

SOUTH FORK WATER BOARD  
MINUTES OF BOARD MEETING  
**November 22, 2023**

Board Members Present:           Denyse McGriff, Chair, Oregon City Mayor  
  Rory Bialostosky, Vice Chair, West Linn Mayor  
  Frank O'Donnell, Oregon City Commissioner  
  Mary Baumgardner, West Linn President  
  Carol Bryck, West Linn Councilor  
  Rocky Smith, Oregon City Commissioner

Staff Present:                       Wyatt Parno, CEO  
  Christopher Crean, SFWB Legal Counsel (via Zoom)

Others Present:                   Patrick Foiles, Oregon City Human Resources Director

**Executive Session**

(1)    **Executive Session**

**Chair McGriff** called the Executive Session to order at 7:05 pm to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee, or staff member who does not request an open hearing pursuant to ORS 192.660 (2)(i).

The Executive Session was adjourned at 7:20 pm to convene the General Board Meeting.

**General Board Meeting**

(1)    **Call to Order**

**Chair McGriff** called the meeting of the South Fork Water Board (SFWB) to order at 7:20 pm.

(2)    **Roll Call**

(3)    **Public Comments**

There were none.

**Chair McGriff** asked at what point in the meeting the Board wanted to act on the Executive Session. The consensus was to address that during Item 8. Business from the Board.

(4)    **Consent Agenda**

(A)    Approval of the Minutes of the September 27, 2023 Board Meeting.

**Board Member Baumgardner moved to approve the Consent Agenda. Board Member Smith seconded the motion, which passed unanimously.**

(5) **Approval of Purchase for Pump Motor Control System Upgrades**

**Wyatt Parno, CEO**, reported the variable frequency drive motor control system upgrades for Pump 5 at the Intake Station and Pump 2 at Division Street, the two most highly used pumps, were in the budget. The motor controls were installed in 2005, and the circuitry within the systems were no longer going to be supported by Toshiba. In addition to upgrading the control boards, the existing systems would be cleaned up and rebuilt. Although he could have brought this project to the Board as a sole-source contract, he felt more comfortable following the procurement process and checked with several electricians to verify Toshiba's assessment. The motor controls were 900 horsepower, 4-ton devices that would need to be taken out, breaking the walls to move everything, if they were fully replaced. It was a matter of replacing the circuitry. The independent electrician he consulted agreed, so he put out a Request for Proposal (RFP). Dykman Electrical's offer of \$211,928 was above his spending authority, so he was asking for Board approval for the purchase.

**Board Member O'Donnell** asked if the vendors had been vetted and if they had a track record of working in the industry and/or on this type of project. **CEO Parno** replied that both vendors had been vetted, with both Toshiba and Dykman being well-known.

**Chair McGriff** asked how Toshiba contacted him, if there was documentation that the parts were being discontinued, and if the service quotation was based on work they needed to do or if it was based on existing equipment. **CEO Parno** explained that the Toshiba representative visited with him on-site. A letter from the representative requesting the upgrade, including documentation of the obsolescence of the circuit board components, was on Page 37 of the Board packet. The existing system would be cleaned out and rebuilt, including replacing the circuit boards.

**Board Member O'Donnell** commented that with the service life of 20 years, the cost came out to \$10,000 year, not even \$1,000 a month, over the next 20 years.

**Vice Chair Bialostosky moved to approve the purchase of the pump motor controls upgrade and preventative maintenance at a cost of \$211,928 and to authorize the CEO to sign the contract. Board Member Baumgardner seconded the motion, which passed unanimously.**

(6) **Approval of Purchase for Filter Valve Actuators**

**CEO Parno** explained that actuators open and close valves rather than having operators do it manually. This project was also in the budget, and the actuators were no longer being supported by the manufacturer. The four filters each had nine valves and actuators for each valve. The mechanics could fix the actuators should they go down, but the parts were no longer supported. The plan was to replace one filter this year and one next year, giving them nine replacement actuators to be used for parts on the remaining filters. The process includes a lot of redundancies with the extra units, and the mechanics were comfortable that they could continue using the filters, even with the actuators no longer being supported.

**Chair McGriff** asked how old the actuators and pump motor controls were. **CEO Parno** replied that the filter upgrades were made more recently, less than 20 years ago, while the pump motor controls were installed in 2005.

