

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
January 24, 2024

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

Members Excused: Frank O'Donnell, Oregon City Commissioner

Staff Present: Wyatt Parno, CEO
Ashleigh Dougill, Legal Counsel (via Zoom)

Others Present: Brian Ginter, Consor Engineers
Libby Bakke, Consor Engineers
John Lewis, Oregon City Public Works Director
Patty Nelson, Oregon City Engineer

General Board Meeting

(1) **Call to Order**

Chair McGriff called the meeting of the South Fork Water Board to order at 7:16 pm.

(2) **Roll Call**

(3) **Public Comments**

There were none.

(4) **Consent Agenda**

(A) Approval of the Minutes of the November 22, 2023 Board Meeting.

Chair McGriff corrected the minutes from the November 22, 2023 as follows:

- Page 3, Business from the CEO, 2nd Paragraph, Last Sentence – “The IT team went into action, with Mr. Dobai ~~being~~ *directing the consultants to do* a full, detailed forensic audit of the entire system.”
- Page 4, Last Paragraph, 1st Sentence – “Board Member O'Donnell noted that there was a challenge to ~~Oregon~~ **Oregon** City on the adoption of a plan...”

Board Member Baumgardner moved to approve the November 22, 2023, Meeting Minutes as amended. Board Member Smith seconded the motion, which passed unanimously.

(5) **Election of Chair and Vice Chair for 2024**

Chair McGriff nominated West Linn Mayor Rory Bialostosky for SFWB Chair for 2024 and Oregon City Mayor Denyse McGriff for SFWB Vice Chair for 2024. Board Member Bryck seconded the nominations, which passed unanimously.

Chair Bialostosky chaired the remainder of the meeting.

(6) **South Fork Water Board Master Plan Overview**

CEO Parno noted that the slideshow presentation was included in the Board packet and started on Page 12 of the printed copies that were available at the meeting. He explained that this presentation was intended to introduce new Board members to the Master Plan and facilitate a discussion about the capital plan.

Brian Ginter, Consor Engineers provided an overview of Consor Engineers, noting the firm was a full-service water, wastewater, and transportation engineering firm employing about 1,600 people in the west, southwest, Texas, and Florida. Murray Smith and Associates was founded in Portland in 1980 and had been acquired by Consor Engineers. The group continued to provide water and wastewater planning, design, and construction management for municipalities. Mr. Ginter's specialty was water system planning, and Ms. Bakke worked in communications and facilitated strategic planning.

CEO Parno explained Consor was working on the Master Plans for the Oregon City and West Linn distribution systems, and this was an opportunity to coordinate all three plans to make sure the systems were working well together.

CEO Parno and **Mr. Ginter** presented the slideshow presentation on the Master Plan. The presentation included details about the Board's priorities, the history of South Fork's infrastructure investments and investment criteria, the current condition of major facilities, recommended risk reduction scenarios, and a general timeline for implementing the capital plan strategy.

Vice Chair McGriff commented that since water was a limited resource, she would like to see a conservation plan, as she was concerned with the rate of growth and expectations that water would always be available. She asked how they could balance keeping the plant up to its full potential but wisely use the water they currently had. **Mr. Ginter** explained that with the upcoming Water Management and Conservation Plan update, the Board would assess and implement various conservation programs. **Board Member Bryck** noted that in her three years as Chief Financial Officer for Sunrise Water Authority, the region experienced tremendous new housing growth, but water usage did not increase as much as expected primarily because the new houses were built on smaller lots with different landscaping and used water-saving devices. She believed growth could be accommodated without peaking water usage, but it required planning and for the cities to require water-saving devices in their Codes.

Ms. Bakke asked for initial impressions of the three risk reduction scenarios. **Mr. Ginter** confirmed for Chair Bialostosky that all upgrade and expansion projects at the water treatment plant and the finished pipeline were included in Scenario 1. The scenario also included the

chemical feed building, addressing a maintenance and age issue without improving capacity. **Ms. Bakke** noted costs could escalate if projects were delayed.

Board Member Bryck stated she was not in favor of Scenario 1 because while it addressed high priority projects, it did not improve water quality or increase capacity. She believed the high priority projects could be incorporated into the other two scenarios.

CEO Parno explained that the difference between Scenarios 2 and 3 was that in Scenario 2, a group of projects, including the high priority and several resilience projects, would be completed with financing, and that in Scenario 3, all the projects would be completed, with both involving debt and Scenario 3 having much higher up-front expenses because more projects would be included. **Board Member Bryck** favored Scenario 3 even though it was more expensive but questioned the Agency's capacity to accomplish that much work in that length of time. **Chair Bialostosky** believed project prioritization would be needed no matter which option was pursued and the raw water line needed to be the highest priority. The choice came down to financing, including cost estimates and interest rates. **Vice Chair McGriff** believed the question was about debt capacity and they needed to avoid getting into a situation where payments went towards interest without paying down the principal.

