

PACIFIC CITY JWSA BOARD OF DIRECTORS  
BUSINESS MEETING MINUTES

December 1, 2015

Chair McVicker called the December 1, 2015, business meeting to order at 5:00 PM in the Authority's meeting room.

Directors Present: Carolyn McVicker, Sean Lambert, Anne Price and Sean Carlton.

Guests Present: Tim Hirsch, Sue Delaney, Bob Elledge, Bob Matson, Bonnie Matson, Mike Dill, Mr. Heras, Cameron Gogas, Dick Renoud, Rintha Renoud, Walter Kostrikin, Robin Kostrikin, Robert Anderson, Wade Longworth, Gene Johnson, Sue Johnson, Daryle Jimerson, Joan Jimerson, Mark Tyler, Jessica Kleiver, Allan Willis, Richard Potempa, Lori Whiteman, Jim Allen, Dave Baxter, Marge Stoughton, and others that were not identified.

Staff Present: Tony Owen, Michelle Hughes, Ray Browning, Pat Hurliman, Leonard Whiteman

## **MINUTES**

### **A. 11/03/15 Business Meeting Minutes**

#### **Motion**

Director Price moved to approve the minutes of 11/03/15 Business Meeting. Director Lambert seconded, and the motion carried unanimously.

## **FINANCIAL REPORT**

### **A. Accounts Payable: 11/13 and 12/01/15**

#### **Motion**

Director Lambert moved to approve the accounts payable for 11/13 and 12/01/15. Director Price seconded, and the motion carried unanimously.

### **B. Fiscal Year 2015-2016**

## **MANAGER'S REPORT**

Mr. Owen reported that under the terms of the MAO there were no permit violations for the month of November; however, if there had been no MAO, there would have been 2 violations for effluent BOD and 3 violations for effluent TSS.

Mr. Owen referenced some insurance quotes that he had recently forwarded to the Board for an increase in crime coverage limits. Discussion ensued.

Mr. Owen reported that the annual audit was complete, and congratulated Ms. Hughes on a job well done.

## **NEW BUSINESS**

### **A. November 3, 2015 Special Election Determination**

Mr. Owen said that as part of the process, the Board has to make an official determination to the County Clerk on the vote count and the outcome of the election.

#### **Motion**

Director Price moved to accept the election abstract from the election of November 3, 2015, noting the vote count on the GO Bond as reported by Tassi O'Neil, Tillamook County Clerk. Director Carlton seconded, and the motion carried unanimously

## **UNFINISHED BUSINESS**

### **A. WWTP Funding**

Mr. Owen asked the Board if they wanted to revisit the concept of establishing tiered sewer rates.

Director Carlton suggested a couple options to the tiered rate; a surcharge based on usage, or an increased rate for commercial users, all based on if you use more, you pay more.

Chair McVicker said that based on a revenue bond for the WWTP Improvements, the Board had looked at billing the same for everyone, and now are looking to meet the required dollar amount legally, equitably and within the capabilities of the current computer software.

Director Lambert suggested exploring what other communities have done in this situation.

Ms. Hughes said that tiers would be easier than setting a certain dollar amount for type of account, because each account would have to be changed individually and would be labor intensive.

Discussion ensued and the Board decided to meet again regarding CIC rates.

Chair McVicker asked Mr. Jimerson if this discussion met the criteria that he had presented at a previous meeting. Mr. Jimerson stated that he had nothing to add, but that water and sewer are inseparable.

## **GUEST QUESTIONS AND COMMENTS**

Chair McVicker invited guest questions and comments, confirmed that the “Rules of Conduct for Public Meetings” would be adhered to, and requested that anyone speaking would identify themselves first.

Mike Dill of Woods, retired systems engineer, said that he had reviewed the Engineering Report and the design. Mr. Dill stated that there was a trend in design for decentralization; small resilient systems that can take care of themselves, and that the Engineering Report and design for the WWTP is moving toward centralization and patching into the system that been here for almost 40 years. Mr. Dill said that there was not enough information in the report for him to do a cost analysis. Mr. Dill suggested that there be a citizen’s board to get access to legal and technical information, and to offer suggestions and work with the Board.

