

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS
REGULAR BOARD MEETING
February 16, 2023**

COMMISSIONERS PRESENT VIA ZOOM MEETING:

Sherry French President
Naomi Angier, Secretary
Tessah Danel, Treasurer
Rusty Garrison
Bob Rubitschun

STAFF PRESENT:

Todd Heidgerken, General Manager
Karin Holzgang, Executive Assistant to the Board

CRW Employees: Chief Financial Officer, Jason Kirkpatrick; IT Manager, Kham Keobounnam; Chief Engineer, Adam Bjornstedt; Sr. Finance & Acctng. Specialist, Ted Ebor

COMMISSIONERS ABSENT:0

VISITORS: Bob Steringer, Kevin Williams, Chris Hawes, Julie Desimone (Moss Adams), Tim Fisher, Dave Shireman, Paul Leipzip

Call Regular Meeting to Order

Commissioner French called the meeting to order at 6:00pm. The pledge of allegiance was recited.

MOTION: Commissioner Angier move to approve the agenda as presented. Commissioner Danel seconded the motion

MOTION CARRIED 5-0

Ayes: Angier, Danel, French, Garrison, Rubitschun
Nays: None
Abstentions: None

Public Comment- None

Introduction Introduction of Budget Committee Applicants

Tim Fisher- The Commissioners asked what he expected to get from being on the budget committee- he said he thought about CRW each time he turned on the faucet and wanted to learn what it costs and takes to get the water to the faucet. In his professional life we often worked on project budgeting that he felt he could bring to the committee

David Shireman- said he was looking forward to another term (he had a two year previously) on the budget committee. He is interested in volunteering and helping at the water district

Paul Leipzig- He has the time, background and willingness to serve on the committee

Agenda Item 1.0 Resolution 09-2023 Appointment for 4-year term to Budget Committee for the Biennium 2023-2025

MOTION: Commissioner Angier move the to adopt resolution No, 09-2023 appointing Tim Fisher, Paul Leipzig and David Shireman as Budget Committee citizen members for four-year terms beginning with the biennial 2023-2025 budget. Commissioner Danel seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Danel, French, Garrison, Rubitschun

Nays:

Abstentions: None

Presentation Presentation- Audit Presentation for Fiscal Year 2022

Julie Desimone from Moss Adams presented the finding of the FY 22 audit (see the attached presentation). A clean opinion (unmodified opinion) was issued by Moss Adams.

GASB (Governmental Accounting Standards) 87- a change in the way leases are addressed in accounting. Commissioner Rubitschun asked how CRW compares with other businesses that Moss Adams audits and she Ms. Desimone said staff does a very good job with reporting.

Agenda Item 2.0 Acknowledgement receipt of the audited financial statements for Fiscal Year 2022

Mr. Kirkpatrick shared this is just an acknowledgment of the acceptance of the audit.

MOTION: Commissioner Angier move the Board acknowledge receipt of the Fiscal Year 2022 Annual Comprehensive Financial Report ending June 30, 2022. Commissioner Danel seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Danel, French, Garrison, Rubitschun

Nays:

Abstentions: None

Consent Agenda

CA-1: Gross Payroll and Account Paid for January 2023

CA-2: Cash Position and Transfers January 2023

MOTION: Commissioner Angier move approve the consent agenda as presented.
Commissioner Danel seconded the motion.

MOTION CARRIED 5-0

Ayes: Angier, Danel, French, Garrison, Rubitschun
Nays:
Abstentions: None

Agenda Item 3.0 Quarterly update- 2nd Quarter FY 2023 (see attached presentation)

Commissioner Angier asked how opportunity projects are budgeted for (ie. Projects that the County performs that could impact CRW water lines that could be an opportunity for waterline improvements)
Commissioner Danel asked how SDC dollars and spent and Commissioner Rubitschun asked if CRW received SDC dollars for meters before turning on the water service and what current CIP projects will be moving forward in the next BN.
Commissioner Garrison when looking at the CIP list if it is a function of capacity and how to balance funding for maintenance and new projects.

