

FAIRVIEW WATER DISTRICT
BOARD OF COMMISSIONERS MEETING MINUTES
Regular Session | April 30, 2026 | 5:00 PM
403 Marolf Loop Road, Tillamook, Oregon

1. CALL TO ORDER

Board Chair John Casteel called the meeting to order at 5:05 PM.

2. ROLL CALL

- a) Board Members Present: John Casteel, Gary Bond, James Huffman (departed 7:14 PM)
- b) Board Members Absent: Dustin Burdick, Boyd Rulifson
- c) Staff Present: General Manager Michael Ostensen, Office Manager Melissa Rondeau
- d) Visitors Present: Larry Anderson (departed 6:35 PM)

3. PUBLIC HEARING: FISCAL YEAR 2026-27 BUDGET

- a) Chair Casteel opened the public hearing at 5:05 PM
- b) Public Comment
 - i. Larry Anderson stated that following the March 26, 2026 Budget Committee meeting, members of the public and members of the Budget Committee met and discussed concerns regarding staffing costs within the proposed budget. Anderson stated that several concerns had been raised regarding the percentage of the budget that had been allocated to staffing costs and requested further Board discussion regarding District staffing levels and employee costs. Discussion followed regarding the Budget Committee's prior approval of the proposed fiscal year 2026-27 budget and the District's operational and staffing needs.
 - ii. Written comment was submitted earlier in the day by Budget Committee member Richard Obrist expressing concerns regarding employee costs, District leak repairs, customer communication, and other information regarding the potential future consolidation of Hunt Water District with Fairview Water District.
- c) Board Comment
 - i. Board member Gary Bond requested to reallocate \$400 that had been previously budgeted in Fund 01-7155 (County Lease Agreement), back to Fund 01-7587 (Capital Improvements & Repairs), stating that the outstanding lease-related invoicing with Tillamook County had been resolved and that the amount was no longer needed in Fund 01-7155.
- d) Chair Casteel closed the budget hearing at 5:11 PM

4. BUDGET ADOPTION

- a) *Motion by Gary Bond and seconded by John Casteel to adopt the modifications to the fiscal year 2026-27 budget by transferring \$400 from Fund 01-7155 to Fund 01-7587.*

Vote: Aye: Casteel, Bond, Huffman

Nay: None
Abstain: None
Absent: Burdick, Rulifson
Motion passed 3-0

- b) *Motion by Gary Bond and seconded by John Casteel to adopt the fiscal year 2026-27 budget in the amount of \$852,478, impose ad valorem property taxes at the permanent rate of \$0.1852 per \$1,000 of assessed value, and categorize the taxes pursuant to Oregon law.*

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

5. APPROVAL OF MINUTES

- a) February 26, 2026 Regular Board Meeting Minutes

Discussion was held regarding the Board's prior request for legal guidance concerning whether General Manager personnel evaluation documents should be directly attached to public meeting minutes. Board direction was given to staff to add additional information contained in a prior memo from Office Manager Melissa Rondeau to the February 26, 2026 meeting minutes.

- i. *Motion by James Huffman and seconded by John Casteel to approve the minutes of the February 26, 2026 regular Board meeting was withdrawn.*
- ii. *Motion by John Casteel and seconded by James Huffman to approve the February 26, 2026 regular Board meeting minutes as amended.*

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

- b) March 26, 2026 Budget Committee Meeting Minutes

Direction was given to staff to revise the Budget Committee meeting minutes to include Board member votes alongside Budget Committee votes.

- i. *Motion by Gary Bond and seconded by John Casteel to approve the March 26, 2026 Budget Committee meeting minutes as amended.*

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

c) March 26, 2026 Regular Board Meeting Minutes

Bond questioned whether Board consensus had previously been given regarding posting Board packets online and stated that he did not recall agreeing to the practice. Casteel, Huffman, Ostensen, and Rondeau stated that discussion regarding posting Board packets online had occurred during the March 26, 2026 regular Board meeting. Bond requested that this item be placed on a future meeting agenda for further discussion. One correction to a board vote at the bottom of page one of the March 26, 2026 meeting minutes was requested.

