

RESOLUTION NO. 08-08: M/S Seigneur/Martin Adopt Resolution No. 08-08 providing for certification of those accounts on the attached confidential list remaining delinquent as of Jun 15, 2008. The question was called and the motion passed unanimously.
Adoption of Delinquent Account Certification: J. Michael Read

TREATMENT PLANT PROCESS PREFERRED ALTERNATIVE SELECTION: J. Michael Read

Manager Read stated that the Oak Lodge Sanitary District Treatment Plant Pre-design process is underway. The Master Plan Community Advisory Committee (MPCAC) met on June 9, 2008, to consider the three selected alternatives with the purpose of developing a recommendation to the Board on the selection of a preferred process alternative.

1. Alternative No. 1: Optimized Master Plan Alternative. Utilizes Conventional Activated Sludge technology, with chemical treatment (polymer and metal salts that are used in potable water treatment) added during peak flows.
2. Alternative No. 2: Conventional Activated Sludge (CAS)/Split Flow using Membrane Bio Reactor (MBR) filtration to the side. This alternative has two separate trains of CAS treatment allowing for ease of maintenance and adjustment to the change of flows and the very definite differences in the wet and dry season influent to the plant. Once a supplier for the MBR equipment has been selected, the District will be tied to that supplier for replacement membranes.
3. Alternative No. 3: Cannibal System. This alternative is a robust treatment process allowing for ease of treatment during both wet and dry seasons and during peak flows. The treatment system is proprietary, requiring purchase of a license to use it. This is a one-time payment and the license will not expire. It is a variation of CAS using a long-term solids retention process and resulting in a drastic reduction for biosolids to be hauled away and land-applied, resulting in a reduction in truck traffic and fuel costs. Cannibal is a relatively new technology, which CH2M Hill staff is very comfortable with and confident in recommending.

There has been an analysis of the cannibal process and a member of the District's management team, Board and MPCAC members, and District staff visited a facility in Peru, Indiana, which currently operates with this process.

Staff is recommending the Board select one of the three process alternatives. If the Cannibal process is selected as the preferred process alternative, staff will instruct the design consultant to begin negotiations with the supplier to assure that appropriate performance and license expense are agreed upon. Staff believes all three alternatives will meet water quality permit standards.

Michelle Burkhart, Consultant, CH2M Hill, stated that by the Board selecting a preferred alternative this would give consultants an opportunity to better define the process and footprint optimization at the treatment facility. It is important for consultants to have adequate time to involve the neighbors living near the treatment facility in defining the process and the

imposed impacts to them when it comes to the sizing of the renovation footprint. All of these factors are critical to a successful project. The Board asked questions of Ms. Burkhart related to the ongoing geotech study, capacity issues with the Cannibal process, and the flexibility with each of these processes in expanding capacity.

There was a lengthy discussion regarding capacity, activated sludge, effluent, and the performance of the various systems. Included in this conversation were the pros and cons to phasing the construction work with each of the processes.

Board members gave their opinion on why one process alternative might be better than another. Board members also discussed their concerns about the three alternatives with Ms. Burkhart. Directors Wild and Woods expressed concerns relative to the Siemens technology licensing cost and if there is a guarantee offered by Siemens should the treatment plant experience system failures after installation. If Siemens is not offering a guarantee with the purchase of a license, then perhaps the District needs to negotiate a performance bond in the deal. In addition, there was talk about more collection tanks, detention time of the conventional system, and the flexibility of adding a membrane element to any of the three alternatives

President Savas opened the discussion for public comment and questions.

Mr. Foy asked questions related to wet and dry weather capacity and if McLoughlin Boulevard builds out as expected, could the treatment plant handle the anticipated additional volumes.

Jerry Foy
15242 SE Fair Oaks Drive
Milwaukie, Oregon 97267

Myron Marwick
15122 SE River Forest Dr.
Milwaukie, Oregon 97267

Mr. Martwick congratulated the Board on their efforts to involve the community in this process in seeking out the right solutions. Mr. Martwick feels the Board is doing an excellent job of trying to find other technologies and analyzing other treatment alternatives. In addition, he feels the Cannibal process, if selected, would serve the District well into the future.

President Savas thanked Mr. Martwick for reconsidering his position about rejoining the MPCAC.

