

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
April 22, 2020

Board Members Present: Russ Axelrod, West Linn Mayor, Chair
Dan Holladay, Oregon City Mayor, Vice Chair
Rocky Smith, Oregon City Commissioner
Bill Relyea, West Linn Councilor
Frank O'Donnell, Oregon City Commissioner
Richard Sakelik, West Linn Councilor

Staff Present: John Collins, SFWB General Manager
Christopher Crean, SFWB Legal Counsel
Wyatt Parno, OC/SFWB Finance Director
Kim Brown, SFWB Support Staff
Katelyn Niece, SFWB Regulatory Compliance

Others Present: Alice Richmond, SFWB Citizens Advisory Group

The meeting was live streamed and recorded via Zoom.

General Board Meeting

(1) **Call to Order**

Chair Axelrod called the meeting of the South Fork Water Board to order at 6:08 pm.

(2) **Roll Call**

(3) **Public Comments**
There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the January 22, 2020 Board Meeting.

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

(5) **SFWB Coronavirus Response Measures**

John Collins, General Manager, updated the Board on South Fork's efforts to maintain social distancing and augment work schedules and Staffing to create an environment to maintain the Staff's health while working. However, with the coming high-demand season, SFWB would need to be operating at full Staff in the next two to six weeks, as basins would need cleaning, creating the need for operators to work together in close quarters. The amount of personal protective equipment (PPE) and M35 masks available were limited. Hand sanitizer, wipes, and some other things had been obtained prior to being unavailable either from local stores or online sources, but those supplies were starting to run low. Glove supplies were adequate, and if necessary, bleach could be made from the chlorine on hand, but any information or creative ideas on where to get M35 masks and Clorox wipes would be

appreciated. He also sought the Board's guidance on the best approach for getting the plant fully operational, which was a critical need.

Chair Axelrod and **Vice Chair Holladay** suggested that Staff reach out to Nancy Bush at the County about providing some masks.

Wyatt Parno, OC/SFWB Finance Director, said he and Mr. Collins would work on that, adding that Oregon City and West Linn had some connections at the County and could reach out to discuss PPE.

Mr. Collins noted South Fork had approached the federal government for help, but was told they would be concentrating on bigger cities, primarily on the East Coast. Oregon was being ignored with regard to PPE gear for water personnel.

Chair Axelrod added a lot of things had not been coming through.

Vice Chair Holladay said Staff should use the PPE, but that there was no need for panic, as he did not believe that COVID-19 was as deadly as reported. Water was a critical resource, and SFWB Staff was essential, so they should use their best judgement and move on.

Chair Axelrod said he hoped testing would open up more, which would give more certainty about exposure and about concerns when someone had symptoms, which would help SFWB's strategic approach.

Board Member Sakelik asked how many people were in the building when South Fork was at full Staff without COVID-19.

Mr. Collins responded that on some days, there were three to four people at one time, due to maintenance work and Staff having to watch the plant, along with 2.5 administrative people, who were also needed. Katelyn Niece worked on regulatory compliance, Kim Brown was present for 12 hours a week, and he was present as long as needed. Currently, Staff was separated into three shifts with two operators per day. He agreed with Vice Chair Holladay about using his best judgement to get back to work. When two people needed to be in a vehicle, each would wear a mask for example,, but the right protocol was a bit confusing. It was important to protect the people that came to work every day, but SFWB had to move forward and get the work done.

Board Member Sakelik said it seemed that when working in the building, it was easier to use judgement to stay far enough away, but in cars, it could be a challenge. He agreed Staff should use their best judgement.

Board Member O'Donnell offered to talk to his former employer about obtaining PPE and asked Mr. Collins to send him an email listing what specific items he needed. Considering the numbers and the speed of the spread, he disagreed with Vice Chair Holladay in that he considered COVID-19 to be very deadly, but they could agree to disagree.

Chair Axelrod believed one of the most important things was to have redundancy so he and Mr. Collins were working on a policy to have people in place who could overlap and cover

positions so that each key element would have a backup. He noted the food pantry was concerned about not being able to determine who had been exposed or had COVID-19, which would result in the entire crew having to quarantine, and so, for South Fork, more testing capacity would help.

Mr. Collins added that Kim Brown had contributed on the policy work as well, adding he appreciated her and Chair Axelrod's work.

