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MINUTES

The Sunrise Water Authority Board of Commissioners held a Budget Committee Meeting on Wednesday, May 26, 2010 at 6:00 PM, at the offices of Sunrise Water Authority, 10602 SE 129TH Ave., Happy Valley, OR 97086.

Board Present: Bob Frentress, Chair; Ron Blake, Vice Chair; Judy Grycko; Bob Garbarino; and Ernie Platt.

Budget Committee Present: Peter Kreft, Cathy Daw, Sarah Tarnovsky, Burton Andersen, and Mike Schaufler.

Staff Present: John Thomas, General Manager; Daryl Zinser, Assistant Manager; Lin Rigutto, Finance Director; and Kim Anderson, Special Projects.

Visitors Present: Barbara Kemper and Patricia Holloway, Clackamas River Water; Janelle Sisson, citizen.

1. CALL MEETING TO ORDER

The meeting was called to order at 6:05 PM.

2. INTRODUCTION

3. WELCOME OF VISITORS

4. BUDGET COMMITTEE MEETING FOR THE 2010-2011 FISCAL YEAR BUDGET PER ORS 294.401

4.1 Election of Presiding Officer – Per ORS 294.336

Andersen nominated Schaufler as the Presiding Officer. A motion to close the nominations and cast a unanimous ballot for Schaufler was made by Grycko and seconded by Platt. Motion carried unanimously.

4.2 Public Comment – Per ORS 294.401 (1) (b)

No public comment was submitted.

4.3 Budget Message – Per ORS 294.391

4.4 Budget Presentation and Discussion

Schaufler turned the meeting over to Rigutto for a presentation on the Budget.

Roskey arrived at 6:38 PM.

Rigutto presented information regarding the proposed budget for the 2010/2011 Fiscal Year. She outlined the highlights of the 2009-2010 Fiscal Year and discussed actions that had been taken to stabilize the cash position for Sunrise. She indicated the primary objectives of the 2010/2011 Fiscal Year would be to continue work on stabilization of Sunrise's financial position and concentrate on increasing internal efficiencies and the development and implementation of internal policies and procedures.

Rigutto discussed the specific budget items that have either increased or decreased substantially in the projected budget. She also presented information regarding resources for Sunrise and how the rate increases that have been implemented are anticipated to affect revenues.

Information was presented regarding the budget requirements for the 2010/2011 Fiscal Year. Rigutto specifically discussed changes in personal services, including maintaining the staffing reductions implemented in the 2009/2010 budget year and increasing funding to allow for the anticipated hiring of a General Manager mid-way through the fiscal year. Grycko asked if the Water Distribution Superintendent was a replacement for Zinser. Thomas stated that it is not a direct replacement, as it is a more limited role than the Construction and Engineering Manager. He stated that the Board will then have the option of replacing Zinser's position after the hiring of the new General Manager based on the needs of the organization and the individual selected to fill the General Manager's role. Schaufler asked when that replacement would be made. Thomas stated that it is anticipated that a new Manager will be on Board by January, 2011. Schaufler asked how broad a search was going to be conducted and how was it going to progress. Thomas explained the process the Board will be using to select the General Manager. Daw asked what index was used for the COLA. Staff stated that it was for the Portland-Metro region. She also discussed significant increases in the area of medical and dental coverage. She pointed out that a 3% cost of living increase has been budgeted. During the discussion of changes in the materials and services items, Rigutto commented that a primary change was a significant increase in the projected legal fee expenditures, primarily related to the water right permit extension process and fees and dues for rejoining the Regional Water Providers Consortium.

Schaufler asked if the contingency fund amount of about \$1 million is similar to other water agencies in the area. Thomas stated that it was lower than others. Schaufler asked for clarification on the need for and the amount of contingency. Thomas explained that it was necessary in order to have sufficient operational liquidity in order to

cover expenditures made in advance of collections, such as for substantial water purchases that occur in the summer and bond payments as they come due.

Rigutto discussed the SDC fund projections and reserve funds. Schaufler asked about how the Sunrise SDC's compare to other agencies. Thomas stated that they are high, but that the development community does not push back because the infrastructure is in place when development occurs and that Sunrise commits all of the SDC money directly to infrastructure construction.

Rigutto discussed the debt payments due during the budgeted period and the reserve requirements associated with the debt.

Daw asked about the \$50,000 budgeted for succession planning. Rigutto explained that was salary for a half year of a general manager.

Kreft asked Staff's perspective about why the community doesn't show much interest in rate increases. Grycko stated that as long as it tastes good and comes out of the tap when they turn it on and doesn't cost too much, they don't care. A general conversation occurred regarding how Sunrise water rates compare to others and how much of a value it is. Andersen commented that rates should not be set by what others are doing, but on what it actually costs.

Platt asked about the schedule for the budget from this point forward. Rigutto explained that the budget is scheduled for approval by the Budget Committee at this meeting, a public hearing would be held at the next Board meeting and adoption by the Board would occur after the public hearing.

Schaufler asked about Sunrise's position on water sources should development revive. Thomas stated that in the short term, there is capacity available at the NCCWC plant, through ASR, and expansion of contracts. He went on to explain that long term is going to need to include all of the above plus a heavy emphasis on conservation, expansion of ASR, and reuse. Thomas described the impact of the Fixed Area Network on conservation.

Schaufler asked about the status of the water rights associated with the wells owned by Sunrise. Staff stated that those are all secured.

4.5 Approval of the Budget – Per ORS 294.406

A motion to approve was made by Platt and seconded by Platt. Motion carried unanimously.

The Budget Committee Meeting was adjourned at 6:56 PM.

ROBERT FRENTRESS, CHAIR

JEANNE ANSPACH, SECRETARY