Bonnie Matson asked why the flat rate that she paid now was going to change to a tiered rate.

Chair McVicker explained that they are not changing base rate, but in the discussions in how to pay for the WWTP, one option was to add a flat rate of about \$35 per month to the bills. Chair McVicker continued that feedback from the public had been received and that some people were interested in looking at a tiered rate for sewer, so that those who use less water would pay less toward the WWTP upgrade.

Director Price added that the water rates were already tiered based on consumption.

Mr. Heras of Woods asked what the estimate was for the improvements and how many years it would take. Chair McVicker replied that currently the estimate was \$10.6 million, and given the fund package that Rural Development has offered, it would be a 30 year payback after construction is completed, which is expected to be in 2018; three years for design and construction. Chair McVicker said that the debt does not get finalized until the construction is complete, and accepted and approve by various agencies; once that debt gets finalized then the debt repayment begins with bonds. Chair McVicker said the bond package that Rural Development has offered at 2.125% had 30 years for repayment, which was different than a municipal bond that would be shorter at a higher rate.

Mr. Heras asked if flow was being metered. Chair McVicker said that flow documentation was available in the Engineering Report.

Bob Elledge on Sunset asked about the amount of increase of the Sewer CIC. Chair McVicker said that the Sewer CIC increased by \$10 in July 2015 to a total of \$20 per month.

Cameron Gogas asked how many hookup sites the WWTP upgrade would increase. Chair McVicker said that the question was very hard to answer.

Mr. Owen said that it was not a maximum build out of all the lots. Mr. Gogas asked if the boundaries of service were going to be expanded with the upgrade. Chair McVicker said that the upgrade of the plant is to meet the DEQ standards, to service the poo-flow through Pacific City. Mr. Owen said that the boundaries are not going to be expanded.

Mr. Heras said that in order to improve this system you will have to change all the pumps in the system, and in order to purify all the sewer treatment you will have to increase the area of the residues. Mr. Heras continued that what we have right now is not going to help, and in order to improve the system that flow has to be much greater than it is right now and your poos have to increase tremendously. Chair McVicker said that we don't need any more land, and that it was in the Engineers Report.

Dick Renoud of Brooten Road asked if we were in compliance with DEQ for summer flow. Chair McVicker answered that if we were under a normal permit, we would be out of compliance.

Mr. Renoud continued by asking how long it was going to take to build the plant, and thought that we'd be out of compliance for 5 – 6 years. Mr. Owen explained that the design portion is about a year and the construction would take 24 – 30 months.

Sue Delaney of Pacific City asked when the \$35 a month charge was going to start. Chair McVicker said that the estimated \$35 per month for the upgrade, \$10 of that is already on the bill. Ms. Delaney said that was supposedly to water, but you just said a few minutes ago that it's going to be \$35 every month until the whole mess is taken care of. Chair McVicker apologized for not being clear and said that the estimated total has been spaded at \$35 a month to your bill. Ms. Delaney asked what was going to stop you in a year's time from raising it another \$35 because something else broke down. Ms. Delaney said that PCJWSA was way out of line with the charges; all you have to do is go to a different city and compare the water/sewer prices, and we pay 3 – 4 times more.

Chair McVicker agreed that rates are really varied, and two of the biggest factors that affect rates are the number of hookups that contribute to the infrastructure, and the other.....

Ms. Delaney said we have the hookups and asked why we need an \$11.5 million new sewer plant. Chair McVicker said that they were not talking about the same thing, and asked if she had another question about why we needed the upgrade.

Ms. Delaney said she wasn't going anywhere with this.

Ms. Renoud said she has seen a broad movement recently that people don't want answers, they want understanding. Ms. Renoud said that this started with adopting a flawed report from an engineering firm (bad idea), and I'd be contacting the engineering firm with a pink slip and be asking for a refund because they led you down a garden path. Ms. Renoud said that either they didn't do their work, which we can assume, or you didn't do your work by oversighting them to point that you found the gaping holes in the report; the end result is the same, it didn't get done. Ms. Renoud said that the bill, design and forecast was based on flawed information, then borrowed to meet that expectation that was flawed.....

