



**South Suburban Sanitary District**  
**2201 Laverne Avenue**  
**Klamath Falls, OR. 97603**  
**Phone 541.882.5744 Fax 541.882.5013**

**Board of Directors**  
**Position 1 - Joe Spendolini**  
**Board Chairman**  
**Position 2 - Vacant**  
**Position 3 - Michael Koger**

**District Manager/Secretary**  
**Brett Blofsky**

**Regular Board Meeting Minutes**  
**August 15, 2023 @ 1:30 PM**  
**South Suburban Sanitary District (SSSD) Office**

**Meeting Called to Order - 1:30pm**

**Roll Call of Directors** - Chairman Joe Spendolini and Director Michael Koger. Also present: Jason Morrow (SSSD Collections Supervisor), Sally Bratton (SSSD Treatment Plant Supervisor), Brett Blofsky (SSSD District Manager), Nicki Strain (SSSD Finance Director), and Dan Scalas (Adkin's Engineering).

**Public Input/Comments:** No one from the public present.

**Motion was made by Director Koger to approve the consent agenda, seconded by Chairman Spendolini. Motion passed.**

**Engineering Report** - Mr. Scalas reported that we have not heard much response on the Capital Improvement Plan Project (CIPP). Liquidated damages began July 1, 2023 against Flow Technologies Pipe Solutions. Options were discussed as to how to proceed. The District can terminate the contract or go after their performance bond. The latter is a lengthy process. Mr. Morrow shared that he learned of another company when he was at the Sunriver conference. Director Koger feels that we are 'shooting ourselves in the foot' if we terminate the contract. Chairman Spendolini would like to hear recommendations. Discussion followed regarding the various extensions and the amount of liquidated damages that have been assessed so far. Mr. Scalas has been in contact with Flow Technologies but the District has not. Mr. Scalas suggested that Mr. Blofsky make a phone call to Mike Morris instead of Andy Thompson. He feels that this is the next step and then we need to start thinking about moving in a different direction. He recommends that we have a decision by the next Board meeting. It was agreed that Mr. Blofsky will make contact and attempt to resolve the issue. Mr. Blofsky will give the Board a recommendation at the next Board meeting. All were in agreement.

Mr. Blofsky reported that the funding applications have been submitted with some minor edits. The next step is the extended use plan. There will be a lot of exhibits that need to be prepared. This is where most of the work comes in. They will also need updated financials.

We applied for the Clean Water State Revolving Fund loan in the amount of \$2.9 million. Mr. Blofsky stated that he sent out an email before submitting this application by the August 11th deadline. All responses received were in agreement that this should be done.

**Motion by Chairman Spendolini to reaffirm the approval of the Clean Water State Revolving Fund application submitted by August 11, 2023. Seconded by Director Koger. Motion passed.**

Mr. Scalas discussed the District's completed Business Oregon pre-application. Business Oregon is meeting today. We will now need to submit the formal application. The Board voted to apply for this loan due to the fact that the interest rate is 2% and we are earning 4.5% interest on reserves in the Local Government Investment Pool (LGIP). Mr. Scalas then reminded the Board that repayment does not begin until we start spending the

funds. The District also needs to get an attorney opinion on the Clean Water State Revolving Fund loan contract. This is required.

**Update on the DEQ Addendum** - Mr. Scalas and Mr. Blofsky met with Jacob's Engineering to review the comments from DEQ. It was generally agreed that the comments and responses were reasonable. Director Koger confirmed that the scope of work didn't change. Chairman Spendolini asked if the staffing changes at DEQ have hindered progress. He suggested that we can always reach out to Mike Hiatt with DEQ. We should have some answers by the end of this week. Mr. Blofsky sent the comments on the scope of work. The scope of work revisions and the fee should be coming after the comments. Mr. Scalas discussed this document. He also added that the District will be over the \$100,000 per project threshold. It was generally agreed that Mr. Scalas will review everything related to this project due to the newness of District staff. This is a very large project and the District will need guidance. There are a lot of items that will require engineering services. It was agreed that it would be best to hire someone local. The Board would like to have a recommendation from Mr. Scalas and Mr. Blofsky at the next Board meeting. The District will be doing the Request for Quotes (RFQ) since it is a conflict of interest. Director Koger is concerned that this might delay the project. Mr. Scalas doesn't feel that this will slow progress on the project. It was agreed that the District would request a 'Project Engineer' in the RFQ.

**Administration & Monthly Financial Report** - Ms. Strain reported that she attended an SDAO Board Training and Responsibilities workshop on August 9th in Medford. Attorney Eileen Eakins taught the class. Ms. Strain reached out to Ms. Eakins via email to see about the potential of her firm representing the District. Ms. Eakins indicated that she cannot represent the District at this time due to her current workload.

Ms. Strain then reported on the final report for June. The District stayed within budget in fiscal year 2022/2023 so there are no budget violations to be concerned about. She then discussed the unspent Drought Relief Grant funds the District received in fiscal year 2022/2023. It has been confirmed with Attorney Nathan Ratliff that these funds can be used for anything and there are no reporting requirements attached. Ms. Strain made a recommendation that \$30,000 of the DRA funds be used to help purchase the new software systems (CUSI/MIP) for the District. The software proposals had not been received and reviewed at the time of budget preparation and approval. Therefore, no additional amount was budgeted in the Administrative Computer expense line item in the budget.

**Motion made by Director Koger to allocate \$30,000 out of the Drought Relief Grant funds to help cover the expense of the new software systems (CUSI/MIP) for the District being paid out of the Administrative Computer expense line item. Seconded by Chairman Spendolini. Motion passed.**

Ms. Strain stated that \$500,000 has been moved from the District's regular checking account to the LGIP main reserve account. The LGIP accounts are currently earning 4.5% interest. She will continue to move funds to the LGIP account as needed.

