

**OAK LODGE SANITARY DISTRICT
BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING
November 13, 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 6:43 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; Brett Arvidson, Manager of Planning and Engineering; Jack Perry, Operations Manager; and Faith Paddock, Administrative Services Manager.
- OTHERS PRESENT** Leonard Waldemar, 5250 SE El Centro Way, Milwaukie, OR 97267
Jerry Foy, 15242 SE Fair Oaks Ave, Milwaukie, OR 97267
Lynn Fisher, 16133 SE River Rd, Milwaukie, OR 97267
Clark Worth, Barney & Worth, Consultant
Libby Barg, Barney & Worth, Consultant
- PRESENTATION – Jack Perry** Jack Perry, Operations Manager, who recently returned from deployment with the National Guard in the Iraq campaign, presented the District with a framed presentation U. S. flag that had flown over the US Embassy in Iraq along with a framed certificate of appreciation from the National Guard to the District and campaign patches from the Iraqi campaign. The Board expressed their gratitude to Jack for his service, and their appreciation for his safe return as well as for the presentation. The framed flag, certificate, and patches will be displayed in the Administration Building foyer.
- IDENTITY THEFT PREVENTION PROGRAM POLICY** Faith Paddock, Administrative Services Manager presented the draft Identity Theft Prevention policy. A policy will be required as of March 1, 2009. Faith described the steps taken by staff to limit chances for identity theft and continuing practices that are in place. Faith explained that the proposed policy would be modified in the future as staff has more experience implementing it and to make it more specifically applicable to Oak Lodge Sanitary District.
- M/S Wild/Martin Approve the Identity Theft Prevention Policy. The question was called and the motion passed unanimously.
- CONTRACT WITH WESTERN FINANCIAL GROUP: Brett Arvidson** Brett Arvidson, Manager of Planning and Engineering, presented the proposed contract with Western Financial Group. The contract is presented in two phases. The first phase is that work which needs to be done in order obtain financing; determining the best form of financing for the District; and

making recommendations to the District on those items. That phase is to be completed in April 2009. The second phase is the actual process of obtaining bonds and the legal steps involved. That phase will take approximately three months to complete. Jim Martin asked if it was feasible to complete all of this work in the time allotted. Brett believes that it is. Brett also explained that staff is currently completing applications for any available loans or grants, and the legal bond preparation work is critical to that process.

Michael explained that last week the City of Eugene sold approximately \$50 million in bonds at 5% interest. Brett stated that Kieu-Oanh Nguyen of Western Financial Group was encouraged by that sale. Jim Martin agreed it is important for the District to prepare for a bond sale as soon as possible because of the fluctuating bond market.

M/S Wild/Woods Accept the selection committee's recommendation to retain Western Financial Group, LLC to perform financial advisory services. In addition, the Board authorizes the General Manager to sign a contract with Western financial Group for these services. The question was called and the motion passed unanimously.

General Manager Read noted that the District would be ready to apply for State Revolving Fund moneys in the near future.

PUBLIC PROCESS
UPDATE: J. MICHAEL
READ

General Manager Read gave the Board an update on the Good Neighbor Plan, which the Master Plan Community Advisory Committee (MPCAC) at its October 28, 2008, meeting approved for referral to the Board of Directors for adoption. Approve Good Neighbor Plan – December 2, 2008 – MPCAC

M/S Wild/Woods Approve the Good Neighbor Plan as recommended by the MPCAC. The question was called and the motion passed unanimously.

CONTRACT
AMENDMENT-BARNEY
& WORTH

Manager Read briefed the Board on the status of the Public Outreach project contracted to Barney & Worth, Inc. Libby Barg of Barney & Worth then summarized the accomplishments to date of the Public Outreach program. She supplied a list of meetings held and activities undertaken by the consultant and the MPCAC, and summarized the outreach accomplishments. Those included the meetings, the communications sub-committee, the updated web site and newsletter template, the business cards supplied to the MPCAC members, and the Good Neighbor plan. Clark Worth discussed the current plans for presenting information regarding the wastewater treatment plant renovation project, the MPCAC, and the Outreach Plan to local community and service groups. Both Libby and Clark expressed appreciation of the quality and dedication of the MPCAC members, and the willingness of the Board to entrust them with reviewing the plan and making recommendations to the Board, and for the transparency of the decision process.

Clark then discussed the improvements made to the website and those improvements planned but not implemented. The Board asked if there was a way to know how many visitors there are to the website. Libby explained the process planned for quantifying the hits to the website, and separating out those hits that are from District staff using the site. The counter will also inform the Board and staff on which pages in the website are accessed the most often.

Discussion followed between the Board and Manager Read with input from Clark Worth, regarding the cost of the Outreach Project, the value of the Project, and its relationship to the Wastewater Treatment Plant renovation project.

