

WEST SLOPE WATER DISTRICT

Regular Board of Commissioners Meeting

December 15, 2021

Meeting Summary

CALL TO ORDER

Present on Virtual Meeting: Chair Andy Smith, Commissioners Ramesh Krishnamurthy, Susan Meamber, Paul Schuler, and Carol Wild

Management Staff: Michael Grimm, General Manager; Lucy Dawes, District Finance & Customer Service Manager

Absent: None

Public: The following District customers were in attendance. Each identified themselves, their address, and their interest in Agenda Item 4.2 – Budget Committee – Volunteer Appointment:

- Andrew March; 4175 SW 94th Avenue, Portland – Homeowner since 2013; currently working at Nike with experience in finance and accounting
- Marjorie Taylor; 3587 SW 91st Avenue, Portland – has been involved in Oregon’s legislative process for several years; experienced in budget adoption processes; lived in West Slope since 1977; happy to serve in any capacity
- Chris Eppler; 3170 SW 82nd Avenue, Portland – customer in West Slope for over 20 years; looking for an opportunity to serve the District
- Shelley Engle; 2625 SW 75th Avenue, Portland – lived in the District for 12 years; has been a City Commissioner for the City of Detroit, OR for four years including during the Labor Day fires; continuing for a way to give back to the community
- Ron Witcosky; 3345 SW 98th Avenue, Portland – CPA now retired from Arthur Young as a managing partner and as a CFO from an organization focused on health care; owned a financial consulting firm.
- Nathan Hinton; 7905 SW Canyon Lane, Portland – lived in the District for 3 years; works for an engineer consulting firm in Portland; happy to serve in any capacity

1.0 – CALL TO ORDER

Chair Smith called to order the regular meeting of the West Slope Water District Board of Commissioners at 5:01 P.M., Wednesday, December 15, 2021. The meeting was held through Zoom remote teleconferencing technology. The public was made aware of the meeting through the District’s website (the meeting agenda and Zoom meeting link were posted on the website).

2.0 - PUBLIC COMMENTS/COMMUNICATIONS

No public comment was received prior to the meeting, and no members of the public attended the meeting with public comment to share with the Board.

3.0 – CONSENT AGENDA

Commissioner Wild asked to withdraw Agenda Items 3.4 and 3.8 from the Consent Agenda. Commissioner Wild asked Ms. Dawes if she thought the two outstanding checks issued by the District in 2019 were going to be resolved prior to the end of the current fiscal year. Ms. Dawes hopes to get to that task and understands the Board's concerns though there are more pressing issues to address in the next few months. Commissioner Wild also applauded the discontinued use of the handheld credit machine at the counter (Agenda Item 3.8). Ms. Dawes pointed out the 10-year rate projections from Portland show a dramatic rate reduction over previous years' projections due to removing the full cost of Washington Park Reservoir 3 from the wholesale cost pool. Commissioner Wild made a motion to accept the Consent Agenda. Commissioner Schuler seconded the motion, and the motion passed unanimously.

4.0 – DISTRICT ACTIVITIES

4.2 – Budget Committee – Volunteer Appointment

Chair Smith introduced each perspective Budget Committee volunteer and gave each a chance to provide the Board with a short biography (see meeting introduction). Mr. Grimm shared the status of the current Budget Committee with four vacant positions and one volunteer member (Mr. Michael Smith) wishing to continue serving in his appointed position. Chair Smith asked about the term length of all the Budget Committee positions. Mr. Grimm stated the term lengths are staggered by position:

