

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
March 27, 2024

Board Members Present: Rory Bialostosky, Chair, West Linn Mayor
Denyse McGriff, Vice Chair, Oregon City Mayor (via Zoom)
Frank O'Donnell, Oregon City Commissioner
Mary Baumgardner, West Linn Councilor
Carol Bryck, West Linn Councilor

Board Members Excused: Rocky Smith, Oregon City Commissioner

Staff Present: Wyatt Parno, CEO
Christopher Crean, SFWB Legal Counsel
Mark Cage, Senior Plant Operator, SFWB

Others Present: Lee Odell, Consor
Mike Mitchell, Oregon City Commissioner

General Board Meeting

(1) **Call to Order**

Chair Bialostosky called the meeting of the South Fork Water Board to order at 7:10 pm.

(2) **Roll Call**

(3) **Public Comments**

(4) **Consent Agenda**

 (A) Approval of the Minutes of the February 28, 2024 Board Meeting.

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

(5) **Proactive Maintenance Update**

Chair Bialostosky noted some Board members went on a great tour with the Operations Team, Engineer, and CEO Parno.

Wyatt Parno, CEO, thanked the Board members for attending tours of the plant and noted it was great to work with a very engaged Board. He introduced Mark Cage, Operations Manager/Direct Responsible Charge and Lee Odell, Consor Engineer. CEO Parno was grateful for Mr. Cage and noted he was one of the most respected DRCs in the Basin. Mr. Odell designed water operating plants around the nation and had helped put together the assessment under discussion.

CEO Parno began the presentation, noting that the Board had established five major goals. The focus tonight would be on Goal 2, Infrastructure Investment, which consists of two components, Capital Projects and Proactive Maintenance. Capital Projects include investments in future infrastructure and were discussed in January as part of the Capital Improvement Plan (CIP) included in the Master Plan. There would be an update for the Board in May.

Proactive Maintenance included investments in current assets through asset management and replacements or rebuilds to maintain equipment. Mr. Cage and Mr. Odell had put together a condition assessment of existing assets. He introduced and reviewed the Existing Condition Assessment report of the SFWB System Facilities via PowerPoint, noting some projects and that more maintenance work had been done in the last cycle than in the previous three cycles, due to the COVID pandemic that had occurred prior.

Mark Cage, SFWB Operations Manager, continued the PowerPoint, noting the high-priority maintenance items were marked on the chart in red, and explained how the chart was organized. The facilities map showed the ages and timelines of the assets. He explained the highest priority projects were based on being a single point of failure with less redundancy and being the most aged part of the infrastructure. He reviewed the five highest priority projects, marked in red on the chart as follows:

Raw Water Pipeline

The raw water pipeline brought raw water up from the intake to the plant. It was currently at capacity and on a very steep slope, making it difficult to access. Skilled individuals were needed to traverse or repair the system. It was also an aged pipeline.

Mr. Odell added the Emergency Response Plan could be implemented to repair the pipeline if a break occurred. Repairs would be more difficult on the sloped line than if it happened on flat terrain. The long-term approach was to put in a parallel pipeline designed to withstand a Cascadia Subduction Zone earthquake. The current pipeline could either be left as is to fail if an earthquake occurred, or structural repairs could be done after the parallel line was completed.

Board Member O'Donnell commented this was not unexpected and access to either raw or finished water from other sources was available should the pipeline fail, but he was not sure how much capacity could be provided.

CEO Parno expounded Board Member O'Donnell's statement about large-scale redundancy, explaining finished water could be obtained from North Clackamas County Water Commission (NCCWC) and Clackamas River Water (CRW) through Pipeline B, an intertie. The intertie could provide some water to residents if the raw water line went down, but not in the capacity needed to supply the entire service area for an extended period.

CEO Parno reviewed other intertie possibilities that would be explored, such as the CRW system that is under construction for the south end of Oregon City and potentially water that

might be able to flow from the Lake Oswego-Tigard intertie with West Linn. He credited Board Member O'Donnell with the idea of looking into how to further utilize the interties.

Chris Crean recalled that in the spring five or six years ago, a root ball came down the river, taking out the intake and forcing reliance on those interties for three or four days.

Board Member O'Donnell commented that 100 percent of the water could not be furnished as normal in the event of a pipeline failure. Only a certain percentage of water could be furnished, affecting fire-fighting capabilities.

Board Member Bryck noted water production also depended on the season. The root ball incident happened right around New Year's, so enough water supply was available because lawns were not being watered at that time of year.

