



2201 Laverne Ave

Klamath Falls, OR. 97603

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[www.sssd.org](http://www.sssd.org)

## **Board of Directors**

Position 1 – Joe Spendolini

Position 2 – Kevin Harter

Position 3 – Mike Koger

## **District Manager/ Board Secretary**

Brett Blofsky

## **REGULAR BOARD MEETING**

**March 15, 2022**

**4:00 PM**

### **MINUTES**

1. **Call to Order**—Director Harter called meeting to order at 4:00pm
2. **Roll Call of Directors**—Chairman Harter and Director Koger present. Director Spendolini present via video call. Also present were: Dan Scalas with Adkins Engineering; District Manager Brett Blofsky; and District employees Sally Bratton and Don Monroe. Cindy Oden also present via video call.
3. **Approval of Feb. 15, 2022 Board Meeting & Feb. 22, 2022 Board Work Session minutes**—Director Koger made a motion to approve minutes, Director Harter seconded, all in favor.
4. **Presentation of 2020-2021 Audit Report – Motion to Approve unless there are questions**—Cindy stated that the audit went well, but that the auditors did find instances where ORS wasn't followed for procurement by the previous Board involving bids on the sludge removal project and cross over pipe. Director Spendolini had a question about the property value for N. Poe Valley on our financial statements. Cindy stated that the values must be shown as the price of purchase until the property can be sold. Director Spendolini wanted to make clear that the actual value of the property is one and a half million dollars less than what the prior Board paid for it. Director Koger moved to approve the 2021 Audit, Director Koger seconded, all in favor.
5. **Approval of Monthly Budget Report & Other Financial Information**—Director Spendolini wanted to make sure that each department pay extra attention to their budgets so that they don't go over like we have in the past with some areas He also asked a question about how we're so far over on electricity. Director Harter stated that there has been a large increase per kilowatt hour. Cindy interjected that the issue may lie with having the E3 trailers hooked up to our power. Director Harter said that he didn't believe that that was the issue, but that it would be possible to have them metered just to check and make sure. Director Spendolini asked a question about solar income. Cindy also states that some overages may be caused from coding errors. Director Harter moved to approve the budget report, Director Spendolini seconded, all in favor.
6. **Treatment & Collection Systems – Staff Reports**—Cindy reported that the Board had all the information form her department. No questions were asked. Sally reported that her department had regular operations and process. Reported that E3 is onsite, but still hasn't had any actual testing done. Freezing has been an issue for E3. Sally is also putting together a comparison from other plant's data which she thought she should have done by next month.

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Don reported that the crew did over 1,800ft of GIS TV'ing, 13,000ft of mainline flushing, and fixed a break in the mainline. Two new crew members have gotten started, and the collection crew is considered fully staffed.

7. **Public Input:** *Any person wishing to speak on an item that is on the agenda, that subject must be pertinent to the Agenda Item and be limited to three (3) minutes. Off-agenda items must be expressed during the public comment period, and those items are limited to three (3) minutes.*
  
8. **Public Hearing on Ordinance #60 – Sewer Fees – copies available at the District Office, 2201 Laverne Ave., Klamath Falls, OR 97603 from 8:00am to 4:00pm—**There was no public attendance.
  - a. **Open Public Hearing—**Director Harter opened to public hearing
  - b. **Motion to read Ordinance # 60 Sewer Fees by title only—**Director Koger made a motion for the reading by title only, Director Spendolini seconded, all in favor.
  - c. **3<sup>rd</sup> & Final Reading of Ordinance #60—**Director Harter read Ordinance #60 by title
  - d. **Take Public Comment on Ordinance #60—**No public comment
  - f. **Close Public Hearing—**Director Harter closed public hearing
  
9. **Adopt Ordinance # 60 – Sewer Fees: Motion required to adopt—**Director Koger motioned to adopt Ordinance #60, Director Spendolini seconded, but wished to discuss the importance that the citizens of the District understand that the current Board has still saved them money despite the increase, because Ordinance #60 does not allow the 10% reduction from Resolution #221 to expire. Without that terminology in Ordinance #60, the current increase would be 10% more than what it is. Director Spendolini also requested that a notice be sent out to the rate payers to notify of the rate increase before it happens. All in agreement. Director Harter requested that the creation of a talking point sheet to help District employees answer any questions about the increase to be at the top of the list for Brett to finish along with a letter to send out to rate payers.
  
