

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
September 26, 2018

Board Members Present: Russ Axelrod, West Linn Mayor, Chair
Dan Holladay, Oregon City Mayor, Vice Chair
Brian Shaw, Oregon City Commissioner
Bob Martin, West Linn Councilor
Frank O'Donnell, Oregon City Commissioner
Richard Sakelik, West Linn Councilor

Board Members Excused:

Staff Present: John Collins, SFWB General Manager
Katelyn Niece, SFWB Staff
Kim Brown, SFWB Staff
Patrick Barr, SFWB Staff

Others Present: None.

General Board Meeting

(1) **Call to Order**

Acting Chair Axelrod called the meeting of the South Fork Water Board to order at 6:00 pm.

(2) **Roll Call**

(3) **Public Comments**

There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the August 16, 2018 Board Meeting.

Board Member Shaw moved to approve the Consent Agenda. Board Member Holladay seconded the motion, which passed unanimously.

(5) **Accept and Issue Notice to Award for Bypass and Pipeline Repair Project**

John Collins, General Manager, reviewed the background of the project, noting last month the Board approved Resolution 18-01 declaring an emergency to install a new bypass line and set aside funds to evaluate and repair the existing pipeline. He had kept the Board updated via email and everything was done on schedule. Due to the declaration of emergency, qualified contractors could be hand selected. On RH2's recommendation, four contractors were given the opportunity to bid, but only one contractor responded, Emery and Sons. He reviewed the evaluation and pricing process, as well as the selection criteria. Emery received the highest possible score of 100. The agenda packet included RH2's recommendation to move forward with the bid, which was 11.3 percent below the engineering estimate. The estimate was put together in less than one month, so it reflected true pricing. He was comfortable with the price and believed it was a competitive bid. Emery's project manager for this project would be Arin

Atiyeh, who had been the project manager for South Fork's two-million-gallon clear well project in 2009 and 2010. Mr. Atiyeh completed the project in 18 months only two days off of his original project schedule. The job was also done within budget and without any significant change orders. Emery also did work for South Fork after a high-water flood event. The work was done without a change order and the FEMA funding was received immediately after the audit review. He recommended that the Board allow the General Manager to enter into a contract with Emery and Sons for \$701,080.

Chair Axelrod noticed there were differences between the early engineering estimate and what was actually being done, namely the landscaping during the right-of-way restoration.

General Manager Collins explained that landscaping work was required, and the scope of work was prescribed by Oregon City. Three or four trees had to be removed and 16 trees would need to be replanted. The bid included work that South Fork would be reimbursed for, as the contractor would also be removing some infrastructure for the City. Clackamas River Water (CRW) would also have some infrastructure removed, which would be reimbursed or traded for staging on their property.

Board Member Holladay moved to allow the General Manager to negotiate a contract with Emery and Sons for \$701,080 for the Bypass and Pipeline Repair Project. Board Member Shaw seconded the motion. The motion passed unanimously.

(6) **Resolution 18-03 SFWB Preventative Maintenance Policy**

John Collins, General Manager, reminded that every year, SFWB adheres to best management practices for SDAO, the organization South Fork was insured through. Compliance with SDAO's five categories earned SFWB significant discounts on insurance, in addition to many nonmonetary benefits.

Kim Brown wrote the Preventative Maintenance Policy and Patrick Barr created a maintenance schedule, which went well beyond SDAO requirements, that would be incorporated into South Fork's Asset Management Plan. He commended Mr. Barr for his work, noting South Fork could now better track its equipment and building maintenance.

Board Member Holladay moved to approve Resolution 18-03. Board Member Martin seconded the motion, which passed unanimously.

(7) **Business from the Manager**

1) Failure of hypochlorite generation cells

John Collins, General Manager, reported an equipment failure on the hypochlorite generation cells. He explained that South Fork creates its own chlorine system and these cells need to be replaced periodically. The cells failed prematurely at six years old and the prorated warranty was for seven years. Staff had reported cell performance issues to the vendor throughout the last couple of years. The vendor had looked at the cells and South Fork was now negotiating a warranty request greater than the six to seven year prorated. Six years ago, the cells cost about \$58,000, but the new price was about \$80,000. He hoped to get new cells for about \$50,000 and negotiate a better warranty deal.

- There were funds in the budget for this as a capital outlay expense, so no adjustment of funds would be required. However, he specifically wanted to inform the Board that this would be a sole source purchase in order to satisfy the auditors because it was not specifically identified in the budget. He confirmed they used a proprietary system, which was valued at about \$500,000 at the time of purchase. Other systems would be considered when the system needed to be replaced. He believed competitors have built better systems, but for now, SFWB ~~they~~ must move forward with the existing system. He explained that even though it was expensive to replace the cells, there was a significant cost savings with an onsite generation system because it used significantly less chlorine. Additionally, the onsite systems produce lower chlorine gas concentrations that were considered non-harmful, so Staff did not have to wear face masks and safety equipment.