Mr. Cage noted he was asked by **CEO Parno** to review potential scenarios and how breaks in the line would be repaired or how the break would currently be handled and the current resources on hand. He explained some options for dealing with the raw water line as follows:

- The line had been discussed with Kyle Pettibone from RH2 and would be looked at with Emery & Sons, very experienced engineers, and contractors. Mr. Pettibone would come back with options for repairing the line that Emery & Sons already had experience with, including the equipment needed. A detailed line locate would be done, as it was unknown, from looking through the plans, the discharge overflow line currently went out of the clear well and followed the old raw water line. Nobody had seen the line exposed. He had seen both ends of the line, but he did not know how it went up the hill. A smart ball could be dropped down the line to map the whole water line and get a detailed representation of where it was located.
- He had requested a bid from Northwest Pipe for materials to keep on hand. They had discussed the 27-inch pipe, but to do that, the manufacturing plant would have to be retooled. Unless five miles of pipe were purchased, it would be very expensive. Northwest suggested buying a couple of 30-inch pieces and making two reducing bell housings to tie in with the 27-inch pipe. If the pipeline broke, the bell would be welded onto each of the 30-inch sections to reduce it to 27 inches. Those could be purchased, just in case something happened.

Mr. Cage confirmed for Chair Bialostosky these options would be used in the event of a malfunction. In conjunction, Emery & Sons could be called in an emergency to take care of the issue quickly because the supplies would already be on site.

Board Member Baumgardner asked if the raw water line was accessible or if it was inaccessible because of being located on private land. **Mr. Odell** explained that an easement for the pipeline ran down to the lower road, but he believed the line was in the paved area between two houses. It then went down the hill in a crook, and another easement ran down there. The area was not that wide and contained two pipelines, so it was a difficult area to work in. It would be hard to put a third pipeline in that easement, but access was available. There were probably trees that had grown up along the way as well over the years.

Board Member Baumgardner asked if any groundwork had been laid with the adjacent property owners to give them a head's up or form a relationship in preparation and to have communication with them ahead of an emergency. **Board Member Bryck** added that even when a new raw water pipeline was constructed, they would need either more easements or at least a construction easement to be able to get in the area to work. **Mr. Odell** replied a study done in 2021 looked at alternative routes, so other options were available for the new raw water line.

Hypochlorite System & Flooring

Mr. Cage reported on the sodium hypochlorite system, noting it was installed in 1998 and produced chlorine to disinfect the drinking water. The system was aged, and when the company that owns the cells came out, it was discovered the rectifier and cells did not match. New cells were installed when the old ones failed two years ago. The aged system caused a shortened life expectancy. The rebuilding was part of the CIP budget, as it was going to be part of the chemical feed building. Alternative systems had been invented since the installation of the current system.

- Sodium hypochlorite was acidic and loved to eat rebar or any metal in the floor, creating the flooring problem. Over time, the chemical could soak into the concrete, making the rebar in the concrete pop up and buckle. Dan Simmon, DSC Structural Engineer, came out and said there was no imminent danger, which was nice to hear, but he wanted to make an assessment from the top and from underneath, in the tank, which would require Mr. Simmons to go down the clear well for access to look at it. Staff would also need to clear all the loose stuff off the top for him to examine the rebar, which might need to be patched.

The second part was to inspect everything, and the engineer had to be able to see all the rebar and how far the sodium hypochlorite had gone down through the concrete. It was known that the concrete was about 6 inches thick. Some areas were missing about 2 inches, which was considerable from a structural standpoint. Most of the structural strength came from rebar, so if the rebar would eventually need to be strengthened.

Mr. Odell noted structural assessments had been done in 2009 and 2016 as part of the Master Plan. Looking through the pictures for the assessments, he noticed the chlorine room looked fantastic in 2015 because the floor had been repaired back then, but it had taken a beating since then.

Chair Bialostosky asked if the flooring issue was caused by the physical work being done in the room or if it was caused by chemical reactions, and if the room was safe for working. **Mr. Cage** believed the issues were caused by chemical reactions; however staff did not spend much time working there, and there was a lot of open space from the bay door. **Chair Bialostosky** clarified he had been referring to labor safety from the chemicals, as it sounded harsh since they were strong enough to harm concrete and rebar. **Mr. Odell** explained that the report noted the basement was not designed with the kind of HVAC ventilation and heating that would be required for a chemical feed building today, as those things were not being

thought about in 1960. **Mr. Cage** added the sodium hypochlorite was just a mild bleach similar to household bleach.

Board Member Baumgardner asked if air quality was tested in the areas where the chemicals were being used. **Mr. Cage** replied that air quality was not tested, but venting was present because in the process of making sodium hypochlorite, hydrogen was created. The hydrogen was sealed and shot right outside into the atmosphere.