Agenda Item 4.0 Overview of Lead and Copper Rule Revisions- Service Line Inventory Requirement (see attached presentation)

Mr. Bjornstedt shared the topic of a rule revision to the Lead and Copper Rule. One area of the rule revision is the focus of conducting a service line inventory of CRW's system on the districts side of the meter and the private side (from the meter to a customer's home) to identify if there is or is not any lead in the system.

Agenda Item 5.0 Management Report

- Monthly update was provided and is posted on the website
- SDAO annual conference occurred last weekend. Former WR Manager Rob Cummings received the outstanding achievement award, Todd was re-elected as the SDAO Board President.
- CRW had no reportable incidents in 2022; helps to reduce the upcoming Worker's Comp policy premiums
- Next week we are welcoming Ryan Hepler as a water treatment specialist; Current employee, Tony Lopez was promoted to water treatment specialist. Still recruiting for a WR Manager and Engineering Associate.

Agenda Item 7.0 Commissioner Reports and Reimbursements

Commissioner French- Attended C4 and MPAC, the main topics for both is the tolling issue.

Commissioner Angier- attended the SDAO Legislative Day- one topic was the funding for SDAO when there is available monies from the State, Counties or Federal government. Also attended the Regional Water Providers Consortium Executive Committee meeting- they focused on planning the upcoming meeting agenda for the RWPC regular meeting. Also attended the RWPC regular meeting; there were activity updates provided; budget discussion; Strategic Planning updates

Commissioners Danel, French & Garrison attended the annual SDAO conference in person & Commissioner Angier attended some sessions virtually- some of the sessions that was attended was on understanding financial reporting, recruitment & retention, Board Relations, land use, getting along with the legal counsel, getting the most from SDAO

Commissioner French asked if the meeting notes for commissioner committee assignments should be verbal or in written form; the suggestion is verbal is informative