- i. *Motion by Gary Bond and seconded by John Casteel to approve March 26, 2026 regular Board meeting minutes as amended.*

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

6. PUBLIC COMMENT (on Non-Agenda Items)

- a) Continued discussion by the Board regarding written comment submitted earlier in the day by Budget Committee member Richard Obrist expressing concerns regarding employee costs, District operations, leak repairs, customer communication, and future system planning.
- b) Anderson expressed concerns regarding customer satisfaction, system leaks, employee costs, and the impact of future rate increases on agricultural and large-volume users. Anderson requested additional information regarding known system leaks and their repair status.

Staff stated that known leaks are included each month within the General Manager’s report. Discussion followed regarding leak prioritization, repair costs, ongoing investigations, and operational limitations related to staffing, easements, contractor availability, and funding.

Discussion continued regarding rate equity among different consumer classes as well as the financial contribution of agricultural and large landowners within the District. James Huffman expressed the opinion that agricultural users and larger landowners should receive special consideration during future rate discussions due to their financial contribution and historical role within the District. Casteel stated that rates should remain fair and appropriate to District needs across all consumer classes.

7. GENERAL MANAGER’S REPORT

- a) Ostensen reported on emerging federal and state testing requirements related to per- and polyfluoroalkyl substances (PFAS/PFOS). Discussion included two prior testing rounds completed by the State of Oregon, upcoming sampling deadlines, and future compliance requirements depending on what the test results show.
- b) Discussion regarding known system leaks, prioritization of repairs, project costs, contractor availability, and operational restrictions affecting repair timelines. Ostensen reported that an estimate exceeding \$200,000 had been received for the repair of the leak on Marvin Lane. Additionally, the Sollie Smith Rd./Latimer Rd. leak remains under investigation, and staff is researching the need for additional easements before repairs can proceed. Materials for the Blum Lane repair have been purchased and

delivered, and the District is waiting on contractor availability to complete the excavation portion of the repair. During discussion, Anderson referenced a possible leak near one of Obrist's properties and questioned why it had not been repaired. Ostensen stated that he was not aware of the leak as described and questioned whether the issue involved private infrastructure or District infrastructure. Further discussion was held regarding the complexity of locating, prioritizing, and repairing leaks throughout the system.

8. OFFICE MANAGER'S REPORT

Rondeau distributed printed copies of the fiscal year 2023-24 audit to all Board members present. Bond questioned why printed audit reports had not previously been received by the Board. Rondeau reported that communication with the auditor indicated that electronic copies had been sent directly to Board members and that delays had occurred with the printed versions. Board members present stated that they had not received electronic copies of the audit report. Bond requested that the audit report be placed on a future meeting agenda for discussion.

9. FINANCIAL REPORTS

a) March 26, 2026 Accounts Payable Report

The Board reviewed the March Accounts Payable report. Bond questioned two payments issued to Bay City, instead of just one, and staff clarified that the report mirrors expenditures recorded on the bank statement; that this was an issue related to the physical deposit of the checks by Bay City.

- i. *Motion by Gary Bond and seconded by James Huffman to approve all expenditures for March 2026.*

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

b) Budget v. Actuals Report

The Board reviewed the current financial activity of the District. No discussion was held.

c) Delinquent Account Summary

Rondeau reported updates to the number of delinquent accounts on the list since the date the list was distributed to the Board and explained changes to operational terminology within the report. No additional discussion was held.

d) Fiscal Year 2024-25 Audit

Rondeau reported that progress is being made on the audit, but progress is slower than anticipated due to higher than usual District operational demands and Board-related matters.

10. OLD BUSINESS

a) Continued Discussion: General Manager Job Description

Bond discussed that he has concerns regarding portions of the draft job description and that he had submitted these concerns to Casteel for further review. Casteel requested that staff forward Bond's comments to all members of the Board so that everyone could review them and add their own.

b) Continued Discussion: Financial Management Policy

Bond stated that he disagreed with several provisions within the current draft financial management policy. Casteel discussed obtaining additional review of the policy from a Budget Committee member who has professional financial experience to assist the Board with continued evaluation of the document. Casteel will follow up with the Budget Committee member and provide an update to the Board at a future meeting.

c) Continued Discussion: Water Rate Study

Casteel stated that he would like a projected timeframe for presenting a final rate increase proposal to the public and requested that staff develop and provide recommendations regarding potential rate adjustments for future Board consideration. Bond expressed a desire for advance review of staff-proposed rate information and requested that staff provide the information to the Board as early as possible to allow adequate time for review and consideration.