(6) **Review of SFWB Annual Financial Report for Fiscal Year Ending June 30, 2019**

Wyatt Parno, OC/SFWB Finance Director, noted General Manager Collins was being very humble about the amount of work that had been put in on the policies put in place regarding the coronavirus, which had been every effective. Mr. Collins had done an outstanding job with finding access to N-95 masks, and he appreciated being kept in the loop.

Mr. Parno provided a brief overview of his professional background and presented the Annual Financial Report. He noted that in reviewing the financial statements of the South Fork Water Board, it was his opinion that the funds had been handled carefully and that the finances of the South Fork Water Board were in excellent shape. The report by Merina & Company issued a clean audit opinion for this year, noting that there were no audit findings or minor adjustments, and the report stated that in all material respects represented fairly the financial position of the South Fork Water Board as well as any changes in financial position and cash flows. Additionally, there was nothing found to indicate that SFWB was not in substantial compliance with laws, regulations and contracts in accordance with minimum audit standards for the State of Oregon. The audit also stated that no deficiencies were identified in the internal controls. His key comments regarding the Annual Financial Report were as follows:

- SFWB had strong cash reserves and its largest liability was the Net Pension Liability. While the Board had made all required pension contributions on time, there was some uncertainty about expected increases in July 2021. There was also an amount of uncertainty related to the current state of the economy. Fortunately, South Fork was in good position with regard to pensions.
- SFWB made its final debt service payment in June 2018, making SFWB completely debt free. He complimented Mr. Collins and the Board on the way in which the debt had been handled, including obtaining an interagency loan, which saved a lot of money in interest costs.

Board Member Sakelik asked for who non-affiliated customers were if the number had been pretty static or had fluctuated over a period of time.

Mr. Parno replied non-affiliated customers included Clackamas River Water (CRW), who South Fork contracted with for unincorporated areas in the county. CRW accounted for the majority of the 719 non-affiliated customers, and while some interagency agreements allowed water to be exchanged back and forth, many were not used, making CRW the majority of the 719.

John Collins, General Manager, added that CRW had recently finished a several year project for the Backbone Project, which was now serving 29 to 30 percent of CRW's system, resulting in the budgeted amount being reduced from \$719,000 to \$500,000 in anticipation of decreased revenue from CRW's service area. Staff was still in the process of reevaluating CRW's rates and the cost of service for those rates, in order to evaluate how to best monetize South Fork's excess capacity as suggested by Board Member Sakelik previously. Future revenue from CRW would be different, but SFWB had built that into its cost of service model for Oregon City and West Linn and were prepared for that change.

Chair Axelrod noted SFWB's personnel costs had decreased significantly by approximately \$360,000. After review, he understood the tie in between long-term debt and pension costs.

Mr. Parno agreed that some adjusting entries were required for the estimated pension numbers, which then impacted personnel costs.

Chair Axelrod commented that SDC's were up, which indicated growth, largely in Oregon City. He also noted an \$82,000 increase in Miscellaneous Income, which he believed was tied to the PGE Rebate Program SFWB had linked into.

Mr. Parno replied that was correct, noting General Manager Collins had secured PGE Energy Savings Rebates so that each time SFWB reduced its energy use at peak times per PGE's request, South Fork received a cash rebate. He believed Mr. Collins had renegotiated last year's contract with PGE for additional savings, which accounted for a large part of that increase. The increase also included an insurance rebate for good risk management practices.

Chair Axelrod noted the line item on page 29 under CIS Coverage for approximately \$17,000 stated, "Expected and Actual Experience" and asked if that was related to the pipe issue in the past year and wondered whether "experience" was the right word to use

Mr. Parno said he believed many of the changes over time were related to experience versus an actuarial assumption. Every three years, South Fork received an actuarial assumption of what was expected to happen. For example, the actuarial assumption could expect x amount of income on investment over the next few years, which South Fork would use to estimate the amount for the pension liabilities. However, a few years later, the actual investment income earnings might be lower or higher than anticipated, so that the actual liability differed from the expected actuaries, resulting in a difference in the OPEB liability.

Chair Axelrod commented it was interesting that even though it was related to the OPEB liability, it was included in the CIS information, but he was glad it all balanced out.