Greg Leedy
13755 SE Fair Oaks Drive
Milwaukie, Oregon 97267

Mr. Greg Leedy expressed his concerns regarding building capacity that would expand the treatment plant into virtually his backyard. He spoke about redundancy issues with the Cannibal treatment footprint that may also build redundancy into the Cannibal treatment process.

Mr. Henry Schmidt stated his opinion regarding Alternative No. 3 and asked questions related to bugs (aerobic bacteria in the treatment process).

Henry Schmidt
14201 SE Bunnell Street
Milwaukie, Oregon 97267

Mr. Leonard Waldemar stated that he is in favor of the Cannibal process.

Leonard Waldemar
5025 SE El Centro Way
Milwaukie, Oregon 97267

Mr. Lynn Fisher asked if there if anyway to delay spending pre-design money until the negotiations for Alternative No. 3 are complete and the District knows for sure they want to go with a Cannibal system. Manager Read stated that he does not believe negotiations will take long so stranded investments in pre-design money are not really a concern. He sees the negotiation process taking at the most 2-3 weeks.

Lynn Fisher
16133 SE River Road,
Milwaukie, Oregon 97267

M/S Wild/Martin Move to select process Alternative No. 3 – Cannibal Process as the Preferred Alternative for the Oak Lodge Sanitary District Predesign; in addition the Board will delay selecting a backup Alternative until a later date. The question was called and the motion passed unanimously.

CONSENT AGENDA

President Savas called for discussion and approval of the Consent Agenda.

Manager Read stated that the minutes of the May 13, 2008, Budget Committee were amended prior to the meeting but after the Board's packets were mailed out to include a list of the Budget Committee members present at the meeting.

M/S Woods/Wild Approve the Consent Agenda. The question was called and the motion passed unanimously. Director Seigneur was not present for the vote.

There was no further discussion regarding the meeting minutes.

MONTHLY REPORTS: Acceptance

President Savas called for discussion and approval of the Internal Monthly Reports.

Internal Reports Director Woods asked questions pertaining to expenses reflected in the April 2008 monthly reports. Specifically Director Woods asked questions related sanitary sewer (SSS) and surface water management (SWM) utilities and why expenditures are higher on SWM versus SSS. In addition, Director Woods asked questions related to the purchase of the office furniture, flooring, and records retention program.

External Reports Manager Read stated that staff would provide Director Woods with a

breakdown of the expenses at the Board's July 8, 2008, Regular meeting.

M/S Woods/Seigneur Approve the April 2008 Internal and External Monthly Reports. The question was called and the motion passed unanimously.

PUBLIC COMMENT
PERIOD

There was no public comment.

CORRESPONDENCE
REVIEW

President Savas stated that the Timothy Lake Retreat has been postponed until sometime in the Fall.

Manager Read read aloud a letter from a District customer Mrs. McFarrin complimenting the excellent work done by District staff regarding the inspection and repair of the McFarrin's sewer line. According to Mrs. McFarrin, staff did an excellent job at analyzing the situation and assisting the family.

President Savas recessed the meeting 8:32 p.m. for a break

President Savas reconvened the meeting at 8:38 p.m.

General Manager Reports:

FY2007-2008 BUDGET
STATUS REPORT

Manager Read stated that the budget looks good.

COMMUNITY
PARTNERS
WASTEWATER TASK
FORCE WORKING
GROUP UPDATE

Manager Read stated that the Community Partners Wastewater Task Force Working Group update was included in the Board's packet with the recent developments of the past few months highlighted in his report in *bold and italic*.

President Savas gave his update on the Community Partners Wastewater Task Force stating that the group has been disbanded.

Recognizing that certain members of the attending public had also participated in many of the meetings of the Task Force, President Savas opened the meeting for public comment.

Leonard Waldemar
5025 SE El Centro Way
Milwaukie, Oregon 97267

Mr. Leonard Waldemar gave his opinion on the Task Force meetings.

Myron Marwick
15122 SE River Forest Dr.
Milwaukie, Oregon 97267

Mr. Myron Martwick reported his observations of the Task Force meeting expressing his concerns regarding the governance issue. Mr. Martwick suggested the District compose a document, which clearly states the District's position, and that Oak Lodge Sanitary District is moving forward with the renovation of the treatment plant.

