



PUD BOARD MEETING MINUTES

OCTOBER 19, 2010

PRESENT: Tom Ashmore, Mike Elmore, Gene Tobie, Marla Skroch, Roger Prowell, Patsy Busick, Tom Peachey and Ben Beseda. Rod Peterson absent.

GUESTS: Jeb Miller and Nathan Pope.

Meeting called to order at 6:30 pm by President Tom Ashmore.

Motion by Gene Tobie; second by Marla Skroch to approve the September 14, 2010 minutes and consent agenda. Motion approved 4 ayes, 0 nays.

PUBLIC COMMENTS: None.

FINANCIAL REPORT: Patsy Busick presented financial reports. With interest earned in September 30, 2010 of \$264.78 and money transfer from the CSB general checking account of \$55,000.00, less \$10.12 service charge, account balance was \$622,136.72. With \$50,000.00 transferred from CSB account since that date the current balance is \$672,136.72. As of September 20, 2010, Columbia State Bank account balance was \$63,558.17. The balances of the CSB, SDC and Connections checking accounts are \$4,500.00. The balance of the CSB Service Deposits account is \$15,664.64. Financials were approved as presented.

ENGINEER OF RECORD REPORT: Ben Beseda presented his Engineer of Record report. Ben had a meeting with Roger and Tom Peachey to review the process for the last SDC update and how to implement this. Resolution is ongoing.

The District's plan review and SDC fee letter was issued on the Sunrise Estates Addition on October 4, 2010. Overall the plans are still in the review process at the city. In discussion with the architect the project is moving forward. They intend to start construction as soon as permits can be obtained. The District's SDC will be \$21K for Phase 1 and \$30K for Phase 2.

The Master Plan was submitted to OHD Drinking Water Program for review on September 27th. Should receive a comment letter this week. Indication was no major concerns just minor updates and editing.

Ben reviewed the water line location in Oakwood Estates to determine public and private demarcation. The mobile homes in the park are served by individual meters. We believe that majority of the lines in the development should be the District's lines. Research of easement on the property shows none of record to the District. Gary Robinson, the landowner has no problem granting the easement but will not choose to contribute money to the process. The easements probably should have been obtained in the development of the park but never were. Construction was in the 1998-1999 timeframe. Tom Peachey recommended moving forward with securing the easements. He suggested doing a quick blanket easement.

DISTRICT MANAGER'S REPORT: Roger Prowell presented his Manager's report.

We now have interest bearing checking accounts with our normal checking account, our SDC account and Meter Hook up accounts. This should generate perhaps \$1K at the going interest rate of 0.01% interest. Not much income but it all helps.

Lea prepared charts showing how we are doing in terms of income for the current budget year and comparing that number to last two budget years. We have collected 40% of 2009 income in 25% of current budget year. Sort of an odd number since we are just coming out of the high production summer months, but still shows effects of rate increase.

During the first three months of the budget year, spending has been conservative trying to build LGIP in readiness for debt service payment.

In terms of LGIP numbers we are slowly getting back to having significant reserves of cash. Rebuilding the source water side of the District and getting Well #4 on VFD and producing more water took considerable cash but now that we have very secure source water, we can plan with cash in hand. We will be able to meet our \$150K or so of debt service in November without dropping the LGIP account below the \$500K mark, which has been a goal.

These numbers look fine but we have a large uncertainty in our income stream due to weather. . . . wet and cold winter and a cool spring with equal chances of normal/above/below precipitation. Charts were presented along with official weather forecasts for a “*La Nina*” weather pattern which indicates a cool and wet spring for the Pacific Northwest. As was seen this spring, a cool and wet period has major impacts on our revenue stream. Estimate is that a 10% range of income from water sold is a reasonable number or in terms of revenue or about \$100K in income variance at the upper end of the estimate.

We have been operating in the field with three crew members with good efficiency and Jeb is taking on administrative duties in the Performance Standards, record keeping and Personnel book. The three field guys are very fluid in duties and divide up the “heavy work” and the “light work” in amiable fashion. Having three field guys is in some ways is more efficient since a single person can chase parts/re-read meters/collect data and leave two guys to accomplish larger tasks. Customer complaints about avoiding future increases are common.

Utilizing three rather than four field staff represent about a 3% decrease in total operating costs. We have accomplished an enormous amount of field work in the past two years and have equipment and processes to make field work more efficient. Since we have gotten the system in reasonable condition and field staff have a good handle on operations and control three field staff can handle the work load. You can see the effects of the having only three field people in the Financial Statement, which will become more apparent as the months go by.

