



South Suburban Sanitary District
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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
November 21, 2023 @ 3:00 PM
South Suburban Sanitary District (SSSD) Office

Meeting Called to Order - 3:00 pm

Roll Call of Directors - Chairman Joe Spendolini and Director Michael Koger. Also present: Jason Morrow (SSSD Collections Supervisor), Jon Lee (SSSD Treatment Plant Operator), Brett Blofsky (SSSD District Manager), and Nicki Strain (SSSD Finance Director).

Public Input/Comments: No one present for public comment.

Review Today's Agenda and previous Meeting Minutes (10/19/2023 Regular Board Meeting):

Chairman Spendolini noted some items that need to be corrected in the October 19, 2023 meeting minutes.

Motion by Director Koger to approve the minutes as corrected. Seconded by Chairman Spendolini. Agenda approved as presented. Motion passed.

Engineer Report - Chairman Spendolini explained Jacob's Engineering Task Order #3. He clarified that our patrons own the District and need to understand the cost savings as related to our Facility Plan and the Addendum. The original upgrade submitted to DEQ in the Facility Plan was approximately \$75 million. Our recently submitted Addendum to the Facility Plan was approximately \$42 million. Now the District has potentially identified some additional treatment alternatives that need to be studied further by both the District and the City of Klamath Falls. This could result in additional cost savings of approximately \$20 million for our patrons. The District has asked Jacob's Engineering for a Task Order to provide engineering support for this study to investigate the potential cost savings. Mr. Blofsky explained the Task Order and what it states. He then read the scope of work. The total cost of the Task Order is not to exceed \$20,000. Mr. Blofsky is asking for permission to move forward. It was generally agreed that spending \$20,000 to save \$20 million is a reasonable investment.

Motion by Director Koger to authorize Brett Blofsky, District Manager, to move forward with Task Order #3. Seconded by Chairman Spendolini Joe with clarification. Motion passed.

Collection System Modeling - Mr. Scalas explained that he ran through the model with Mr. Morrow and Mr. Blofsky. The final model has been delivered. If there are significant developments, the system can be tested to see the effect on capacity. He recommended that the District notify DEQ that this has been completed. He feels this would give the District credit with DEQ in letting them know we are keeping the system updated. Mr. Blofsky will forward the memo he received today to the Board for their review.

CIPP Phase 5 - The District is partnering with the City of Klamath Falls on this one. Mr. Scalas sent a proposal to the City and is waiting for a response.

CIPP Phase 4 - A letter of non-compliance has been sent. Insituform has until the end of the month of November to mobilize onsite or the District will move forward with default. Flow Tech responded and Mr. Scalas informed them that Insituform is the entity that needs to be in communication with the District, not Flow Tech. The District has since received a response from Insituform. Mr. Blofsky will provide copies of this letter to the Board for their review. Mr. Scalas expressed his frustration with their response. Insituform is defaulting back to the clean outs. During the RFP process, the bidding contractors were provided with the information on the clean outs. There were "work around" options presented during the bidding process as well. The contractors continued to bid knowing this information. They all acknowledged that they received the Addendums. The District has given Insituform six extensions. This is the first time that the cleanouts have been mentioned as being an issue by Insituform. This excuse is not going to hold up. The Board needs to make a decision on how to proceed. Insituform stated that they will be onsite on November 27th and start the remaining liners. The last paragraph of their letter is asking the District to waive the liquidated damages. Mr. Scalas referenced the letter of non compliance he and Mr. Blofsky composed. Director Koger doesn't feel that we should not waive the damages until the work is done. Even if they mobilize by the end of the month, it doesn't mean the work will be completed. Mr. Scalas feels that we need to have a new change Order and set a new date. Insituform wants a response today. Liquidated damages have been assessed since July 1, 2023 at a rate of \$200.00 per day. The various extensions were discussed and the reasons behind them. Chairman Spendolini feels that after providing them multiple chances with no results. He feels that they have betrayed the Boards trust. It was generally agreed that the Board has been very lenient. Chairman Spendolini does not want to be lenient any longer. The District has not caused these various delays. Chairman Spendolini feels that the letter the District received is offensive. He feels that they are trying to shift the blame back on the District. Director Koger asked what our options are. Mr. Scalas explained the various options the District has. His suggestion would be a balance between pursuing a claim and continuing to work with them but he feels that the District is owed something. The liquidated damages are meant to cover expenses due to the delays. With default, there are options and the District could go after their bond. Chairman Spendolini wants them to fulfill the contract that they agreed to and signed. Director Koger wants to know when the new expected completion date is. The letter from Insituform indicates they will be done by the end of December. Director Koger feels that there is a cost that comes with all of the extensions. The Board feels that the District is entitled to damages. Mr. Scalas has communicated with them that it was clear in the Addendum the issues that they are just now bringing up. Mr. Blofsky will forward the email between Mr. Scalas and Insituform. Mr. Scalas indicated to Insituform that they should not have bid in the first place if this was an issue. There may have been other companies that could have performed the work. This is not fair to the District or the citizens. Director Koger does not want to remove all of the damages. Mr. Scalas feels that Insituform is not in a position to dictate to the District, we are dictating to them. Chairman Spendolini feels that they need to rebuild trust with the District. Discussion followed regarding the response from the District. There is a potential that this will go to litigation related to this situation. Mr. Scalas will draft a letter indicating that the District will not be waiving any of the liquidated damages. We will negotiate the liquidated damages if they are mobilized by the 27th of November as promised. The work needs to be complete by the end of December. The District does not agree with anything stated in the letter we received from Insituform. It was again agreed that this letter is offensive. Mr. Scalas asked if the Board would like to review the letter before he sends it. Chairman Spendolini stated that he would be willing to review the letter before it is sent.

