

**OAK LODGE SANITARY DISTRICT  
BOARD OF DIRECTORS  
MINUTES OF THE REGULAR MEETING  
July 8, 2008**

CALL TO ORDER                    President Paul Savas called the Regular Meeting of the Board of Directors of Oak Lodge Sanitary District in Clackamas County, Oregon to order at 6:31 p.m. in the District office, 14611 SE River Road, Milwaukie, Oregon.

PERSONS PRESENT                Declaration of a Quorum: Directors present were Paul Savas, President; William Wild, Vice President; David Seigneur, Jim Martin and Doug Woods.

Staff present were J. Michael Read, General Manager and Secretary of the District; Clark Balfour, Attorney for the District; Brett Arvidson, Manager of Planning and Engineering; and Faith Paddock, Administrative Services Manager.

OTHERS PRESENT                Thelma Haggemiller, 3405 SE Westview Road, Milwaukie, Oregon 97267  
Jerry Foy, 15242 SE Fair Oaks Drive, Milwaukie, Oregon 97267  
Leonard Waldemar, 5025 SE El Centro Way, Milwaukie, Oregon 97267  
Henry Schmidt, 14201 SE Bunnell Street, Milwaukie, Oregon 97267  
Lynn Fisher, 16133 SE River Road, Milwaukie, Oregon 97267  
Dave Green, CH2MHill Consultant

PROPERTY ACQUISITION        Manager Read explained that the District is proceeding with significant  
POLICY:                            improvements to the plant site and facilities, and that over time it may be in the District's best interest to acquire parcels of property contiguous to and nearby the treatment plant as they become available. This will provide buffer areas to assure the security of the facilities and allow for site improvements and amenities in order to be a good neighbor. Staff has drafted a policy for Board approval that would allow the District to consider acquiring "willing seller" properties. If an owner expresses an interest in selling, staff would report to the Board at the earliest opportunity so that the Board could consider the matter and direct staff as to the appropriate action, if any.

Clark Balfour stated that the District has had an informal practice in the past (i.e. Chaney Property) when acquiring parcels of property; however, there has never been a formalized policy in writing, which he feels, is important.

Director Seigneur suggested that if property does become available that a third party negotiate the terms of the real estate transaction.

There was a lengthy discussion between the Board and Attorney Balfour regarding the legalities of purchasing "willing seller" properties.

M/S Wild/Woods Approve the proposed Oak Lodge Sanitary District

Wastewater Treatment Plant Land Acquisition Policy as proposed. The question was called and the motion passed unanimously.

#### INVESTMENT POLICY

Manager Read stated that the District has an investment policy, which is based on the State of Oregon rules for County and Municipal Financial Administration. There were some discrepancies in the former policy that will require corrections in order to match that of the current State rules for investment levels. Those changes were highlighted in the draft policy provided to the Board in their meeting materials. Staff is recommending needed revisions to the policy and to add a provision, which allows the District to invest in corporate notes.

There were a few questions from the Board regarding previous meeting discussions about hiring an outside investment advisor for the District. Manager Read stated that the District is currently using two banking institutions and both have investment advisors who can assist the District whenever needed. It is the intention of staff to utilize these banking services until such time that the District desires to hire an outside independent firm for counsel.

M/S Wild/Martin Approve the modifications to the District's Investment Policy as proposed by staff. The question was called and the motion passed unanimously.

#### APPROVAL AND DELEGATION FOR DIGESTER CLEANING PROJECT

Manager Read updated the Board on the current condition of the primary digester at the treatment plant, stating that it has been over 35 years since the digester has been cleaned. Recent performance issues with the digester would indicate that there is a significant accumulation of grease, rags, and grit in the digester, which over time reduces the available volume and detention time for anaerobic digestion of solids. Additionally, the digester mixer is unable to operate in the normal rotation that facilitates effective mixing. Staff has identified three local firms who are qualified and experienced in digester cleaning. The quotes received range from \$87,000.00 to \$125,000.00. Given that the warm weather months are the best for this type of project and the need to start the project as soon as possible, staff is seeking Board approval for an amount not to exceed \$150,000.00 for the cleaning of the digester. In addition, staff requests the Board designate a member of the Board to serve on the selection panel for choosing the contractor for the digester-cleaning project.

There were questions from the Board regarding the period for the contract, the expected completion date of the work, and if the \$150,000.00 will cover all application fees and permits needed for the digester renovation.

Mr. Arvidson, Manager of Planning, and Engineering stated that the entire project from beginning to completion would take about one month. The selection process will most likely be two weeks. All application fees and permits are covered under the \$150,000.00; however, should other problems

present themselves during the cleaning process such as pipe replacement, mixer replacement, and/or cover replacement these items would not be covered in the \$150,000.00.