Chair McVicker asked Ms. Renoud to wrap up her statement.

Ms. Renoud continued that there was a failure to communicate with rate payers who live here why it was needed and what size was needed, and that no one argues that we need trouble free poo flow. Ms. Renoud wanted to know if any of the existing system was going to be salvaged, and what they were doing as leaders to get this under control cost wise.

Walter Kostrikin of Pacific City Heights requested a forum with the public, and to have adequate input on this future plant. Mr. Kostrikin said that his two concerns were 1) excessive growth rate and the capacity that the plant is based on, and 2) getting developers to pay their fair share through system development charges. Chair McVicker explained the financial reasoning for charging at the time of the building as opposed to charging the developer.

Robert Anderson of Pacific City said that PCJWSA had received letter to from an attorney who made some strong comments of things that have happened, and your attorney had refuted nearly every item, and he would like a copy of that letter. Mr. Owen said that if Mr. Anderson would leave his contact information, he would send it to him.

Mr. Anderson asked that if the estimates of the cost are based on a non-engineering opinion, based on information was either incomplete or incorrect, isn't it not a little premature to discuss the cost and how you're going to allocate that and how we're going to pay for it. Mr. Anderson said that he would like to see some numbers from an engineering firm that says this is what it's going to cost. Chair McVicker said that all that information was available in the Preliminary Engineering Report on the website. Mr. Anderson said that he did not have access to a computer.

Chair McVicker said to call the office and arrangements could be made. Mr. Longworth noted that that the bond was for 30 years, asked about the life of the plant and, with new technology, it could be an antique in 15 years and then looking at another upgrade. Mr. Owen said that the life is 20 years, and USDA has a requirement that there is an annual set aside for equipment replacement.

Bob Elledge asked where the CIC fees go. Mr. Owen said that a portion goes into the 002 fund for debt service on the upgrade, a portion that goes into the water capital improvement fund, and another portion goes into the sewer capital improvement fund.

Mr. Heras asked if a letter could be sent out to customers when the WWTP construction was complete.

Chair McVicker said that the Master Plan would be a good read to see that there were other infrastructure issues that need to be replaced in this community.

Ms. Renoud said that she was not interested in borrowing back money from the government that she already pays to, so that she could repay again over a long period of time. Ms. Renoud said that the report overshot the estimation, nobody researched it, the plant does not need to be this big, and she feels bad that the funding was put in order, but getting them reduced is possible. Ms. Renoud continued that based on the amount of distress that was out here, the Board should take a very strong look at rethinking exactly what kind of need we have, because the need that was projected in that report was wrong. Chair McVicker asked Ms. Renoud if she had read the report, and she replied that she had not, but had been getting feedback from one of the ad hoc advisors. Ms.

Renoud continued that this advisor continued that the engineering firm did boiler plate work and certainly not quality work.

Mr. Renoud said that Tillamook County has a projected growth rate for Pacific City at .65, the long term is a negative growth. Mr. Renoud asked if anyone looked at that. Chair McVicker said that that number is not what was used for the report and Mr. Owen said that growth was an extrapolation of what comes into the sewer plant. Mr. Owen continued that PCJWSA is looking at flow and organic loading that come into the sewer plant.

Mr. Dill asked what the interest rate on the loan would be and Chair McVicker responded with 2.125%.

Mr. Johnson asked if the estimate for the plant is \$10.6 million and the grant is just a little less than 2 million then loan will be 8.5 million.

Mr. Jimerson asked about the ballot and the people that cannot vote, why we don't let them vote. Mr. Jimerson asked if that this improvement was cut and dry or if we are going to repair the Chevrolet or we're going to buy a brand new Cadillac. Chair McVicker replied that the engineering is not for a brand new plant, we are making use of a number of pieces that exist and changing technology of processing and replacing items such as the intake screen and bio solids dewatering. Mr. Jimerson asked if we could do it cheaper and Chair McVicker said that there were three proposed options in the initial report, activated sludge, membrane technology and sequencing batch reactors. Mr. Owen stated that the sequencing batch reactor was the least cost capital as well as long term maintenance and PCJWSA is reissuing every rank at the facility.