Mr. Cage continued his report, explaining that routine acid washes were conducted to maintain the system and keep it in shape because during sodium hypochlorite creation, sometimes calcium or hardness would get in the water. If the sodium hypochlorite system went out, back up chlorine could be ordered to manually mix a 12 percent sodium hypochlorite solution to be put into the tank and pumped out, providing redundancy. This process was more labor intense, but it worked.

Aluminum Sulfate Tank

Mr. Cage noted this tank was his nemesis, and he hoped it was completely replaced by the time he left his job. He had repaired at least six leaks in it over the years. About ten years ago, they were told the lighter was shot. The tank had eaten through the steel in several areas because it was also very acidic. It was not dangerous, but it could cause dry skin if someone encountered it. The tank held one of the major chemicals, a coagulant used as a driver for the process of creating the drinking water. The chemical was inexpensive to use in comparison to other chemicals and helped to settle the particles in the treatment process. An average of about 5,000 gallons a month of the chemical was used, with seasonal variations of more in the summer and less in the winter. Because the tank was 5,000 gallons and because of the size of the loads coming in, the truck driver was asked to bring in just 4,700 to 4,800 gallons for each delivery. The minimum order size to be considered a bulk order was too close to the system's capabilities, so deliveries had to be carefully timed, which was difficult.

Chair Bialostosky believed the tank definitely needed to be replaced, asked what it would cost for the 6,000-gallon capacity tank and if a new tank or series of smaller tanks could be transferred over to a new chemical feed building.

Mr. Cage replied that recent bids had come in as taking two to three months to replace the tank and were expensive. All of the old material would need to be ground out. The rooms would have to be sealed off because that material could not get loose inside, as it would be like rubber floating through the air, creating a hazardous situation for breathing. The hHaz-mat scenario would be difficult and expensive.

Other options would be to bring in two smaller tanks to replace the old one or stick with the current tank, with leaks being welded up as needed. The entire area would be ground out and epoxied and Staff would continue checking it. Currently, Staff looked through the top of the lid every year for rust marks or other problems. If the tank passed that inspection, the lid was closed. If it did not pass, the tank was opened, epoxy was ground out, and the process started all over again.

Mr. Odell noted that a wise plan would identify these high priority issues and come up with costs, alternatives, and timeframes to present to the Board.

Backwash Pump

Mr. Cage explained the backwash pump cleaned the filters by reversing water flow through the filters when they got dirty. As water was filtered, the water went down through the media, creating a layer of dirt on top of the media about 6 inches into it. Through the process, a surface wash was used to knock all the dirt loose. The water was pushed up through the media, lifting and fluidizing it. When the media was fluidized, the media was rolled around, like washing your hands, with the dirt being knocked off and lifted. The backwash pump was very important and had 40 to 50 hours of run time in between each one of the filters if it was not working. The single source and pump model was no longer available from the manufacturer. Staff had all of the parts in inventory, and hopefully they still worked. The tank had been rebuilt once. They believed it would last a long time, but it was the only pump they had, and they did not know how long it would last.

Vendors had been contacted for alternative pumps and pump replacements options. The work was just completed by Pump Dynamics, who was very skilled, as well. Pump Dynamics was also on call and if something happened, a team would fix it pretty quickly, but the parts were machined and built 20 years ago.

CEO Parno commented that Pump Dynamics came out during the vibration analysis, re-aligning everything and looked at the pump system. Although all the parts needed to fix the system were stored in the shed, Staff wanted more redundancy. Mr. Cage was looking into new models that could fit into the same space, and the current pump could be kept as backup.

Mr. Odell confirmed for Board Member O'Donnell that the backwash pump had space constraints. Normally, a treatment plant would have two pumps, but space for two pumps was not available here. He recommended having a fully usable spare pump on the shelf that could be used if the working pump went down.

Board Member O'Donnell noted the good news was the vibration test was good, so the bearing and shaft were good, and the impeller was balanced. That was encouraging, but he would not take it for granted. **Mr. Odell** added the motor could be rewound, and **Mr. Cage** noted the pump was run just for backwash and did not run 24/7 like the intake pumps and. In about another month, the pump would be turned on and would not be shut off for three months before getting rested, but the backwash pump did not run like that.

Finished Water Pipeline

Mr. Cage explained the finished water pipeline delivered all of the treated water, splitting off at Division Street for delivery to West Linn. It was currently undersized, and an assessment on the capacity had not been done yet. Preliminary discussions with engineers had been held, but they also needed to do condition assessment options for the pipeline. It still came down that this was the only finished water line, and it was at capacity.