Position #1 – Expires 1/1/2024

Position #2 – Expires 1/1/2025

Position #3 – Expires 1/1/2023

Position #4 – Expires 1/1/2025

Position #5 – Expires 1/1/2023

Chair Smith asked for comments from the Board to start the selection process. Commissioner Schuler stated he was very impressed with the interests and background of all the volunteers on the list wishing to serve, and Mr. Schuler asked if the District were limited to only five volunteer members. Mr. Grimm responded that by State law, the District can have no more volunteer members on its Budget Committee than it has elected officials. Therefore, the District is limited to five volunteer members. Commissioner Wild was also pleased with the number very qualified volunteers who responded to the District's request, and Ms. Wild proposed an initial screen could be to consider the six perspective volunteers in attendance and not the three candidates who were not able to attend this meeting (Note: all nine perspective volunteers were invited to the meeting; three responded they were unable to attend due to travel or prior commitments). Mr. Witcosky stated he would be fine if other candidates were selected instead of himself if that helps the Board's decision. Mr. Grimm stated the requirement for the Board is make their appointments in an open public meeting. Ms. Engle stated she would be happy to withdraw her request to serve citing having no real background in finance. Commissioners Krishnamurthy and Meamber both expressed how fortunate the Board is to have so many qualified candidates. Commissioner Meamber supports Commissioner Wild's proposal to limit consideration to the candidates in attendance.

Chair Smith thanked all the candidates, agreed with Commissioner Wild's proposal, and stated that interest and willingness to serve are key elements of a great Budget Committee volunteer and not necessarily a background in finance. Chair Smith asked if the Board needed a motion to approve the appointments to the Budget Committee, and Mr. Grimm responded that a motion to approve the appointments would be needed to formally approve this year's roster. Commissioner Wild suggested the Board retain Mr. Michael Smith in Position #2 as the lone

returning member of the Budget Committee and appoint the four other positions from the candidates in the meeting. Commissioner Krishnamurthy agreed with Commissioner Wild's suggestion. Commissioner Wild made a motion to appoint Mr. Michael Smith to a new three-year term on the Budget Committee in Position #2. The motion was seconded by Commissioner Krishnamurthy and was passed unanimously.

Mr. Nathan Hinton and Ms. Shelley Engle both politely withdrew their names from consideration for appointment in an effort to make the selection process easier for the Board to make, thereby leaving four candidates for four open positions. Commissioner Wild expressed interest learning more about Ms. Engle's experience with resiliency and emergency response related to the Labor Day fires. Commissioner Krishnamurthy encouraged both Mr. Hinton and Ms. Engle to attend future Board meetings to stay engaged with District issues.

Commissioner Schuler made a motion to appoint the following members to the Budget Committee in the following positions:

- Position #1: Andrew Marsch
- Position #3: Marjorie Taylor
- Position #4: Chris Eppler
- Position #5: Ron Witcosky

Commissioner Krishnamurthy seconded the motion, and the motion passed unanimously.

4.1 – General Managers Report

Mr. Grimm stated Phase 3 of the wholesale water sales agreement work with Portland, the FCS Group, and the other wholesale customers will resume in January. Mr. Grimm pointed out the Board will have a discussion about the Beaverton Hillsdale water line project in Agenda Item #4.4 regarding the contract price for AKS Engineering & Forestry but highlighted AKS's progress with the project's 90% plans. As will be discussed in 4.4, the overall project budget does not need adjusting at this point, only the contract with AKS to account for the two new tasks to complete. Portland has exceeded the EPA action level for lead as a result of the latest Joint Monitoring Plan (JMP) monitoring. The action level is not a contaminant level but rather a "trigger" level requiring action on the part of water utilities. West Slope contributed two of the 104 water samples collected through the JMP, and as a member of the JMP, West Slope is required by state and federal drinking water regulations to conduct public outreach and education. Most of the tasks will be completed by Portland on behalf of their retail and wholesale customers who participate in the JMP. West Slope is required to print a statement on customer water bills about the exceedance as well as mail a lead education brochure to all customers including separate mailings to sensitive/vulnerable populations (schools, day care centers, medical clinics, care homes, etc.) Fracta has completed the initial stage of the asset management project work with the completion of the asset inventory and assessment and the dashboard display of West Slope's data. Mr. Grimm also shared the NOAA projections for weather through April 2022 call for strong La Nina patterns in the equatorial Pacific which usually means colder, wetter weather before trending more toward ENSO Neutral by May 2022.