Greg Leedy 13755 SE Fair Oaks Drive Milwaukie, Oregon 97267
Mr. Greg Leedy stated that he felt that a document from the District to the ratepayers would be a good idea.

Thelma Haggemiller 3405 SE Westview Road Milwaukie, Oregon 97267
Ms. Thelma Haggemiller gave her report and observations of the Task Force meeting expressing her concerns related to public relations and the chosen model for governance.

Manager Read offered his observations of Task Force process.

CLACKAMAS COUNTY COORDINATING COMMITTEE: President Savas
President Savas stated that the Clackamas County Coordinating Committee did not have a meeting this month and the Timothy Lake Retreat was cancelled. The next meeting is scheduled for August 2008.

CLACKAMAS COUNTY COMMUNITY PARTNERS TASK FORCE: President Savas
President Savas' report on the Clackamas County Partners Task Force was given earlier in the meeting.

JENNINGS LODGE COMMUNITY PLANNING ORGANIZATION (CPO) REPORT: Director Woods
There was no report.

MASTER PLAN CITIZEN ADVISORY COMMITTEE: Director Wild
There was no report.

PROJECT STATUS REPORTS: Brett Arvidson
Mr. Arvidson stated that the treatment plant predesign services updated were covered earlier in the meeting.

Mr. Arvidson reported that the District did not get the Metro Neighborhoods Grant, which was money the District would have used for bridges and improvements to the Stringfield property.

CONSUMPTION BASED BILLING POLICY AND PROCEDURE – AMENDMENT: Manager Read
Manager Read explained the District's current Consumption Based Billing Policy and Procedure stating that staff feels the policy language needs to be amended recognizing that there may be genuine customer claims that fall outside of the current policy requirements. Staff has recommended the Board approve amending the policy language as follows:
Amend Article III, Section 4 by adding the following text at the end of the

section:

"In circumstances which are deemed by the District to be beyond the capacity of a residential property owner to identify, resolve or report a significant water leak in a timely manner, the Oak Lodge Sanitary District Board of Directors may allow a credit to the customer's account for excess monthly sewer service fees paid within the fiscal year that the leak was discovered. The credit may carryover into the subsequent fiscal year. In the circumstances where this exception applies, the Board delegates the authority for implementation to the District General Manager."

M/S Woods/Seigneur Amend the Consumption Based Sanitary Sewer Service Billing Policy and Procedure as proposed by staff. The question was called and the motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

OTHER BUSINESS:
Directors and Staff

There was no other business.

DISTRICT COMMENTS:
Director

Director Seigneur offered comments and suggestions on the Public Outreach program and his concerns with delays in getting the message out to the public. He feels that the District needs to get the message out to the public with information about how the Board has come to recent decisions.

Thelma Haggemiller
3405 SE Westview Road
Milwaukie, Oregon 97267

Ms. Haggemiller stated that she disagrees with Director Seigneur and feels that the District should wait until there is a clear message and there is information to share with the public.

Greg Leedy
13755 SE Fair Oaks Drive
Milwaukie, Oregon 97267

Mr. Leedy stated that he agrees with Director Seigneur and that getting information out to the public should have happened earlier.

Director Martin offered his opinion related to getting the message out the public.

Myron Marwick
15122 SE River Forest Dr.
Milwaukie, Oregon 97267

Mr. Martwick stated that the community knows about the treatment plant issues and District has been outreaching to the public since 2005. He suggested that if Rotary Clubs and CPO's are interested in information about the Master Plan then invite them to attend the Board meetings.

President Savas stated that he would be sending Board members an email related to the evaluation of the District's General Manager within the next few days. This information is related to the process, not the evaluation.

BOARD REQUESTS:
Directors

There were no Board requests.

MONTHLY EXPENSES:

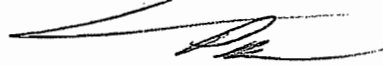
M/S Wild/Seigneur Approve the monthly expenditures in the amount of

Approval

\$285,613.16. The question was called and the motion passed unanimously.

ADJOURN REGULAR
SESSION

There being no further business to come before the Oak Lodge Sanitary District Board of Directors, President Savas adjourned the meeting at 9:49p.m.



Paul W. Savas, President of the Board

Attest:



J. Michael Read, Secretary