FAIRVIEW WATER DISTRICT
BOARD OF COMMISSIONERS MEETING MINUTES

Regular Session | June 25, 2026 | 5:00 PM
403 Marolf Loop Road, Tillamook, Oregon

1. CALL TO ORDER

Board Chair John Casteel called the meeting to order at 5:01 PM.

2. ROLL CALL

a) Board Members Present: John Casteel, Gary Bond, James Huffman
b) Board Members Absent: Dustin Burdick, Boyd Rulifson
c) Staff Present: General Manager Michael Ostensen, Office Manager Melissa Rondeau
d) Visitors Present: Josh Henderson, Luke Oldenkamp, Logan Lancaster, Ryan Kilgore, Ethan Obrist, Richard Obrist, Michael Tohl, Jerry Markee, Christopher Rondeau

3. APPROVAL OF MINUTES

Motion *by James Huffman and seconded by Gary Bond to approve the May 28, 2026 regular Board meeting minutes.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Burdick, Rulifson
Motion passed 3-0

4. PUBLIC COMMENT (on Non-Agenda Items)

a) Josh Henderson addressed the Board regarding a personnel complaint. Henderson described the events that led to the complaint and requested that the Board consider the matter. No Board action was taken during public comment.

[On August 27, 2026, the Board amended these minutes to direct that Josh Henderson's public comment statement be included verbatim and that the amended minutes be published on the District's website. On September 24, 2026, the Board amended that action by rescinding the direction on August 27, 2026 and directing staff to remove the verbatim comments and include a summary statement of events instead.]

b) Richard Obrist commented on the proposed Hunt Water District annexation into Fairview Water District and thanked District staff for responding to a recent water leak affecting his property. Obrist also commented on a leak near 3rd Street and confirmed with staff that the District was aware of the leak.

5. GENERAL MANAGER'S REPORT

General Manager Michael Ostensen provided an overview of his written report, which had been provided to the Board prior to the meeting. Ostensen reported that staff member Stephany Whitaker has earned multiple certifications since joining the District in late 2025. In addition to Water Distribution Level 1 certification and Cross Connection Specialist certification, she recently completed her Backflow Tester certification. Ostensen reported that the District intends to provide backflow testing services to customers within the District at a reduced rate, noting a shortage of certified backflow testers in the local area.

Ostensen discussed the District's increasing need for equipment to address deferred maintenance and complete routine maintenance activities in-house. He explained that the limited availability of outside contractors has made it increasingly necessary for the District to acquire equipment that will allow staff to perform more work in-house. Discussion followed regarding equipment needs and appropriate equipment size.

The Board reviewed the District's current leak list with Ostensen, and it was noted that several previously identified leaks have been completed and are no longer active. He provided an update on the remaining leaks requiring attention. Discussion followed.

6. OFFICE MANAGER'S REPORT

Office Manager Melissa Rondeau provided an overview of her report, which had been provided to the Board ahead of the meeting. Rondeau reported that June included several unanticipated administrative projects in addition to regular operational duties, audit preparation, and website updates. Staff continue to implement improvements that modernize District administrative processes.

7. FINANCIAL REPORTS

a) Approval of the May 2026 Accounts Payable Report

Board members asked questions regarding the purchase of a replacement motor for the Ditch Witch vacuum trailer and the Variable Frequency Device (VFD) at Well 3.

***Motion** by Gary Bond and seconded by Jim Huffman, to approve all payments for May 2026 as presented.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Burdick, Rulifson
Motion passed 3-0

b) Budget v. Actuals Report

The Board discussed lower than estimated consumption revenue for the 2025-26 fiscal year.

c) Delinquent Accounts Summary

Rondeau presented her summary to the Board, including an update to the number of delinquent accounts since she initially submitted the information to the Board.

d) Fiscal Year 2024-25 Audit

This item was reviewed earlier under the Office Manager's report.

8. OLD BUSINESS

a) **Water Rate Review and Board Direction**

The Board reviewed the current and proposed water rate structures. General Manager Michael Ostensen explained the proposed rate structure, including higher consumption charges for out-of-district customers of $3.50 per 1,000 gallons compared to $2.25 per 1,000 gallons for in-district customers. Chair Casteel noted that out-of-district customers represent less than one percent of the District's customer base.

