

**FAIRVIEW WATER DISTRICT
BOARD OF COMMISSIONERS MEETING MINUTES
SPECIAL SESSION | DECEMBER 22, 2025 | 10:00 AM
403 MAROLF LOOP ROAD, TILLAMOOK, OREGON**

1. CALL TO ORDER

Board Chair John Casteel called the meeting to order at 9:55 am

2. ROLL CALL

- a) **Board Members Present:** John Casteel
Boyd Rulifson
Gary Bond
- b) **Board Members Absent:** Jim Huffman
Dustin Burdick
- c) **Staff Present:** Michael Ostensen, General Manager
Melissa Rondeau, Office Manager
- d) **Visitors Present:** None

3. APPROVAL OF MINUTES – NOVEMBER 20, 2025 REGULAR BOARD MEETING

***Motion** by John Casteel and seconded by Boyd Rulifson, to approve the minutes of the November 20, 2025 Board of Commissioners Meeting.*

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

4. PUBLIC COMMENT (on Non-Agenda Items)

No public comment was offered.

5. GENERAL MANAGER’S REPORT

The General Manager’s written report was presented to the Board and is incorporated by reference. Michael Ostensen provided an update on system operations, including well infrastructure projects and recent weather impacts and flooding. Discussion was held regarding system leaks and coordination with the County Roads Department. The Board directed the General Manager to communicate with the County regarding project requirements.

Ostensen expressed support for the proposed Financial Management Policy that is currently under Board review. Further communication was held regarding system leaks and repairs, and the General Manager noted that, due to the age of the system, replacement of certain infrastructure may be preferable to repair, and

emphasized the importance of prioritizing staff safety when scheduling and performing field work, particularly in water-saturated conditions.

6. OFFICE MANAGER’S REPORT

The Office Manager’s written report was presented to the Board and is incorporated by reference. There were no questions from the Board, and topics contained in the report were addressed under their respective agenda items.

7. FINANCIAL REPORTS

a) Approval of November 2025 Accounts Payable

The Board reviewed the Accounts Payable report for November 2025.

***Motion** by Gary Bond and seconded by Boyd Rulifson, to approve all payments for November 2025.*

***Vote:** Aye: Casteel, Rulifson, Bond*

Nay: None

Abstain: None

Motion passed 3-0

b) Review of Budget v. Actuals Report

The Board reviewed the District’s current financial status and discussed the budget-versus-actuals report.

c) Delinquent Accounts

Rondeau presented the delinquent accounts summary, noting that the number of delinquent accounts had decreased since the prior report.

d) FY 2023-2024 & FY 2024-2025 Audits

The auditors are conducting their final review of the District’s financial documents for fiscal year 2023-2024. The District’s financial advisor has agreed to begin reconciling fiscal year 2024-2025 financial records, and the District’s current auditor has agreed to perform the audit for that year.

8. OLD BUSINESS

a) Well 1 Rebuild, Well 3 Rebuild, & Wilson Well Refurbishment

This item was discussed during the General Manager’s report.

b) Water Rate Study

The Board has received digital copies of the completed water rate study from the Oregon Association of Water Utilities (OAWU). A brief discussion followed regarding the rate study process.

c) **SDAO Conference**

Board Chair John Casteel reminded those present of the upcoming Special Districts Association of Oregon (SDAO) conference in Seaside in February 2026 and encouraged attendance.

d) **Public Meetings Law Training**

Casteel noted that Board members are required to complete Oregon Public Meetings Law training and encouraged them to attend the upcoming SDAO conference if they wish to take the training in person, or to access the training online.

e) **HydroCorp, Inc.**

Staff requested authorization to communicate with legal counsel regarding continuing performance matters and the completion of the professional services agreement with HydroCorp, Inc.

Motion by Gary Bond and seconded by Boyd Rulifson, authorizing staff to communicate with legal counsel regarding HydroCorp, Inc.

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

Casteel expresses concern regarding an out-of-date reference on the District's backflow ordinance and will review the ordinance for accuracy and modernity.

9. NEW BUSINESS

a) **Board Consideration for Request of Water Bill Reduction**

The property owner at 7800 Trask River Road has submitted a water bill reduction request related to a water leak that was promptly repaired.

