

## **GENERAL BOARD MEETING**

### **CALL TO ORDER**

**Chair Bialostosky** called the meeting to order at 6:09 pm.

### **ROLL CALL**

Present: Rory Bialostosky, Chair, West Linn Mayor; Mike Mitchell, Oregon City Commissioner; Carol Bryck, West Linn Councilor; Mary Baumgardner, West Linn Councilor

Excused: Denyse McGriff, Vice Chair, Oregon City Mayor; Rocky Smith, Oregon City Commissioner

Staff Present: Wyatt Parno, Chief Executive Officer (CEO); Christa Britton, Business Manager, Mark Cage, Operations Manager; Sebastian Durringer, Capital Projects Manager

Others Present: David Robertson, Principal/Owner, LRB Public Finance Advisors (LRB); Fred Philpot, Vice President/COO, LRB; Rob Cummings, Clackamas River Water

### **PUBLIC COMMENTS**

None.

### **CONSENT AGENDA**

None.

### **LONG-TERM FINANCIAL PLANNING AND FUNDING MODEL UPDATE**

**CEO Parno** discussed that the Long Term Water Reliability Program represented significant investments in current capital projects as well as long-term infrastructure improvements over the next 10 to 15 years. LRB will provide an update on the funding model being created to support South Fork Water's (SFW) long-term financial planning and help with project sequencing, funding capacity, affordability for the community, and operational sustainability.

**Fred Philpot, LRB**, presented the Long-Term Water Reliability Program via PowerPoint, describing the funding model's purpose and structure, which included key elements that could be adjusted, the model assumptions, preliminary trends including critical funding milestones, financing tools and solutions to explore, the project timeline, and next steps, which included reviewing the funding model with the Board at its July 22, 2026 meeting.

**David Robertson, LRB**, noted that when setting rates, he advocated for a balanced approach of using both cash and debt to ensure multigenerational equity, sharing infrastructure costs among current and future users rather than placing the full burden on current ratepayers. While tax-exempt bonds offer the lowest borrowing rates, interest accrues immediately, whereas WIFIA functions like a flexible line of credit that accrues interest only upon draw-down. WIFIA provides further flexibility by allowing the Board to defer payments for up to 10 years, which helps the organization manage the timing of large project costs. Blending WIFIA and bonding enables entities to absorb large costs over a period of time. He addressed questions as follows:

- WIFIA payments can be deferred for up to 10 years after a project is completed. The Board was advised to layer in debt at different times, borrowing only when the money is needed. LRB would look at different scenarios to determine the appropriate balance of cash, WIFIA, bonds, and the fund balance. He recommended leveraging cash reserves to get a higher bond rating and lower interest costs.
- For water infrastructure, 30-year bonds are appropriate to ensure the debt term does not exceed the useful life of the assets.
- South Fork could bundle multiple projects into a single WIFIA application or master agreement, allowing for strategic timing and pairing of various capital needs.

Discussion included a reimbursement resolution to allow South Fork to be reimbursed for paying cash for immediate needs, like engineering, once tax-exempt bonds are issued and how LRB's model will enable SFW to adjust the timing of infrastructure projects based on funding capacity and community impact.

**Chair Bialostosky** emphasized the importance of keeping rates as low as possible while accomplishing generational infrastructure projects.

## **EMPLOYEE AGREEMENT**

**Business Manager Britton** highlighted the notable changes made to the 2026-2029 Employee Agreement, which included legal updates, modest increases to swing and graveyard shift differential pay, and moving administrative policies into a separate policy manual for better accessibility and legal clarity. SFW employees had provided input and were expected to sign the agreement this week. A summary of the agreement changes and copies of the new policy manual had been provided to the Board for review. The revised agreement would be presented for approval in June.

## **BUSINESS FROM THE CEO**

### 1. Operations & Maintenance Update

**Operations Manager Cage** described the shift adjustments and maintenance activities being done in preparation for higher summer temperatures, including pressure-washing filters, servicing exhaust fans, and sewer line cleaning. He also noted an increase in school tours and highlighted a natural dewatering method for lagoons where grass seed is used to absorb moisture, saving significant equipment costs.

### 2. Capital Projects Update

**Capital Projects Manager Durringer** reported that the Water Quality Systems Building (WQSB) design is at 90% and plan sets have been submitted to the Oregon City Building Department. He also reported on tours he took of local water treatment plants, cyanotoxin tabletop exercises being conducted with partner agencies, Oregon Emergency Management's disaster management training event, and Staff's pursuit of FEMA funds for repair of intake damage sustained during the December 2025 flood event.

Staff addressed inquiries regarding the delay in reporting the damage done by the 2025 flood, explaining that the severity of the debris impact on the intake's upstream prow was not assessable until river levels receded.

**CEO Parno** highlighted the value-added benefits of having an in-house project manager, specifically noting Capital Projects Manager Durringer's success in identifying design overlaps during his initial review of the building plans.

### 3. Summer Conservation and Curtailment

**CEO Parno** reported that Staff was coordinating with Oregon City and West Linn to align public messaging regarding curtailment triggers, clarifying that while South Fork identifies the triggers for curtailment, enforcement remains a policy decision for the individual cities. He confirmed that South Fork has never previously had to trigger mandatory curtailment measures.

### 4. Board Meeting Schedule

**CEO Parno** shared upcoming agenda items and decision timelines for June and July.

Following discussion, the Board agreed to hold a brief virtual meeting on June 18th to approve the employee agreement, a regular meeting on July 22nd to review detailed financial scenarios, and no meeting in August unless necessary.

## **BUSINESS FROM THE BOARD**

**Chair Bialostosky** invited everyone to the West Linn State of the City address on June 4, 2026.

**Board Member Mitchell** thanked Operations Manager Cage for a tour of the intake building.

## **ADJOURN**

The meeting adjourned at 7:22 pm.