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### **Board of Directors**

Position 1 – Joe Spendolini

Position 2 – Kevin Harter

Position 3 – Mike Koger

### **Board Secretary**

Cindy Oden

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## **SPECIAL BOARD MEETING**

**August 24, 2021**

1. **Call to Order** – Director Harter called the meeting to order at 3:00 p.m.
2. **Roll Call of Directors** – Director Koger, Director Harter, and Director Spendolini were present. Cindy Oden, Sally Bratton, and Clay Northrop District staff were present. Dan Scalas with Adkins Engineering participate via telephone.
3. **Old Business**
  - a. **Pond 1 Sludge Removal Project** – Director Spendolini gave a summary of the pond 1 sludge removal project. Bid document was covered and timetable was reviewed. The reason to call this special meeting was for the board to cover the documents and to allow Dan to move forward with posting the job to complete the project on time to accommodate the weather.

Sally reported that she too thought the bid documents looked good and she didn't have anything to add.

Dan agreed bid documents were ready and all changes were made.

Director Spendolini made a motion recommending the board to approve the bid package and to instruct Adkins Engineering to proceed with the process. Seconded by Director Koger. Passed unanimously.
  - b. **Engineer of Record** – The board reviewed the proposal presented by Adkins Engineering to be the Districts Engineer of Record. Director Koger moved to make Dan Scalas the Districts Engineer of Record. Seconded by Director Spendolini. Passed unanimously. Dan will draft an agreement and get it to the district office.
  - c. **Payment Approvals** – Cindy said the first payment was to Insituform for the CIPP project this doesn't include the portion of the line with the wrinkles in it nor does it include retainage. Director Koger: so basically, we are paying them for the work already done and we are not paying them for the problem area at this time. Cindy: correct. Director Harter: I thought we were going to negotiate some additional retainage for this project because of the problem area. Cindy gave the board the email she received this morning. Insituform came back with \$4,600 mark down for the damaged line. Director Spendolini indicated he would feel more comfortable with staff input for this big-ticket item since the current board was not involved with this project from the beginning. Cindy stated it would be nice to have Clay here to discuss since this project is in his department. Director Koger indicated from what he got from the last meeting was staff didn't feel this line was going to be a major problem going

forward. Cindy indicated that Dan is recommending the board approve the payment. Director Harter asked if Dan was still on the line. Dan said yes, he was and yes, he does recommend that the whole amount be approved for payment because they have met compliance on those items. Director Spendolini left the room and got Clay to join the meeting. Director Spendolini asked Clay if he had any issues with Insituform invoice being paid. Clay indicated he did not have any problems with the invoice being paid. Director Spendolini moved to pay Insituform invoice in the amount of \$164,986.50. Seconded by Director Koger. Passed unanimously.

Director Spendolini ask Chairman Harter if he was ready to discuss a settlement with Insituform on the pipe with the wrinkles of 20%. Do you have an issue? Clay asked if that was what they would deduct and if that is what Dan suggested. Dan was no longer on the phone. Director Koger asked Clay during your investigation did you feel there would be no buildup that would cause any issues. Clay indicated there would always be buildup, but it would be normal buildup or less than normal because the pipe had been slipped lined. We did not see much buildup in this section of the line and there was a buildup in the slower portion of the line. It doesn't seem like it will be too bad. Before we would get out there about every 3 months to flush it and now maybe every 6 months. Director Koger moved to take the offer by Insituform of a 20% deduct and accept the line as is and pay the balance of the project. Seconded by Director Spendolini. Passed unanimously.

- d. Land Appraisals – Director Spendolini contacted a well-respected individual in the ag community and received information for a well-respected appraiser. Director Spendolini went over the information that was included in the board packet from the person that was referred to him. This individual has been doing appraisals for about 30 years here in Klamath County, his name is Hank Caldwell. He gave a reduced rate of \$9,400 for both pieces of property, because he had previously appraised the Chapman Ranch, so he already has some of the important data that he will need to be part of the appraisal. To do the appraisal it will take about a month to a month and a half because of the level of detail that is required for a certified appraisal of ag property. We are looking at 980 acres, soil samples, soil analysis and the 114 acres on the Bryant property off highway 39. This land was purchased by the previous leadership of the district without an appraisal. So, we don't know what that land is worth, we don't know if the citizens got a good fair market value for the purchase. Cindy asked when they do the appraisal will they go back to the date the district purchased the property? Director Spendolini indicated they will do the appraisal based on the value now and he will give us based on his professional opinion what the market value was when the district purchased the property. Director Koger asked how long the appraisal would be good for. Is it good for 6 months, a year? Would this give us a value to look at this time next year. Director Spendolini just going off my experience if you get a year out of an appraisal you are doing good. Market conditions can change. Director Koger moved to have Hank Caldwell to go ahead with the appraisal, to start as soon as he can and to get it done, so we have what we need. Director Harter seconded. Passed unanimously. Director Spendolini will contact Hank Caldwell and let him know to move forward with the appraisal.