Mr. Kostrikin said that we need to debate these issues, the SDC one for example and the other one is the issue of growth; what kind of growth do we want to support. Mr. Kostrikin said that we have to pay for it and we should be ones who get to decide how much growth we are willing to support. Chair McVicker asked Mr. Kostrikin to direct his comments to the board and before you continue, this board does not set growth rates; it does through zoning and the land use planning in the state of Oregon. Mr. Kostrikin said he was also directing the comments to the board. Mr. Kostrikin asked what the forecasted growth rate was for Pacific City and Chair McVicker responded with .67. Mr. Kostrikin reiterated .67 not 2.5. Chair McVicker said that item has been clarified; the board wants the community to understand that the number of 2.5 is extrapolated from other numbers such as flow and BOD. Chair McVicker stated that Mr. Kostrikin three minutes was up.

Director Carlton introduced himself and explained that he had been doing a lot of catchup being a relatively new board member. Director Carlton said from his perspective that at the core PCJWSA is violating our DEQ permit and that permit is not based on the CDP population of Pacific City. Director Carlton continued that the permit is based on poop going through a pipe per unit of time not by the amount of the people who are officially counted by the US census and the people who use our system are more that the people who are listed on the census. Director Carlton encourages the public to go to the NDESP website they require us to do a calculation that is called a population equivalent which is reported to them each month. The DEQ then takes the numbers and come up with population equivalent. Director Carlton stated that there are a lot of people who

come and use the waste-water facility in Pacific City that don't live here and that are a major problem. Director Carlton said that our ability to obey the law and to comply with our DEQ permit is based on how much poop is growing through a pipe, so our engineering report if you look at it is that one of the assertion that has been made is that our calculations were based on quality data. Director Carlton continued that there is a contention that we based our projection based on an improper population growth forecast which was made to make it easier for people to understand is in Section 3.1, however, Section 3.2 which is existing and projected wastewater flows and load is on pages 9 through 14 based on poop going through a pipe and we have one page of data based on population projections, Director Carlton concluded that the idea that the report is flawed because we didn't use the CDP population and the Tillamook County official growth rate is false.

Mr. Gogas asked then why did PCJWSA extend their flow rate of discharge. Chair McVicker said that PCJWSA did not increase their flow in fact their flow has been reduced in the last three years. Chair McVicker commented that PCJWSA did renew their permit but not their flow amount.

MS. Renoud asked about the measurement of poop and she was informed that it was reported daily by staff. Ms. Renoud gave a dissertation on the process Bend handles their water and sewer. Ms. Renoud says that feels that the message went out is that this is what were are going to do and ok it's overinflated and the message that didn't go out that you don't understand is that we can still dial it back as we refine the process.

Ms. Kostrikin asked in the board minutes of 2015 Mr. Owen said that the Pelican Pub was causing a burden on the system but he was going to give them a six month extension means. Chair McVicker said she would have to see the minutes but would take it under advisement.

Mr. Kostrikin said that the permit says that the violation has nothing to do with the wet season or visitor seasonal loads. Mr. Kostrikin went on that there was no correlation between the non-compliance to and wet seasons and visitor loads. Director Carlton responded that the DEQ permit says that there are two different types of flows and they call them peak wet weather. Director Carlton continued that the rules have become stricter and now violating the permit more often, hence the agreement with DEQ contingent upon upgrading the waste water plant.

Mr. Heras asked if the engineering report is a public or private document. Chair McVicker replied that it is public. Mr. Heras asked if a copy could be made available at the Library and Chair McVicker replied yes.

Mr. Dill stated that he figured out that it's around \$180,000 of interest on 8.5 million dollars per year. Chair McVicker responded in that he made a good point and some of the boards predecessors goals were to keep the user fees as low as possible for a number of years so there wasn't money being put away which has contributed to this. Chair McVicker continues that the board has looked at a number of different options and loan programs to find out what we were qualified for and then went after the best deal.