Mr. Parno acknowledged that there was a lot of complex actuarial information and that the City/County insurance was the estimator of the pension liability costs related to the longer terms, and that was what the actuaries used as the basis for their determinations.

Board Member Relyea revisited his previous suggestion about adding historical trend information to the report. He noted the City of West Linn did that as part of its effort to submit that information to the Government Finance Officers Association (GFOA) for an award to show how West Linn had gone above and beyond what was required. The purpose behind including the information was to help with the City's bond ratings.

Mr. Parno believed that it was an excellent suggestion and recalled discussing that in January. He agreed there were benefits to adding the information, especially the historical information to show all the good work the Board had done. A management's discussion analysis and other components could also be included. He agreed the GFOA award program would be good to have when moving into bond ratings and things like that. He confirmed the historical information would be included in the report for the next fiscal year, if the Board approved, as this report had already been finalized.

Chair Axelrod suggested some pertinent tables could be created and sent to the appropriate parties for their records and to incorporate the information as a supplemental item for next year.

The Board consented to move forward with the suggestion to add historical trend information to next fiscal year's SFWB financial report.

Board Member O'Donnell understood a financial statement was a snapshot in time, and asked whether the \$2.4 million to \$2.6 million available for new construction would also be the source of funding for an unanticipated major maintenance event.

Mr. Parno confirmed the \$5.2 million planned for capital projects was also available for working capital for operations, which would be used in the event of some unplanned infrastructure need. He added that the \$1.1 million in SDC's was dedicated toward expansion capital projects. There was also a reimbursement piece, but that discussion was a bit beyond today's scope.

Board Member O'Donnell observed that much of the revenue stream came from CRW. He asked how that revenue number would be affected given the possibility of selling water to CRW for the Backbone Project and the need to defend SFWB's water rights.

Mr. Parno confirmed that observation was correct, adding that he and Mr. Collins had been in discussions with CRW and Oregon City's Public Works Director to work toward the best solutions on behalf of the Board and South Fork's assets in order to address some of the changes being made by CRW. As discussed by the Board and Mr. Collins many times, the emphasis was to serve SFWB's customers in West Linn and Oregon City with South Fork's water. Eventually, CRW's revenue source would decline and SFWB expected to make up the difference in revenue as new customers came into Oregon City.

Board Member O'Donnell explained his focus was on defending SFWB's future water rights.

Chair Axelrod thanked Mr. Parno, Mr. Collins, and Staff for their great work. He called for public comment.

Alice Richmond, SFWB Citizens Advisory Board, asked how SFWB would be able to recoup the sum Mr. Parno had discussed.

Mr. Parno said he appreciated the question, but noted an in depth discussion regarding the approaches SFWB would use in working with CRW on behalf of the Board would be lengthy and beyond tonight's discussion. There had been several discussions with SFWB's attorney, Chris Crean, and Oregon City's attorney, as much discussion related to the south side of Oregon City. More discussion would take place during upcoming Board meetings.

Ms. Richmond asked if the 4 percent increase would help address the COVID-19 situation, and if the current world situation would affect plant operations?

Mr. Parno replied it was early to determine the impacts of the COVID-19 pandemic since the April financial information had yet to be closed out. However, SFWB's finances were in good shape. SFWB operated on a cost of service basis in coordination with Oregon City and West Linn, and he had been impressed with how customers had been handling their utility bills so far. In terms of the safety of water treatment, SFWB was strongly positioned, as it accounted for the consumption amounts by each city, ensuring revenue would continue to come in. He expected good things as a result.

Ms. Richmond asked Chair Axelrod if the City of West Linn had applied for stimulus money in preparation for a time when customers might not be able to pay their bills.

Chair Axelrod responded the City of West Linn was still in the process of working with state and federal relief plans, in terms of options that could be available to small cities. The most recent plan passed by the U.S. Senate yesterday had more direct focused relief for cities, but West Linn was not in the package. More information could come from the governor tomorrow, and clarification was expected on some terms of the CARES package funding with regard to the intent of some of those funds and how those funds might be applied. After gaining a better understanding of that and the liability with regard to community impact, needs would be approached as they were able to be identified. He summarized by saying they did not know yet but hoped to know more soon.