Discussion then focused on the District's long-term approach to future rate adjustments. Casteel expressed support for reviewing water rates annually and considering adjustments based on the Consumer Price Index (CPI) and the District's financial needs.

Board members and members of the public asked questions regarding the proposed increase to monthly base rates, the District's annual property tax revenue, statutory limitations on rate increases, and the balance between fixed and consumption-based charges. Ostensen explained that monthly base rates are determined by meter size, that property tax revenue is not a reliable funding source for District operations, and that the proposed rate structure is intended to maintain an approximate balance of 50 percent fixed base rate charges and 50 percent consumption

charges. He further stated that the District has historically estimated annual water consumption with reasonable accuracy.

Additional discussion addressed annual water production and customer communication regarding the proposed rate structure. Richard Obrist requested an update regarding Beaver Water District. Ostensen and Casteel advised that Fairview Water District is not affiliated with Beaver Water District and were not aware of its current operational status. Ostensen also advised that he remains available to discuss customer accounts and the proposed rate structure with interested customers outside of Board meetings.

Discussion concluded with comments regarding the District's agricultural customer base. James Huffman expressed appreciation for the agricultural community and concern regarding the potential effect of the proposed rate increase. Ostensen stated that maintaining financially sustainable rates is necessary to preserve District operations and noted that, should the District ultimately fail, water service would likely be assumed by the City of Tillamook at substantially higher customer rates.

b) **Staff Job Descriptions**

Rondeau provided an update on the ongoing revision of District staff job descriptions and stated that staff would present a revised General Manager job description to the Board for consideration during the July Board meeting.

c) **Financial Management Policy**

Rondeau presented the revised Financial Management Policy for Board review. The Board reviewed the draft and discussed several provisions. Staff and Board members worked collaboratively through the proposed revisions during the meeting, resulting in a revised draft. The policy will be presented at the July meeting in resolution form for Board consideration.

d) **Board Attendance, Vacancy Procedures, and Board Direction**

Rondeau informed the Board that Commissioner Dustin Burdick submitted a signed letter of resignation.

Motion *by Gary Bond and seconded by James Huffman, to accept the resignation of Dustin Burdick as Board Commissioner Position 2 of Fairview Water District and declare a vacancy.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Burdick, Rulifson
Motion passed 3-0

Motion *by John Casteel and seconded by Gary Bond, directing District staff to advertise a vacancy of Position 2 of the Fairview Water District Board of Commissioners.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

The Board discussed Commissioner Boyd Rulifson's continued absence from regular Board meetings and whether any statutory or policy provisions provide a means for addressing a prolonged vacancy due to non-attendance. Following discussion, the Board directed staff to seek legal guidance from Special District's Association of Oregon (SDAO) regarding the Board's available options.

Motion *by John Casteel and seconded by Gary Bond, authorizing staff to contact SDAO legal to obtain guidance regarding the Board's options for addressing the prolonged vacancy of Commissioner Boyd Rulifson.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

9. NEW BUSINESS

a) SDAO Board Practices Assessment and Board Direction

Chair Casteel introduced discussion regarding the Board Practices Assessment offered by SDAO. Casteel advised the Board that SDAO representative Mark Knudson had requested Board direction regarding scheduling the assessment and asked whether the Board would like to participate.

Ostensen stated that Knudson was inclined to visit the District regardless to provide Board training. Discussion followed regarding the purpose of the assessment, the value of Board training, the potential insurance premium discount associated with participation, and the benefit of completing the assessment following the appointment of a new Board member.

Following deliberation, the Board expressed support for scheduling an assessment with SDAO.

***Motion** by Gary Bond and seconded by John Casteel, authorizing staff to coordinate with SDAO to schedule the Board Practices Assessment and related Board training.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

b) Surplus Property Declaration

The Board discussed declaring *two black polyethylene water storage tanks, approximately 10 feet in diameter and 12 feet high; and one 2008 Ford F-350* as surplus property in accordance with the District's Surplus Property Policy.

