

FAIRVIEW WATER DISTRICT
BOARD OF COMMISSIONERS MEETING MINUTES
Regular Session | March 26, 2026 | Following Budget Committee Meeting
Tillamook Swiss Hall, 4605 Brookfield Avenue, Tillamook, Oregon

1. CALL TO ORDER

Chair John Casteel called the meeting to order at 6:30 PM.

2. ROLL CALL

- a) Board Members Present: John Casteel, Dustin Burdick, Gary Bond, James Huffman
- b) Board Members Absent: Boyd Rulifson
- c) Staff Present: General Manager Michael Ostensen, Office Manager Melissa Rondeau
- d) Visitors Present: Tilda Chadwick Jones, Daniel Emmens, Joseph Barker, Doug Barker, Brian Beeler, Michael Tohl, Richard Obrist, Luke Oldenkamp, Rick Steel, Bruce Thomas, Don Aufdermauer, Taylor Aufdermauer, Derrick Josi, Chad Martin, Larry Anderson, Adam Nielsen

3. APPROVAL OF MINUTES

Motion by Gary Bond and seconded by James Huffman, to approve the minutes of the February 21, 2026 Water Rate Study Workshop.

*Vote: Aye: Casteel, Burdick, Bond, Huffman
Nay: None
Abstain: None
Motion passed 4-0*

Motion by John Casteel and seconded by Dustin Burdick to approve the minutes of the February 26, 2026 Board of Commissioners Meeting.

Discussion: Commissioners Bond and Huffman expressed concern that the personnel documents discussed at the meeting were not included with the meeting minutes. Staff noted that including such documents is not standard practice and may raise concerns regarding the handling of personnel-related materials. Ostensen stated that he does not consent to inclusion of his personnel evaluation documents in the publicly posted meeting minutes and prefers that materials of this type remain protected and subject to formal public records requests. The Board directed staff to consult with legal counsel regarding requirements and best practices for inclusion of personnel documents in meeting minutes.

*Vote: Aye: Casteel, Burdick
Nay: Bond, Huffman
Abstain: None
Motion Failed 2-2*

4. PUBLIC COMMENT (on Non-Agenda Items)

Adam Nielsen expressed concern regarding the District's financial position, noting that current revenue levels may be insufficient to meet operational needs. He also recommended that the District pursue grant opportunities but worries that the District may be unable to meet matching fund requirements.

Rick Steele inquired about the methodology by which the District prioritizes leak repairs and raised concerns regarding the timeline for the repair of a leak located near his property. Ostensen explained that repairs are prioritized based on risk to life and property, system impact, and operational concerns. Steele is referencing a leak located near the reservoir and close to the 12-inch mainline supplying the system, which presents a significant risk to human life and system integrity if not addressed carefully. The Board requested that staff develop a cost estimate and proposed plan of action for the repair. Ostensen noted that he will continue to work towards this repair, but that it may take some time, as local contractors have already rejected the work due to the dangerous and complex nature of the repair.

5. GENERAL MANAGER'S REPORT

The General Manager's written report was provided in advance of the meeting.

Following questions from attendees, Casteel asked whether Board packets are posted online. Staff confirmed that packets are not currently posted online and noted that prior Board direction had not supported doing so. The Board reached consensus to direct staff to begin posting Board packets on the District's website.

Chair Casteel requested a review of the leaks identified in the report. Discussion followed regarding system leaks, water loss, and data used in the recent water rate study completed by Oregon Association of Water Utilities (OAWU). Derrick Josi inquired whether the leaks identified in Ostensen's report account for the water loss reflected in the water rate study. Ostensen clarified that the study does not reflect recent repairs and system improvements. Since July 2025, updated flowmeters at the District's active wells have allowed for a more accurate comparison between water produced and water sold. Based on this data, total systemic water loss is estimated at 15%, which includes water loss from leaks.