Ms. Richmond commented that she just wanted to make sure it was on the radar. She believed people would pay for food first, and then their other bills. Water would need to be provided whether the bill was paid or not, because water was life and could not be cut off.

(7) **SFWB Legal Services Contract Renewal**

John Collins, General Manager, stated that he and Mr. Parno had been getting a lot done with regard to turning his position over to Mr. Parno, and South Fork's continued relationship with Mr. Crean was paramount to that process. In discussions with Mr. Crean, the contract renewal options were a three year contract or a letter acknowledging the relationship, which would continue until there was a disruption of service for any reason. He believed the letter would be the easiest approach. SFWB and Beery Elsner & Hammond had worked together for quite some time and had a good relationship. SFWB was in the middle of going to the Court of Appeals for water right extensions, and Mr. Crean's expertise was valuable/critical. Mr. Collins wholeheartedly recommended entering into the contract by letter, which he hoped would be in place for several years to come.

Chris Crean, SFWB Legal Counsel, stated that he valued the important work his firm did for SFWB because without clean water and sanitary sewers, cities would go away. The services that SFWB provided for both Oregon City and West Linn could not be more important. He was grateful for the chance to continue working for SFWB and would appreciate a positive vote on his firm's continued representation of the Board.

Vice Chair Holladay stated he would be more comfortable with a contract renewal versus a letter.

Mr. Crean explained the reason for going with a letter rather than a contract was that the letter was open-ended and would not have to be revisited periodically. The reality was that they had lost track of when the last contract expired. A letter would allow the relationship to be open-ended, and SFWB could fire their lawyer any time they wanted to.

Chair Axelrod noted the current letter contained the current rates with comments about inflation and adjustment. He asked whether the amount of the adjustment had been determined, or whether that would be addressed when an adjustment was requested from the law firm. As it stood, it looked like the current rates were being approved to continue that might be adjusted later, or was the Board giving approval that rates would increase by inflation.

John Collins, General Manager, reiterated that the working relationship could be ended with a notice to Beery Elsner & Hammond any time the Board wanted. If the rates or billing practices became excessive, that would be reason to look for other legal representation. He noted for the record that the hours billed and the cost for billable hours were extremely reasonable. He suggested each City revisit the legal fees they were paying because they would realize the great value Beery Elsner & Hammond provided for the dollar compared to other firms.

Chair Axelrod acknowledged that he was appreciative of their services and that the rates being charged to SFWB were quite fair, and the service had been excellent. He was simply looking for clarification regarding what the letter did and did not say.

Mr. Crean offered an explanation using a trend analysis, noting that in the 2010-2011 contract included in the packet, the firm's highest rate was \$200 per hour. Currently, the rate

was \$230 per hour, so the trend was an increase of \$30 in ten years. Rates were generally increased by small amounts every two years. If the Board felt that the next rate increase was too high, the relationship could be revisited at that point.

Chair Axelrod stated he was comfortable with the rates and with the letter.

Board Member Holladay moved to approve the letter to extend the services of Beery, Elsner and Hammond, LLP. Board Member Smith seconded the motion, which passed unanimously.

(8) SFWB SCADA Project Selection Committee Proposal Review and Recommendation

John Collins, General Manager, said he was excited about this agenda item because it captured a lot of work that had been done. With input from Mr. Crean, he and Kim Brown had put together an RFP/RFQ, which was put out on the market. The \$250,000 budget to replace the SCADA system was very modest. The consultants were expected to complete the work at a fair value, and he was pleased to report that three qualified proposals were received. After reviewing the cost analysis and the overall scores and qualifications, Jacobs Engineering came out the clear winner and was chosen by the selection committee. He asked the Board to authorize the General Manager to enter into a contract not to exceed \$250,000 to complete the project. He noted the engineering had to be done prior to going out for an RFP which was already written for the chemical feed building. This was a key piece of work that he wanted to complete before retiring from SFWB.

Chair Axelrod noted the Staff report stated Jacobs Engineering had come out best with regard to cost, but it was also a consensus of the review committee that they were technically the best as well.

Vice Chair Holladay moved to authorize the General Manager to enter into a contract with Jacobs Engineering for consulting on the replacement of the SFWB SCADA system. Board Member O'Donnell seconded the motion, which passed unanimously.

