

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
February 23, 2022

Board Members Present: Jules Walters, West Linn Mayor, Chair
Rocky Smith, Oregon City Commissioner
Bill Relyea, West Linn Councilor
Frank O'Donnell, Oregon City Commissioner
Rory Bialostosky, West Linn Councilor

Board Members Excused: Rachel Lyles Smith, Oregon City Mayor, Vice Chair

Staff Present: Wyatt Parno, CEO
Christopher Crean, SFWB Legal Counsel

Others Present: Matt Zook, Finance Director
Lee Odell, Murray Smith
Alice Richmond, SFWB Citizen Advisory Board

General Board Meeting

- (1) **Call to Order**
Chair Walters called the meeting of the South Fork Water Board to order at 7:06 pm.
- (2) **Roll Call**
- (3) **Public Comments**
Alice Richmond, SFWB Citizen Advisory Board said she had concerns about climate change affecting the water. With the price of everything increasing, she wanted to know if the elected officials had been discussing the need to increase rates. She was not usually in favor of taxpayers taking on more, but water needs to be provided to residents. Maintenance costs are higher and rather than wait until the situation is drastic, CEO Parno should investigate whether an increase would be appropriate. It would be better to have a half-a-penny increase per day now than \$1.00 suddenly when it is needed, so that SFWB could build more capital. The emergency situations were becoming more frequent, and she was not hearing elected officials talk about it. She would rather see SFWB and the City of West Linn work together to plan. SFWB should plan instead of regretting that no actions were taken sooner. Oregon City usually waits for a solution to drop from the sky, so it was important that SFWB not depend on others but take the lead in finding solutions.
- (4) **Consent Agenda**
(A) Approval of the Minutes of the January 26, 2022 Board Meeting.

Board Member Smith moved to approve the Consent Agenda. Board Member O'Donnell seconded the motion, which passed unanimously.

- (5) **SFWB Annual Financial Report for the Fiscal Year Ended June 30, 2021**

Matt Zook, Finance Director, said he was pleased to report that the financial statements and annual audit were received well. The City engages Merina & Company to do a financial audit every year. This audit was clean with an unmodified opinion, which recognizes that the financials represent the situation of the Board. SFWB is in a strong financial position. Wyatt is the best at monitoring finances. The net position has improved over last year by almost \$1 million. Assets increased by four percent, and liabilities and deferred inflows increased slightly as well. The entire budget was exceeded on the revenue side and underspent on the expense side. Expenditures increased slightly but revenues increased by about 11 percent. There were no issues with internal controls, Board policies, or the accounting structure.

CEO Parno stated appreciation for Matt and the finance team's good work. He noted that rates were only increased by inflation of four percent, even though there was an 11 percent increase in revenue (due to lower than anticipated revenue in the previous year). Staff had been very thoughtful about inflationary rate increases over time, and there were large differences between wet and dry years which impacted the total revenue coming in. SFWB is debt free and has a good cash balance. He asked Matt to comment on South Fork's financial position.

Finance Director Zook added that SFWB had \$6.5 million in cash and investments out of about \$20 million in current assets. Plant and hard assets are at about \$14 million. Having no debt and cash on hand puts SFWB in a very flexible position and ensures the ability of SFWB to pivot in an emergency.

CEO Parno stated the Board will be talking about rates in the months to come to keep up with rising inflation and future capital needs.

Chair Walters noted CEO Parno's comments might have answered Ms. Richmond's earlier questions. She said she believed that as climate-related events occurred, SFWB should prepare as best it could to make sure people have clean drinking water when they need it.

(6) **Chemical Feed Building Update**

Lee Odell, Principal Engineer, Murray Smith, presented an update on the chemical feed building via PowerPoint. The land use approval process by Oregon City had begun and would take a few months to complete. Then, building and other permit applications could be submitted. In the plan, trucks are now limited to right turns only on Swan Avenue, keeping them out of the middle of the road. Oregon City had requested this change. Operations Staff at the plant would be reviewing the layout again. Cost estimates have been updated. The original total project budget was \$4 million, but the current cost estimate is just over \$3 million. There were also options for reducing costs further if necessary. The cost of materials and construction costs had been increasing; however, with prices leveling out a bit and larger projects winding down, the next few months should be a decent time to bid this project.