Manholes - Mr. Scalas reported that they are working on 3 new manholes. Adkin's Engineering will put out a request for quotes since this project is considered a small procurement. Discussion followed regarding the time frame. It will have to be done before July 1, 2024.

Joint Project with the City of Klamath Falls - Mr. Scalas reported he is developing an SDC cost and is close to having that completed. There will be a conversation with HDR which is one of the City's engineers to make sure we are comparing apples to apples.

Chairman Spendolini referenced the rate table presented by Jacob's Engineering. This is set up on a calendar year and not fiscal.

Administration & Monthly Financial Report -

Capstone CPA Invoice - Ms. Strain referenced the invoice the District received from Capstone, formerly known as Wise & Co. The invoiced amount was for providing information to our new auditors. In the termination letter the District received from Capstone, they had indicated that they would be 'glad to assist your new CPA with any matters with which they may have questions'. A letter has been sent to Capstone regarding this invoice but we have not received a response yet.

Audit Progress and Update - Our annual audit began in September and should be wrapped up before the end of December. We do not anticipate having to file an extension. They have done a thorough review of our financial reports, fixed assets, depreciation list and chart of accounts. Ms. Strain is confident that the District made the right decision in choosing KDP to perform our annual audit.

New Employee Handbook - HR Answers just released their sample employee handbook that contains all of the current content required by law. HR Answers is an entity that the District is a member of to obtain training and assistance with Human Resources topics. Ms. Strain sent an email to all District employees to get input and seek volunteers to help update our employee handbook. This has not been done since June of 2021. All of the relevant items that the Board has approved in the past will be included in the new handbook. We hope to have this completed by Spring 2024.

Property Insurance Renewal - The District received our annual property insurance renewal documents. Ms. Strain and Mr. Blofsky met with Daneen Dail from Great Basin Insurance to review what is currently being covered. There were items being covered that should have been removed years ago. Special Districts Insurance Services (SDIS) is not offering the longevity credit for 2024. Ms. Strain completed the best practices survey for the District which saves the District 10% off of the premium for 2024. Ms. Dail anticipates that we will see a 12-18% increase on our premiums upon renewal.

LGIP Update - Ms. Strain reported that the District has been able to transfer approximately \$1.4 million to the LGIP since July of this year. These funds earned approximately \$145K in interest during the month of October.

Ms. Strain then reported on the various financial reports for the month of October. Discussion followed regarding the items that need to be added and potential increased in the next budget year.

Chairman Spendolini asked about the status of the DRA grant for the North Poe Valley property. Ms. Strain will contact Nathan Ratliff and report back to the Board with an update at the next meeting.

Chairman Spendolini asked about the dollar amount in the unfunded liabilities line item. Ms. Strain will contact the auditors and will update the Board at the next meeting.

Motion by Director Koger and seconded by Chairman Spendolini to approve the financials as presented.

Treatment & Collection Staff Reports - Jon Lee, Treatment Plant Operator, stepped in for Sally Bratton, Treatment Plant Supervisor, to update the Board. All of the testing requirements for the month of October were met. The new SCADA system is installed and is working better than the old system. It still needs some fine tuning but is happy with the results so far. He then explained the maintenance that has been done on the generator along with the annual calibration on the chlorination system.

Jason Morrow, Collections Supervisor, reported that 107 locates were performed by Collections for the month of October. The crew performed 9,802 feet of routine cleaning in the Sunset Village area. They also worked on the 30 inch mainline on Laverne Street. He then described the 'long list' the crew addresses each Fall which is mainly the local restaurants. This consisted of 29,985 feet of sewer line. They then transferred over to TV'ing 2,733 feet of mainline. There was a blockage on Madison Street which they were able to clear with the flush truck.

Collections budgeted for a new computer for the TV van. Mike Weiskopfh from Bear Technologies came and installed it. He has also installed a V drive on the server. The videos now go straight to the server in one location which is way more convenient.