Nielsen and Ostensen discussed the types of water meters currently in use in the system, with Ostensen reporting that the District has replaced approximately 50% of all meters with digital read meters and will continue upgrading the older models as part of ongoing system improvements.

Additional questions were raised regarding water loss, meter replacement, and system operations. Ostensen clarified that public comment during Board meetings is intended for receiving input and that staff are available during regular business hours to address operational or service-related questions in greater detail.

6. OFFICE MANAGER'S REPORT

The Office Manager's written report was provided in advance of the meeting.

Rondeau reported that the proposed fiscal year 2026-27 budget has been completed and that work on the fiscal year 2024-25 audit has begun. Due to recent issues with Automatic Clearing House (ACH) payments, including delayed notification of failed transactions and limited reporting from the bank, staff are evaluating whether to discontinue ACH payments altogether.

Limited historical operational data is available to support accurate financial forecasting. Because of this, Rondeau will begin tracking operational data more consistently to improve budgeting in the future. Bond requested updates on the data being tracked and confirmed with Rondeau that he is requesting access to operational data. No formal direction was provided by the Board at that time.

Rondeau requested that the Board consider discontinuing the practice of having staff hand deliver Board packets directly to their homes, citing potential risk to the District and unnecessary use of staff time and resources. Board members currently receive packets electronically and may pick up physical copies at the District office during regular business hours. The Board requested that this item be placed on a future agenda for discussion.

7. FINANCIAL REPORTS

a) Approval of the February 2026 Accounts Payable Report

The Board reviewed the Accounts Payable report for February 2026. No questions were raised.

Motion by Gary Bond and seconded by Dustin Burdick, to approve all payments for February 2026 as presented.

*Vote: Aye: Casteel, Burdick, Bond, Huffman
Nay: None
Abstain: None
Motion passed 4-0*

b) Budget v. Actuals Report

Chair Casteel reviewed the purpose of the report and its use in monitoring the District's financial performance throughout the fiscal year. No comments or questions were raised by the Board.

c) Delinquent Accounts Summary

The Board reviewed the delinquent accounts summary. Casteel discussed the District's process for monitoring delinquent accounts. No questions were raised by the Board.

d) Fiscal Year 2024-25 Audit

Rondeau reported that the District has engaged SingerLewak to perform the audit for fiscal year 2024-25. The Board directed staff to follow up with the SingerLewak regarding the anticipated timeline for distribution of the fiscal year 2023-24 audit report to Board members.

8. OLD BUSINESS

a) **Water Rate Study: Continued Board Discussion**

Derrick Josi shared that he had reviewed the water rate study completed by OAWU and had questions about the data used and the time period on which it was based. He noted that the District has had significant expenses in recent years related to pump and well work and expressed hope that similar costs won't be needed again for some time.

Discussion followed about whether the rate study fully reflects the District's current financial needs and whether the proposed increases will be enough to support ongoing expenses. Conversation centered around how rate increases may impact customers,

particularly agricultural users, with some in attendance noting that higher rates could lead to customers seeking alternative water sources.

Chair Casteel stated that the study makes it clear that the District is not currently bringing in enough revenue to meet its expenses. The Board and attendees discussed different approaches to adjusting rates, including increasing base rates instead of consumption-based charges, and it was generally agreed that some level of increase will be needed. No formal proposal has been developed at this time.

Casteel and Bond reiterated that the Board is still in the early stages of this process, that no decisions have been made, and that a proposed rate increase will be developed and brought forward to the public for future consideration.

b) Draft General Manager Job Description

This item was postponed until the next meeting.

c) Draft Financial Management Policy

This item was postponed until the next meeting.

9. NEW BUSINESS

a) Second Reading of Ordinance No. 2026-01: *An Ordinance Clarifying How Water Rates Are Established, Maintaining Continuity of Existing Rates, and Superseding Prior Rate Ordinances*

Commissioner Bond introduced the ordinance and clarified that its purpose is to confirm the water rates that are already in place and does not change or create any new ones. Richard Obrist requested clarification regarding the superseded items mentioned in the ordinance. Bond explained that the District has adopted various ordinances and resolutions related to rates in the past, and this ordinance is intended to establish a more consistent framework moving forward.