CEO Parno commented that this was important because just as the raw water line served as a single source to bring water into the plant, this was the single source line taking finished water to the two cities. In the 2016 Master Plan, the “condition assessment” was a high priority Capital Project, meaning the line would be inspected to see what condition it was in. They would talk with the engineers about whether specific areas needing to be tightened up or if the whole line needed to be replaced for capacity. January’s meeting had been a discussion of the CIP and its drivers of water quality, resilience, and capacity. The finished water line was both a resiliency and capacity issue, requiring a determination of how much of the line needed to be replaced. The tough news was it was expensive, with the CIP currently anticipated doing the condition assessment and the actual replacement being another exercise.

Chair Bialostosky asked how long the line was and noted it would probably have to be excavated. **CEO Parno** explained the line was about three miles long and ran under roads. Based on the RH2 engineer’s work on other distribution systems, the cost estimate was about \$10 million per mile, a big price tag for South Fork. **Chair Bialostosky** noted this could be more expensive than the raw water line.

Mr. Odell added the finished water pipeline was planned as a parallel pipeline next to the current one as part of the 30 million gallons per day (MGD) expansion. In 2016, the cost was \$14 million, equating to \$7 million a mile. Now it was probably more than \$20 million a mile. For the current condition, with the pipeline being approximately 60 years old, it probably would not survive a major earthquake. The plan was to have the parallel pipeline designed to survive an earthquake, and then the Board could decide what to do with the old line. If the current line broke tomorrow, most of it could be repaired. A few areas were hard to get to, including the sections located under the freeway and Abernathy Creek. Those two areas were hard to repair, but the rest of the line could be repaired routinely.

Board Member O’Donnell asked if the line was cast iron and if pumps were usually one-directional. **Mr. Odell** replied it was a 30-inch concrete cylinder pipe. Pumps were not always one-directional, and some places ran pumps backwards and, in some cases, recovered energy from them. **Board Member O’Donnell** noted he was thinking about alternate sources of finished water, but if the pump could not be run backwards, they were out of luck.

CEO Parno noted that Board Member O’Donnell was raising a great point, as they had previously talked about the fact that pipeline B and the intertie with CRW worked both ways because they had provided water when the root ball hit the intake, and South Fork was providing now for the CRW valve replacement project. They needed to investigate whether Lake Oswego-Tigard could push the water back all the way through, and CRW could certainly serve as the intertie around the south end of the finished water line. That regional coordination, as part of the stakeholder regional partnering, would be worthwhile and smart for redundancy.

CEO Parno reviewed the risk assessment for current assets, noting the overlap between the CIP and maintenance of existing assets could not be helped because the charge from the Board was to show the critical components, which were in red on the chart from Mr. Cage and Mr. Odell.

He did not want to refrain from mentioning other maintenance components, and he liked how Mr. Odell said if you had a crack at the basin with a crack here and a pipe here with issues that needed to be fixed, if the basin was replaced, all the other items would be fixed. In terms of the Capital Plan and prioritization, some decisions would have to be made to fix some things. The easiest example was putting in the chemical feed building would include putting in the new sodium hypochlorite system and allum tank. They would put together the package and look at it together as a Board and go from there. But he wanted to have backup solution plans. Should it take longer to get to the chemical feed building, the allum tank needed to be replaced, for example.

Board Member Bryck noted the trick was to make sure if any of these things needed to be done ahead of constructing the new chemical feed building, the new parts could be moved into the new facility to avoid buying new a second time.

CEO Parno agreed and replied that Mr. Cage had reviewed the work he was doing in the interim period to clarify any urgent matters, such as locating the raw water line, which needed to be done whether it was being replaced through the CIP or an emergency repair was needed. The flooring issue had been looked into since their visit, with the expert reporting it was not in imminent danger.

Mr. Cage briefly reviewed the projects completed or in process as well as projects that would be worked on soon. **CEO Parno** noted that a pump had not been rebuilt as long as he could remember, and it was great that the Board had rebuilt pump 5 last year, as it was the most important pump. The Board approved the contract. He noted it was important to point out how quickly Mr. Cage jumped on several projects as they were coming out of COVID, especially with the long lead time on equipment purchases. The team saved a lot of money because they were able to do a lot of things in-house.

Mr. Odell commented that the 60-year-old plant was showing a bit of age, but Staff did a nice job of maintaining it and keeping it in working order. Board Member O'Donnell replied that he appreciated all that Mr. Cage and Mr. Odell had done on the condition assessment.

Chair Bialostosky asked CEO Parno to take them through the next steps for moving projects forward.