Motion by John Casteel and seconded by Boyd Rulifson, to approve a 50 percent reduction of the highest consumption charge for the property located at 7800 Trask River Road for the billing period impacted by the water leak.

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

b) **Appointment of Budget Officer for FY 2026-2027**

Motion by Gary Bond and seconded by John Casteel, to appoint Office Manager Melissa Rondeau as the budget officer for fiscal year 2026-2027

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

c) Regional Water District

Bond stated that, due to renewed discussions regarding potential regional water district considerations, he would like the Board to receive educational information from SDAO regarding water authorities and how they function. The Board directed staff to communicate with SDAO regarding available educational resources and to contact the Port of Tillamook Bay regarding facility availability.

d) Financial Management Policy

Rondeau reported that a proposed Financial Management Policy had been submitted for initial Board review. Ostensen and Casteel have begun reviewing the policy, and Bond indicated that he will provide comments. Staff indicated that the policy is expected to be ready for Board consideration at the January 2026 meeting. Bond noted that, due to transitional administrative actions, that District staff currently do not have access to the District's LGIP accounts.

Motion by Gary Bond and seconded by Boyd Rulifson, authorizing access for General Manager Michael Ostensen and Office Manager Melissa Rondeau to the District's LGIP fund accounts.

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

e) Budget Committee Terms and Expirations

Bond presented Rondeau's information regarding tracking Budget Committee positions by numerical designation and changing term expiration dates from April to June 30. Bond stated that he will conduct further review of Budget Committee term years to ensure historical accuracy.

Motion by Gary Bond and seconded by John Casteel, to track Budget Committee positions by numerical designation and to change the expiration time from April to June 30 of the year they expire.

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

f) Existing Operating Ordinances

Bond noted that several District ordinances, including Ordinance 84-1 and other operating ordinances, are outdated and have not been reviewed in some time. He stated that the ordinances should be reviewed and updated. Rondeau requested that this review be scheduled for June, and the Board agreed.

g) Intergovernmental Agreement

Brief discussion was held regarding the District's expired intergovernmental agreement with the City of Tillamook.

h) 2026 Staff COLA Increase

Rondeau requested that the Board consider a 2.8 percent Cost-of-Living Adjustment (COLA) for District staff, an action that was consistent with the prior year. Bond stated that the General Manager has the authority to implement COLA adjustments for staff if the budget allows, and that the Board would need to hold an executive session to conduct the General Manager's evaluation and discuss a COLA adjustment for the General Manager.

Motion by Gary Bond and seconded by John Casteel, for the General Manager to take action regarding COLA adjustments for District staff based on the adopted budget and other relevant information available to the General Manager.

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

10. BOARD PRESENTATIONS

- a) The Board discussed the age of the District's Master Plan, noting that it was updated approximately five years ago. It was suggested that the District explore reinitiating a master plan update through a future grant cycle. Ostensen agreed that conditions have changed greatly since 2020 and that the plan may warrant review.
- b) Discussion was held regarding the District's smaller supplemental pumps and whether they are located within existing easements. Staff will research this matter and report back to the Board.

11. STAFF CONCERNS

No staff concerns were presented.

12. ADJOURNMENT

Motion by Gary Bond and seconded by Boyd Rullifson to adjourn the meeting at 12:01 PM.

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



FAIRVIEW WATER DISTRICT

403 Marolf Loop Road
Tillamook, OR. 97141

(503) 842-4333
www.fairviewwater.com

GENERAL MANAGER'S REPORT

DECEMBER 18, 2025 - Board of Commissioner's Meeting

Installation of the Wilson Well has been completed, and visual water quality is excellent. The well was pumped for several hours over the course of two days, with only a very small amount of scale debris was observed in the effluent. Water samples to test the well are scheduled to be sent out next Wednesday. Photos of the completed infrastructure will be provided at the meeting.

Stephany has been a great addition to the team and continues to impress me with her knowledge and aptitude. I look forward to expanding her responsibilities as she becomes more familiar with District operations.

Both of our utility workers are scheduled to take their Level 1 Water Distribution Operator certification exams on December 30th.