(9) Update and Discussion of General Manager Job Title Change to CEO

John Collins, General Manager, stated he was pleasantly surprised at and greatly appreciated Board Member O'Donnell's recommendation at the January Board meeting to change his title. He noted the need for a legal opinion, adding that Mr. Crean would comment before the Board made a decision.

Chris Crean, SFWB Legal Counsel stated that as a policy matter, the Board could do whatever it wanted with regard to the job title change. The only legal issue, and his primary concern, was that all of the SFWB ordinances and contracts, etcetera referred to the General Manager. The options were to review and update all of those documents, a very time-consuming task, or change the General Manager's job description to add that the CEO exercises all of the duties and functions of the General Manager, and then approve a resolution stating the same thing. That would be a way to paper over the name change without going back through every contract, ordinance, and resolution to change the title.

Chair Axelrod said he appreciated having the legal alternative Mr. Crean presented if the Board felt the need to change anything.

Board Member O'Donnell noted he had explained all the reasons why he had proposed the change in title from General Manager to CEO during that meeting (January 22, 2020), noting that Mr. Collins' duties fit with the description of a CEO. He liked the solution suggested by Mr. Crean because it was very simple and had no financial aspects, while honoring Mr. Collins, who had served South Fork well. The CEO position would be more attractive in future recruitment efforts as opposed to a manager. He said that he would appreciate support from the Board to move forward with approving the title change.

Board Member Sakelik agreed with Board Member O'Donnell. He liked the suggestion offered by Mr. Crean as the most clean and simple way to handle the change. He asked if the title would be CEO/GM or just CEO and if Mr. Collins was interested in making the change.

Mr. Collins confirmed that he was open to making the change.

Chair Axelrod stated that he favored the General Manager/CEO title because it reflected all of Mr. Collins' role and duties.

Mr. Crean clarified it did not matter what the title was, because the title did not confer duties, as those were outlined in the job description.

Board Member Sakelik asked if it was acceptable for Mr. Collins to use whatever title he wanted on a business card, for example.

Mr. Crean confirmed if Mr. Collins' job title had changed, it would be appropriate to do so. Currently, the SFWB did not have a CEO, so it would not be appropriate to put CEO on a business card.

Chair Axelrod noted that the options were to keep Mr. Collins' job title as General Manager, change the job title to CEO, or change the job title to CEO/GM.

Vice Chair Holladay moved to revise Mr. Collins' job title to CEO/General Manager.

Chair Axelrod seconded the motion.

Board Member O'Donnell noted that as Counsel stated, the title itself conferred all of the duties included in that title, so no further clarification was needed with a somewhat confusing CEO/General Manager. The CEO position entailed and encompassed all of the duties formerly performed by the General Manager. He believed CEO/General Manager diminished the position, adding the title should be CEO.

Vice Chair Holladay modified his motion to change the job title in the job description from General Manager to CEO. Chair Axelrod seconded the motion, which passed unanimously.

(10) **Business from the Manager**

- 1) Possible Infrastructure Stimulus Fund Opportunities

John Collins, CEO, said he saw great opportunities and potential for using stimulus money for infrastructure such as water, waste water, highways, engineering, etc. To be able to access money that could be partially forgiven, projects would need to be shovel-ready. He had been in contact with Lee O'Dell, CH2M about putting together an estimate of what would be needed for South Fork to become shovel-ready on a project. As an example, he and Mr. Parno had been working with Engineer Bob Willis, who had been working with Beaverton's Water Infrastructure Finance and Innovation Act (WIFIA), which was a federal loan with a 35-year payback term and very low interest rates. The WIFIA encompassed 50 percent of that loan with Oregon State Revolving Funds also available. Before expending South Fork's resources and energy, he sought the Board's direction about whether he should move forward in pursuing stimulus funding further. While there was no guarantee SFWB would qualify for the loan, it was a great opportunity to resolve a lot of SFWB's capital issues.

Vice Chair Holladay asked if Mr. Collins had a specific project in mind.

