

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

Minutes
Regular Board Meeting

May 6, 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; Matt Whitty, Engineering Manager; and Karen Parker, Administrative Assistant. Present via teleconference was Bryan Tichota, Customer Relations Supervisor; Leah Cogan and Adam Sussman of GSI Water Solutions. Board Legal Counsel Jim Coffey was present. Media present: None. Chair Solarz opened the meeting at 7:00 a.m. and asked Mr. Coffey to lead the Board and assembly in the Pledge of Allegiance.

Chair Solarz asked if there were any corrections or additions to the April 15, 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 the proposed Professional Services Agreement Amendment with GSI Water Solutions, Inc. and Scope of Work for Fiscal Year 2022, Mr. Thomas stated the Board transitioned its water rights management and consulting services in 2018 to GSI Water Solutions, Inc. Since, the utility has been very successful in meeting its environmental commitments for water rights management and dunal aquifer storage investigations. As part of the original contract, staff is provided with an annual scope of work for the following fiscal year which is presented to the Board for approval.

Staff has met with GSI and reviewed the scope of work for the fiscal year 2022 budget. The scope includes work to continue meeting expectations set by regulatory agencies the Water Board has committed to. Staff now wishes to amend the original GSI contract from 2018 to include an annual renewal and scope of work for fiscal year 2022. A majority of the work to be completed includes water rights management and working to gain approval for the Water Board's annual Surface Water Management Plan and database management for the dunal aquifer well system located in the Oregon Dunes National Recreation Area; a piezometer maintenance plan; water rights support including due diligence and alternative point of diversion for the Tenmile Creek, and water rights analysis and management and maintenance.

The total of the contract for fiscal year 2022 is \$38,500. Monies are budgeted in the fiscal year 2022 budget for these services. The contract will renew annually per the language in the professional services agreement and GSI will assist in preparing quotes for budgetary consideration on an annual basis per the terms in the agreement.

Mr. Thomas asked Leah Cogan and Adam Sussman to add any additional information they have regarding the fiscal year 2022 scope of work. Mr. Sussman, of GSI, the principal water resources consultant on this project, and Leah Cogan, project manager, stated Mr. Thomas covered the tasks very well and added GSI has a diverse team of talented people that are all part of the team moving things forward. Mr. Sussman asked the Board if they had any questions. Dr. Sharps questioned what the reimbursement authority fee to OWRD of \$1,500 is. Mr. Sussman explained the Water Board has a diverse portfolio of water rights that are in various stages of development and some of those stages of development require asking Water Resources Department for something, i.e. extension of time on a permit or a certificate for a water right. Reimbursement Authority is a way of expediting the processing of the request, and in this case a claim of beneficial use. Mr. Solarz asked where the alternate point of diversion on Tenmile Creek would be. Mr. Sussman stated he didn't know the exact location, but was aware the Water Board has considered studying a location and asked Mr. Thomas if he could expand on this. Mr. Thomas stated the original point of diversion was Sprinreel Campground, but to his knowledge an alternate point had not been identified. Mr. Sussman stated GSI has dedicated a small amount of budget for this subtask and this covers the need to continue documenting the Water Board's due diligence in developing its water use permit for use of Tenmile Creek.

After a brief discussion, motion was made by Ms. Cribbins authorizing the General Manager to enter into the amended professional services agreement with GSI Water Solutions, Inc. in an amount of \$38,500 for dunal aquifer and water rights consulting services for fiscal year 2022. The motion was seconded by Dr. Sharps and passed unanimously.

Regarding the 2019 Timber Sale, Engineering Manager Matt Whitty stated the Board previously authorized preparation of the 2019 Timber Sale. Log prices subsequently dropped and the advertisement of the sale was postponed based on advice from the utility's consultant. After waiting a full year for prices to recover the 2019 Timber Sale was advertised for bids in April of 2020. One bid was received from Scott Timber Company in the amount of \$384,415. The bid was much lower than anticipated and the Board of Directors rejected the bid on the advice of consultant and staff.

The sale was re-advertised in March of 2021 and the following two bids were received:

Scott Timber Company	\$415,487
Swanson Group	\$441,347

These bids are still below the anticipated amount when the sale was selected in December of 2018. However the bids are a significant improvement over the amount of the rejected bid and these prices are most likely the best bids the utility will get for the timber that is offered. Dr. Sharps asked what the expected price was. Mr. Whitty stated when the market was really good it was in the \$500,000 range, however these bids are quite a bit better than the previous. The Water Board has a large hemlock component in this sale which is worth about less than half of what the fir is.