**Board Member O'Donnell** asked for the total number of actuators. **CEO Parno** replied there were 36 actuators and further explained that the actuators on the pump being replaced would be kept on hand to repair the older filters if needed.

**Board Member Bialostosky moved to approve the purchase of the valve actuators at a cost of \$72,795. Chair McGriff seconded the motion, which passed unanimously.**

(7) **Business from the CEO**

**CEO Parno** gave updates on operations and the Master Plan and Goals. In the area of operations, the staff completed the special districts insurance services best practices training, giving them a 10 percent credit on general, auto, and property insurance after completing a big checklist. The savings would be about \$13,000. He pre-applied for two Federal grants for cybersecurity: a \$25,000 grant to support the cybersecurity audit and penetration testing, and a \$5,000 grant for domain migration from .org to .gov. The State would let him know if South Fork qualifies for full applications. He also applied for a grant from the Special Districts Association of Oregon for \$5,000 for the cybersecurity audit.

**Chair McGriff** asked what the general cost of a cybersecurity audit was. **CEO Parno** replied they had budgeted \$40,000. Michael Dobaj, the Oregon City IT Director, was not sure if the budgeted amount was enough, but the company Mr. Dobaj recommended believed it would be sufficient. Chair McGriff reported that right after Mr. Dobaj was hired, the city's computer system was hacked with a ransomware request. The IT team went into action, with Mr. Dobaj doing a full, detailed forensic audit of the entire system.

**Board Member Bryck** asked if the SCADA system was separate and not connected to the network. **CEO Parno** replied that was true. He described the Board's two cyber components, Information Technology (the server network) and Operating Technology (the Supervisory Control and Data Acquisition system that operates the water equipment). The IT system is small and has firewall protection that prevents unrecognized accounts from entering. The OT system is separate and is disconnected from the internet. There are no current plans for operators to have remote access, so the system is locked down. However, the consultants that manage both systems are enthusiastic about having the penetration testing performed so that everyone can learn and improve. He thanked the Chair for requesting the cybersecurity audit.

**Chair McGriff** noted that Mr. Dobaj reported to the Oregon City Commission that hackers get in where it's least expected, and one cannot be too careful as ransomware against governments was happening more frequently.

**CEO Parno** reported that he had offered Kevin Smith a permanent position as soon as he completed his operator in training certification. His wages were currently being paid through the State's Workers' Compensation Reemployment Program. Kevin is a great worker.

**Chair McGriff** confirmed the position would not need to be advertised. **CEO Parno** agreed.

**CEO Parno** reported that South Fork participated in every PGE Energy Rebate event this year, resulting in \$65,000 of rebates. This summer even included one back-to-back event, which they were able to participate in. There could be times in the summer when they would have to say no, based on storage capacity and demand, but they participated in every event this year.

**CEO Parno** provided a follow up on the Master Plan and Goals. In January, he would provide the Board with a comprehensive overview of the Master Plan. He met with Consor Engineering to provide an overview to the Board as a third-party verification of the update. One of the things the Board is doing differently than in the past was coordinating the Master Plan with Oregon City and West Linn. Consor was working with Oregon City on implementation of their Distribution System Master Plan, and working with West Linn on updating their Master Plan. By sharing information, they could ensure alignment with growth expectations, especially for Oregon City. In January, Consor will present information, and he would ask the Board for direction regarding approval of the South Fok plan moving forward or if they want a work session regarding the Master Plan after the January meeting.

Once the Master Plan's capital costs are updated, a rate analysis would be done. He had met with FCS Group regarding their timeline for a rate analysis and system development charges (SDC) update. The SDC update was particularly important because of the recent cost impacts associated with the economy and infrastructure that would be needed to support upcoming developments.

When the SDCs were updated in 2016, they included annual inflation adjustments based on the Engineering News Record's Construction Cost Index (CCI). The adjustments had been completed every year since then, capturing inflation based on engineering projects across the country. However, since the cost increases seen in the past few months had been unprecedented, they needed to ensure the new SDC rates reflected current inflation. They would also discuss funding strategies related to the Water Infrastructure Finance and Innovation Act (WIFIA) and State Revolving Fund (SRF) and any possible grants they could get. He would ask the Board what information he could provide for them to make decisions in terms of what rates were palatable and how they could move forward with the Capital Plan.

