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M I N U T E S

A regular meeting of the Sunrise Water Authority Board of Commissioners, was held on Wednesday, July 28, 2010 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

BOARD PRESENT: Bob Frentress, Chair; Ron Blake, Vice Chair; Jeanne Anspach, Secretary; Judy Grycko, Bob Gararino, Terry Roskey, and Ernie Platt.

STAFF PRESENT: John Thomas, General Manager; Daryl Zinser, Assistant Manager; Lin Rigutto, Finance Director; Tim Jannsen, Staff Engineer; Dan Fraijo, Water Distribution Superintendent; and Kim Anderson, Special Projects.

VISITORS PRESENT: Barbara Kemper, CRW; Myron Martwick, Oak Lodge Water District; and Janelle Sisson, citizen.

1. CALL MEETING TO ORDER

The meeting was called to order at 6:03 PM.

2. INTRODUCTIONS & WELCOME OF VISITORS

Zinser introduced Dan Fraijo, the new Water Distribution Superintendent.

3. FLAG SALUTE

4. PUBLIC COMMENT

5. CONSENT CALENDAR

Grycko asked how long the GSI related projects are going to continue. Jannsen explained that these are long term projects and that the consultants will be involved for the length of the projects. In the case of the ASR piloting, it involves work on a monthly basis by GSI for the duration of the test period. The other charges are for the water rights transfer on the rhododendron farm project, which should wrap up soon. Thomas stated that the conclusion of the first phase of the transfer should occur soon but it is anticipated that there may be additional quirks to be worked out as the transfer works its way through WRD.

A motion to approve the consent calendar consisting of the items listed below was made by Anspach and seconded by Grycko. Motion carried unanimously.

- 5.1 Approval of Meeting Minutes of:
 - 5.1.1 June 2, 2010
 - 5.1.2 June 23, 2010
- 5.2 Approval of Expense Report for June 2010
- 5.3 Approval of Pay Estimates to GSI Water Solutions:
 - 5.3.1 #38 for Work Related to ASR
 - 5.3.2 #14 to for Work Related to Water Right Transfers
- 5.4 Approval of Payment of Dues for:
 - 5.4.1 Cooperative Public Agencies of Washington County
 - 5.4.2 Tri-County Water Resources Association
 - 5.4.3 Regional Water Providers Consortium
 - 5.4.4 Clackamas River Water Providers
- 5.5 Approval of Lease with County Communications Inc.
- 5.6 Approval of Payment for Emergency Response C-800 System

6. DISCUSSION

6.1 Salary Adjustments

6.1.1 Cost of Living

Roskey declared an actual conflict of interest regarding item 6.1.1. Roskey stated that he would like to comment as an individual citizen if possible during the process. Frentress stated that it should be possible if he declares that he is speaking as a citizen.

Blake stated that he has difficulty with deviating from the adopted policy, which requires that the Board consider COLA based on the CPI at the time the increase is considered, especially when residents of Sunrise have had employment and financial issues also. He went on to comment that Sunrise took many actions to minimize the number of jobs lost at Sunrise so employees were able to retain their jobs.

Thomas stated that the proposal for 3% was not related to the amount budgeted but was considered in relation to what other water utilities in the area were doing with their COLA proposals.

A motion to approve the 3% COLA was made by Platt and seconded by Anspach.

Grycko commented that employees have not received raises in two years. Blake feels that with the economy being the way it is that it is not responsible on the part of the Board to give cost of living increases at this point.

Blake called the question.

Motion carried with Blake and Garbarino voting in opposition. Roskey abstained due to actual conflict of interest.

6.1.2 On-call Pay for Field Staff

Roskey stated that his recollection is that the on-call pay increases were also tied to the cost of living increase. Thomas stated that this was brought to the Board separately due to the discrepancy between the budgeted COLA and the actual CPI.

A motion to approve a COLA increase to the On-call Pay of 3% was made by Platt and seconded by Roskey.

Blake reiterated that the proposal does not agree with adopted policy and should not be approved during these tough economic times.

Motion carried with Blake and Garbarino voting in opposition.

6.1.3 Salary Steps for Field Superintendent Position

Blake asked if the Board had approved the job description for this position. Thomas stated that the Board had approved the hire but not the job description.

Roskey asked when the last salary survey was done for all of the staff positions. Thomas stated that the staff report should have stated all positions, not just the field superintendant position. Thomas stated that a salary survey for all staff positions was completed just at the beginning of the economic downturn, so action on it was tabled.

6.2 Low Income Financial Assistance Program

Thomas stated that this item and the next item were brought to the Board as a result of a question raised during the Rate Hearing process. The proposals presented are for discussion. Rigutto commented that the proposed program is a hybrid of examples drawn from other agencies.

Frentress asked how these programs would be advertised. Thomas stated that the intent is to only offer it to customers on a case by case basis. Grycko commented that there is no cap or maximum on the program. The Board expressed concern that the ability to reapply every two years with no cap means an individual could theoretically be on the programs indefinitely. The Board expressed a general concern that there are no caps or maximums on how much the program would cost Sunrise. Roskey asked if

acceptance to the program creates a contractual obligation for Sunrise to continue the program indefinitely. Thomas commented that a provision could be added that this program can be terminated at any time by Board action. He also thought it could be revamped to allow participation for one year with reapplication for a second year.