Commissioner Krishnamurthy asked what the driver was for such a drop in the projected wholesale water rates from Portland. Mr. Grimm stated the withdrawal of Washington Park Reservoir #3 from the asset cost pool in the current wholesale water sales agreement for westside wholesale customers is the difference in the projected rate. The full cost for Reservoir #3 will not be included in the rate base for West Slope but rather only the cost related to emergency service will be included (much less than the full cost). Ms. Dawes pointed out the methodology is similar to how the costs are proposed to be allocated in the new wholesale

water sales agreement and the City's recognition of the adverse impact of such a sharp wholesale water rate increase will have on the District's own retail rates. Commissioner Krishnamurthy asked when will the wholesale water rates for the next ten years be finalized. Mr. Grimm stated the City will make rate projections for five and ten years at time, but the City will only pass a wholesale water rate for one year, the coming fiscal year, by the middle of June 2022.

4.5 – Acceptance of Grove Mueller Audit Report

Ms. Dawes presented the audit report for formal acceptance by the Board. Ms. Dawes commented the report was very favorable with no additional recommendations from the auditors. The report has been filed with the state and municipal securities board and the government finance officers association. The Board collectively thanked Ms. Dawes for the work performed to complete the report and the certificate recognition. Commissioner Krishnamurthy made a motion to formally accept the auditor's report. The motion was seconded by Commissioner Schuler and passed unanimously.

4.6 – Signature for District Checks

Ms. Dawes shared an image of the District's check showing where signatures are needed on the checks. Chair Smith volunteered to sign the template signature block so all District checks would now bear the signatures of the General Manager and Chair/Commissioner Smith. The other authorized signer for District checks is Commissioner Schuler.

4.3 – Vaccination Policy Mandate Discussion

Chair Smith opened the agenda item to other commissioners to voice their current views on this issue. Chair Smith noted there has been no change at the state or federal level in terms of new legislation or rule making. Commissioner Schuler commented that deferring the decision for another month is his opinion, and Commissioner Krishnamurthy agreed with his opinion. Commissioner Meamber stated her opinion was more ambivalent at the November meeting but currently not as much after reviewing other website information such as found on the SDAO website with links to CDC guideline webpages to encourage employee vaccination and believes it is important to do what is possible to implement those guidelines at the District. Commissioner Wild reiterated the importance of vaccinations to protect the District staff and District customers and asked if the Board should be more proactive if Oregon decides to move forward with vaccination mandates rules. Chair Smith stated the issue is currently tied up in the courts and posed the question should the District implement a policy if Oregon OSHA were to adopt a policy regardless of the number of employee threshold in the mandate. Commissioner Schuler stated he supported that proposal but is concerned about the legal liability of a law that may have to be unraveled at a later time. Commissioner Krishnamurthy asked if there is any more time available to see if there is any clarity on this issue. At the request of Chair Smith's proposal, Commissioner Krishnamurthy clarified his point of possibly getting legal clarity for implementing a policy that does not have complete clarity, though he is not advocating waiting until there is complete clarity on the issue. That is, how long should the District stay in a holding pattern? Chair Smith reiterated his position that when there is legal certainty in Oregon law the District should comply with Oregon law regardless of how many employees per organization the law covers. Commissioner Schuler stated that proposal is a logical choice. Commissioner Wild clarified the District then would not implement a policy prior to the creation of Oregon law, and Commissioner Schuler agreed citing the risk of the District's vulnerability to potential lawsuits filed against the District.

Mr. Grimm called attention to the written content in Agenda Item 4.3 identifying the best management practices and guidelines staff is currently taking to safeguard employees and

District customers with no vaccine policy in place that mirror the components of vaccine policy. Commissioner Wild stated the concern of the three Commissioners at the November meeting was that a full Board would be more desirable for deciding upon a policy. Mr. Grimm stated the Board should be cautious in its actions and consider the wisdom of obligating the District to following a rule that has not been written at this time. Chair Smith stated there is enough information available from the federal government to know what a mandate requirement would look like. Commissioner Krishnamurthy made a motion for the District to follow the guidelines of the State of Oregon and as changes are made to those guidelines, the District will review and adopt as applicable at that time. Commissioner Schuler seconded the motion, and the motion passed unanimously. Chair Smith asked if the District needs a resolution to solidify the position, and Mr. Grimm replied the motion is clear and provides direction for the Board as well as staff, so no further action is needed at this time.