In general log prices fluctuate with the economy. Local log prices are also affected by mill closures which decrease stumpage values due to increased haul distances. Predicting what direction the log market will go is a complicated task.

A recent study by Oregon State University professor of applied economics Jeff Reimer concluded factors such as the number of housing permits issued in a month, the monthly inventory of homes, mortgage rates, the exchange rate with Canada (also a big timber supplier) and the Case-Shiller home price index can be used to explain variations in log prices. In an April 6, 2021 article highlighting his study Professor Reimer said “right now log prices are phenomenally high.”

This sale has attracted two bidders despite the recent increase in log prices and the high bid is nearly \$57,000 more than the bid rejected by the Board last year. Staff feels the Board has been diligent in obtaining the best price available under our specific circumstances.

After a brief discussion, Dr. Sharps moved to award the 2019 Timber Sale and authorize the General Manager to sign a contract with Swanson Group in the amount of \$441,347. The motion was seconded by Ms. Cribbins and passed unanimously.

Customer Relations Supervisor presented staff’s request regarding the proposed phone system replacement. The Water Board’s current voice communications provider for the Service Center Campus is Ziplly Fiber (formerly Frontier Communications) through an on-premise PBX system via analog circuits. The current PBX server was installed in 2012, with upgrades made in 2017 to provide extended functionality. The current system is at its maximum capacity, is prone to regular malfunctions, and has reached functional obsolescence as it is no longer supported by the manufacturer.

Proposals were requested from several selected vendors for a new phone system. Five proposals were received by the April 16, 2021 due date. Spectrum did not submit a proposal as they do not have service in our area.

Staff has evaluated and scored the proposals. The evaluation criteria consists of Personnel and Company Experience (15%), Level of Service (25%), References (15%), Installation Cost (30%), and Maintenance Service and Cost (15%). Staff rated the vendors with the following scores:

<u>Vendor</u>	<u>Upfront Costs</u>	<u>Monthly Recurring Costs</u>	<u>Total Points</u>
Pacific Office Automation Hdqtrs: Beaverton, OR Local office: North Bend, OR	\$1034.90	\$910.42	95
Ziplly Fiber Hdqtrs: Everett, WA Local office: Coos Bay, OR	\$0.00	\$958.50	91
Cascade Tel Local office: Coos Bay, OR Rep for Mitel, Mesa, AZ	\$5400.00	\$1016.67	71
Douglas Fast Net Hdqtrs: Roseburg, OR Local Office: Coos Bay, OR	\$15,322.00	\$1278.93	70
Comp-U-Talk Local Office: North Bend, OR Rep for Cytracom, Allen, TX	\$175.00	\$969.35	64

Mr. Tichota stated the platforms of all vendors are basically the same; the systems recommended are VOIP systems which are cloud based. The hardware would be off premise, it will all be internet based through the fiber connection.

This project is included in the current fiscal year's budget in the amount of \$25,000. The bids came in lower because of the fact the hardware is off premise.

Dr. Sharps asked how long the monthly recurring costs will remain at \$910.42 (Pacific Office Automation). Mr. Tichota stated he did not note a guaranteed increase or projected increase in the proposal and would need to contact the vendor to inquire. Dr. Sharps commented the Board would be spending a lot of money even though the vendor would not be on premise. Dr. Sharps asked if the utility is currently fiber optic or hard wired. Mr. Tichota stated currently the utility has a server in-house and has fiber optic for internet and copper wired for the phones. With the proposed systems there would only be a switch on premise.

After a brief discussion, Ms. Cribbins moved to award the phone system to Pacific Office Automation in the amounts proposed, with the General Manager to negotiate a final scope of work and cost, with the project completion scheduled for June 11, 2021. The motion was seconded by Mr. Dillard and passed unanimously.

The Board's next regular meeting was set for Thursday, May 20, 2021, at 7:00 a.m.

Updates were given as follows:

- Tank Maintenance – Radar tank has the primer coat on and final coat will be done soon. The inside is completely recoated and the tank will be refilled in the next 3 to 4 weeks.
- Master Planning – Staff is in the process of filling data requests from Murraysmith.
- Brussels Street Water Main Replacement – All the main water lines are installed with a few services left to switch over. Final tie-in will be done shortly. The project has gone well.
- Timber Cruising Services – Barnes & Associates are doing some preliminary work getting the framework for the data base set up. They have signed a subcontract with Northwest Management for the flight which will take place in June or July.

At 7:28 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 7:48 a.m. There being no other business to come before the Board, Chair Solarz adjourned the meeting at 7:48 a.m.

Approved: _____, 2021

By: _____
Chair Greg Solarz

ATTEST: _____