Board Member O'Donnell noted that with these cells perishing one year early, the value would be about \$8,000.

General Manager Collins replied that he believed the value was \$15,000 based on the documented issues prior to the cells failing. He confirmed South Fork would receive a credit towards the purchase of replacement cells. He credited Staff for getting the best value on the return.

- 2) Employee recognition – Katelyn Niece earned Level 4 operator certification
Patrick Barr earned Level 2 operator certification

John Collins, General Manager, announced Katelyn Niece was the fourth South Fork employee to earn the Level 4 Operator Certification, the highest level of certification. He explained that South Fork paid Staff incentives to earn the certifications and going from Level 3 to Level 4 resulted in a \$6,000 a year raise.

- He explained requirements of the certifications and noted the certifications were required by the State, who administered the criteria and the test. He used to be on the committee that evaluated the criteria and requirements, which were rigorous.
- He introduced Patrick Barr, who was hired for a maintenance position and recently earned the Level 2 Operator Certification. Mr. Barr did a great job on the maintenance schedule, and he would also be responsible for asset management. The asset management was delayed by a year because Staff had been so busy.

(8) **Business from the Board**

Chair Axelrod said the Regional Water Providers Consortium would meet next week, where the revised Five-Year Strategic Plan would be presented to the Executive Board for approval. He noted that taking on the new water line was a modification of South Fork's Master Plan; therefore, he recommended revising the scheduled priority items in that Plan.

John Collins, General Manager, responded he had already planned to incorporate some funding in the next fiscal budget to revisit the capital outlay. The Board had set the policy that once debts were paid off, that money would be rolled over into capital investments and savings. Additionally, the last two adopted budgets included a one percent increase in capital reserve funds. Therefore, he believed it would be appropriate to revisit the capital plan. It was very important for a utility to tune up its capital plan every five years and the existing plan

was developed in 2016. The Master Plan was used as a living document and priorities in the capital outlay need to be adjusted to make sure funding goals were being met. It might be necessary to use existing funds for the new water line ahead of the budget. Between SDCs and capital reserves, about \$5 million was available. After expenditures, there would still be in excess of \$3 million because SDCs bring in about \$300,000 a year and capital reserves had increased \$480,000 a year due to being debt free. He wanted to make sure South Fork remained in such a good financial position.

Board Member Martin said he heard a lot of talk about the I-205 bridge and asked if South Fork's water line underneath the bridge would be impacted when the bridge was upgraded.

General Manager Collins explained the water line was in a utility corridor. South Fork had paid for the right to have a water line in that location and complied with the resiliency regulations. The work should be done in a way that would not interrupt the water line.

Board Member Holladay stated the water line would be interrupted, but the water supply would not be cut off. He had already seen ODOT's plans.

General Manager Collins added that ODOT might require a new pipeline be installed in compliance with new resiliency standards. But, he would not allow the water to be turned off.

Board Member Martin clarified that he was concerned about the construction and whether a new water line would need to be constructed. He asked if that concerned South Fork.

General Manager Collins recommended that Board Member Martin speak to his City Staff. He assured South Fork was concerned any time its owners had any issues regarding service interruptions.

Chair Axelrod noted he would be meeting with Matt Garrett that week and could check in on ODOT's assumptions.

General Manager Collins confirmed the pipeline under the bridge was West Linn's.

Board Member Sakelik suggested the bridge project would be the proper time to upgrade the water pipe for seismic events.

General Manager Collins added it would be nice to have a round table discussion with the engineers. He offered to facilitate an informal discussion about the bridge upgrades.

Chair Axelrod noted construction was picking up across the street. He and the General Manager were still planning to get together on the landscaping plan.

General Manager Collins confirmed they would get back to the landscaping plan soon. He reminded that the Board gave autonomy to Chair Axelrod and himself to develop a low maintenance landscaping plan. He would talk to Chair Axelrod after the meeting about their schedules.

General Manager Collins updated on the repair portion of the pipeline project. The Board had approved \$300,000, but he was concerned that repairs would be expensive. South Fork spent about \$100,000 building a road to the job site. The dewatering wells were installed, but Staff had been using generators to power the pumps because there was no power from PGE. He was happy to report that two of the wells were dry. He planned to excavate the leak the same day that the 42-inch tie in was to be installed. Once the leak was found, they would dig around it to expose it to air and wash it. That way, when the pipeline was dewatered, the air gap would prevent city water from being contaminated. At that time, they could determine the repair efforts. If the repairs were a reasonable cost, he would authorize the work. If the repairs were a big expense, he would wrap the area, backfill over it, and return to the Board to discuss options, including the possibility of abandoning the line as a last resort. The work would be paid for with SDCs.

Chair Axelrod just wanted to make sure the Board could check in once Staff had a better assessment of the conditions.

General Manager Collins said he was fortunate to have a Board that was engaged. He appreciated the mutual trust and respect as he listened to their concerns.

Chair Axelrod adjourned the regular meeting of the SFWB at 6:37 pm.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, Inc.
for John Collins, SFWB General Manager