11. NEW BUSINESS

- a) Resolution 2026-02: A Resolution Opting to Limit Liability for Certain Claims Arising From the Use of Public Trails or Structures in Public Easements and Unimproved Rights of Way Pursuant to ORS 105.668.

Brief discussion was held regarding the purpose and intent of the resolution and the liability protections that it provides to the District.

- i. *Motion by Gary Bond and seconded by James Huffman to adopt Resolution 2026-02.*

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

- b) Resolution 2026-XX: A Resolution Establishing Guidelines for Reimbursement for Water Leaks

Board discussion was held regarding the proposed bill forgiveness resolution related to water leak reimbursement requests and the existing language within Ordinance 2000-1, which states, *"No reduction of amounts billed will be made by reason of loss of water due to waste caused by leakage or equipment of the customers unless authorized by the Water District upon written application therefor having been made by the customer."* Discussion included whether an additional resolution was necessary given the existing ordinance language, and whether authority for approving adjustments must specifically rest with the Board.

Following discussion, the Board expressed interest in further review of the matter prior to taking action. Casteel requested that staff provide the current ordinance language to the Board for future discussion and consideration.

c) Discussion: City of Tillamook Agreement

Casteel briefly discussed a recent meeting with representatives of the City of Tillamook regarding the District's expired urban services agreement. Discussion included the City's interest in renewing the agreement and ongoing coordination between the District and City related to future planning efforts. Ostensen reported that he continues working with Project Manager/City Engineer Adam Nielsen, who also serves on the Fairview Water District Budget Committee, as discussions progress.

d) Legal Guidance: Personnel Documents in Minutes

This item was discussed earlier during the approval of the February 26, 2026 minutes.

e) Discussion: Distribution of Board Packets

Following discussion regarding the hand-delivery of printed Board packets to board members' homes, the Board directed staff to discontinue the practice. Staff will establish a secure pickup location for printed Board packets at the District office. Board members may elect to receive printed packets through office pickup or postal delivery.

f) Board Training Opportunity

The Port of Tillamook Bay will be hosting a Special Districts Association of Oregon (SDAO) board training on May 20, 2026 at 2:00 PM.

12. BOARD MEMBER PRESENTATIONS

- a) Bond requested additional Board discussion regarding the posting of Board packets on the District website and requested that the matter be included on a future meeting agenda.
- b) Casteel discussed the high cost of upcoming District projects and the potential benefit of utilizing City of Tillamook Project Manager/City Engineer and Fairview Water District Budget Committee member Adam Nielsen as a resource to help find funding.

13. STAFF PRESENTATIONS

- a) Ostensen received a quote from Tillamook People's Utility District regarding the removal of the overhead electrical lines and placing them underground. The District will have to pay \$5,541.98 up front, and if the costs are less than that we will receive a partial refund, as any unused balance will be refunded to the District.

James Huffman departed the meeting at 7:14 PM, resulting in a loss of quorum. Due to this, no action was taken on Ostensen's request for funds.

14. ADJOURNMENT

Due to a loss of quorum, the meeting ended at 7:14 PM.



FAIRVIEW WATER DISTRICT

403 Marolf Loop Road
Tillamook, OR. 97141

(503) 842-4333
www.fairviewwater.com

GENERAL MANAGER'S REPORT

APRIL 30, 2026 - Board of Commissioner's Meeting

We have submitted a waiver for the annual toluene sampling on Well 4. The State hydrogeology team has reviewed the waiver, determined that no plausible source of toluene is present, and have returned the sampling frequency to once every three years. This is a small win financially for the district, saving us about \$225 per year, but it's a big win to me because it shows the State of Oregon can be reasoned with if you stay persistent.

We will be conducting PFOS/PFAS sampling for all four wells next month. That will be another approximate \$1600 in sampling costs this year. Another round will be due 5-7 months after this one. I've contacted Gregg Baird from the State for clarification on this requirement. My concern is that only Well 1 has had a positive result so far, but the State is requiring monitoring for all four wells. I'm hoping Gregg can answer some of these questions and hopefully reduce this to one test every six months. I'll expect to have more information by the meeting.

The 1994 Chevy pickup has been delivered to S-R Repair. I've been told not to expect it's return until mid-May at the earliest. They've been instructed to start with the steering and exhaust, as those are the two most deteriorated systems. They are to notify me of anything else that they discover that requires repair.

