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.

[Amended by action of the Board of Commissioners on August 27, 2026, to incorporate the complaint as read during the June 30, 2026 meeting for publication online] :

"Board Members, During the last week of May, I had an encounter with Mike Ostensen that I believe should be brought to the Board's attention. At the end of the workday, I stopped by the Fairview Water District office to return an egg carton to Melissa. While I was there, Mike Ostensen stated, "Hey, I ran into your friend at the Courthouse today," referring to my friend, who works at the Tillamook County Courthouse and is also a Fairview Water District customer. Mike then began making comments about her physical appearance. As he began speaking, Melissa attempted to stop him from continuing. Realizing where the conversation was heading, I told Mike, "That's my best friend in the world," in an effort to discourage further remarks. He did not stop. Mike continued making comments about her body, including stating that "it's like a shelf, you could put a soda can on it and it would just stay there." Additional comments were made, but that statement is the one I remember most clearly.

Melissa again intervened and told Mike that his comments were inappropriate. I left the office shortly afterward. Approximately one week later, I spoke with my friend and learned that Mike had recently been at the courthouse on Fairview Water District business and that she had assisted him. I then informed her of what I had witnessed. She was visibly upset and repeatedly asked why someone would make those kinds of comments after she had simply been helpful and professional. My friend later informed her husband, who contacted Mike directly regarding the incident. I am submitting this complaint because I personally witnessed these comments being made in front of District staff after multiple attempts were made to stop the conversation. I found the conduct inappropriate and unprofessional, particularly given that the comments were directed toward a member of the public who had recently assisted the District in a professional capacity. I respectfully request that the Board review this matter and determine whether the conduct described above is consistent with the standards expected of the General Manager of Fairview Water District."

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