CEO Parno summarized the next steps included updating the costs, prioritizing the project list, and creating a funding strategy. As soon as they had the information, they would get ahead of the curve with the goal of having the rate and funding recommendations clear and in place by the end of the year so the updated rates and fees could go into the next budget cycle. There would also be a public relations strategy if rates were to be increased significantly. He would bring regular updates to Board so the Board could make decisions on how to move forward.

CEO Parno described several items he was thinking about preemptively. A lot of things needed to be done, and they were looking at a multiple project capital program to make lots of repairs. The question would be how much was affordable. He was also working on a quick answer to what the impact would be on utility bills. He noted that when Board Member

O'Donnell came in for his tour, he made the point that a very small component of the utility bill was for water, at only \$4 to \$5 a month. A 20 percent increase would be only \$1 a month. When communicating about the rate increase, they needed the ability to realistically explain what was being talked about so people did not get up in arms. He noted Chair Bialostosky had asked about the impact of a one percent rate increase. Total revenue coming in was about \$4 million, so a one percent increase would be about \$40,000, which would not be enough. The increase probably needed to be about 20 percent, bringing in an additional \$8 million. He asked how much that revenue stream could buy in projects. They could ask a volunteer for their utility bill to demonstrate what the impact would be to the average residential person. A smart strategy would be to talk with the highest water users in advance, such as commercial properties, about the increase.

Vice Chair McGriff hoped the analysis would include cash on hand and what projects could be completed with current funds. She would feel remiss if she had to talk to her taxpayers and tell them the whole burden would be placed on them, but money was also available in the bank. She assumed one scenario would show what could be used from current funds to help pay for a project. **CEO Parno** agreed and replied that a full disclosure of all funding sources would be included in the analysis.

Board Member O'Donnell stated it was obvious that the revenue stream would determine what capital projects could be completed and that a \$10 water bill being raised 20 percent did not matter, as the new bill would be only \$12. The bill suffered from a misnomer because it was called a water bill, but it was really a utility bill. It was important to differentiate between the utility bill, with costs assigned to continue existing levels of service, versus new levels of service, which is where the SDCs came in. A major development for 400 houses had been removed for a while and would be a brand-new start, so the sooner the SDCs could be put in place, the better. Differences between an increase in building a supply and maintaining existing service base existed.

Vice Chair McGriff replied that the development by the golf course already had a signed notice of land use action, so it was too late to increase the SDCs for that development. **Board Member O'Donnell** replied he was referring to Park Place Crossing, and as soon as it was known that an increase in SDCs was being pursued, development applications would be accelerated.

Chair Bialostosky noted he had brought up the point about the one percent rate increase because after seeing Mr. Zook's debt capacity analysis, he was thinking about how financing could be justifiable to the public and the community to say rates would be increased to increase the revenue used as leverage for financing projects. Since things would not get cheaper, it could make sense in the long run. **Board Member O'Donnell** replied that PGE and Northwest Natural were increasing their rates by 18 and 20 percent, so South Fork did not need to be shy. **Chair Bialostosky** believed everyone would support the projects if they knew what was being provided for the cities, especially the systems lacking redundancy.

CEO Parno noted the question about a one percent increase had made him think about putting together some rough numbers to include costs per percent of increase and how much revenue would be brought in. The Board could raise the rates 20 percent tonight if they

wanted to, so the question of how much revenue would be received for every one percent rate increase was a very good question.

Board Member Baumgardner commented on the importance of communicating the rate increase and asked how prior rate increases had been communicated, as she believed the community would be less likely to be receptive to the increase if it was sprung on them. She believed the increase under discussion was reasonable, and she was also curious how the water rate compared to other utilities being paid for, relative to the service received, its importance, and the resiliency issues. The plant was old, and everybody could appreciate the need to update it. Strategically, she appreciated the way CEO Parno presented the information, as there was a lot of information for a non-industry professional to process as far as what was the best order the projects and if it made sense to do certain things together to avoid creating duplication and end up replacing some systems twice.

Board Member O'Donnell agreed about advising the public ahead of time because when the water rate increased in 1996, he was part of the group that fought it tooth and nail, gathering signatures for the ballot. It was important to differentiate that water rates paid for existing services and did not support new services. The first thing people would ask was "Am I paying for somebody else's development?" The point needed to be made clear and in a public forum.

Vice Chair McGriff strongly recommended working with the Communication Managers of each jurisdiction to come up with a proposal for a communications plan because both jurisdictions needed to say the same thing. The positions were filled by two very capable people that could assist in coming up with something workable and believable to be inserted into the utility bills.