4.4 – AKS Contract Modification

Mr. Grimm presented the request from AKS for two tasks outside of the current AKS contract and scope of work. Both tasks are generated by ODOT to address potential contaminated soils excavated during construction and replacing old traffic control loops with laser camera traffic control equipment. The estimated work for the GeoPacific to complete a soils and groundwater assessment in areas near historic fueling stations is \$26,980. The estimated work for Lancaster Mobley to complete an enhanced signal design to minimize the disturbance and damage to existing traffic loops is \$13,730. Staff recommendation is to increase the scope of work and contract amount with AKS to accommodate these two new tasks. Commissioner Meamber asked what are the overall estimated project costs. Mr. Grimm responded AKS estimates the construction costs to be \$2.5 million based on 90% design. The AKS contract is proposed to be increased from \$0.30 million to \$0.35, and a built-in contingency of \$0.15 million. The Board has previously approved a CIP budget of \$2.5 million for the project with an extra \$0.5 million as a contingency. Therefore, the project budget and current estimated project costs are both \$3.0 million. Commissioners Wild and Krishnamurthy both commented that many uncertainties remain related to supply chain and labor shortages that could increase the overall project costs, and Mr. Grimm agreed. Commissioner Meamber made a motion to amend the contract amount with AKS Engineering & Forestry to a not-to-exceed amount of \$350,000. Commissioner Schuler seconded the motion, and the motion passed unanimously.

5.0 – COMMISSIONERS COMMUNICATIONS

There were no outside meetings attended by commissioners last month. Chair Smith commented he was pleased with the selection process for Budget Committee volunteers especially the District reaching out to the public for volunteers and added that including a request in Spanish next year for volunteers would be another way the District could demonstrate inclusivity. Chair Smith also was pleased the District included a Spanish version of the lead notice on the most recent water bill. Items for the January meeting include topics for the upcoming budget adoption process such as a brief summary of potential budget concepts for the FYE2023 and some initial thoughts from the Board about ideas to acknowledge or celebrate the District's 100-year anniversary in 2022. Another event to consider would be a repeat meeting in the spring with Portland Water Bureau's director and commissioner. Commissioner Krishnamurthy thanked staff for leading the Board through tonight's discussion and the presentation of information in the Board packet. Commissioner Schuler was very pleased with the number and qualifications of the volunteers who made themselves available for service on the Budget Committee and commented the Board may want to consider an equitable selection process prior to having to make appointments next year, if possible. Commissioner Wild agreed with Commissioner Schuler's comments regarding an appointment

process and commended Chair Smith for leading the Board's discussion through important topics tonight.

6.0 – EXECUTIVE SESSION

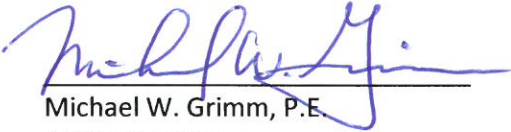
The Board left the regular session at 7:01 PM. At 7:03 PM, the Board entered into Executive Session to discuss the performance appraisal process of the General Manager and invited Judy Clarke with Team HR to the Executive Session. The Board concluded the Executive Session at 7:48 PM and entered back into regular session also at 7:49 PM.

7.0 - ADJOURNMENT

There being no further business to discuss, Commissioner Schuler moved to adjourn the meeting. Commissioner Krishnamurthy seconded the motion, and the motion was approved unanimously. Chair Smith adjourned the December 15, 2021 Regular Board of Commissioners meeting at 7:51 PM.

Respectfully Submitted,

Approved:



Michael W. Grimm, P.E.
Acting Secretary

