

**OAK LODGE SANITARY DISTRICT
BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING
January 13, 2009**

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 6:34 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
Henry Schmidt, 14201 SE Bunnell Street, Milwaukie, Oregon 97267
Lynn Fisher, 16133 SE River Road, Milwaukie, Oregon 97267
Leonard Waldemar, 5250 SE El Centro Way, Milwaukie, OR 97267
Joe Glicker, CH2MHill, Consultant

ELECTION OF OFFICERS

President Savas called for nominations for President of the Board for 2009 and Vice President of the Board for 2009.

M/S Martin/Seigneur Retain current year 2008 officer Paul Savas for President of the Board for year 2009.

No other nominations were made.

M/S Woods/Seigneur Retain current year 2008 officer William Wild for Vice President of the Board for year 2009.

No other nominations were made.

President Savas called for a vote on the nominations of Paul Savas for President and William Wild for Vice President for 2009. The question was called and the motion passed unanimously.

M/S Wild/Woods Appoint Oak Lodge Sanitary District General Manager J. Michael Read to serve as both District Secretary and Budget Officer for Fiscal Year 2009-2010. The question was called and the motion passed unanimously.

FY2007-2008 AUDIT TKW,
LLP: J. Michael Read/Rob
Moody

Manager Read announced that Mr. Rob Moody, CPA, and Senior Partner with Talbot, Korvola & Warwick was not available to make a presentation to the Board at this meeting; however, Mr. Moody is available on January 29, 2009, at 7:00 p.m. to make a presentation to the Board regarding the FY 2007-2008 audit if that works for Directors. Staff will send a notice to the Board confirming the date and time.

PROJECT DELIVERY
ALTERNATIVES: J.
Michael Read/Joe Glicker,
CH2M Hill

Joe Glicker, Consultant, CH2M Hill, gave a presentation to the Board regarding three possible approaches the Board may consider in the decision making process for the final design phase of the treatment plant expansion and upgrades. The three approaches discussed were: 1) Design-Bid-Build; 2) General Contractor/Construction Manager, and 3) Design-Build. The advantages to the District with each approach were discussed at length. In addition, there was discussion regarding Economic Stimulus funds from the new Federal administration and if Oak Lodge Sanitary District would be eligible for benefits under the Stimulus program. If the District is eligible for funding, then this most likely will determine the type of approach to this project given that the project would then have to meet the Federal government's requirements of being "shovel ready" within 90 days after February 13th for stimulus funding.

Manager Read suggested that staff arrange a work session with the Board and some key individuals to specifically address the Project Delivery Alternatives in an effort to better determine and select a preferred approach. Staff will send out an email with some suggested dates and times to hold the work session.

There was no further discussion regarding Project Delivery Alternatives.

PUBLIC PROCESS
UPDATE: J. Michael Read

Manager Read updated the Board on the recent activities engaged in during the public outreach process. Manager Read stated that the MPCAC Communications Subcommittee is currently working with staff and with Barney and Worth to develop communication strategies, key messages, review documents, and assist with scheduling outreach activities.

The Subcommittee has selected a communications theme for the public outreach process "Reinvesting for Healthy Rivers". Five groups have been selected for the initial outreach process: The Oak Lodge Community Council; Oak Grove Garden Club; North Clackamas County Chamber of Commerce; North Clackamas Rotary and retirement centers Rose Villa and Willamette View Manor. In addition, OLSD will be the featured speaker for a presentation on January 28, 2009, to the Oak Lodge Community Council and on February 5, 2009, at the Oak Grove-Gladstone Rotary meeting.

The District has sent out surveys as billing inserts and has received more than 500 completed surveys back from ratepayers just in the first billing cycle. Another 3200 surveys were mailed out the first of January 2009. In addition, District staff has developed a new format for the District's

newsletter, which will have its debut in the February billing cycle. The name "Healthy Rivers" has been selected as the newsletter title and staff is reserving space in each issue of the newsletter for a Board Byline. The Board discussed the value in writing articles for the "Board Byline" in the newsletter and other means of reaching out to the community. It suggested by Director Seigneur that advertising in the Oregonian newspaper might be another way to get the word out about District activities related to the treatment plant upgrades and expansion.

Manager Read stated that he would draft one article for the newsletter for the Board's review and approval related to the wastewater treatment plant project, and another article from the Board explaining the new format of the newsletter and what ratepayers can expect in future newsletter issues.

There was a brief discussion between Manager Read and President Savas related to the Board receiving materials and information related to the activities and decisions made by the MPCAC Communications Subcommittee. President Savas asked if the Board would have an opportunity to review materials and weigh in on decisions prior to finalization and distribution to the public.

FY2010 BUDGET
CALENDAR: J. Michael
Read

Manager Read stated that a FY 2010 Budget calendar has been developed and was included in the Board's packet for review and approval. The first initial step in the budget development process will be an Orientation/Budget Development Philosophy meeting to be held with the Board and Budget Committee. Manager Read suggested meeting dates of January 19th or January 30th. Staff will send out an email notice to both the Budget Committee and the Board to determine the best day and time to hold the Budget Orientation meeting.

M/S Seigneur/Wild Approve the 2009 Budget Calendar. The question was called and the motion passed unanimously.