No public comment

Open meeting is adjourned 7:28pm



Lead and Copper Rule Revisions & the Service Line Inventory

Regular Board Meeting
February 16, 2023

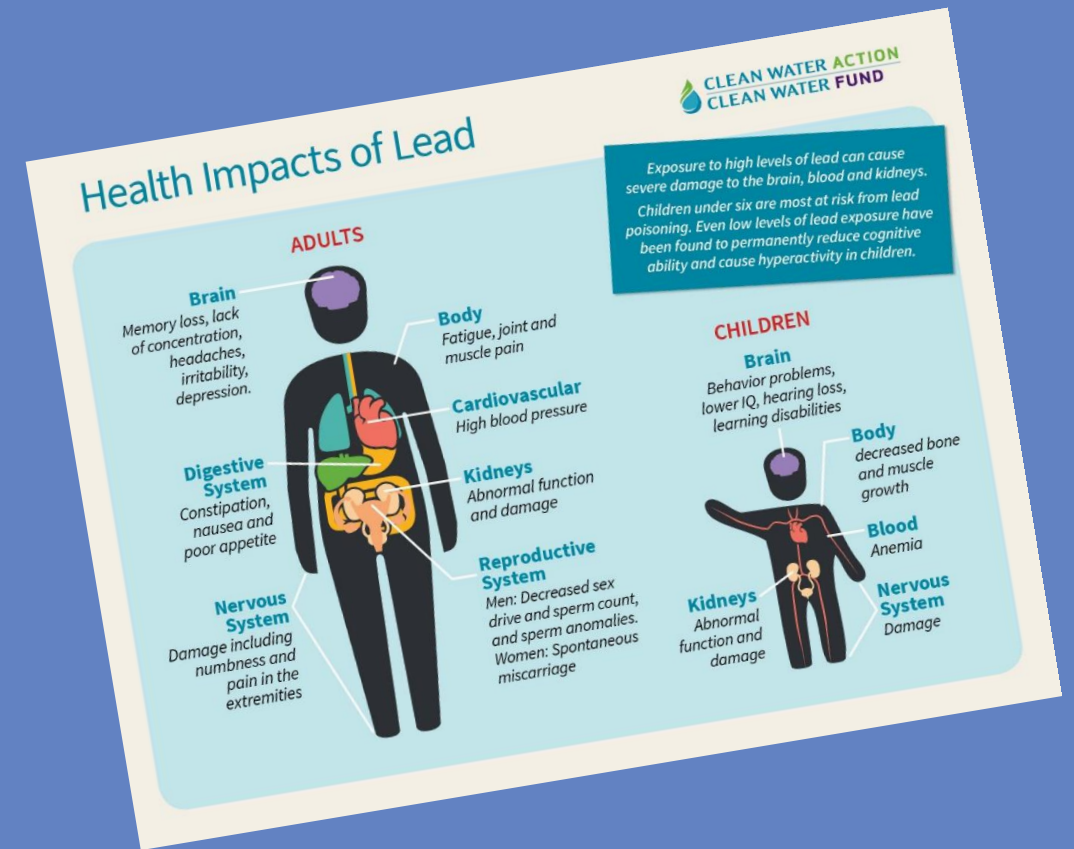
Adam Bjornstedt *Chief Engineer*

LEAD AND COPPER RULE REVISIONS



- The 2021 Lead and Copper Rule Revisions aim to:

- Identify areas most impacted
- Strengthen treatment requirements
- Replace lead service lines
- Increase sampling reliability
- Improve risk communication
- Protect children in schools

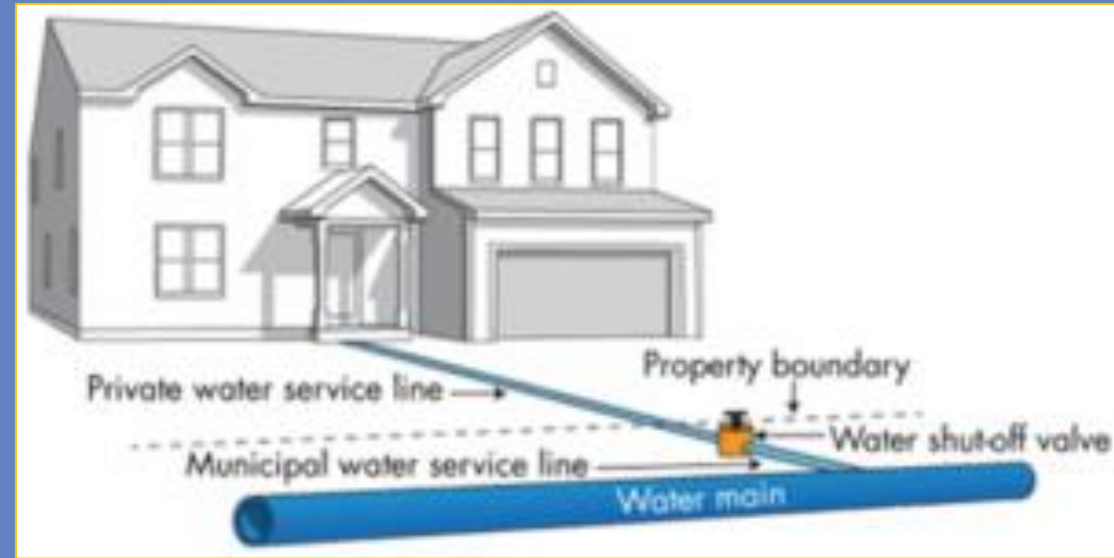
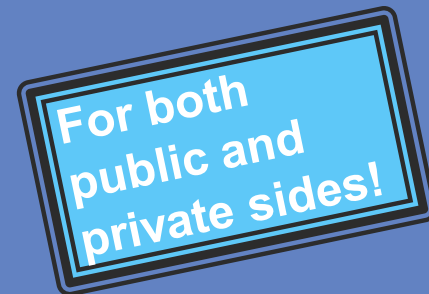


SERVICE LINE INVENTORY



- To help accomplish these goals, water providers are required to conduct an inventory of their service lines
- Service line information we must gather and report by October 16, 2024 includes:

- Location
- Material type
- Method of identification



Note- Lead service line installation was not common practice in our region, and CRW has no history of installing them- but we are still required to complete the inventory.