Board President Paul Savas will be attending the next subcommittee meeting, at which they will address the issue of community meeting briefings and the community survey. President Savas requested a monthly accounting of tasks completed and a gauge of the progress presentation to the Board at its regular meetings. The Community Survey will be drafted and ready for implementation by January 1, 2009. The Board requested that the survey be designed to find out from the community what they know (or do not know) about Oak Lodge Sanitary District, how they prefer the District to communicate with them, and how they rate the District's services. (The first distribution of the community survey was included in the November 31 billing mailed to District customers on December 1.)

M/S Wild/Martin Approve Tasks 1-9 of the Public Outreach Scope of Work contract with Barney & Worth LLC; authorize the General Manager to sign the contract for Tasks 1 through 9, and defer Task 10 (Website improvements) as an optional task for future consideration. The question was called with Directors Woods, Wild, Savas, and Martin voting Aye and Director Seigneur voting Nay. The motion passed 4 to 1.

MINUTES

President Savas called for approval of the Consent Agenda.

Minutes of the August 8, 2008, Special Meeting – no comments.

Minutes of the October 14, 2008 Regular Meeting and Executive Session – no comments.

Minutes of the October 27, 2008 Special Meeting – Director Wild requested that on the first page “making process” be changed to “making progress”. not “process”.

M/S Seigneur/Wild Move to approve the minutes of the October 27, 2008, Special Meeting as amended; August 8, 2008 Special Meeting; and the minutes of the October 14, 2008 Regular meeting and Executive Session. The question was called and the motion passed unanimously.

MONTHLY REPORTS

Director Woods presented the information in the monthly reports to the Board members. Director Wild asked Operations Manager Jack Perry if the increase in feet of line cleaned was attributable to something. Operations Manager Perry replied that staff has a new line cleaning machine as well as a new employee, bringing staff up to full strength.

M/S Seigneur/Woods Accept the monthly reports as presented. The question was called and the motion passed unanimously.

CORRESPONDENCE REVIEW

President Savas reviewed the letter mailed to George Payne, President of the Oak Lodge Water District Board of Commissioners, regarding continuation of the joint Service Districts' newsletter. President Savas stated he would like to see regular meetings between the two Boards in order to maintain communication between the Districts. President Payne will take our request to continue the joint newsletter to the Water District Board; and President Savas will attempt to attend that meeting. -

GENERAL MANAGER REPORTS:

General Manager Read reported on the status of the District's Revenue, the General Fund, and the Capital Funds. He stated that the investments are doing satisfactorily. He expressed concern at the low rate of return from the State Investment Pool, which is only 2.5%. Manager Read will review the District's position in the Pool.

General Manager Read reported on the progress of the Strategic Planning Process, and described the process the Committee is following. Weekly meetings are planned through the end of the year, by which time a draft Strategic Plan should be ready to bring to the Board of Directors for their review.

DIRECTOR REPORTS

C-4 – President Savas did not attend this meeting as it conflicted with the District's Volunteer Recognition Event, which he felt was more important.
CPO – President Savas attended the Jennings Lodge CPO meeting. They are now honing their Bylaws. President Savas reported that the membership of this CPO is increasing.

Master Plan Community Advisory Committee – This item was covered by Barney & Worth's presentation.

PROJECT STATUS REPORTS

Predesign Project

Manager of Planning and Engineering Brett Arvidson reviewed the progress of this project, and the tasks scheduled for the coming months and next year. He presented CH2M Hill's continuing project schedule, along with two alternative schedules for Design/Build and conventional Design/Bid/Build processes. Brett reviewed the activities of the MPCAC and its Communications Subcommittee. He discussed with the Board the transition from the Pre-design phase of the project to the Schematic Design process. At this time, engineering drawings will be prepared. Beginning in January

CH2M Hill will begin to bring together cost estimates, project phasing, and project delivery for presentation to the Board. This phase should be completed and ready for Board review in March 2009. The Board asked Manager Arvidson if the project was on track, and he stated that it was. He does not expect any surprises in this process.

Manager Arvidson stated that a decision would need to be made in March regarding the project delivery, which he is anticipating will be conventional Design/Bid/Build. At that time, the project will enter the Design phase, which will take from March through December 2009. He anticipates having the County approvals in hand by the first of the year, 2010. Bid will take approximately four months, and then construction will start.

The Land Use Application is underway, and will be submitted to Clackamas County in January. Brett is planning on approximately six months for approval of that application. He explained that the time and money that the District is investing in the MPCAC and the Good Neighbor Plan will pay for itself because we will be able to show the considerable time and assets we have committed to community involvement and education, and will likely have most community issues resolved prior to going before the County Hearings Officer.