10. **Old Business**
  - a. **Facility Plan Update** – we've received drafts of Chapters 2-6 and Appendix A. Still waiting on Chapters 1 & 7. Once received, a Board Work Session will be scheduled to discuss entire Draft Facility Plan. —Brett reported that he was still waiting to receive Chapter 1 & 7 and said that once those are received he will make paper copies for each of the Board Members and an electronic copy will also be provided to Dan for review. Director Spendolini requested that the Board schedule a work session to go over the Chapters. All in agreement.
  - b. **E3 Pilot Project Update—**We did finally get a repose to the memo. Dan said that the information that was received from E3 seemed to be rough and not a clear schedule of their plans. Director Harter asked Dan for his opinion on whether we should request clarification from E3. Dan stated that he thought we should have a clearer idea of which

scenario they are going to be using at a minimum and they should also provide the date they expect to have that done. Director Harter agreed. Sally interjected that E3 has been given plenty of time to finish their pilot study and they haven't. Dan agreed that the amount of time it is taking them is concerning. Director Harter wanted on the record that E3 had forwarded an email from their insurance company that showed that they were trying to get the liability insurance set up, but it was taking longer than usual. Director Spendolini stated that its strange that they are having so much trouble with such a simple request and that there may be to many red flags to continue with E3. Director Harter interjected that we need to set a hard deadline for things to be finished and asked for other Director's opinions. Director Spendolini agreed that we need to do that, but also shared that he was starting to think that we need to end our business with E3 all together. Sally wanted to make clear that from pilot studies she's observed in the past, they typically take no more than three months. E3 has been here since August. Director Harter wants to give E3 a deadline of when we need the certificate of insurance by, and if we haven't received it by that date then E3 needs to vacate the premises. All in agreement. Dan to draft that letter to E3 with the set dates. Dan suggested we contact our insurance company for advice on what our exposure is now and whether we can afford to give E3 more time or if they need to get off the property now. Brett to contact our insurance company about what date we should give E3. Director Spendolini asked that it be made clear that the Board is becoming very upset with how E3 has done business so far. Director Harter wants the clarification by the 18<sup>th</sup> of March. All in agreement.

- c. **Rental Update** – Tenants have moved into the remaining vacant house. Brett reported that they are going through the water faster than what was anticipated. Cindy received confirmation that the well drilling should happen toward the end of March. Brett also reported that the renters in other N. Poe Valley will be moving out the beginning of April. Director Harter wants to get that home back on the market ASAP. All in agreement.
- d. **Property Appraisal – Bryant Property**. Brett reported that the appraisal came back as \$374,000. The past Board bought the property for \$563,000. Director Spendolini requested a meeting with Brett to map out what needs to be done with the property.
- e. **Discuss using Hathaway Larson for legal advice with the property partition with DeJong's on N. Poe Valley property and Harlan Drive Shop over Mainline**
  - i. Executive Session ORS 192.660 (2) (f) Consider Exempt public records – consideration of information or records that are exempt by law from public inspection—**Director Harter called the executive session to order at 4:55pm. Present in the meeting were Chairman Harter, Director's Koger and Spendolini, and District Manager Blofsky. Director Harter exited the executive session at 5:22pm and reconvened with the regular Board Meeting.**
  - ii. Director Spendolini made a motion to retain the legal services of Hathaway Larson and authorize Manager Blofsky to sign the retainer. Chairman Harter provided a second to the motion and it passed unanimously by the Board.
- f. **COLA for Employees**— Director Harter made a motion to approve the 2.67% for the COLA increase per our current policy. Director Koger seconded. Director Spendolini wanted to state that this increase amount would be in keeping with the policies already in place. The motion passed unanimously.
- g. **SCADA Update –with TAG, Inc. – Solar issue update from Sally**—Sally reported that she spoke to Rick who had looked at the solar box and they would be unable to put a

radio on. Sally to find out who the solar company is from Cindy and get in contact with them to see what it would take to get radio capabilities with the solar.