***Motion** by John Casteel and seconded by Gary Bond, to declare two water tanks and one truck as surplus District property.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

10. BOARD MEMBER PRESENTATIONS

a) Casteel presented Ordinance 89-1, which was shared with the Board at the start of the meeting as an additional document for later consideration. Rondeau informed the Board that the policy is outdated and requires revision. Additionally, staff are creating a new application for water service, which will mirror the provisions contained within Ordinance 89-1 and make both the form and ordinance available for customer access on the District's website.

b) Gary Bond expressed his desire to update the District's vehicle policy, stating further that he intends to present an revised policy to the Board for consideration at an upcoming meeting.

11. EXECUTIVE SESSION

Board Chair John Casteel closed the regular meeting and convened executive session at 6:47 PM pursuant to ORS 192.660(2)(b), to consider the dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member, or individual agent who does not request an open hearing.

Executive session concluded at 7:01 PM. Chair Casteel reconvened the regular meeting at 7:01 PM.

***Motion** by Gary Bond and seconded by James Huffman to appoint Gary Bond to conduct the Board's investigation regarding the personnel complaint.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

12. ADJOURNMENT

***Motion** by John Casteel and seconded by Gary Bond to adjourn the meeting at 7:03 PM.*

Vote: Aye: Casteel, Bond, Huffman
Nay: None
Abstain: None
Absent: Rulifson
Motion passed 3-0

FAIRVIEW WATER DISTRICT

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Tillamook, OR. 97141

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GENERAL MANAGER'S REPORT
JUNE 25, 2026 - Board of Commissioner's Meeting

Stephany has now completed her certifications as a Water Distribution Operator Level 1, Cross-Connection Specialist, and Backflow Assembly Tester. We are very excited for her and these impressive accomplishments, especially considering she has only been with us since November. I look forward to assigning the backflow program to Stephany and seeing how she handles the new responsibilities.

For the remainder of the summer, I am focusing as much as possible on leak repairs. We now have a reasonable documentation system in place using the Monday app. This ensures that important information is recorded and that locations where leaks have been repaired, but pipes still require replacement, don't get forgotten.

The saying "the squeaky gear gets the grease" is a fine phrase, and works well enough, except when the gear is about to fall off. Many of the sections we are addressing have moved beyond routine maintenance and into replacement territory. We have been doing our best to prioritize the worst sections of the main line first, but the reality is that we have many miles of pipe that are We've been doing our best to prioritize the worst sections of main line first but to be honest we have so many miles of pipe that are now in critical condition.

I intend to push hard for an excavator this year so that we can get on top of most, if not all, of the smaller leaks located away from major roadways. As of right now, only two projects fall outside the capabilities of District staff, even with the purchase of additional equipment. The Marvin Lane and Trask River Road projects will need engineering and contracted professionals. The remaining projects should be manageable in-house if the necessary machinery is purchased.

We managed to tackle four service line leaks this month, and I expect we can complete another four in July. By the end of summer, we should be back to only a few. Leaks are appearing with greater frequency due to the age of the materials and possibly other factors such as ground shift. The Wilson side of the District has experienced significantly more leaks this year than in previous years.

CURRENT LEAKS

1) **Wilson River Loop: Approximately 0.23 miles east of Highway 101 - COMPLETE**

   A failed corporation stop has been identified and replacement is planned.
   UPDATE 06/18/2026: The stop had not failed but had been left slightly open, allowing a trickle of water to continue pressurizing an abandoned line. The stop was fully closed, the abandoned line was disconnected, and the excavation was backfilled with native soil.

2) **Wilson River Loop (near Latimer Quilt & Textile Museum) - COMPLETE**

   A leak developed when a landscaping crew investigated a wet meter box and unintentionally disturbed an existing minor leak. Staff investigated the issue and determined that excavation and repair were necessary. Additional equipment was brought in to assist with access to the repair area. The leak was successfully repaired, and a new meter stop and meter were installed. The site was backfilled and

returned to service. I've been in continuous contact with the property owner, and he seems pleased with the results.

3) **Wilson River Loop/Sollie Smith Road - LEAK REPAIR COMPLETE/LINE REPLACEMENT NEEDED**

UPDATE 06/18/2026: The leak was stopped using a boiler plug. Inspection of the surrounding pipe revealed that the section is in critical condition. I do not have any confidence that the section of pipe where the leak was located will maintain system integrity for any reasonable length of time. Todd Leonnig was on site for the repair and replacement options were discussed. I will make best efforts to expedite replacement of this section.