Crew has been working on:

- Valve turning. About 50% done, enjoying our new valve turning tool.
- Flushed blow-offs on dead end lines.
- Took roof and doors off of LC2 building and set traffic control and help with the pulling of LC2. Person Pump/WRD are meeting on Wednesday to decide what the method of abandonment will be for the well. Person is having some difficulty getting WRD to match the long standing methods done by other states. Winterizing buildings and stations with insulation in windows.
- Meter reading went smooth.
- Replaced shingles on Aeration Basin roof building.

- New Foley pump station upgrades are finished, when you open the hatch, the light comes on, the high capacity fan comes on to remove stale air and there is a heater in the vault. Makes for safer conditions, especially in winter.

The pay on line issue/survey has shown a generally negative response from customers, mostly about the \$1.50 charge for the service. We will run the notice on the October billing to get more data but I do not see much change. Lea and I looked at the equal months pay scenario and due to the rate increases over the past year and our tiered rate structure we need to wait for a complete year cycle to drive the calculation from actual dollars, not gallons sold.

Field issues:

- Having issues at LC3 contacts chattering creating surge issues in that area. Hage Electric replaced the contactors. We are studying if we can use the soft start from the Well #6 inventory for LC3 to lessen surge and make life easier on the motor. Our consultant believes that by replacing the existing panel and a new soft start we can increase the life of the motor and provide better customer service by preventing water hammer upon start up.
- We are still struggling a bit to get LC3 to fire on the reversed schedule allowing for Foley to run much less than LC3 to help with the Nitrate issues. We are running a test pattern starting today to see if our latest efforts will be successful.
- Field staff has sites looking good and getting reservoirs lowered in increase turnover time/prevent freezing.
- We are looking at replacing our chlorine feed pump and installing a chlorine residual monitor on the discharge side of the contact chamber at Well #4. The current LMI pumps have become obsolete and are a maintenance time consumer. They tend to air lock and “gum up” and we are always working on them. The new systems is much better designed. This will be a \$3k to \$9k cost.

Mike Elmore thanked Roger for his report and providing the graphs. What he sees, is if the trend continues the District will fall short on anticipated revenue. He was glad to hear about the staff efficiency with three field employees. He would like to see an analysis of entire operation to save costs. Motion by Mike Elmore, second by Gene Tobie to do an analysis on total operations for efficiencies to reduce costs. Motion approved 4 ayes, 0 nays. It was noted that the Board is not opposed to getting outside input but would like Roger to look at it first.

OLD BUSINESS: In regards to abandonment of LC2, there are issues with getting it legally abandoned since there are no water rights. After meeting with WRD it all should be resolved.

Attorney of Record Tom Peachey reported that someone from Jordan 7 Schrader’s called his office and indicated they may have a solution of the annexation issue of Lower Chenowith Water District. Tom will have the details by next Board meeting.

NEW BUSINESS: LC3 nitrate reports were reported. After receiving a test result of 5.51ppm a test was taken after a two hour run time and test 1.9ppm. Will be running a series of tests starting at three minutes, 6 minutes, 9 minutes up to 30 minutes. After testing, it would be desirable to take the water to waste either to Chenowith Creek or county storm water. Roger has concerns about water quality but needs about 30 more data points.

Roger requested the Board’s approval of the Employees Performance Standards to include in the Employee Handbook which is in the process of being revised. The

Employees Performance Standards will be reflected throughout the Handbook. The Board indicated they will take a more detailed look at it and report back to Roger.

Roger informed the Board that the Accountant should be ready to present the auditor's report at the November 9th Board meeting.

TRAINING SEMINARS & CLASSES: Roger informed the Board that the SDAO conference is coming up the second week of February. Tom Ashmore and Marla Skroch showed interest in attending.

Bill VanEk passed his cross connection and backflow certifications with the highest score in the class.

Patsy and Jeb attended the Human Resources class put on by SDAO.

Jeb Miller will accompany Roger to the OAWU Water Operators Training Short School in Hillsboro on November 2nd where Roger will present his "Water Cowboys".

BOARD COMMENTS: Marla expressed what a wonderful job Roger is doing and how much she enjoys the graphs and pictures that is included in his weekly reports, Board meeting packets and at the Board meetings. Tom Ashmore complimented Roger and staff on their accomplishments and said he appreciates the positive response he gets from the public.

With no further business, motion by Marla Skroch; second by Mike Elmore to adjourn meeting. Motion approved 4 ayes, 0 nays.

Meeting adjourned at 7:30 pm.

**Submitted By: _____
Patsy Busick, Admin./Human Resources**

**Approved as to content at regular meeting held November 9, 2010.
By: _____
Tom Ashmore, President
Board of Directors**