SERVICE LINE INVENTORY- HOW WILL WE DO THIS?



What we're currently doing:

1. Research of available records
2. Field observations

What we're planning to do:

3. Customer outreach
4. Field investigations
5. Populate the inventory spreadsheet and submit



PRIVATE SERVICE LINE INFORMATION- CUSTOMER OUTREACH

In the next several weeks, we'll be reaching out to customers to ask them to help us acquire their service line information:

- Bill insert- intro pointing to website
- Website- updated lead information and form
- Contact information for questions- ServiceLineInventory@crwater.com

Home Plumbing Can Add Lead to Your Drinking Water

Private side service line information can be obtained at any visible location within this area.

MAY CONTAIN LEAD

- Faucets and Fixtures**
Faucets installed before 2014 could contain leaded brass.
- Lead Solder**
Lead solder was commonly used to join copper pipe before 1985.

LEAD FREE	Water Main Clackamas River Water never used lead pipes in the water mains.	Lead Pigtails Used prior to WWII. All known pigtails removed by 1998.	Service Lines Clackamas River Water never used lead pipes for the service line.	Water Meter Clackamas River Water complies with lead-free or low-lead requirements when replacing meters.
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MOSSADAMS



Clackamas River Water

Communication with Those Charged with
Governance





Clackamas River Water

Clackamas River Water

2nd Quarter Update – Fiscal Year 2023

Board Meeting – February 16, 2023

Jason Kirkpatrick, CFO



2nd Quarter Update – FY 2023

- 2nd Quarter of the second year of Biennium
- July 1, 2022, through December 31, 2022
- Showing costs through 18 of 24 periods (July 1, 2021, through December 31, 2022) for the Biennium – 75.0%

2nd Quarter Update – FY 2023 Revenue

General Fund Revenues

- Total General Fund Revenue is 86.6% of the biennial budget.
- Water sales budget is \$25,569,000 for the biennium and we have recorded \$22,960,736 through December. Water sales are 89.8% of the biennial budget.

2nd Quarter Update – FY 2023

General Fund Expenses

- Personnel Services
 - 64.6 % of biennial budget
 - Total biennial costs through the 2nd Quarter FY 2023 - \$7.8 million
- Includes:
 - Annual Workers Compensation Insurance payment
 - HRA VEBA contributions
 - Retirement payouts
 - Quarterly transit tax
- Excludes:
 - Vacant positions in System Operations, Water Resources, FACS, and Administration

2nd Quarter Update FY 2023

General Fund Expenses

- Materials & Services – 67.8%
 - Analysis of categories that are greater than 75.0%
 - Credit Card processing fees, collection expense, health & safety, computer equipment, and annual payments
- Capital Outlay – 40.4%
 - Over this past year, CRW is experiencing longer than normal lead times for capital items. There is some uncertainty as to when capital items will be recorded as expenditures.
 - Capital Outlay items are larger projects and do not occur evenly throughout the year.