Advanced Excavation, Inc. has provided an estimate for the work on Marvin Lane. Due to the danger and cost of excavating the existing line, along with the fact that it is already 39 years old and we have no record of how it was installed, I asked them to put together an estimate for installing a new line from the reservoir to just beyond the current leak. This project would be comprised of 1,100 feet of new SDR 11 12-inch pipe, three mainline connections with new valves (two of which currently have no valves), and one new service connection for the home at that location. We also have the option of installing a 12-inch branch for future reservoir development. I can provide a copy of the estimate upon request. Please keep in mind that this is for project planning purposes and actual costs may vary.

In connection with the repair mentioned above; the District owns a large piece of property just east of the location that is well-suited for future reservoir development. Staff are looking into feasibility studies to determine project viability. If pursued, this work would likely be combined with the Marvin Lane project and be completed at the same time. This would include installation of two seismic valves, one for each reservoir. With the addition of at least one million gallons of storage, seismic protection for approximately 1,100 feet of transmission line, and the upgrades already completed on our wells, this would position Fairview very well for long-term system reliability.

It is unlikely that I will be able to complete all necessary upgrades to the water district within my lifetime. However, if we move forward with this project and continue upgrading infrastructure throughout the District, it is very likely that Fairview will not have any areas of significant concern. I also want to note that these plans are not mine alone; our staff has contributed significantly to identifying these needs and solutions. We look forward to pursuing this project and request the Board's full consideration on the matter.

CURRENT LEAKS

1) Trask River Road (Cedarcrest to Hollyridge)

Line replacement is needed along 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.

2) Wilson River Loop: Approximately 0.23 miles east of Highway 101

A failed corporation stop has been identified and full replacement is planned.

3) Wilson River Loop/Sollie Smith Road

Investigation into the source of the leak is ongoing and work is proceeding.

4) 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.

5) 3rd Street/Circle Drive

The service line requires excavation and replacement. Staff are developing an approach due to difficult site conditions.

6) Sollie Smith Road/Aldercrest Road

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

7) 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.

8) Makinster Road (at cul-de-sac loop)

Full replacement of the distribution line serving this loop is required.

COMPLETED ON APRIL 20, 2026

Michael Ostensen – General Manager



FAIRVIEW WATER DISTRICT

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Tillamook, OR. 97141

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www.fairviewwater.com

OFFICE MANAGER'S REPORT FOR APRIL 30, 2026

The District has received the 2026 health insurance renewal from Special Districts Insurance Services (SDIS), effective July 1, 2026. Overall, rates will increase by about 6.5% for medical, 5.8% for Delta Dental, 12.6% for Willamette Dental, with no changes to life or disability. We had anticipated these increases, and they are already reflected in the approved fiscal year 2026-27 budget.

Ordinance 2026-01 has been notarized and submitted to the County and is on File at the District office.

Tillamook County Public Works has responded to our inquiry regarding the office lease and a lapse in billing. With their help, we confirmed that the District is approximately three years behind, totaling about \$597. Moving forward, the County will resume annual billing so that we can keep things current. I've requested billing from the Fairgrounds for the same time periods, as we are also obligated through the lease to pay the Fair Board \$1 annually. I am waiting to hear back.

Progress on the fiscal year 2026-27 audit has been slower than hoped due to the time required for board and budget-related work. With the budget as well as a few other heavy lifts just about wrapped up, I expect to shift focus and place priority on the audit.

As requested, I checked in with SingerLewak regarding the Board's printed copies of the fiscal year 2023-24 audit. They shared that electronic copies have been sent to all board members, and printed copies will be mailed as soon as they are available. According to the auditor, they have been experiencing some minor issues in the department that provides this service and are quite backlogged. If interested, you may access this report and many others on the Oregon Secretary of State's website by performing a *Local Government Audit Report Search*.

Hunt Water District has engaged the legal services of Albright Kittell PC to assist with the annexation process. They anticipate bringing a request to the Board soon for formal support of their action. Staff will remain available to assist them as needed as they move through this process and continue to update the Board as information becomes available.

There is quite a bit of work happening at the District right now, including ongoing efforts to improve systems and operations. A lot of it isn't always visible, but it's all a part of keeping things running smoothly and setting us up for a successful future. If anyone would like a closer look at what we're working on, or just want to learn more, I highly encourage you to coordinate time with the General Manager. As he's said many times, he would love to show you around and share more information with you - and there is A LOT to share.

Melissa Rondeau | Office Manager
Prepared 4/20/26