

MINUTES  
PUBLIC HEARING

GOVERNING BODY  
BROOKS COMMUNITY SERVICE DISTRICT  
3:07 PM, MONDAY, MARCH 25, 2019  
SILVERTON CONFERENCE ROOM  
MARION COUNTY COURTHOUSE SQUARE

MEETING OPENED: Commissioner Cameron opened the meeting and noted the following attendance:

ATTENDANCE: Commissioner Kevin Cameron, Commissioner Sam Brentano, Commissioner Colm Willis, Scott Norris - Legal Counsel, Dennis Mansfield - Public Works, Matt Knudsen - Public Works, Glen Rader Jr. - ESSD Advisory Committee, Jason Meyer - Sheriff's Office, Earl Horton - ESSD Budget Committee, Bill Gardner - Pacific Stair, Daniel Reynolds - Saalfeld Griggs Law Firm, Loretta Lent - Pacific Stair, Brian Nicholas - Public Works, Thomas Kissinger - Public Works, Cynthia Granatir – Finance, Danielle Gonzalez - Economic Development, Thomas Hogue - Economic Development, Terry Beilke, Michael Johnson, ESSD Advisory Committee, Stephanie Rosentrater - Public Works, Rebecca Hillyer – Chemeketa Community College

ACTION: Terry introduced himself as the owner of a farm in the Brooks Community Service District. He has lived there his whole life.  
**MOTION:** Commissioner Willis made a motion to approve the appointment of Terry Beilke to the Brooks Community Service District Advisory Committee. Commissioner Brentano seconded the motion. A voice vote was unanimous.

STATUS UPDATE: **History:** The Brooks Community Service District (BCSD) was approached in the Spring of 2018 by Chemeketa Community College (CCC), who reported that they were incurring many expenses due to the water system and felt that they were not being fairly compensated. CCC also reported that they were not interested in being in the water-supply business. This leaves the BCSD with two options; BCSD finds a new well or BCSD manages the entire system, but doesn't charge a fee to CCC or the Fire District for their water usage. There is no agreement between BCSD and CCC since CCC purchased the well. CCC has been acting in good-faith. BCSD is working on an agreement and hope to have it ready for review soon.

**Purpose of this meeting:** Discuss the source of funding to pay back CCC for the pump and meter replacement that was approved via an intergovernmental agreement (IGA) at the February 5, 2019 Regular Meeting.

**Financial History:** BCSD provides sewer services to over 200 residential, commercial, and industrial customers and water to 17 commercial customers, only 11 of which are metered. The focus is mainly on the sewer service because it brings in so much more revenue than water service. Water service has lost more than it

has gained in the last six years. The expenses are expected to continue to increase, due to the aging system and the amount of time and effort to improve the system.

**Rate History and Comparison:** Methodology used to calculate rates is convoluted and has been in place for a long time. Dennis explained how the charges are calculated for both metered and non-metered customers. Exhibit C is a rate comparison based off a 2017 survey, showing rates per 5,000 gallons used.

**Meter Issues:** Dennis explained why the need for a new meter is so high. Exhibit D shows that until around September of 2017, what CCC's meter read vs. what BCSD customer meters read was pretty consistent. After that, there were discrepancies of up to 1.5 million gallons per year (see Exhibit E). Any difference between the CCC meter and the 11 customer meters should be the 6 non-metered customers, but this number is much too high to account for only 6 customers, meaning that the meter must be faulty, water is being used by more than our 17 customers, our historical usage data for non-metered customers is outdated, there are leaks in the pipes, or a combination of some or all of these things. Since meeting in February and having the IGA between the BCSD and CCC signed, CCC has ordered the pump and meter and set an installation date.