Concern was expressed by Josi that establishing rates by resolution may make it easier to implement changes without sufficient public awareness. Bond provided an overview of the rate-setting process and noted that future rate changes would follow all required procedures.

Copies of the ordinance were made available to those in attendance and posted on the District's website for public review. Commissioner Bond read the ordinance by title only. No further comments were received from the Board or members of the public.

b) Adoption of Ordinance No. 2026-01

Motion by Dustin Burdick and seconded by James Huffman to adopt Ordinance No. 2026-01: An Ordinance Clarifying How Water Rates are Established, Maintaining Continuity of Existing Rates, and Superseding Prior Rate Ordinances.

The ordinance was read by title only.

Vote: Aye: Casteel, Burdick, Bond
Nay: Huffman
Abstain: None
Motion passed 3-1

c) Consideration of a COLA wage increase for the General Manager

Motion by Gary Bond and seconded by Dustin Burdick, to grant General Manager Michael Ostensen a 2.7% cost of living adjustment (COLA), retroactive to January 2026.

*Vote: Aye: Casteel, Burdick, Bond, Huffman
Nay: None
Abstain: None
Motion passed 4-0*

d) Utility Bill Reduction Request

Motion by Gary Bond and seconded by James Huffman to approve a 50% reduction to the February 2026 consumption charges for utility account no. 0110501, in the amount of \$48.83, due to the prompt repair of a water service line leak.

*Vote: Aye: Casteel, Bond, Huffman
Nay: Burdick
Abstain: None
Motion passed 3-1*

e) Discussion of Utility Bill Reduction Request Policy

Commissioner Bond provided an overview of the District's historical practice of granting a 50% reduction to utility bills when a customer repairs a leaking water service line. The District does not currently have a formal policy establishing a standard approach to bill adjustments. Rondeau referenced Fairview Water District Ordinance No. 2000-1, which allows for reductions to billed amounts upon written application and approval by the District. Ostensen shared that, in the past, adjustments were calculated by determining an average consumption over a set period and applying a reduction to that amount. Following discussion, Bond requested that staff remove references to leak adjustments from the District's website. Bond also stated that he will draft a policy and updated request form for Board consideration at a future meeting.

10. COMMISSIONER REPORTS/PRESENTATIONS

a) John Casteel – Discussion with Mark Knudson, Special Districts Association of Oregon

Chair Casteel reported ongoing discussions related to an expired agreement between the City of Tillamook and Fairview Water District regarding work within the City's urban growth boundary. The agreement expired in October 2020, and the City has made multiple requests for a new agreement. District staff have previously requested that the City coordinate directly with the Board on this matter. In March 2026, Casteel sent a certified letter to the City of Tillamook Public Works Director, Shawn Burge, expressing the Board's preference that the City work with Tillamook County to facilitate the development of a new agreement. Casteel also reported that he recently spoke with Mark Knudson of the Special Districts Association of Oregon (SDAO) and received additional information that may assist the Board as it begins developing a new agreement. He asked Board members to begin considering which elements of the prior agreement they would like to retain or revise.

b) John Casteel – Recreational Immunity Opt-In for Special Districts

Recreational immunity protections have recently been expanded to include special districts, and Casteel recommends that the District consider opting in. After agreement, the Board directed staff to prepare a resolution for Board consideration at a future meeting.

11. STAFF PRESENTATIONS

This item was not addressed.

12. ADJOURNMENT

Motion by Gary Bond and seconded by Jim Huffman to adjourn the meeting at 7:28 PM.

Vote: Aye: Casteel, Burdick, Bond, Huffman

Nay: None

Abstain: None

Motion passed 4-0