CEO Parno recommended Scenario 2 to meet water quality, resilience, and capacity needs at a 30 million gallon per day level, with emphasis on resilience. The Board agreed, and **Board Member Smith** leaning toward a scenario "1.75" and asked if key high priorities could be addressed sooner while using Scenario 2, especially considering increasing costs. **Mr. Ginter** believed the biggest risk for system failure with no mitigation was with the raw water pipeline. Once the raw water pipeline was fixed, the treatment plant would have higher levels of redundancy, allowing some production at a decreased rate during an emergency. Redundancy was standard practice in building water treatment plants and was built into the Master Plan. All the projects listed in the expansion to 30 million gallons capacity would incrementally replace the current building, with the chemical feed building being an early step. He confirmed for **Board Member Baumgardner** that the raw water line project could take two to three years to complete.

Oregon City Public Works Director Lewis asked for consultant time with Oregon City, West Linn, and SWFB Staff to review the Master Plan and provide input because the Plan was from 2016 and it would take several years to deliver the most critical projects. He advocated for Scenario 3, which could save costs through an efficient design-build approach to constructing the water treatment plant.

Board Member Bryck noted in the last several years, adverse events happened near Christmas. The water providers made it work so no one was without water. Redundancy was not just in the South Fork plant, but also in the region with everyone working well together to ensure everyone has water.

Oregon City Engineer Nelson stated Oregon City had critical projects that received ballot approval to borrow but without increasing rates. The Water Infrastructure Finance and Innovation Act (WIFIA) program allowed the city to borrow a significant sum of money but pay it off over a long period of time. It seemed daunting, but now that they were into the

projects, Oregon City Staff could help SFWB with processes and procedures to meet WIFIA financing reporting requirements. Oregon City was using SDC funds first, then drawing the WIFIA loan funds last to avoid paying interest.

Vice Chair McGriff favored a combination of Scenarios 2 and 3, using the design-build approach for the most immediate priorities. **Chair Bialostosky** agreed, noting costs were increasing and he wanted to move towards execution of the projects.

Chair Bialostosky stated that according to the Annual Comprehensive Financial Report, no new debt had been acquired since making the final loan payment to Oregon City in 2017 and cash and cash equivalents on hand totaled \$11,810,000, giving them a strong position to make a down payment using a combination of existing revenues and financing.

CEO Parno summarized the discussion, noting consensus to move forward with an accelerated capital improvement plan focusing on Scenarios 2 and 3. He would work with the engineers and stakeholders to prioritize projects. **Chair Bialostosky** suggested having a discussion on potential costs and financing options, including cash reserves.

(7) **Business from the CEO**

1) Operations Update (Winter Storm)

CEO Wyatt Parno stated the winter storm did not cause any major issues, but temperatures were very low. The filter aid pipe and chlorine tank site tube froze, but staff responded quickly with heat trace to solve the issues. The Staff meeting tomorrow would include an after action discussion on the event with a review of any ways to better prepare.

2) American Water Works Association (AWWA), Annual Conference & Exposition (ACE24) in Anaheim, CA, June 9-14, 2024

CEO Parno announced the American Water Works Association's (AWWA) Annual Conference & Exposition (ACE24) would be held in Anaheim, CA, on June 9-14, 2024. The budget was for four board members to attend, and he would like to know who would attend by February so he could purchase the airline tickets at a lower cost. Hotel rooms had already been reserved at the closest hotel with the best price. He thanked Vice Chair McGriff for an early heads up about the availability of hotels.

3) Annual Comprehensive Financial Report Distribution

CEO Parno noted the Annual Comprehensive Financial Report was being provided and would be presented by Finance Director Matt Zook at next month's meeting.

(8) **Business from the Board**

Board Member Baumgardner asked how the delays in constructing West Linn's water pipeline would impact South Fork. Discussion continued around delay issues with other Oregon Department of Transportation (ODOT) projects that were impacting West Linn and

Oregon City. **Mr. Lewis** stated that there should not be an issue with the pipeline since its use would be delayed along with the project. **Mr. Parno** noted that he would follow up with West Linn staff.

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

- 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).

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

There was no executive session.

Chair Bialostosky adjourned the regular meeting at 9:14 pm.

Respectfully Submitted,

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