**Treatment Update** - Ms. Bratton gave a status report on the Biochemical Oxygen Demand (BOD) levels. She described what she did to correct the levels. The new sodium bisulfate building has been installed. She will have a recommendation on what to do with the old building at the next Board meeting. She then described the various other tests that have been performed and what was reported to DEQ.

The bar screen motor gear mechanism was sheared and repairs had to be made. It is running great now.

She then discussed the curtain removal in Pond 3. This would be done by the Treatment Plant operators and also the Collections crew in order to save the District money. Mr. Blofsky asked about the concern of stirring the ponds up. Ms. Bratton doesn't think that we need to remove the concrete anchors. Mr. Scalas suggested that we do this at a time when discharge is shut down before we remove the curtain. Ms. Bratton feels that it would take approximately a week to let it settle. It could possibly be left off for two months. Pond 1 and 2 were completely dry at one point. Pond 4 also has a discharge point. She wouldn't trust the levels at this discharge point. Ponds 3 and 4 have been shocked with the new probiotic. It is important to have the curtain removed. Some of the concrete anchors may have actually moved already. Director Koger had a suggestion on how to cut the curtain loose from the anchors. Mr. Blofsky thinks we should try cutting the strings so as to not disrupt the bottom of the pond. Ms. Bratton feels that the curtain will tear as it is being removed. The fabric of the liner is a thick tarp-like substance that has been in the pond since 2001. Chairman Spendolini asked Mr. Scalas if he sees a downside to leaving the concrete in there. It depends on how we are going to clean the ponds. Director Koger suggested that we remove the concrete filled buckets. The nylon rope has probably deteriorated which is why the curtain has moved. Chairman Spendolini wants to make sure that we don't cause problems with the integrity of the pond by removing the curtain. Mr. Scalas doesn't feel that the buckets are going to cause an issue but the curtain needs to be removed. Discussion followed as to whether or not the buckets could be removed safely. It was generally agreed that the buckets we locate will be removed at the same time as the curtain. Additional discussion followed as to how this will be done. Ms. Bratton will talk to the Treatment Plant operators and formulate a plan. No concerns were expressed with the plan. Ms. Bratton also suggested hiring Bob's Excavating to assist if there are issues with removing the curtain ourselves.

**Collections Update** - Mr. Morrow reported on the routine maintenance and number of locates performed during the month of July. He then gave an update on the Crest Street project. The Laverne project with the County is about to begin. They also worked on some manholes and moved some of the monitors per Mr. Scalas' suggestion.

**Recap of the meeting with the Governor's staff** - Chairman Spendolini feels that it is a tremendous complement to the District to have the Governor's staff onsite to discuss our project. He also feels that the meeting went extremely well and that they are motivated to find funding for the pipe. Mr. Blofsky feels that they prefer the pipe option instead of putting the water in the river. Mr. Scalas is skeptical about the new water right option. Operation, maintenance and replacement (OM&R) expenses need to be covered and he feels that going with solar would be a good option to cover this. He also feels that we could do a mitigation fund to help cover the expenses as well. Director Koger feels that the Governor's staff was pushing for the pipeline. He would like to have clarification on the new water rights option. Chairman Spendolini clarified that the definition of our water would change through the process. There is not a clear cut answer to this. The rule of prior appropriation applies. If there is not enough to go around the senior gets it first. He feels that Water Solutions is pretty good about finding solutions within their boundaries. Chairman Spendolini explained the Oregon Administrative Rules (OAR's) and the court cases that have been established and make the whole issue very complicated. Director Koger then discussed KDD's view on this and what their plans are to get the water to the refuge. This would be through the North canal. Chairman Spendolini feels that this meeting opened up an opportunity to have continued discussions with the Governor. He then indicated that KDD's Board is going to discuss the meeting that took place today at their Board meeting on

Monday. If KDD objects to the pipeline then SSSD will not be able to pursue this. If KDD approves this then SSSD will have to make a decision. It will either be the pipeline or applying for a new water right. Even if HB2765 had been approved, Chairman Spendolini feels that the Federal government would have stepped in since the water will cross state lines. Chairman Spendolini clarified that we cannot pursue both paths simultaneously. The Governor's staff recommends that we choose a direction to pursue and stay on that path. SSSD will wait for KDD to decide what they would like to do. Mr. Scalas discussed the grant application that is due by November 17th. This will have to be looked into and a decision made by the next Board meeting. The Governor's staff is going to want to hear our decision relatively quickly. It was generally agreed that we need to wait until after the KDD Board meeting on Monday, August 21st before SSSD's Board can make decisions.

**Property Values for Hwy 39/Bryant** - Mr. Blofsky reported that we are waiting on Randy Shaw with Coldwell Banker to get back to us with the property values. Chairman Spendolini discussed the current lease on the property.

**Motion was made by Director Koger to put the Hwy 39/Bryant property up for sale in the amount of \$550,000 with an option to lower the price to \$538,000. Seconded by Chairman Spendolini. Motion passed.**

Chairman Spendolini would like to see the listing before it is published. Discussion followed regarding whether or not we should hire a real estate agent. The agent would not be paid unless the property sells.

**Motion was made by Director Spendolini for Mr. Blofsky to find a listing real estate agent to list the Hwy 39/Bryant property for sale . Seconded by Director Koger. Motion passed.**

**Wetlands Mitigation N. Poe Valley Update** - Mr. Blofsky gave an update on Rabe Consulting and where we are in the process. There is nothing to report at this time. We should have an update at the next Board meeting.

**Meeting Adjourned at 2:54pm**

**ATTEST:**

\_\_\_\_\_  
Brett Blofsky

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Chairman Joe Spendolini

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Date