Guillotine Saw package.

After a brief discussion, Mr. Richardson moved to approve the authorization of the aforementioned purchase of the Guillotine Wire Saw at the cost of \$14,080 and to approve the purchase as a sole source procurement based on its status as a compatible accessory for the Board’s valve maintenance trailer recognizing E.H. Wachs is the only regional distributor of the Guillotine Saw. The motion was seconded by Mr. Kilmer and passed unanimously.

The Board’s next regular meeting was set for Thursday, May 16, 2024, at 7:00 a.m.

Updates were given as follows:

- Springbrook Upgrade – Staff successfully billed cycles one, two, and three with the new billing statements. Examples were shown of a regular bill, past due bill, closing bill, on-line bill and what is printed on the back of each of the bills. Staff submits billing information to the printing service, a 3rd party vendor through Springbrook, who puts the bills into format. Copies of all billings are returned to the Water Board the following morning. Staff review the billings and give approval for final printing and mailing. A media release has been sent out to advise the public of the Water Board’s new full-page billing.

At 7:38 a.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 7:52 a.m. There being no other business to come before the Board, Chair Solarz adjourned the meeting at 7:52 a.m.

Approved: _____, 2024.

By: _____
J. Gregory Solarz, Chair