**Chair McGriff** asked where the signed copy of the resolution for the Master Plan was. **CEO Parno** replied that he could not find a signed copy in the files yet, but the minutes confirmed that the resolution had been approved. The Master Plan was adopted via Resolution 16-04 in November 2016. The SDCs were updated in May 2017, after the adoption of the Master Plan.

**Chair McGriff** commented that they should find the signed document. **CEO Parno** explained that he kept folders for each meeting that included postings required by law and signed documents. He noted CEO Collins kept excellent records, so he will keep searching for the signed resolution for the Master Plan.

**Board Member O'Donnell** noted that there was a challenge to Oregon City on the adoption of a plan, so it was a valid question, but we have a record of adoption here, so we're good. **CEO Parno** explained he had approved minutes from the subsequent meeting stating the plan had

been adopted, and that was how he knew for certain it had been passed. However, he would continue to search for the resolution.

(8) **Business from the Board**

**Chair McGriff** noted a community member had questioned the composition of the Advisory Committee for the South Fork Water Board. She reviewed the enabling documentation, and there was no such thing as a Citizen Advisory Committee. There was, however, a technical committee that was composed of representatives from both cities that advised the General Manager/CEO on activities regarding South Fork, but there is no Citizen Advisory Committee.

**Board Member Bryck** commented that the advisory pieces were on the Oregon City and West Linn sides, and that as important as the water delivered from SFWB was, there was not really a community outside of the city communities. **Chair McGriff** responded that this did not mean that South Fork did not have the opportunity to solicit outside input or community members' comments, but there was no formal structure. She believed if the Board wanted to create that formal structure, they could do so.

**CEO Parno** commented he was aware of how important it was for the Board to support its communities and the impact of South Fork's rate adjustments to the cities. Customers were more likely to contact Oregon City and West Linn Staff about rate increases rather than South Fork. He intended to talk to the Cities' staff to make sure they were coordinated if the rate increase was significant. A citizens' advisory group could be very helpful in the community when big changes needed to be made. He was being careful about public perception, and he planned to ask the Board for direction on impacts to the communities.

**Chair McGriff** suggested the Board might need to hold a community forum in each city to present information about rate increases. She believed it was important to provide additional input and outreach. Citizens could also attend the meetings where the potential rate increase was discussed and voted on. She suggested that when talking about citizen involvement in the future, they get information out via the cities' newsletters, mailings, and/or utility bills to encourage people to give input. **CEO Parno** agreed, noting what happened with the intake station did not work out well for the community, so he would be asking for the Board's advice regarding rate impacts since they have their pulse on the community.

**Chair McGriff** reviewed the Executive Session, noting both Patrick Foiles and Chris Crean had done an excellent job reviewing and answering questions about the contract. During the Executive Session, the Board agreed to discuss contract Section 3, regarding a bonus during the regular business meeting.

**Board Member Baumgardner** stated she had heard information from the Board stating that they believed they needed to clarify the CEO's job description so the Board would feel comfortable with the metrics they were measuring. Based on her experience on the Board, she would support the five percent bonus at this time. She believed it was appropriate, especially given the fact that South Fork was not at the high end of the salary range regionally. Mr. Parno has shown that he is more than deserving of the bonus.

**Board Member Bryck** commented that after looking at the Oregon Health Authority (OHA) rating and water quality and talking with staff and seeing the very high morale and enthusiasm for the work, which is attributable to Mr. Parno's leadership of the organization, she would also support the bonus.

**Board Member Smith** did not support the bonus, noting he had been supportive of it in the past, but he felt this year was not comparable to past years. He believed the Board needed to address issues that were brought up in terms of the job description and specifics of what they were basing merit pay against. He was satisfied with where they were without a bonus.

**Vice Chair Bialostosky** believed the 360-evaluation process of seeking input from the Board and community partners was productive and based on that and Mr. Parno's memo, we have a good game plan for next year. They had an outstanding rating from the OHA, staff morale was good, the vast majority of the feedback from the 360-evaluation was positive, and maintenance projects were completed. Although the Board had some frustrations with the chemical feed building not moving forward due to construction costs, that was not the CEO's fault, and he had carried out the Board's directions through about that project. SFWB had a good vision for next year. And just at this meeting it was highlighted that various actions from Mr. Parno had saved them \$105,000. He supported giving the bonus because they could afford to give the bonus with the money saved during the year, not giving it would harm morale, and CEO Parno had earned the bonus.