4) **Makinster Road (at cul-de-sac loop) – MOSTLY RESOLVED/IN PROGRESS**

The materials used to create this section of line have proven unreliable and conditions are similar to those found during the Blum Lane project. Due to the condition of the system, excavation work will most likely expose additional system failures. Full replacement is the most effective long-term solution and is recommended for this section of line.

5) **Fairview Road (near Randall Corner) - NEW**

A small leak has developed, likely at a nearby service connection on Fairview Road. My initial assessment is that the issue may involve the brand of service saddle we used at this location. We addressed a similar failure on a neighboring connection approximately one year ago. This should be a relatively straightforward repair and will be added to the next round of minor leak repairs when contractors become available.

6) **Trask River Road (Cedarcrest to Hollyridge)**

Line replacement is needed throughout this segment. Due to the challenges of length and placement, in-house engineering will be required. Contracted services, additional equipment, and extra safety measures will be necessary.

7) **Blum Lane**

Plans are underway to abandon the older line between Blum Lane and Wilson River Loop. We are working to complete this replacement as quickly as possible.

UPDATE 05/28/26: Two leaks have been in this line. One leak has been repaired successfully, but due to the deterioration of the system, the severity of the other leaks has increased. The remaining leak(s) are flowing in the field and not onto private residential property anymore.

UPDATE 06/18/2026: The primary leak was traced to a split nylon tee. The tee has been replaced with a steel one and returned to service. The secondary leak has been lessened in severity but remains a small trickle. As soon as time allows, the site will be re-examined. I believe the issue is likely a repair band that needs to be tightened.

8) **3rd Street/Circle Drive**

The leak requires excavation and inspection to develop a plan. With the dry season approaching, more thought will be put towards this leak as ground water intrusion becomes less of a problem.

9) **Sollie Smith Road/Aldercrest Road**

Service line excavation and repair are required. Planning is ongoing.

10) Marvin Lane (near Myers Court)

I have received a quote from Advanced Excavation Inc. for replacement of the main line at this location. Due to the risk associated with this section of line, this will be a large project requiring thorough planning.

11) Valley View Drive

A standpipe leak has been identified in the elbow below ground. Water is flowing into a drainage ditch. This repair will be included in the next round of work with contractors when they are available.

12) Hubert Road

A leak appears to be located near the first meter of the left side of the road. Further investigation is required. There is currently no loss of service to the customer and only minimal ground softening around the meter box. This repair will also be added to the next round of work with contractors when they are available.

COMPLETED ON JUNE 18, 2026
Michael Ostensen – General Manager

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OFFICE MANAGER'S REPORT FOR JUNE 25, 2026

June has been a bit of a heavy lift.

Routine financial administration, account reconciliations, governance support, customer account management, and general administrative housekeeping have been largely routine, though unusually plentiful. Staff also had the opportunity to complete the District's first utility property lien, from filing through release, which was an excellent learning experience for everyone involved.

Audit preparation remains ongoing, with the majority of requested information submitted to the auditors. SingerLewak has direct "Report Only" access to the District's QuickBooks online records and they continue to work through the audit process. While operational demands have limited the amount of time available, staff support for the audit remains a priority.

This month also included a significant amount of governance-related administration, including Board communications, policy development, meeting preparation, records management, and coordination of several matters requiring differing levels of administrative attention.

Small improvements continue to be made on the District's website. While progress continues to be slow, I do feel as though this may be a benefit, as it will allow minimal disruption to users while allowing staff to spend more time discovering what works and what doesn't. I'm pleased with its progression.

I am also developing a process that will allow us to provide regular District updates using our billing postcards. Ideally, I would like to provide information that would direct our customers to a dedicated webpage through either a website link or QR code, allowing updates to be published and refreshed quarterly or as necessary. I am excited about the opportunity to increase public awareness of District projects, staff activities, the services currently provided to customers, and maybe some of our hopes and dreams for the future.

The District has had several opportunities this month to work with partnering agencies and organizations. Access to training, resources, and peer networks provide valuable support and helps us strengthen the District and its operations. I am pleased that staff take advantage of them as often as possible.

Prepared 6/19/2026