M/S Seigneur/Woods Authorize the General Manager to sign a contract with the successful bidder for the Digester Cleaning Project provided the total cost of the project does not exceed \$150,000.00. The question was called and the motion passed unanimously.

M/S Savas/Seigneur The Board selects Director Woods as the designated Board representative to serve on the selection panel for choosing the contractor for the Digester Cleaning Project. The question was called and the motion passed unanimously.

PUBLIC PROCESS  
UPDATE: J. Michael  
Read/Barney & Worth

Manager Read updated the Board on the recent development of the Public Outreach program. As stated in his memorandum to the Board there are a number of events happening within the next two months:

- Citizens Informed and Aware (CIA) meets on Wednesday, July 9 at 7:00 p.m. to discuss the District's Master Plan and pre-design status. This is the first of the District's presentations to the broader community.
- A meeting with the neighbors living adjacent to the treatment plant is planned for July 14 at 5:30 p.m. at the District's Administration building.
- A BBQ is planned for the Master Plan Community Advisory Committee (MPCAC) on Thursday, August 14.
- The next meeting of the MPCAC is scheduled for September 30.
- Barney & Worth regarding the District's decision to move ahead with upgrading the treatment plant has developed a draft press release.

There was a lengthy discussion about the draft press release and the need to keep news releases from the District to the media more generic. Suggestions on how to simplify the draft news release were given by the Board.

Meeting discussions then focused on the patented treatment process known as "Cannibal". This process uses extended aeration and significantly reduces the quantity of by products, which must be disposed after treatment. At the Board's June 10<sup>th</sup> Regular meeting the Board agreed to select process Alternative No. 3 the Cannibal Process as the preferred alternative for the Oak Lodge Sanitary District Predesign; however, the Board did delay selecting a backup Alternative until a later date. The Board delayed selecting a backup Alternative until they had more information about Siemens technology licensing costs and if there is a guarantee offered by Siemens should the new system experience failures after installation. If Siemens does not offer a guarantee with the purchase of a license, then the

Board was interested in negotiating a performance bond in the deal. This discussion prompted more questions from the Board regarding the Cannibal process selected and the Board then asked questions of Mr. Dave Green, CH2M Hill, Consultant, for clarification and an update on the negotiations with Siemens for a performance guarantee.

Dave Green stated that process criteria are being developed and once the process design is completed, then Siemens and CH2M Hill can begin talking about price and agreements. Mr. Green stated that the Cannibal system works and that he believes the system will deliver low solids yields. He then explained to the Board how US Filter, before they purchased by Siemens, historically sold performance guarantees with the system.

There was a lengthy discussion between Mr. Green and the Board regarding the patent fees and yield guarantees. In addition, the Board was curious if Siemens has given CH2M Hill any indications that they will offer a guarantee with the system. Mr. Green stated that CH2M Hill is leading discussions with Siemens, but how long it will take to finalize those discussions is unknown at this time; however, Mr. Green believes it could be a few more weeks or even a month before more is known about the potential for a performance guarantee with Siemens.

The discussion then returned to the topic of the draft news release and public process update.

Director Wild commented on a statement made in the press release wherein it says that [he] Director Wild was impressed by what he saw on the tour and by what he did not hear or smell. Director Wild stated that the Cannibal process impressed him; however, he was not pleased with the noise aspect and specifically commented to that fact during the tour. Engineers on the tour assured him that the noise issue could be resolved.

Thelma Haggemiller stated that she had commented earlier to General Manager Read about keeping press releases to the media simple.

Henry Schmidt gave his opinion related to the news release and pointed out areas in the draft document where better clarification is needed; specifically, regarding the language used about the support of the MPCAC and the use of the word "customer" versus "citizen". In addition, Mr. Schmidt gave his opinion on the Public Outreach invitation language being negative. He feels the District needs to remain focused on the positive aspects of the treatment plant renovation.

President Savas stated that he felt Mr. Schmidt is on target with his comments and he further stated that the time of the Citizens Informed and Aware meeting was not included on the invitations.

Manager Read stated that the public needs to know the facts about the

condition of the treatment plant and why this project is going to cost somewhere around \$50 million dollars to complete.

Jerry Foy agreed with General Manager Read's comments regarding the need for the public to know why the District is undertaking the renovation of the treatment plant.

Thelma Haggenmiller stated that she attended the Board of County Commissioners hearing on Monday, July 7, 2008. Ms. Haggenmiller suggested that the OLSD Board form a steering committee to work with Barney & Worth on the public outreach program to help facilitate the process. It was recommended that an email be sent out to the Master Plan Community Advisory Committee and interested parties asking for those persons interested in participating on the steering committee to notify District staff.

There was further discussion by the Board and concerns expressed regarding moving forward with the pre-design for the Cannibal process only to discover that the District and Siemens could not reach agreement. Mr. Green stated that a memorandum of understanding (MOU) could be drafted outlining terms, conditions, and in addition price and guarantee.