Mr. Elledge asked if we are going to get the loan all in one lumps sum or are we going to get it as we use it. Chair McVicker replied it's complicated and said the next phase is interim funding and that covers the design engineering along with the construction, when that is completed Rural

Development steps in and takes the debt over and buys our bonds. Mr. Elledge asked if there was a firm bid on the upgrade or just an engineer's estimate. Mr. Owen stated from the time the design begins we are looking at about 12 to 13 months before we can actually go out on the street and let bids out.

Director Carlton said he found the section that Mr. Kostrikin was talking about earlier, in Section 3.2 of the preliminary engineering report it says "comparing daily rainfall and daily waste-water flows indicates a little or no correlation or high flows and high rain falls" and then it says "unlike other communities in western Oregon Pacific City does not experience the maximum flows based on the wet season but based on peak populations from seasonal visitors." Mr. Kostrikin says that that contradicts a previous portion of the report. Director Carlton asked that maybe he could forward that and Mr. Kostrikin interrupted with they refer to an appendix C2, we really need a forum where these issues can be debated, where people can have access.....Chair McVicker interrupted and stated that he has said that before and the board said that they would consider it.

Mrs. Kostrikin asked why are they giving us grant money for this huge project, can they not give us grant money if we scaled down the facility? Chair McVicker said that this was a good question, the people that issue grants are very specific about how you apply, when you apply, and the requirements for it. Chair McVicker said that the board started the project with rural development about two and a half years ago to get to this point.

Mr. Tyler asked if any portion of the TLT monies could be used. Director Carlton stated that there is no current provision that would us to do that. Director Carlton said that there are number organizations that are working on changing this. Director Price added that this is at the state level.

Mr. Gogas asked if it wouldn't behoove the board to hold another forum, we need to do something but financially it would be sounder to have everyone more informed. Mr. Gogas continued that there are some very smart people in the community that might see something different. Chair McVicker asked Mr. Gogas if he knew that PCJWSA had an Advisory Committee. Mr. Gogas asked again for another meeting.

Director Lambert reminded the guests that there is a monthly board meeting and the public is welcome to attend. Director Lambert said that in all the meetings he attended that the highest attendance was four and that included Tim Hirsch and staff.

Mr. Gogas asked if the staff was required to attend meetings on paid time. Staff replied in unison no that it was all voluntary. Director Carlson said while on that subject, all of the board members are volunteers.

Mr. Renoud stated that this meeting was just the tip of the iceberg; everyone in the room had two or three neighbors that feel the same way.

Mr. Renoud said that using Davis Bacon rules is going to add 50% to the project. Director Price said that we didn't have an option and that it is not a state rule but Washington DC.



Ms. Delaney asked who was on the Advisory Committee and Chair Board consists of Gene Johnson, Jessica Kliever, Scott Culp, Doug Olson and Allan Wilson. Ms. Delaney asked how the committee was selected and Mr. Owen said it was publicized with applications taken and they are all volunteers.

Mrs. Kostrikin asked if there was anybody on the Advisory Committee versed in engineering or has a science or a mathematics background. Chair McVicker asked Gene Johnson what his background was and he replied he was a PHD in Chemistry, a bio chemist and felt he could understand the project and interpret and comment on intelligently. Mrs. Hughes commented that Richard Potempa is a CPA. Mr. Potempa commented that he was on the Budget Committee and has 35 years financial experience.

## **UNSCHEDULED**

## **CHAIRMAN/DIRECTOR COMMENTS**

Chair McVicker adjourned the regular meeting at 6:41 PM.

The PCJWSA Board of Directors approved these minutes on February 16, 2016, by the following votes:

Aye\_\_\_\_\_ Nay\_\_\_\_\_ Abstain\_\_\_\_\_ Absent\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Carolyn McVicker, Chair

\_\_\_\_\_  
Tony Owen, Authority Manager