**Funding:** Dennis provided two options to the governing body. Option one would be to approve a loan, the terms of which are set out in the IGA provided in the packet. Exhibit F shows the 10-year forecast of this loan, including a conservative estimate of what BCSD would receive from CCC for reimbursement of their portion of the pump, an increase in CCC's rates to BCSD for water, and an increase in rates to BCSD customers. Dennis explained that the rate increase to the customers is imperative to help pay for the system and to make the District eligible for grant funding and future loans. Rates will be calculated per EDU and not include any separation of overhead. Non-metered customers will have their estimated usage increased and will likely be required (by ordinance) to install meters in the future. Exhibit G shows the impact to each customer in this scenario. Option two is a donation to the BCSD from the general fund, not requiring payback. Rates to customers would still need to be raised in this scenario. The impacts to the customers in this scenario are shown in Exhibits H and I.

**Clarifying questions:** Is there a way to mitigate the need to raise rates, like figuring out where the unaccounted-for water usage is coming from? While figuring that out would help, the customer rates are far below surrounding areas' rates. This puts the District

at a disadvantage because they are unable to qualify for many programs that would help to improve the system. Commissioner Willis was curious as to why we're paying for maintenance on infrastructure that we don't own. The District is working on fixing the whole system, but the most important thing is getting the pump and meter replaced because they're failing and could go out at any time. We have to be able to provide water to the customers that depend on it.

COMMENT:

Daniel Reynolds, legal representative for Pacific Stair, wanted to know why the words "danger" and "urgency" kept being used when referring to the pump and meter repair. He was wondering if there was a timeline or expected failure date for the system. The system is older than we have records of and is far past its service life. The meter is clogged by sediment or particulates and not metering correctly. The system could fail at any time, though it is impossible to be certain of when.

Terry Beilke commented that he does not agree with supplying CCC or the Fire District with free water in the event that BCSD takes over maintenance of the system.

Rebecca Hillyer provided history of CCC's ownership of the system. Since 2005, CCC has been maintaining the system and paying for maintenance costs. What they charge the BCSD does not cover the cost of maintenance. CCC has never raised the rates that they charge to BCSD. CCC no longer has the money to cover all of the maintenance costs. CCC does not necessarily want to stop maintaining the system, though they are open to negotiations with BCSD. CCC is merely asking for assistance with the cost of this necessary repair and potentially other large repairs in the future.

Bill Gardner commented that any growth in Brooks will be stunted until we figure out the water issues. In his opinion, a part of the problem is how many agencies are involved and all of the different ownerships/rights. Bill also claimed that there are at least 8 businesses not on the list that are getting water from Pacific Stair's water line. According to Bill, every business south of Pacific Stair is on his line. Some of these businesses are being billed by the BCSD, meaning the District is collected twice – once from Pacific Stair and once from the customer (i.e. Brooks Hardware). BCSD staff expressed an interest in setting up a meeting with Bill.

Brian Reynolds comments that the district needs to spend more time on figuring out the system and a long term solution.

**DISCUSSION:** Commissioner Cameron does not want to make a decision yet. There is infrastructure money set aside that could potentially be granted to the district, but not until they know what they would be investing in.

Commissioner Brentano wants to get all customers metered quickly. Thomas Hogue added that we should maybe figure out the long term solution before asking customers to pay \$5,000 for a meter when the future source of water is currently unknown.

Commissioner Willis is happy to develop infrastructure in Brooks, but does not want to just paying for maintenance on a system that is not owned by the District. Brian Nicholas and Dennis explained again how the BCSD will get reimbursed by CCC and the Fire District for their portion of the pump.

It was decided that the governing body would approve the loan today, as the repair is critical. They are not yet ready to make a decision on rates. Dennis clarified that the agreement put in front of them is only to approve the loan. It does not mention rate changes.

**ACTION:** **MOTION:** Commissioner Brentano made a motion to approve the Intergovernmental Agreement between Marion County and the Brooks Community Service District to loan up to \$50,000 to the Brooks Community Service District. Commissioner Willis seconded the motion. Commissioner Willis wanted to confirm that the agreement could be amended at a later date. Scott Norris confirmed that it can. A voice vote was unanimous.

**NEXT MEETING:** The date of the next meeting is scheduled for Wednesday, May 15, 2019 at 3:00 PM, Marion County Courthouse Square, 555 Court St. NE, Salem, Oregon.

**ADJOURNMENT:** There being no further business to come before the governing body, the meeting was adjourned.

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Chair, Governing Body  
Brooks Community Service District