- h. **Fencing Bid Package from Adkins Engineering – Update**—Brett reported that we have approval from neighbors to tie into their fences. This will save us a lot on fencing cost by being able to tie in. KLAD said that they were certain they would pay for their portion of the fence, but that they would like to see a drawing outlining where the fence will go before they agree to pay for it. Discussion was held on where the fence will go on the North side of the property for clarification.
- i. **Evaluation of District Manager**—Director suggested scheduling a work session with the Board for the evaluation. Brett to find out what the formal process for the evaluation is from Cindy so that they can get it done properly. Director Spendolini asked that if there is no formal process in place that one be created before the evaluation.
- j. **CIPP Bids**—Dan reported that the District received three bids, one of which was received an hour past the deadline therefore it was rejected. Inset 2 Form gave the best bid at \$404,904.75. Michaels was nearly \$80,000 higher. Director Harter motion to proceed with intent to award the project to Inset 2 Form if everything checks out. Director Koger seconded. All in favor.

#### 11. New Business

- a. **Budget Committee Members – Finalize**—Brett wanted to make sure that the Board didn't have objections to either of the two new Budget Committee members. Heather, and Wilson. Director Spendolini moved to officially appoint new members to the Budget Committee. Director Harter seconded. All in favor.
- b. **Guidance from Board on Facility Plan direction for Budget preparation**—Brett reported that they are still fine-tuning cost associated with the facility plan. Awaiting Chapters 1 & 7 before a plan and budget can be finalized.
- c. **Approval of Rough Terrain Stacker for WWTF**—Brett reported that the equipment was approved in the current budget year at a price of \$9000. Since then, the price has gone up. The current price sits at \$12,000. Sally gave her justification for needing that piece of equipment so that the forklift doesn't have to be shared between the treatment plant and main office. All were skeptical that the cost would be worth it to do a job that a forklift is already doing, for the sole purpose of not sharing the forklift between our two addresses. Director Harter wanted more information before approving the purchase.
- d. **Approval to correct typo in Design Standards – 1.6.3. Submittals Required**—Brett reported that after reviewing other Resolutions, he was sure that the sentence on residential lateral lines was just a typo that that I could be corrected without having to pass and new resolution. All in agreement.
- e. **IGA with Klamath County – TV'ing stormwater, Noxious Weeds, Equipment, etc.**—Brett reported that he and Jason met with the County to see about opportunities to enter into an IGA with them. The County is on board, they would like for the District to TV some of their storm water pipes and with the IGA agreement we wouldn't need to do any bidding. In return the County would help the District with the noxious weed spraying. Director Harter thought that building those relationships is always good.

- 12. **Other** – Director Harter brought up the Hatchet Haus and wanted more discussion on what is going on with that property. The property owner is claiming that they are just a retail store and

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that they should not be classified as entertainment, but it has been made clear on all social media platforms that they are serving drinks with CBD which can cause problems with our lines. Director Harter noted that the owner has changed the occupancy, is serving food and drink, and Director Harter believes that lowering the SDCs for the property is not warranted. Brett said that the owner himself has not reached out to us at any time, but someone had reached out to him on the owner's behalf. Director Koger made it clear that this property is not being treated differently than any other property used for the same purposes within the District boundaries. KCEDA had also contacted Director Harter on the property owner's behalf after he had contacted them claiming there is no food or alcohol being served at the Hatchet Haus and attempting to claim that the property was being used as retail only. That claim does not line up with any of the advertisements put forth on social media by the Hatchet Haus, or information that is provided on their website. All of which classifies them as a restaurant/ entertainment center. Director Spendolini asked that a file with those advertisements be put together for our use in the future just in case that proof is needed in the future. All in agreement.

Director Spendolini requested that Brett get clarification on what exactly the \$685,000 that was put under GIS as an asset is. Brett to get his own sign in for Quickbooks so that he can dig into more of the financial information.

13. **Adjourn**—Director Harter moved to adjourn meeting at 6:01pm

ATTEST:

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Brett Blofsky, Secretary

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Kevin Harter, Chairman

\_\_\_\_\_  
Date