REIMBURSEMENT
RESOLUTION: Brett
Arvidson

Mr. Arvidson, Manager of Planning and Engineering, explained to the Board that with the District's debt free status, all expenses towards capital projects are derived from capital reserves or revenues. The District will begin drawing down capital fund accounts to pay on-going project expenses associated with the treatment plant expansion. Eventually, the District will begin funding these capital improvements with debt financing. The Resolution for Authorizing Reimbursement of Expenditures with Reimbursement Obligation Proceeds will allow the District to reimburse its current capital fund expenditures with bond proceeds if the District elects to maintain a higher capital balance after the sale of bonds. Additionally, reimbursement of these accounts may provide other advantages such as improved credit ratings, expanded ability to leverage projects, or taking advantage of low interest rates. Staff recommended the Board adopt this resolution authorizing the reimbursement of the expenditures with reimbursement obligation proceeds.

M/S Wild/Martin Adopt Resolution 09-01 Authorizing the Reimbursement of the Expenditures with Reimbursement Obligation Proceeds. The question was called and the motion passed unanimously.

TROLLEY TRAIL
PIPELINE DRAINAGE
IMPLICATIONS: J. Michael
Read/President Savas

President Savas announced that Agenda Item No. 9 the Trolley Trail Pipeline Drainage Implications discussion would be moved to the end of the meeting agenda and after Director Comments.

CONSENT AGENDA

President Savas called for approval of the Consent Agenda.

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

MONTHLY REPORTS

President Savas called for approval of the Monthly Reports.

M/S Woods/Martin Approve the Monthly Reports. The question was called and the motion passed unanimously.

CORRESPONDENCE
REVIEW

Manager Read handed out copies of a letter from Catherin Daw, City Manager, City of Happy Valley addressed to Mike Kuenzi, Director, Water Environment Services regarding the Wastewater Intertie No. 2 Routing. President Savas asked that the Board defer comments and discussion about the letter until later in the meeting when the issue of the Trolley Trail would be discussed at length.

GENERAL MANAGER
REPORTS:

Manager Read reported on the status of the 2008-2009 budget. In addition, Manager Read gave an update on the recent activities relative to the strategic planning process and the District's goal for outreach to and education of the community about the surface water management programs.

DIRECTOR REPORTS

President Savas updated the Board on the recent activities of the C4 Committee.

Director Woods reported that there was no meeting of the Jennings Lodge CPO in December; therefore, there was no report.

Director Wild stated that Manager Read updated the Board on the Master Plan Community Advisory Community Advisory Committee (MPCAC) activities earlier in the meeting.

PROJECT STATUS
REPORTS

Mr. Arvidson updated the Board on the recent developments regarding the treatment plant predesign services, wherein he specifically addressed the status of the bond market and the development of the financial process to fund the treatment plant improvements.

Mr. Arvidson reported that the construction of Stringfield Park is essentially

complete. There are still punch list items that need to be done.

PUBLIC COMMENT
PERIOD

There was no public comment.

DIRECTOR COMMENTS:

There were no Director Comments

MONTHLY EXPENSES

M/S Wild/Seigneur Approve the monthly expenditures for December 2008 in the amount of \$248,956.87. The question was called and the motion passed unanimously.

OTHER BUSINESS

Manager Read stated that at the Board's December 2008, Regular Meeting the Board approved the purchase of the Chaney property located 13717 SE Fair Oaks Drive, Milwaukie, Oregon, for \$350,000.00. At that same meeting, the Board requested staff provide information regarding the savings to the District for purchasing this property. Manager Read provided the Board with a handout outlining the potential savings to the District once construction of the treatment plant project upgrades and expansion begins.

TROLLEY TRAIL
PIPELINE DRAINAGE
IMPLICATIONS: J. Michael
Read/President Savas

There was a lengthy discussion among the Board and Manager Read regarding the recent recommendations made by Water Environment Services and its consultant HDR, to the Board of County Commissioners on the Wastewater Interties No. 2 routing. While no final selection has been made on the route selection, the OLSD Board is concerned about the costs of construction and maintenance if Route No. 2 is selected. The cost difference between the two alternatives is significant and there are potential environmental impacts to the Trolley Trail and Oak Grove area should the County move forward with a Trolley Trail force main pipeline.

President Savas suggested that staff draft a letter to the Board of County Commissioners authorized by the Board requesting that the County reassess the costs for the proposed project routings including any potential costs to Oak Lodge Sanitary District for impacts to the District's drainage systems and/or sewer structures.

Mr. Henry Schmidt expressed his concerns about the letter from The City of Happy Valley and the discussions of the December 30, 2008, meeting of the Board of County Commissioners.

Ms. Thelma Haggemiller expressed her opinion about the December 30, 2008, meeting of the Board of County Commissioners and referenced a memorandum from Steve Wheeler about the decision of the BCC. There is a work session scheduled for January 20th at 3:00 p.m. with a presentation by the Parks District, and a work session scheduled for January 27th, with a presentation from Water Environment Services. Both work sessions will address the pipeline on the Trolley Trail. Ms. Haggemiller made reference to a letter from Catherin Daw regarding this same issue.

President Savas suggested that either Manager Read or Brett Arvidson plan to attend and make a presentation at one of the two work sessions scheduled in January.

There was further discussion about the construction of the Trolley Trail pipeline and the funding provided through Metro.

By consensus, the Board agreed and authorized staff to draft a letter for the Board Chair's signature conveying the sentiments of Oak Lodge Sanitary District regarding the force main route number two along the Trolley Trail.

BOARD REQUESTS

There were no Board requests.

Adjourned 9:08 p.m.

Paul W. Savas, President of the Board

Attest:

J. Michael Read, Secretary