**Board Member O'Donnell** noted that other than Commissioner Smith, he was the longest serving member of the current Board, and he was struggling with the difference between executing the core essential duties of the position and going above and beyond. Historically, the Board had used the incumbent's list of achievements for the year, which he believed had been limited. He did not want to penalize the CEO because of the lack of a job description, but he also did not know what superlatives had been done, which he believed a bonus should be based on. He was on the lower end of the spectrum in giving a bonus.

**Chair McGriff** generally agreed with the comments made. She appreciated CEO Parno's willingness to do the 360 evaluation and believed it protected both him and the Board. She understood what the core requirements of the job were, but no documentation of that existed and the contract was limiting. She wanted to get compensation comparable with other districts as well as look at the requirements for a manager of this type of district. Having metrics was important, and the items Mr. Parno included in his evaluation memo seemed to be the basis for the core requirements of the job. Money savings should be a metric. She could support a merit increase between 2.2 and 2.5 percent.

**Board Member Baumgardner** asked what last year's bonus was. **Chair McGriff** replied that it was at the maximum of five percent. **Board Member Baumgardner** believed it was arbitrary and unfair to give someone a bonus of five percent one year, and then without real measurable reasons, not give the same bonus the following year. **Chair McGriff** noted there was no measurement last year at all, and she did not know how the five percent figure was reached. **Board Member Baumgardner** and **Chair McGriff** discussed whether the policy allowed them to provide a bonus or merit increase later in the year if they did not approve it

tonight. **Board Member O'Donnell** favored making the decision tonight and could support a two percent bonus.

**Vice Chair Bialostosky** asked for the amount of the SFWB budget. **CEO Parno** replied that it was \$24 million. **Vice Chair Bialostosky** pointed out that one percent of the CEO's salary was \$1,800. He understood the philosophical reasons for what they were doing, but he also believed it was important to recognize an employee's good performance. He supported a five percent bonus but would have to go with a lower amount if that's what the Board wanted.

**Board Member Baumgardner** moved to approve a five percent bonus for CEO Parno. **Board Member Bryck** seconded the motion, which failed on a 3-2-1 vote. Ayes: **Vice Chair Bialostosky, Board Members Baumgardner and Bryck.** Nays: **Board Members Smith and O'Donnell.** Abstentions: **Chair McGriff.**

**Chair McGriff** stated she abstained because five percent was at the top, and she was not sure she was quite there yet. **Board Member O'Donnell** agreed, saying it was not an unsatisfactory job, but there was room for growth. He didn't want to penalize the incumbent for their being no measurements, but he wasn't at the top end or the bottom.

**Board Member O'Donnell** moved to approve a two percent bonus. **Chair McGriff** seconded the motion.

The Board discussed the bonus amount and the impact of the OHA rating, with CEO Parno noting SFWB had received the outstanding rating two times. **Board Member Smith** commented that SFWB had maintained the rating it already had previously. **CEO Parno** noted his staff had worked hard this year to be awarded the outstanding rating. He praised the team, as well as John Collins and the prior work five years ago.

**The motion failed on a 2-4-0 vote. Ayes: Chair McGriff, Board Member O'Donnell. Nays: Vice Chair Bialostosky, Board Members Baumgardner, Bryck and Smith.**

**Vice Chair Bialostosky** moved to approve a four percent bonus. **Board Member Baumgardner** seconded the motion, which failed on a 3-3-0 vote. Ayes: **Vice Chair Bialostosky, Board Members Baumgardner and Bryck.** Nays: **Chair McGriff and Board Members Smith and O'Donnell.**

**Chair McGriff** moved to approve a 3.5 percent bonus. **Vice Chair Bialostosky** seconded the motion, which passed on a 4-2-0 vote. Ayes: **Chair McGriff, Vice Chair Bialostosky, Board Members Baumgardner and Bryck.** Nays: **Board Members Smith and O'Donnell.**

**CEO Parno** thanked the Board for their volunteer time, the guidance given to him over the year, and their professional relationships. He personally wanted to address a few areas in the upcoming year, including clear communication with the Board about the Master Plan and Goals and Objectives. His goal was to serve the Board, giving them the information, they needed to support their communities.

**Chair McGriff** adjourned the regular meeting at 8:03 pm.

Respectfully Submitted,

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