Board Member Bryck added that West Linn had a Utility Advisory Board as well that was made up of West Linn citizens that would be involved in this, and they had already discussed for West Linn's water system, if the legal requirements in greater than a five percent increase was needed, how to get the public to understand the necessity of the increase. **Vice Chair McGriff** replied she was not saying to eliminate that, as it would be part of the communications plan, but it was critical to have a positive message.

Chair Bialostosky believed everybody was raising the same point of how South Fork, as an entity, communicated about what was being done. South Fork was not the City of West Linn or the City of Oregon City but a separate entity. Since they did not have a newsletter or large circulation, how did they tell the community about the issue? It would even be great to recap some of the discussions the Board was having, but he did not know the best way to do that.

CEO Parno agreed and noted engagement with the cities was part of the plan, as the Board had discussed extensively in February. He had held meetings with the City Managers and Public Works Directors of both cities, as it was very important for him to support them because it was staff from Oregon City and West Linn who would receive customer calls, not South Fork. Once the rate impact was known, he would work directly with both cities. To stay ahead of things, they could use a utility insert, as Board Member Baumgardner had suggested to report they were improving and expanding water for the next generations. Inserts would reach a lot of people because public meetings with only 20 people of 80,000 residents

showing up did not make a huge difference. There were many options to inform the public, but an insert that reached people and built a good name was important. He noted the Board had the pulse of their communities, so he wanted to talk with them more about how to engage with the community when the information to share was clear.

Mike Mitchell, Oregon City Commissioner, commented he had sent CEO Parno his water bills. Last month, South Fork's line was \$4.70, while last July it was \$16.44. **CEO Parno** thanked him, and they agreed the higher amount was from summer usage such as watering lawns. He noted public engagement was very important.

Board Member Baumgardner noted that infrastructure and resiliency was in the news right now and suggested putting a story in the Tidings about the water system. People would care, be informed, and could feel like they were participating in something to help themselves and community resilience. Nobody wanted to feel helpless, and specific accomplishments and future plans could be given. She was proud of the plant because it was built so well and well-maintained. It was not without effort and not by magic or an accident that it had gone as well as it had for so long, but they had gotten a lot of life out of the plant. She believed people would be interested to hear the story. **Board Member O'Donnell** agreed from an aging perspective, although he was reluctant to reveal too much about the vulnerabilities. **Board Member Baumgardner** believed the story could be written without being too specific.

CEO Parno noted that was a great idea and agreed with getting ahead with communicating with the public through inserts with the bills and newspaper articles. He believed the greatest thing about this Board was the positivity about investing in water for the communities. He had been losing sleep over this for two years now, and he did not think a question or concern could be raised that would offend him in any way because this plant had served the communities very well. The utility was debt-free with cash reserves. No one had short-circuited reasonable rate increases over the years, and it was not their fault the economy had gone gangbusters the last two years. They were preparing to serve water to the community, and the Board members were champions of water.

(6) **Succession Planning Update**

Wyatt Parno, CEO, presented the update on succession planning related to Board Goal 5, Enterprise Management, noting he would be returning with an addendum to the Employees agreement. All businesses not only need to consider their infrastructure, but they also need to consider their people and their ability to function and operate continuously. Businesses must think about upcoming retirements as part of a succession plan. Mr. Cage was the most knowledgeable employee, having been employed at South Fork for over 30 years. His skill set was well known, and he had received calls from other managers in the basin for advice. He was preparing for Mr. Cage's retirement in three to five years, noting there were two aspects to developing Staff. First, a good succession plan included training current Staff so they would have the knowledge and skills to do the work. If talent from outside was needed to help with the transition, that was good as well because it was within their control. The second, trickier piece was today, the industry lacked a large supply of operators skilled enough to operate this plant. Of the Levels 1 through 4, South Fork was a Level 3 plant and needed a high-level plant operator to perform the Direct Responsible Charge function. South Fork had an amazing team

of new operators who were motivated and getting things done, but many of the new staff were all at Level 1. He proposed upskilling the employees with the following:

- Mr. Cage could more easily transfer his knowledge by giving the newer employees specific assignments so they could take ownership. Mr. Cage could then delegate that assignment and train other employees on other things. The three critical areas were regulatory compliance, maintenance coordination, and safety and emergency management. Safety would include Occupational Safety and Health Administration (OSHA) regulations, while emergency management included coming in to operate the trailer during an earthquake situation.
- Next month, he would bring an addendum to the Employee Agreement to include a premium pay of five percent for the employees that took ownership of these areas to help them grow into knowledge faster. He had not contemplated yet whether these areas would be rotated among the three employees, but for now, team members could take on these focus areas.
- If one of the operators was focused on regulatory compliance, Mr. Cage could review the work instead of doing it himself, allowing him to be more engaged in CIP work as well.