The recent flooding in our area did not result in any operational issues. While water levels approach some foundations, No water entered any buildings. Well #3 remained dry inside, despite expectations that pumping might be required. No action was necessary. The door to Well #3 has been installed, and locks have been purchased.

I reviewed the draft Financial Management Policy and returned my edits to Office Manager Melissa Rondeau. I did not identify any substantive issues, only minor grammatical corrections. I support the draft as presented, and I have no objections to its adoption.

I would like to wish everyone a Merry Christmas and a Happy New Year. As always, I am available to answer any questions or provide additional clarification as needed.

(carried over from previous months)

There are a few leaks that we are working through in the district. I have provided a summary list for you below:

- 1) Trask River Road (Cedarcrest to Hollyridge)
 - a. Line replacement needed along this segment.
 - b. In-house engineering will be required due to length and placement challenges.
 - c. Contracted services and additional equipment will be required for completion.
 - d. Safety measures will be necessary.
- 2) Wilson River Loop: approximately 0.23 miles east of Highway 101
 - a. Bad corpstop (corporation stop) identified; full replacement planned.
 - b. Project is currently in the planning phase.
- 3) Wilson River Loop/Sollie Smith Road
 - a. Ongoing investigation of cause of leak. Work is currently underway.

- 4) Blum Lane
 - a. Full line replacement required.
 - b. Plan to abandon the older line between Blum Lane and Wilson River Loop and reconnect the replacement line from a more direct line from the wellhouse.
- 5) 3rd Street/Circle Drive
 - a. Service line requires excavation and replacement
 - b. Staff are developing a plan of approach for this work as it is located in a difficult area.
- 6) Sollie Smith Road/Aldercrest Road
 - a. Service line requires excavation and repair.
 - b. Planning and assessment are currently underway.
- 7) Marvin Road (near Myers Court)
 - a. Repair needed but must be completed during the dry season due to site constraints.
- 8) Makinster Road at cul-de-sac loop
 - a. Full replacement of the distribution line feeding the circular neighborhood loop.

COMPLETED ON DECEMBER 11, 2025
Michael Ostensen – General Manager



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OFFICE MANAGER'S REPORT FOR DECEMBER 18, 2025

Last week, I shared a draft of the proposed Financial Management Policy that I have been working on to the Board for review. This policy has been in development for about 6 weeks and has been reviewed by our financial consultants to ensure it reflects current best practices and the specific operational needs of the District. Since sending it out, I've identified a few minor scrivener's errors, and the General Manager has asked that I confirm one specific procedure with a professional to make sure that it's fully accurate and in line with District practices.

I appreciate the time the Board takes to review policy documents and welcome your feedback. If the Board would like additional review by our financial consultants or legal counsel before moving forward, I am happy to coordinate that at your direction. This is a foundational policy, and we really need to make sure it's as realistic to our needs as possible.

In the process of working through this policy and reviewing our existing internal controls, it became apparent to me just how important clearly defined roles, responsibilities, and segregation of duties are for special districts like ours. Strengthening these systems remains a priority for me, as they help reduce risk and create consistency; both now and as staff or board membership changes in the future. My goal, since day one, has been to create something that lasts far beyond my time with the District. This policy is a good first step in the right direction.

Our auditor is currently finishing the FY 2023-24 audit, and I expect see those completed financial documents provided to the Board soon. At the same time, I plan to ask our financial consultant to begin reconciliation work for FY 2024-25 within the next month and will coordinate with our auditor to start that audit as quickly as practicable. I'm encouraged by the progress in this area and I'm relieved to see these items moving forward.

I've also started gathering materials for the FY 2026-27 budget cycle. Once the board appoints a budget officer, we will be able to begin that work in earnest. Having a full year of financial data and operational experience here at the District under my belt should make this process more straightforward. I'll be working closely with the General Manager and our operators to better understand project priorities so that we can plan effectively for the upcoming year.

I met with Board members John Casteel and Gary Bond this week to discuss several items on the horizon, including the rate study and the number of active projects currently underway. I would like to recognize Gary for the steady work that he has been doing on the rate study, which plays an important role in the District's long-term financial stability. His efforts and continued support are greatly appreciated.

Happy Holidays to you all.

Melissa Rondeau, 12/12/2025