Mr. Collins answered that while SFWB had the money for the new chemical feed building, the new water line from the intake to the plant could a project to consider, as well as the sed basins, which were seismically at risk, along with new filters and newer technology that could take the plant from a 20 mgd plant to a 30 mgd plant. Installing replacement or redundancy lines to Mountain View Reservoir was another consideration. It was a large volume of work, but if there was an opportunity to get money for 50 cents on the dollar at zero or near zero interest rates, South Fork's current cash position of \$5 million or \$6 million in SDC and Capital Construction Fund reserves would go a long way toward structuring a bond that could possibly be paid back with the rates currently in place, or close to those rates. It would be an opportunity to seize a huge financial savings for South Fork's future capital needs.

Vice Chair Holladay commented that the new administrative building should be added to the project list.

Chair Axelrod noted that the new I-205 waterline could also be added to the project list.

Mr. Collins agreed that would be a great project as the line was required to be moved, and being able to upsize the line would be a great way to stay connected and replace the line with little to no interruption in service. The line could be sized to a capacity that would easily accommodate West Linn's current and future needs, likely for the next 100 years.

Board Member O'Donnell complimented CEO Collins on his forward-looking observation. As the economy was jumpstarted and federal funds started to flow, SFWB wanted to be in a position to go after those funds by having a variety of projects ready. Projects more tailored to delivery of services might be preferred over construction of a building. He was in favor of spending a little money up front to get projects ready, because with federal funding, it was first come, first served, and funds did run out. He reiterated his focus on defending water rights, and if any projects were related to that should be made ready as well. There were a wealth of projects and South Fork could tailor its submittal to fit the government's criteria.

Mr. Collins added that SFWB had a unique opportunity because preference always went to the greater good. Because SFWB served two cities and a water district, would help South Fork move to the front of the line. Being shovel-ready with an impact to three communities was a positive thing.

Mr. Parno echoed Mr. Collins' comments, adding that in discussion with Mr. Willis a couple of months ago, rates were sub-2 percent over a 35-year period for the majority of the WIFIA loans. With the cost of inflation, not doing anything would be more expensive than borrowing the funds. While the financial effects of the pandemic were not yet known, the money would be borrowed at rates that were below the cost of existing funds in addition to the benefit of having the infrastructure in place, which also resulted in additional cost savings for operations.

Chair Axelrod said it seemed that the stimulus and WIFIA concepts were being combined. In discussions at the last American Water Works Association (AWWA) Conference, it was noted that there was a lower-end cutoff of cost that there was not a recommendation in the WIFIA program because of the cost for management. There was a trade-off, so he wanted to be sure to get the best advice on that because it seemed to be recommended for super projects. He believed the cutoff was \$25 million or \$50 million.

Mr. Collins recalled the amount was \$40 million or \$50 million, adding he understood the parameters. One reason for exploring WIFIA was that it was the best alternative at the time for Mr. Collins and Mr. Parno to collaborate on with the best interest of SFWB in mind. While they were not sure about the name of stimulus bill, they believed the opportunity would be available to SFWB. He sought feedback from the Board to spend money to have Lee O'Dell come before the Board with information on facts, figures, and steps that needed to be taken to further the discussion and make the commitment to move forward.

Chair Axelrod believed there was Board support for that idea. On a call last week, he noted U.S. Representative DeFazio was optimistic about the infrastructure package regarding the transportation and water infrastructure elements going forward. Work was currently taking place on two different letters. One letter pertained to working with stimulus and the federal infrastructure options for the I-205 work, which was a shovel-ready project. He also hoped for another incentive for federal funds. The other letter would request a federal match for the entire \$14 million for the Willamette Falls Locks Project in hopes of getting a federal match at least.

Chris Crean, SFWB Legal Counsel, commented that the Hillsboro-TVWD partnership in Washington County received a WIFIA grant last year, so checking with them for guidance on some of the nuances might be a good idea.

Mr. Collins stated that he and Mr. Parno had read their application and learned quite a bit about the application process.

The Board agreed that the CEO should proceed in pursuing possible infrastructure stimulus funds and WIFIA opportunities.