Mr. Parno reported that two vacant, budgeted positions were now open. One was the Office Manager, with recruitment closing in two weeks. Once the position was filled, they could do more things such as more public engagement. The other position was an operator position, but he and Mr. Cage were taking their time so they could make a good decision, possibly bringing in a Level 3 Operator as a Senior Operator that could learn from Mr. Cage and be ready to take over when he retired. The other option was to bring in an additional Level 1 Operator and continue the process of training from within.

Board Member Bryck and Board Member O'Donnell asked what the timeframe was to go from Level 1 to a Level 2 to a Level 3. **Mr. Cage** explained that no matter what the level of education was, the quickest one could go from a Grade 1 to a Grade 4 was a minimum of seven years total. Even for an engineer, who could add education to each level, seven years was needed to reach Grade 4. A minimum of Grade 1 was needed to operate the plant with a protocol list, but because South Fork was a Grade 3 plant, a Grade 3 certificate was needed to override the protocols, and the DRC needed to be at least a Grade 3.

CEO Parno noted the Grade 3 Level requirement was State law. South Fork had two Level 4s, one being Mr. Cage, and one Level 3, who worked on the graveyard shift. The DRC could be the Operations Manager if they also had the needed management skill set. He noted a couple of the newer employees might be able to complete within 4 years, and he and Mr. Cage would double check.

Board Member O'Donnell suggested a mix of people who could progress through the levels and direct hires at the higher levels, but he also believed in promoting from within as time allowed. **CEO Parno** agreed, noting the team was close-knit and they had been discussing this, with some of the up-and-comers, employees in their 20s and 30s with long-standing careers, saying if another Mark-type person was brought in, they could learn from them, too.

Board Member Baumgardner commented she was always for adding value to current employees, so she liked the idea of the addendum but asked if the budget could withstand the increase. If so, she was happy to leave it up to his discretion to add the addendum. **Vice Chair McGriff** agreed but wanted a report on the financial implications of the addendum before the Board signed off on the addendum.

Board Member O'Donnell believed a five percent increase on a \$40,000 a year salary would not have a major impact on the budget. **CEO Parno** reminded them that \$500,000 had been saved on Staffing costs this budget cycle due to replacing retirees with Staff at lower ends of the salary range. The premiums were very small, but this way was a lot less expensive.

Board Member Bryck added the current open positions were not using salary funds, and whenever those positions were filled, they would not spend the entire amount budgeted for the year. **Board Member O'Donnell** agreed, noting the premium would also add value for employee retention. **Vice Chair McGriff** reiterated she wanted to see the financial impacts of the addendum before the Board approved it so the process was well documented in case it was questioned in the future. **Chair Bialostosky** replied that was the plan, with the draft addendum being presented at the next meeting. He suggested the Staff report could be brief, focusing just on the budget impact.

CEO Parno stated that he would provide the information and noted the Board's role of governance and policy making, and his role of operational execution. He guaranteed a lot of great stuff would be built and the plant would have great employees to run it. He appreciated the Board's trust and respect in his approach to executing their policy.

Legal Counsel Crean added that from the perspective of the Board's controlling documents, policy decisions were made when the budget was approved. Once the budget was approved with salary amounts in various categories, authority was delegated to the CEO to implement those policy decisions within those categories. Supervising individual salaries or employment decisions was not within the purview of the Board's authority. **Board Member Baumgardner** appreciated the clarification, and **Board Member O'Donnell** noted he was not worried because the additional salaries would still be within the approved budget. **Board Member Bryck** clarified the Board was being asked to agree to the policy of providing additional incentive for employees to take on these additional tasks, and CEO Parno's responsibility was to make sure the budget was not exceeded.

The Board reached consensus to approve the addendum through the Consent Agenda at next month's meeting. **Vice Chair McGriff** noted her insistence on Board approval of the policy was due to a history of undocumented decisions and nothing to do with current management, so she wanted to create a record of decisions for future reference. She noted that CEO Parno agreed with her. **Chair Bialostosky** agreed the policy made sense for employee retention and recognizing that type of work and transferring knowledge from Mr. Cage to other employees.

