

**FAIRVIEW WATER DISTRICT
BOARD OF COMMISSIONERS MEETING MINUTES
REGULAR SESSION | FEBRUARY 26, 2026 | 5:00 PM
403 MAROLF LOOP ROAD, TILLAMOOK, OREGON**

1. CALL TO ORDER

Board Chair John Casteel called the meeting to order at 5:02 PM.

2. ROLL CALL

- a) Board Members Present: John Casteel, Gary Bond, James Huffman
- b) Board Members Absent: Boyd Rulifson, Dustin Burdick
- c) Staff Present: Michael Ostensen, Melissa Rondeau
- d) Visitors Present: Michael Tohl, Ryan Killgore, Matt Mumford, Doug Barker, Don Aufdermauer, Taylor Aufdermauer, Joseph Barker, Richard Obrist, Derrick Josi, Jerry Markee

3. APPROVAL OF MINUTES

***Motion** by Gary Bond and seconded by James Huffman, to approve the minutes of the January 29, 2026 Board of Commissioners Meeting.*

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

4. PUBLIC COMMENT (on Non-Agenda Items)

Mumford questioned why there had been no public notice regarding a rate increase and asked about the purpose of the ordinance reading on tonight's agenda. Casteel and Bond explained that no rate increase had been adopted and that the workshop earlier in February had been held to discuss the rate study only. Further explanation was provided that the ordinance is intended to clarify the District's existing method of establishing water rates.

5. GENERAL MANAGER'S REPORT

The General Manager's written report was provided to the Board ahead of the meeting. The report was received without comment.

6. OFFICE MANAGER'S REPORT

The Office Manager's written report was provided to the Board prior to the meeting. No questions were asked, and topics within the report were addressed under their respective agenda items.

7. FINANCIAL REPORTS

- a) Approval of January 2026 Accounts Payable and Payment Report

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

Motion by Gary Bond and seconded by James Huffman, to approve all payments for January 2026.

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

b) Review of Budget v. Actuals Report

The Budget v. Actuals report was provided to the Board prior to the meeting. Casteel explained to those in attendance the purpose of the report and how it is used to monitor the District's finances during the fiscal year. The Board had no questions regarding the report.

c) Delinquent Accounts Summary

The Board reviewed the delinquent accounts summary and discussed the District's process for monitoring delinquent accounts after receiving inquiries from attendees about its function.

d) Fiscal Year 2024-25 Audit

Rondeau provided an update on the status of the District audit for fiscal year 2024-25. The District has secured CFO Selections, a CPA firm, to act as financial consultants, and a new contract has been signed with SingerLewak to perform the audit.

8. OLD BUSINESS

a) Draft Updated General Manager Job Description

This item was tabled until next month.

b) Draft Financial Management Policy Update

This item was tabled until next month.

c) HydroCorp, Inc. Contract Update

Ostensen provided a brief background on the District's previous contract with HydroCorp and the District's history of backflow and cross-connection services. General discussion followed regarding challenges encountered under the contract. Staff are reviewing the most recent communication with HydroCorp and will determine whether all contract deliverables have been submitted. If all deliverables have been received, the final payment to HydroCorp will be issued.

d) OAWU Water Rate Study

Casteel presented an overview of the Oregon Association of Water Utilities (OAWU) water rate study and explained why the District initiated the study and why the Board is considering potential future adjustments to the rate structure.

Motion by Gary Bond and seconded by James Huffman, to post the OAWU Water Rate Study online.

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

Discussion followed regarding the rate study and the District's rate structure. Topics included base rates, consumption charges, agricultural water use, and how the study was prepared. Josi expressed concern regarding potential increases to consumption rates and stated that he may consider drilling private wells on his farm if the District moved in that direction. He suggested increasing the base rate so that the base rate covers a greater portion of the District's expenses rather than relying primarily on consumption charges. The Board emphasized that the water rate study had only recently been received and that discussions regarding potential rate adjustments were still in the early stages.

9. NEW BUSINESS

- a) First Reading of Ordinance 2026-01: An Ordinance Clarifying How Water Rates Are Established, Maintaining Continuity of Existing Rates, and Superseding Prior Rate Ordinances

Bond introduced Ordinance 2026-01 and provided a brief overview. Copies of the ordinance were provided to those in attendance and made available on the District's website for public review. Commissioner Bond read the ordinance by title only. No comments were received from the Board or members of the public. As this item constituted the first reading, no action was taken. The second reading and potential adoption of Ordinance 2026-01 was scheduled for the March 26, 2026 Board of Commissioners meeting.

- b) Water Bill Reduction Requests

Motion by Jim Huffman and seconded by John Casteel, to reduce the consumption portion of the bills by 50% for both water bill reduction requests.

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

The Board directed staff to include a review of the water bill reduction policy on the agenda at a future meeting.

- c) City of Tillamook Correspondence and Counsel Response

Ostensen described the history of the urban services agreement between Fairview Water District and the City of Tillamook. Casteel volunteered to communicate with Shawn Burge, Public Works Director for the City of Tillamook, regarding his correspondence with Ostensen concerning work completed within the urban growth boundary.

Motion by Jim Huffman and seconded by Gary Bond, to authorize John Casteel to send a letter to the City of Tillamook asking the City to communicate with Tillamook County to facilitate the renewal of an Urban Services Agreement between the City and the District.

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

- d) General Manager Performance Evaluation (Elected Open Session)

Upon written request from General Manager Michael Ostensen, and verbal confirmation during the meeting, the Board conducted the annual performance evaluation for the General Manager in open

session. After the Board completed their evaluation, Casteel invited members of the public to provide comments regarding Ostensen's performance during the prior year. Several members of the public provided comments that included topics of staff training and operational practices. Ostensen responded to questions regarding staffing and equipment availability.

The completed evaluation forms were collected for compilation and placement in Ostensen's personnel file.

[The below text was added by Board direction on April 30, 2026 and was derived from a staff memorandum to the Board.]

At the request of the General Manager, the Board conducted his annual performance evaluation in open session. Public comment was also received and is summarized in addition to Board input. Individual evaluation forms were completed by Board members and are maintained in the General Manager's personnel file. The following items were identified as areas of focus for the next review period:

- Overall improvement of the General Manager's monthly report.
- Creation of a project tracking report showing capital projects, costs, timelines, and priorities.
- Improve communication by focusing on listening and allowing space for others to speak.
- Ongoing system maintenance and leak repair, within available staff time and budget.
- Increased coordination with agricultural users and other customers.
- Focus on staff training and development.

Public comment generally emphasized staff training, equipment availability, and prioritization of leak repairs.

This summary reflects general discussion topics only and is provided for reference. It does not represent individual commissioner evaluations or formal Board direction

10. COMMISSIONER REPORTS/PRESENTATIONS

Casteel noted that two members of the Board had not been attending meetings and requested input regarding how to address the issue. The Board directed staff to seek guidance from legal counsel regarding an attendance policy for elected officials.

11. STAFF PRESENTATIONS

This agenda 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, Bond, Huffman

Nay: None

Abstain: None

Motion passed 3-0