#### **4. New Business**

- a. Land Purchase Offer from Fin Investments LLC to purchase 3.45 acres of land that the district owns behind Reach Inc. off the OC & E trail for \$34,093.24. (Map attached) Director Harter asked if we know if what the land appraises for and if this is a fair market value for the property. Director Spendolini said we are not in the market of selling land, but if they are

truly interested, we could ask them to do an appraisal. Director Koger indicated he felt we could not sell anything without knowing the value of what we are getting rid of. Director Spendolini said he totally agrees, but he doesn't want to pay for the appraisal. Director Koger said he agreed, and it should be rolled into the cost of the purchase of the property. It looks like from the map this piece of property is in an area that the district will not even be utilizing if we were going to be putting in a pond. Director Harter suggested the board do some reach on the offer. Tabled to the next board meeting and Director Spendolini will do some investigation on the offer.

- b. Letter to DeFazio, Merkley & Wyden – Director Spendolini will research the organization sending the letter and if acceptable Director Spendolini will sign off on the letter.
- c. Cindy indicated she had received a call from the property management, and they received a 30-day notice to move from the tenants at 18552 N Poe Valley. This is the property that the well is going dry. The two 500-gallon water tanks are currently at the location but are not hooked up. The tenants indicated on August 13, 2021, they had not had any further problems with the water, but they did want them hooked up as soon as possible. But now she has put in her notice to move. The property management would like to have the tanks hooked up, so the tenants can clean. Director Spendolini said he was not in a big hurry to re-rent the property. Director Koger said wait until after the water issue is resolved before we re-rent the property. Director Spendolini or wait until we decide what we are going to do with the land. Director Harter said it is a little revenue the district gets each month. Cindy stated the rent for that house was \$2,000/month. Director Harter that is substantial pay back to the district. I know we are not talking about \$2.7 million dollars, but it is giving us revenue that we would not otherwise have. Director Spendolini my biggest concern is the water issue. Director Harter does anyone think that if she moves that she can come back on the district for not providing adequate water? Director Spendolini said our best option would be not to exercise any of the penalties stipulated in the rental agreement for early vacate. Director Koger we just need to determine if it is worth hooking up the tanks and rent it out again. Director Harter if they are going to vacate, we don't spend the money to hook up the tanks. Director Spendolini we do need to explore the money that is coming from the state to mediate the domestic wells that have gone dry due to the drought. Cindy will call the watermaster and find out about the state money available to mediate the drilling of the well for domestic homes that have gone dry due to the drought.

5. **Other**

- a. **E3 Water** – Director Harter indicated E3 presented a proposal for costs, frankly I would not pay this much for them to prove their technology to us. Director Koger asked if this was for us to own or just for them to come and see if they can accomplish what they say they can do. Director Harter said this is just for them to come a prove their technology. Director Koger if we pay this amount will it be deducted from the purchase price. Director Harter no. Director Koger if it doesn't work will we be refunded the money? There are a lot of questions I would have, and my main concern is even if they can go to drinking water how does that help us? If we do not know that DEQ is going to say now this water can be used for going into the canal, it can touch other water. We are still at the same spot we were in. Director Harter that can be done. You can reinject it into an aquifer. DEQ has no say once it goes to drinking water. Director Koger if we have an aquifer that we can tab into. Director Harter we have plenty of those if it is drinking water quality. My problem is this is a lot of expense for them to prove something that hasn't been proven. They are asking us to pay them to prove their system to

DEQ to even get it up and running. Director Spendolini after looking at this I was shocked and a little disappointed. We are responsible to be judicious with the citizens money and I don't see how spending \$500,000.00 from technology has not been proven. Their equipment leaves with them, \$500,000.00 for a test. I just don't think that is responsible. Cindy asked if they said how long this was going to take, will we even have the information available before the facility plan is due to DEQ. Sally asked for the floor and said for a company that has been in business eight to twelve years, for them to not have lab data, equipment information, testing results. I call BS on the whole thing. If they have been in business that long they should have that information. Director Harter they were supposed to provide us with data when they left, and they have not done that. Consensus of the board to reject their proposal for the pilot study and Director Harter will send them an email.