2) Update on America's Water Infrastructure Act: Risk Assessments and Emergency Response Plans

John Collins, CEO, explained that the AWIA will conduct a risk assessment of South Fork's system between Oregon City, West Linn, the treatment plant, pump stations, etc. that was essentially a vulnerability assessment with a cyber assessment, and federal law mandated that it be completed by December 2020. Once completed, an updated Emergency Response Plan was required to be completed within six months. Because Kim Brown had done a lot of work keeping the plan current, completing the plan would not be a problem. He noted that Katelyn Niece would be working on keeping the plan updated going forward. The AWIA consultants were impressed with the current response plan. He reminded that the Board had given him the authority to seek needed work under the discretionary spending amount of \$50,000. He noted that one cost estimate came in under the \$50,000 limit, and that at least one other consultant would be providing numbers for the assessment. Everything had slowed down because of the COVID-19 situation, but South Fork was in the process of hiring someone to get the project started. He did not believe there would not be any issues with completing the project correctly and on time.

3) Wholesale Rate Analysis for Clackamas River Water

John Collins, General Manager, reminded that CRW's rates were adjusted every three years as part of the terms of a settlement agreement from a lawsuit long ago. He had hired HDR to recalibrate the model for a \$7,000 fee. HDR would forward the list of deliverables, and Mr. Parno's office would complete the financial information, while Mr. Collins' office would work on the production numbers as soon as possible in order to provide CRW with the new rates prior to July 1st. Todd Heidgerken at CRW had been contacted and was aware that South Fork was working on this project. CRW was aware of the slowdown due to COVID-19. The adjustment would result in additional revenue for South Fork.

4) AWWA ACE 2020 in Orlando Florida CANCELLED

John Collins, CEO, announced the American Water Works Association Conference and Exposition had been officially cancelled. He hoped to find another conference for Board members and Staff to attend, because getting together and learning was a great experience. Staff was looking for a Public Works conference on infrastructure or some other alternative to do something educational as a group before the year was over.

Vice Chair Holladay noted that US Conference of Mayors in Austin had also been cancelled.

5) Contract Discussion for Wyatt Parno

John Collins, CEO, reminded that Mr. Parno would come on board to work with him for a time before taking over the CEO responsibilities. While a contract did not need to be put in place tonight, it on his task list. Typically, he worked with the Chair and/or Vice Chair to arrive at a mutual agreement on contracts or contract extensions before it went for legal review. Tonight, he sought the Board's direction on getting the process started, and who would work with him on the contract. He and Mr. Parno could create a draft, and working in the Board's best interest, he would be advocating for a fair and just salary and benefits for Mr.

Parno. He felt that it was usually better to work with the Chair or Chair and Vice Chair rather than try to get the entire Board to come to a consensus in a timely manner.

Vice Chair Holladay understood the Board was intending for Mr. Parno to take over in July, but Oregon City had to look for someone to replace Mr. Parno, which was a Herculean task. Given the current situation with coronavirus, he was concerned about getting the kind of applicants needed to replace Mr. Parno. He believed it might be a good idea to hold off for a few months to determine how COVID-19 would affect the recruitment process. He offered to work with Chair Axelrod, Mr. Parno, and Mr. Collins to get the framework of a contract together, but he did not anticipate being able to make the change until possibly January 2021.

Mr. Collins replied that currently his health was improving daily. He felt good and did not mind staying for a while, but it was important to know Mr. Parno was coming on board. He had had a long career with South Fork, noting he would get South Fork through the design of the building, but he needed to move on.

Chair Axelrod said he understood Vice Chair Holladay's concern, but the focus was not so much on the transition happening as it was on getting a contractual package together over the next six months to be ready to go.

Vice Chair Holladay replied he did not disagree, but he wanted the Board to understand the issue that Oregon City was facing in recruiting someone of Mr. Parno's quality to serve as finance director.

Chair Axelrod offered that West Linn had a great finance director, and perhaps a contract could be worked out between the two cities for some worker assistance.

Board Member O'Donnell agreed with the statements made by both the Chair and Vice Chair, but the knowledge overlap between Mr. Collins and Mr. Parno was necessary to the transition. While he understood forestalling the transition a bit, the impact of delaying the transition could result in Mr. Collins staying on longer than anticipated, which he supported.

Board Member Sakelik said he assumed the lack of a contract would not stop the on-the-job training Mr. Parno was currently doing with Mr. Collins. The permanent transition might be extended a bit longer, but the transition plan would still move forward.

Mr. Collins confirmed the process would move forward, noting that he was impressed with Mr. Parno's enthusiasm for learning about all things South Fork, both putting in long hours to do so. He reiterated it was important to get the contract done and for him to see the fruition of his succession plan.