2nd Quarter Update – FY 2023

SDC Revenues

- Biennial Budget - \$1,789,400
- Actual to Date - \$665,110 – 37.2%



New Construction

2nd Quarter Update – FY 2023

Capital Improvements Project Fund

Project #	Description	BN 21-23 Budget	FY 2022 Actual	Remaining Budget	% of Budget
5274	ODOT/City/County DTD Adj	\$ 250,000	\$ 13,947	\$ 236,053	5.6%
5275	Athens Dr Waterline Replacement	641,000	516,373	\$ 124,627	80.6%
5276	Fawn Dr Waterline Replacement	277,000	-	\$ 277,000	0.0%
5277	Leland Rd Waterline & Master Meter	493,000	1,850	\$ 491,150	0.4%
5273	Redland Rd Waterline - Phase 1	1,080,000	31,270	\$ 1,048,730	2.9%
5270	Linwood Rd Improvements	328,000	203,965	\$ 124,035	62.2%
5278	Monroe St Improvements	940,000	6,232	\$ 933,768	0.7%
5279	Maplelane Rd Waterline	846,000	62,201	\$ 783,799	7.4%
5280	Pump Station Supplemental Chlorine	168,000	12,978	\$ 155,022	7.7%
5281	WTP Polymer Feed System Replacement	476,000	3,560	\$ 472,440	0.7%
5282	WTP Filter Valve Replacement	692,000	15,770	\$ 676,230	2.3%
5253	82nd Dr Waterline - Phase 1 (carryover)	97,000	46,974	\$ 50,026	48.4%
5287	Easement Maint 90th St Pump Station	-	73,703	\$ (73,703)	
5291	I-205 Crossing	-	752	\$ (752)	
6292	Johnson Creek Blvd. Improvements	-	1,140	\$ (1,140)	
		<u>\$ 6,288,000</u>	<u>\$ 990,715</u>	<u>\$ 5,297,285</u>	<u>15.8%</u>

The background is a solid blue color with numerous water droplets of various sizes scattered across it. The droplets are more densely packed on the right side and become sparser towards the left. The lighting creates highlights and shadows on the droplets, giving them a three-dimensional appearance.

Questions?

Agenda

1. Nature of Services Provided
2. Significant Audit Areas
3. Auditor Opinions / Reports
4. Required Communications
5. Best Practices
6. Upcoming Accounting Standards



Nature of Services Provided

1

Independent Auditors' Report on the financial statements of Clackamas River Water

2

Assistance with, and technical review of the financial statements for compliance with GAAP

3

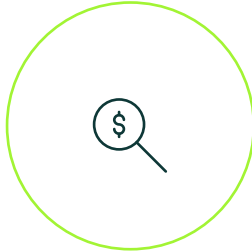
Disclosures and Independent Auditors' Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations

4

Communication to Those Charged with Governance



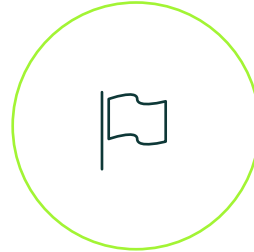
Significant Audit Areas



**WORK ORDERS-
CLASSIFICATION**



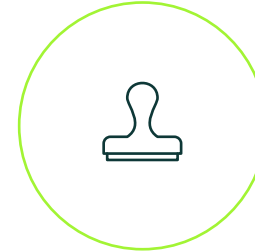
**CUSTOMER BILLINGS -
ACCURACY**



**PENSION
LIABILITIES -
VALUATION**



**CONSISTENT
APPLICATION OF
INTERNAL
CONTROLS**



**COMPLIANCE
WITH FEDERAL
LAWS AND
REGULATIONS
AND OREGON
MINIMUM
STANDARDS**





Audit Opinion/ Reports

Financial
Statements

Unmodified
(clean) opinion
on financial
statements

Oregon
Minimum
Standards

No reportable
findings

Communication
to Those
Charged with
Governance

Best practice
recommendations



Required Communications

- Planned scope and timing
- Significant accounting policies
- **Audit adjustments – No audit adjustments**
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- **New Standard Implemented – GASB 87 - Leases**





Internal Control Communications

- **Material Weaknesses – None**
- **Significant Control Deficiency – None to Report**



**THANK
YOU**

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