District Manager Report - Mr. Blofsky reported that the District received a land purchase offer for the Hwy 39 Bryant property. This offer was for \$500,000 and the deadline to respond is 5pm 11/22/23. Chairman Spendolini described this property as 114 acres of really nice land which includes 35 acres of 'A' water rights. A counter offer was discussed among the Board. Director Koger would like to try to get the money back that the previous Board paid for it. Discussion followed regarding how much this land costs the District to maintain. Mr. Blofsky and Ms. Strain will look to see what it actually costs the District. Discussion followed regarding the current value and the amount the District paid. It was generally agreed that the District needs to recoup as much of the funds as possible that were paid for this property. Director Koger feels that it would be a 'hard sell' to take a significant loss. Chairman Spendolini suggested that the Board authorize a counter offer.

Motion by Chairman Spendolini to authorize Brett Blofsky, District Manager, to counter offer \$537,000, for the Hwy 39/Bryant property. Seconded by Director Koger. Motion passed.

Discussion followed regarding additional instructions on what Mr. Blofsky would do if the District receives a counter offer to our counter offer. Mr. Blofsky feels that we could accept \$525,000. The Board agreed.

Network Connection for Security Camera - Mike Weiskopf from Bear Technologies is looking into getting a separate internet connection for the District security cameras. Discussion followed regarding the options for internet providers. Director Koger asked if we have ever had the server go down. It has gone down but only during power outages. Mr. Blofsky will ask about redundancy of coverage in the event of a power outage or other potential events. Chairman Spendolini asked Mr. Blofsky to look at all options including Starlink.

Additional Camera Quotes & SDAO Safety Grant - Mr. Blofsky described the new cameras being proposed along with the configuration and the quotes. The District has applied for the Special Districts Association of Oregon (SDAO) safety grant to help cover the cost. Mr. Blofsky indicated that he is going to need permission from the Board to move forward since it will be over his authorized spending limit. Chairman Spendolini would like Mr. Blofsky to come back to the Board with a recommendation. Discussion followed regarding the speed of the various internet providers.

WaterIQ Technologies - Mr. Blofsky reported that WaterIQ Technologies is happy to do a test pilot for the District. Their standard ultrasonic buoy test pilots are (90-120) days at a rate of \$300 per month. Any money spent goes toward the purchase price. The District gets to choose the time of year in which this pilot test is performed. Chairman Spendolini asked what time of year this should be done. Mr. Lee feels that we should start in February or March.

Resolution #244 - Mr. Blofsky and Ms. Strain explained this proposed resolution which would increase the Districts Capital Outlay cost threshold from \$5,000 to \$10,000. This would help save time and money related to administrative and audit costs. The Board would still need to approve purchases of \$5,000 or more but only items costing \$10,000 or more per item would be capitalized. Ms. Strain discussed this with the auditors and they are in agreement. The County has also increased their Capital cost threshold to the same dollar amount.

Motion made by Director Koger to approve Resolution #244 as presented, seconded by Chairman Spendolini. Motion passed.

Items before the Board of Directors - Old & New Business

Mr. Scalas got the official application submitted to Business Oregon and we are waiting for a response.

Anderson Perry Agreement - Mr. Blofsky explained what the agreement entails. This item has already been budgeted. He needs Board approval to sign the agreement. Discussion followed regarding the changes needed to the contract.

Motion by Director Koger to approve the Anderson Perry GIS proposal not to exceed the budgeted amount of \$29,000.00 with the change to the date on the proposal. Seconded by Chairman Spendolini. Motion passed.

Duperon Multi-Rake Bar Screen Quote - Mr. Lee reported on the current bar screen the District has in place. It is over 20 years old and is a maintenance nightmare. The company that manufactured this bar screen is no longer in business. He then described the quote from Duperon for a new bar screen. It currently costs approximately \$45,000 per year to maintain the current system. The new system would cost the District approximately \$12,000 per year to maintain. This new system is a lot safer as well and will save on energy costs. Mr. Lee feels that the solids will be easier to handle. It will also become a one person maintenance job instead of a two person job. He also feels that this would be a perfect addition to our wastewater system. Chairman Spendolini asked if we were able to get any references. Mr. Lee will be reaching out to other facilities that have this same system. There is possibly one in operation in Salem. This item was not budgeted in the current fiscal year. Director Koger asked if there would be any issues if we doubled our influent. Mr. Lee does not feel that this would be an issue. This system scrapes every 7 seconds and our current system scrapes every minute. Chairman Spendolini feels that we should advise Jacob's Engineering to look at this. This would be a stand alone purchase or part of the upgrade. Mr. Blofsky will contact Jacob's Engineering. Chairman Spendolini also encouraged a visit to one in operation. Director Koger interjected that Jacob's Engineering is familiar and recommended this particular bar screen.

Other - No other business before the Board.

Adjourn - 4:39 PM

ATTEST:

Brett Blofsky, Secretary

Joe Spendolini, Chairman

Date