Board Member Sakelik stated he was agreement with the Chair and Vice Chair working with Mr. Collins and Mr. Parno on the contract.

Mr. Parno stated he was honored and humbled, and he was very excited to be able to work for the Board. He noted that his capacity to work with Mr. Collins, understand water and do great things for the Board was off the charts. He expressed appreciation for the Board's support, especially that of Mayor Holladay, and was confident they would be able to get a good contract in place that made sense for everyone. He believed that was important to move forward and that agreement on a contract would allow him to move forward with the succession plan at Oregon City. He would work with everyone to make sure that Oregon City was not left hanging.

Vice Chair Holladay said he wanted to be clear about what would be involved in hiring someone new and added that he was going to be pretty tough about Mr. Parno's compensation package due to the fact that he had extensive experience in finance, but almost no experience in water. Further discussion would be necessary, but was not just going to say that Mr. Parno would be paid \$200,000 per year.

Mr. Parno thanked Mayor Holladay, adding that he was in agreement.

Chair Axelrod confirmed there was overall consensus from the Board that Mr. Collins and Mr. Parno should start moving forward on developing a contract, and that he and Vice Chair Holladay would work with them toward getting the contract in place.

6) Water Rights Update – Chris Crean, SFWB Legal Counsel

John Collins, CEO, stated there was no need for Executive Session, as Mr. Crean's comments were open for the public.

Chris Crean, SFWB Legal Counsel, advised that litigation continued at a glacial pace. Water Watch filed its opening brief and the water providers had filed their response briefs. Water Watch's final brief in response to the water provider's response was due May 5th, and typically, oral argument would be anticipated later in the summer, but oral arguments were not currently being scheduled at the Court of Appeals due to COVID-19. There had been some discussion that the Court of Appeals could dispense with oral arguments in many cases. After Water Watch's final brief was submitted on May 5th, all of the arguments would be in to the court. There may or may not be oral argument, but most of the work would be done and it could be that a decision would not be made for another year.

Mr. Crean explained the primary argument of Water Watch was that when an agency was deciding whether to approve a water rights extension had to assume that the water provider would use the full amount of their permit, 24 hrs a day, 7 days a week, throughout the year, and then base the impact of water use under the permit on that hypothetical. South Fork responded with a very credible analysis of the water provider's actual use over time, and what that would look like at a full maximum hypothetical use, and the agency approved South Fork's permit extensions on that basis. His firm did not believe there was any evidence to support the argument made by Water Watch. While he felt confident, it would take another year to year and a half to get a final answer from the courts. If and when there were going to be oral arguments, he would be happy to let anyone know. He would also share Water

Watch's reply brief when it came in. He offered to answer any questions about the briefs that had been filed, if the CEO was not able to answer them.

Mr. Collins thanked Mayor Holladay for the award at the State of the City Address and also for being so generous with Mr. Collins' efforts. He apologized for not being able to attend either State of the City Address.

(11) **Business from the Board**

Alice Richmond, SFWB Citizens Advisory Board, noted that she had shared 22 years of friendship and association with Mr. Collins and South Fork, and on behalf of Parker Crest Neighborhood Association in West Linn, she wanted to thank all of the SFWB Staff for their efforts in providing West Linn's and Oregon City's water while coronavirus ravages the planet. She noted that if anyone needed a face mask, she could provide a few that she had made. She had some questions, but she could address them at the next meeting or call Mr. Collins.

Chair Axelrod thanked Ms. Richmond for her attention to SFWB, which was very appreciated.

Mr. Collins noted Ms. Richmond's will be having her 90th Birthday on May 26th and offered his congratulations.

Ms. Richmond thanked the Board for the birthday wishes, noting that she missed everyone and looked forward to a time when they could meet in person.

(12) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**

No Executive Session was held.

A. To consider information or records that are exempt by law from public inspection pursuant to ORS 192.660 (2)(f).

B. To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed pursuant to ORS 192.660 (2)(h).

(13) **Reconvene Regular Meeting if needed to take any action necessary as determined in Executive Session.**

Chair Axelrod adjourned the regular meeting at 7:52 pm.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, Inc.
for John Collins, **CEO**