- b. Director Spendolini spoke to Walt Meyer after receiving the invoice from West Yost. This invoice is work that was done prior to them being told to stop. Total invoice this period is \$56,000.00. \$39,000 of the bill is for the wetlands delineation analysis that was done by Rabe Consulting. Director Harter asked if we have received a report from the wetland's delineation. Cindy answered yes. Director Harter did she mediate the entire property. Cindy stated her understanding from Walt Meyer is the board needs to review it and if approved send it to Oregon Department of State Lands (ODSL) and the Army Corps of Engineers (ACE). ODSL charges \$475 and ACE doesn't charge anything. Director Spendolini asked Walt Meyer to send the information to justify the invoice. Last night just after midnight I received the zip files from Walt. Discussion on what was received from Walt. Director Harter wants to address the one-million-dollar contract with West Yost. At this point we pay their invoice and get Ross' help with the million-dollar contract that was given without a competitive bid process. Consensus of the board is to pay the invoice and proceed with a competitive bid for the remainder of the contract.
- c. Bob's Excavating contract to remove the 24" pipe and install a butterfly valve signed by Mr. Fritschi on May 24, 2021, in the amount of \$61,900. Director Spendolini was there a competitive process in place for this contract. Sally stated she didn't think so, Mr. Fritschi handle it. Unless it was in the grit removal project. Cindy stated that she did not see anything in the minutes for May or June showing this being approved by the board. Director Harter once again Mr. Fritschi did what he chose to do. He was allowed to spend up to \$10,000 and he chose to sign this for \$61,900 and not present it to the board. Mike signed this, so I think we are now obligated to comply. Sally said she knew everything had been ordered and is in for Bob's to do the project. Director Koger the way he looked at it is we told Bobo's to go ahead and order the stuff we need to go ahead and do it.
- d. Director Harter this brings up a good point. We must as a board put together policies and procedures, so this doesn't happen again under this board or under any board. Director Spendolini I think there are laws in place. Director Harter there are laws in place, but when you have no morals, this is the things that happen. How do we protect the citizens from people with no morals or no ethics? Director Spendolini our obligation to the citizens of this district is to create a competitive market and we must let these guys compete against each other. That is the only way we get value and quality. Director Harter and Director Koger both agreed.
- e. Director Harter I am sure you all seen the email that Cindy sent out were one of our patrons once to ask questions to the board regarding the land purchases. We must be candid with that



**South Suburban Sanitary District**  
**August 24, 2021 – Board Agenda**

patron when he comes in to talk to us. It is not this board that purchased the property. We are trying to right a wrong from the past bad practice. Director Koger what is their concern. Are they mad because we didn't go through with the ponds out there? Are they mad because of the purchase? Cindy answered they just felt like there was a lot of money spent on the purchase of the property and on legal fees for the permits and everything and it went against what the ratepayers really wanted. Director Koger ok we explain we either spend this amount of money and go through with the project or we spend this amount and stop the project. We just saved \$4 or \$5 million that we did not spend, for a project we were not going to follow through with. Cindy said he wanted to know what the board was going to do about getting the money back. The ratepayers can sue if they can prove that the prior board did not due their due diligence with the ratepayer's money. It is my understanding if a suit is filled the district would need to pick up the tab for the prior board. Would you like me to call Special District risk management and our legal counsel to see what our risk is, should we talk to him, should we not talk to him. Director Spendolini when he is looking for details stick with the law. Ask him for a public records request. He has a right to that information, he has a right to attend our public meetings, he has a right to speak at those public meetings. We need to be careful as a board that we don't liable the district against previous board members. It would not hurt for you to get ahold of Special District and the attorney and walk them through this scenario. I would recommend that you be generous with your records request. Really give him what he is looking for and don't resist. On the consensus of the board Cindy will contact Special District's and our attorney. The ratepayer is planning on attending the September 22, 2021, board meeting.

- f. Cindy asked the board if there would be any changes the board wanted to make on the application scoring. The board was happy with the scoring sheets for the applications. Cindy asked if they knew how many people they want to interview. The indicated they would interview everyone that scored 80% or above on the applications. Cindy let the board know they needed to have their interview questions done prior to the interviews.

6. **Adjourn** – Director Spendolini moved to adjourn. Seconded by Director Koger. Passed unanimously. The next meeting is set for August 30, 2021, at 3:00 p.m.

  
Cindy Oden, Board Secretary

  
Kevin Harter, Chair