President Savas stated that he would like to further discuss the issue of forming a sub-committee during the public comments period.

CONSENT AGENDA:  
APPROVAL

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

MINUTES

M/S Seigneur/Wild Approve the Consent Agenda. The question was called and the motion passed unanimously.

Manager Read stated that the incorrect budget status reports were included in the Board's packets but that the correct version of the reports will be mailed.

There were questions from Director Woods related to payments to R & W Engineering and the budget for the office furniture project.

MONTHLY REPORTS

M/S Woods/Seigneur Approve the monthly reports for June 2008 with the exception of the Revenue Status Report until further review. The question was called and the motion passed unanimously.

CORRESPONDENCE  
REVIEW

Manager Read stated that he testified at the Board of County Commissioners meeting yesterday related to the District's decision to go it alone regarding the regional concept of consolidation of wastewater treatment in Clackamas County. The Board of County Commissioners is looking forward to meeting with the OLSD Board within the next months to discuss this further.

Attorney Balfour and the Board talked about the Metro Regional

Infrastructure information provided to the Board in their meeting packets.

Information related to the rescheduling of the Timothy Lake Retreat was provided to the Board.

GENERAL MANAGER  
REPORTS:

Manager Read updated the Board on the status of the District's budget; highlighting areas where the District is over budget due to unforeseen circumstances related to personnel salaries and legal costs.

Manager Read stated that the Board typically has an annual retreat to map out a strategic plan for the upcoming year for accomplishing District goals and objectives. Manager Read stated that he would send an e-mail to Board members for selecting possible dates and times when they would be available to attend an offsite retreat. He expects the retreat would take approximately a day or more to accomplish.

DIRECTOR REPORTS

There were no Director reports related to the Community Partners/Provisional Partnership, Clackamas County Coordinating Committee, or the Jennings Lodge Community Planning Organization.

Director Wild updated the Board on the recent activities of the Master Plan Community Advisory Committee.

PROJECT STATUS  
REPORTS

Mr. Arvidson, Manager of Planning, and Engineering gave a brief report on the recent developments related to the treatment plant predesign.

Mr. Arvidson reported that the Stringfield property project is under construction.

Mr. Arvidson reported that the District was not awarded the Metro Neighborhoods Grant money and the District received a formal notice last week from Metro. Mr. Arvidson is planning to do a formal debrief with Metro regarding their decision to find out what selection criteria was used and to review the comparisons used by Metro in making their decision.

PUBLIC COMMENT  
PERIOD

President Savas read the minutes of the June 18, 2007, Special meeting of the Board regarding a statement by Director Wild related to discussions about forming a sub-committee of the MPCAC to work with the consultants on the public outreach program.

Discussions continued between Manager Read and the Board regarding the forming of a sub-committee.

The Board is receptive to forming a sub-committee of interested members of the MPCAC. Manager Read stated that he will set-up a meeting between staff, Clark Worth, President Savas and Director Wild to discuss with the consultants the best way to go about forming a sub-committee while still in keeping with the original charter of the MPCAC. An invitation should be

emailed to the MPCAC to invite anyone currently serving on the committee an opportunity to submit their names and ideas as an interested party.

OTHER BUSINESS

Mr. Lynn Fisher stated his opinion regarding the District purchasing land and properties surrounding the treatment plant. Mr. Fisher feels the District does not need to spend millions of dollars to create a buffer from the treatment plant.

Members of the Board and Manager Read addressed Mr. Fisher's concerns explaining that the footprint of the treatment will change significantly with the renovation of the treatment plant and the District is interested in being a good neighbor to those homeowners living adjacent to the plant.

DIRECTOR COMMENTS:

Director Seigneur stated that he received information in the mail regarding an upcoming wastewater seminar and he will pass the information along to Manager Read and the Board.

BOARD REQUESTS

There were no Board requests.

MONTHLY EXPENSES

M/S Wild/Seigneur Approve the May 2008 monthly expenditures in the amount of \$465,217.54. The question was called and the motion passed unanimously.

RECESS REGULAR  
MEETING/ RECONVENE  
EXECUTIVE SESSION

President Savas recessed the Regular meeting at 8:48 p.m. and reconvened the Executive Session in accordance with ORS 192.660(2)(e) Real Property Transactions.

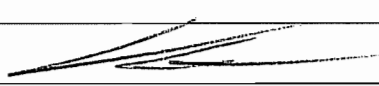
RECONVENE REGULAR  
MEETING

President Savas reconvened the Regular meeting of the Oak Lodge Sanitary District Board of Directors at 9:39 p.m.

Adjourned 9:38 p.m.

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Paul W. Savas, President of the Board

Attest:



J. Michael Read, Secretary