(7) **Business from the CEO**

1) Lead detections in Portland water system

Wyatt Parno, CEO, said Chair Walters had requested information about Portland's elevated lead levels at the January meeting. Since the 1990s, Portland has had sampling results that

exceeded the Environmental Protection Agency's (EPA) action levels, which was due to their water being more corrosive (lower pH levels are more acidic), and the water system being so big that it was difficult to manage. Portland had been working with the Oregon Health Authority (OHA) and the Federal government to reduce overall lead levels. There is talk of a new corrosion control facility for Portland. South Fork had a corrosion control study done more than 10 years ago. As part of the treatment process, the pH level is adjusted to prevent the water from becoming corrosive. A soda ash injection is done with the chlorine treatment to increase the pH, which keeps lead levels in the system very low. West Linn and Oregon City are also required to perform the same lead testing as Portland. SFWB consistently falls below the threshold. The EPA recently started requiring cities to map out their entire water system to include residential components to identify high risk areas. It is currently an unfunded mandate and the cities do not have the staff to do the mapping. However, Oregon City and West Linn have been doing a great job thinking of creative ways to meet the requirement. Houses built after 1985 can be removed from the concern list, narrowing the scope of the project. Additionally, homeowners are being encouraged to do their own testing to help build out the map. He would be looking to see if Federal funding was available for testing.

2) Electrical generators update

Wyatt Parno, CEO, provided a brief overview of the update he gave at the January meeting on efforts to obtain emergency generators for three locations and estimated costs. He then noted that after the January meeting, Board Member Relyea shared information with him about docking stations and portable generators on trailers. Considering these and other options could save millions of dollars. CEO Parno was very appreciative of Board Member Relyea's knowledge and asked if he wanted to comment.

Board Member Relyea said portable generators could coincide with the portable water treatment trailers. The investment would be more in vehicles and trailers that could be moved to sites where there are critical loads during power outages to ensure that facilities maintain operations 24/7.

CEO Parno added that the South Fork Board and staff did a great job obtaining grant funding for the water treatment trailers. There is a trailer in each of the two cities, and he is coordinating to do a practice run with Oregon City and West Linn distribution staff to use the trailers in real time, and to then establish procedures in advance of a significant event. SFWB would likely cover the cost of bringing out a trailer for the trial run exercise, which would take place in June.

3) AWWA ACE 2022 in San Antonio, Texas, June 12-15, 2022

Wyatt Parno, CEO, reported that former Board Chair Axelrod had said that appreciated the Board's invitation to attend the conference, but he did decline. He also contacted former CEO Collins, who was appreciative as well and would follow up in March. So far, Members Relyea, Smith, and O'Donnell had committed to attending the conference. Chair Walters, Vice Chair Smith, and Member Bialostosky had stated they might attend. Board Members who were unable to attend this year would have the opportunity to attend in future years.

Chair Walters said her attendance depended on when the school year ended.

Member Bialostosky confirmed with CEO Parno that his decision about whether to attend needed to be made by the middle of April.

CEO Parno confirmed there was consensus among the Board that he could coordinate with Chair Walters, Vice Chair Smith, and Board Member Bialostosky individually about attending the conference.

4) March Board Meeting

Wyatt Parno, CEO, reported no meeting would be held in March. For future meetings, he would make sure meeting invites were received, as some were being blocked as spam in the cities email systems. He sends out agenda packets the week before each meeting.

(8) **Business from the Board**

Board Member Bialostosky reported that West Linn would start offering in-person meetings soon. He asked if the Board and Staff wanted to consider an in-person meeting.

CEO Parno responded that he was generally comfortable with in-person meetings and wanted to make sure the Board was as well. It is important to protect the operators from exposure in addition to Board members, because the staff is small, and water is critical.

Chair Walters believed the decision should be made by CEO Parno since he was in charge of the plant.

Board Member Relyea reported on the water lines originally used in West Linn preceding the Abernathy Bridge water line. He had done research with the City Recorder and read through past ordinances and found that the City Recorder's Office was charged with maintaining records associated with those plans. He received notifications from the City Recorder and City Attorney that the files are considered protected under ORS 192.355. He scheduled an executive session to discuss his access to those records and having an engineering review done. He planned to share information found in the records and the review with West Linn City Council and legal counsel. He also planned to request that the records be released to SFWB.

(9) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**
No Executive Session was held.

- A. To consider the employment of a public officer, employee, staff member or individual agent pursuant to ORS 192.660 (2)(a).
- B. To consider information or records that are exempt by law from public inspection pursuant to ORS 192.660 (2)(f).

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

Chair Walters adjourned the regular meeting at 7:48 pm.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, LLC.
for Wyatt Parno, SFWB CEO