(7) **Water Supply Agreement with Lake Oswego-Tigard**

Chair Bialostosky explained the plan all along had been to have the WES pipeline serve as the main water pipeline so West Linn would have continued water flow during construction of I-

205 when the main pipeline would be taken offline and replaced. City's staff characterized the agreement to him as making sure a backup plan was in place because the original agreement with Lake Oswego-Tigard only provided for a two-week maximum period, and this offline period could be several months. He asked for discussion to provide direction to CEO Parno to prepare a white paper or a one-page memorandum with South Fork letterhead discussing the impacts of lost revenue because he believed the giant players like Oregon Department of Transportation (ODOT) were not aware of impacts to South Fork because those impacts had never been articulated to them yet. He would forward the memo to ODOT and request a meeting to get more information. It had not been decided that South Fork would not be able to use the WES pipeline. They were still hoping to do that, but a lot of uncertainty existed as they had not been able to pin down the timing around when the outage would happen and how long it would be ongoing. If the downtime occurred during the summer, South Fork could potentially lose \$1 million in revenue over five months, according to the Finance Director's analysis, included in the packet. If the downtime was in the fall and winter, the revenue loss would be \$500,000 in potential loss. Once the Board directed CEO Parno to prepare the white paper, he would use that to try to drill down the timeline and elevate the issue to ODOT.

Board Member O'Donnell agreed, stating he presumed the attorneys for West Linn and Oregon City, and Mr. Crean had looked at the agreement and had found no fault in it.

Vice Chair McGriff moved to authorize the CEO to sign of the Memorandum of Request for Non-Emergency Supply of Water to West Linn. Board Member Bryck seconded the motion.

CEO Wyatt confirmed he had sent the agreement to Oregon City's Assistant City Manager and City Attorney, per Vice Chair McGriff's request, and both agreed the agreement made sense.

Board Member O'Donnell liked stating the lost revenue, even though he was not sure if anything could be done about it.

Chair Bialostosky called for a roll call vote.

The motion passed unanimously.

Chair Bialostosky confirmed that the Board was comfortable with a white paper or one-page memorandum from the CEO discussing the impacts of the pipeline closure for him to present at a meeting with ODOT.

Legal Counsel Crean advised the memorandum include the context in terms of South Fork's budget because those numbers would not be significant to ODOT, but those numbers were a big impact for a smaller organization.

CEO Parno confirmed he should write a letter of concern to the Board, with Board members reviewing it to ensure it was at the proper level. **Board Member O'Donnell** replied that CEO Parno was fine with financial matters and his letter could be referenced in Chair Bialostosky's letter. **Vice Chair McGriff** volunteered to help CEO Parno with whatever was needed.

(8) **Business from the CEO**

- 1) Operations & Maintenance Update
- 2) Water Sales to CRW for Filter Valves Replacement Project

CEO Parno discussed Items 1 and 2 together, noting the basin repairs discussed earlier had been completed. The basins were cleaned, and preparations were underway for the summer. The work was done a week or two ahead of schedule so they could support Clackamas River Water with its valve replacement project, for which South Fork was currently providing an additional 5 million gallons per day for CRW.

- 3) AWWA Annual Conference & Expo (ACE24)

CEO Parno stated six members were attending, as Board Member Baumgardner could now attend, and the budget could accommodate it because of the Buy Five, Get One Free conference registration sale AWWA was holding. He gave kudos to Vice Chair McGriff for alerting him early on that hotel rooms were available, so they were able to get the best hotel at the least expensive price, saving money. The main conference was from June 11-13. He had already booked the rooms for June 9-14, so they would arrive a day or two early to get settled in and leave the day after. The best airport to use was the airport in Santa Ana (SNA) not LAX. **Board Member Baumgardner** noted the Clackamas County C4 retreat would be held June 14-15. **CEO Parno** replied that if someone needed to fly out early, to let him know so he could change the room reservations.

CEO Parno noted the day-long workshops being held the day before the conference started, with topics of project delivery, talking about different approaches to capital projects; asset management; and an elected officials' workshop, providing a fun overview of how policies related to water came to exist and a high-level overview of how systems were put together. The workshops cost more, but South Fork could pay the additional fees. **Chair Bialostosky** asked anyone interested in a workshop to text CEO Parno in the next 48 hours.

(9) **Business from the Board**

Vice Chair McGriff noted next month's meeting would be on April 24th, but the Oregon Mayors' Conference was in Klamath Falls on April 24 and 25, so she could be absent because she needed to be at the conference the day before. **Chair Bialostosky** replied he had not signed up for it yet and needed to look into it. The Board meeting could be rescheduled if needed. **Vice Chair McGriff** commented she would be available to attend the Board meeting via Zoom if it was at 7:00 pm.

(10) **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).

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

Chair Bialostosky adjourned the regular meeting at 8:55 pm.

Respectfully Submitted,

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