Financing Bond Sale Process

The financial advisor, Western Financial Group, has been selected. The study work will be completed by and presented at the April 14, 2009 Board meeting. The next step will be the bond feasibility study, and from there the process of obtaining a bond rating. Money would be available approximately in April 2010.

Discussion followed on the desirability of project delivery by Design/Bid/Build or Design/Build. More information will be presented on this subject later.

Pup Trailer Purchase

Brett reported that bids were opened this morning. The District received only one proposal, in the amount of \$58,950. A buy-back option after 36 months for \$32,000 was included, making leasing a trailer a more expensive option. Purchasing the pup trailer and using the District's dump truck will allow us to handle and haul all of the biosolids to Eastern Oregon during the wet season. The local application fields are not accessible several months of the year, necessitating storing dewatered biosolids in the old drying beds, which leaves it open to rain and negating some of the original dewatering process and costs. On-site storage also creates the potential for visual and odor impacts on the local community.

PUBLIC COMMENT
PERIOD

Jerry Foy, 15242 SE Fair Oaks Ave – Mr. Foy stated that his first question was about the timing of the decision regarding the project delivery process. Mr. Foy stated that this questions was answered for him earlier n the

meeting. Mr. Foy then questioned the length of time allowed for the County Land Use Application process, which he understands to be limited to a 120-day period, after which time the application is automatically granted. Brett explained that he was allowing for any delays due for possible time extensions because of appeals. Mr. Foy then asked Manager Read about the sixteen-employee committee. Manager Read explained that it is a six-employee committee, not sixteen. He further explained that the Board and management have requested that staff develop a Strategic Plan based on their own perceptions of the District and their desires regarding the direction the District will take. The idea is that the staff will have ownership of the Plan and will have their ideas and concerns presented to and heard by the Board of Directors. Members of the Committee come from all areas of the staff work force – Administration, Operations, and Field. Michael Read is facilitating the meetings.

OTHER BUSINESS

Internal Newsletter:

Administrative Services Manager, Faith Paddock, reported that staff now has an internal newsletter named The Outfall Tribune. Faith will send each issue of this newsletter to the Directors.

DIRECTOR COMMENTS:

SWMCAC and MPCAC

Director Seigneur called the attention of the Board to an e-mail he sent recommending consolidating the SWMCAC with the MPCAC as a combined Citizens Advisory Committee. President Savas commented that he is familiar with the makeup of both Committees. He feels there is knowledge base and associated skill sets present in both committees that is worth preserving them as separate entities. He also expressed hesitation to change the chemistry of the MPCAC until after ground is broken on the wastewater treatment plant renovation. Director Woods expressed his opinion that the two committees are distinctly different groups. The SWMCAC has several long-time members who have participated in the SWM process from the very beginning. The SWMCAC members are proud to belong to their committee, and are committed to Surface Water issues within Oak Lodge Sanitary District. Director Wild commented that the two committees deal with different subjects and should be maintained as separate.

Director Seigneur feels that the two committee interests will meet at some point, and that they could be combined into one committee with two sub-committees – one dealing mainly with sanitary sewer issues and one dealing mainly with surface water management issues. That way there would be one overall Citizens Advisory Committee and all of the members would be aware of all of the issues.

Director Martin commented on the length of the Board meetings and that it is important that the meetings be kept to the time limits set for each item on the agenda.

BOARD REQUESTS

No Board Requests.

MONTHLY EXPENSES

M/S Wild/Seigneur Approve the monthly expenditures for November 2008 in the amount of \$762,072.54. The question was called and the motion passed unanimously.

M/S Wild/Seigneur Upon more review of the expenses, move to rescind previous motion and to approve expenses of \$354,058.86. The motion carried unanimously.

Agenda Item #6 –
ECONOMIC IMPACTS ON
DISTRICT AND
RATEPAYERS: Director
Martin

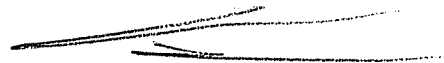
Economic Impacts on District and Ratepayers

Director Martin expressed his concern that the Board and management consider the economic impacts on the District and its ratepayers in all decisions. He cited the instability of the current economic situation and the looming recession economic situation be kept in mind during discussion of rates and construction costs. He appreciates that the bond sales planning process will consider the situation. He also expresses his concern over the rising rate of unemployment. Discussion followed, in which management and Board members expressed similar concerns, and their desire for rates to remain at a level affordable to the community members.

The Board also discussed the Low Income Utility Rate Reduction Program and its desire that the program be structured so that community members can easily access it. Faith assured the Board that the application form and information is on the website.

Brett assured the Board that the current treatment plant expansion and upgrade project will have ways make adjustments in the plans and schedule to as large an extent as possible.

Adjourned 8:59 p.m.



Paul W. Savas, President of the Board

Attest:

J. Michael Read, Secretary