Thomas stated that his understanding is that the Board wants the initial term to be for one year, one year extension and subsequent extensions would be at the will of the Board, which would address Roskey's concern.

6.3 Financial Crisis Assistance Program

Grysko asked how it would be possible to identify basic indoor needs since the meter does not differentiate. Thomas stated that the amount is set based on average household consumption. Platt stated that consumption outside of the allowed amount would be charged at normal rates anyway.

6.4 Temporary SDC Reduction Discussion

Thomas stated that the idea of reducing SDC's started with Washington County. Platt stated that it began about 18 months ago and allows for a 20% reduction the first year, 10% the second year, and 5% the third year.

Platt stated a potential conflict of interest as his work involves discussions with various jurisdictions on SDC rates. He stated that the Parks District has forgone their indexed increases for the past two years. He commented that WES has increased their SDC dramatically, but that the increase was based on a complete re-work of their SDC rates.

Thomas stated that it is not Staff's intent to ask the Board to vote tonight, but to provide Staff direction on how they would like to proceed on this issue. He stated that if the Board agrees with the concept, Staff would then return to the City of Happy Valley and express Sunrise's interest in participating in some level of SDC reduction program if all the other SDC collecting agencies are also willing to participate.

Roskey stated his opposition to the proposal, as the SDC's are intended to repay for infrastructure that has been constructed using borrowed funds. Platt stated that the reimbursement portion of the SDC can also be construed as a sale of excess capacity that may have been paid for in any number of ways. Blake asked what the fiscal impacts would be to the organization if Sunrise were to participate. Thomas stated that Sunrise would have to sell an additional six meters at the reduced rate to recover the reduction.

Platt expressed the feeling that the County would not agree to a 12% decrease in the traffic or parks SDC, and that if this proposal is conditioned upon their agreement with that condition, then it is unlikely to occur. Thomas clarified that he wasn't going to convey the message that other agencies should match a specified percentage decrease proposed by Sunrise, but that Sunrise was willing to consider a matching reduction to whatever amount other agencies may be willing to consider. Anspach stated that it is

worth considering. Thomas asked if Platt was aware of the impact of Washington County's reduction of SDC's on the number of construction of projects undertaken in the County. Platt stated that there were some projects that would not have been built otherwise but that he did not have a hard number. He also mentioned that in St. Helens and Scappoose the Cities have reduced all fees by 50%.

Frentress asked the Board if they would be agreeable to sending a letter to Happy Valley and the County stating that Sunrise would be willing to discuss the concept of reducing the reimbursement portion of the SDC if others were willing to do so also.

Thomas stated that prior to drafting a letter he will meet with Jason Tuck to express the Board's willingness to participate in this concept and discuss the amount amongst the other agencies. A letter could be sent to follow up.

Blake expressed his discomfort with giving away money from the SDC fund after raising rates to cover the Bond payments. Garbarino expressed that the intent of this type of proposal is to make it possible for some projects to get built that wouldn't otherwise. Sunrise would be forgoing some funds in order to gain other business. Platt commented that it would need to have a built in sunset of some kind.

6.5 Electronic Communication and Identity Theft Protection Program

6.5.1 Red Flag Identity Theft Program

Rigutto stated that the policy is a reflection of requirements by the Federal Government. She stated that the reason for the policy is that the government has decided that utilities are vendors and need to comply with requirements that cover other vendors.

Platt asked if there is a calculation for what implementation is going to cost. Rigutto stated that it has not been done. Grycko asked how Sunrise Staff verifies if they are talking to the right person when so much business is conducted over the phone. Rigutto stated that the Customer Service Staff ask questions such as verifying the amount due on their bill and account numbers.

Platt asked if Sunrise is assuming any liability by adopting such a specific policy because the implication could be that if the policy is not followed explicitly every time Sunrise could be taking on additional risk. Thomas stated that since the implementation date for this policy has been rolled back again, the policy be delayed until there is further consideration of internal processes used to verify the identify of the customers calling in for service. The Board agreed to postpone adoption of this policy.

6.5.2 Personnel Communication and Computer Use Policy

Rigutto stated that this policy provides guidance to employees and sets in place recognizable standards of acceptable behavior.

A motion to approve the adoption of Resolution 2010-08, Personal Communications and Computer Use Policy, was made by Grycko and seconded by Platt.

Roskey stated that he did not see thumb drives addressed. Thomas stated that the Board could adopt the policy as presented and that Staff would propose a separate amendment to address that issue later.

Motion carried unanimously.

6.6 Damascus Comprehensive Plan

Platt expressed cautious optimism that the Comprehensive Plan will be done in the not too distant future. Thomas discussed how the draft map representing Plan B meshes with Sunrise's existing master plan with the exception of a couple of areas.

6.7 Appointment of Representative and Alternate to Regional Water Providers Consortium

Anspach expressed that she would not be interested in continuing as the primary representative to the Regional Water Providers Consortium but would be willing to be an alternate. Thomas stated that the Consortium meets every four months. Frentress volunteered to be the primary representative. The Board consented to Frentress serving as the primary representative and Anspach serving as the alternate.

6.8 Succession Planning

The Board agreed to meet on August 11th to discuss this subject.

6.9 Clackamas County Special District's MPAC Committee

Blake stated that the representative can't be held responsible for not having meetings because the special districts determined at earlier meetings that they no longer deemed it necessary to meet. The Board discussed the terms and structure of the Clackamas County Special District's MPAC Committee. Thomas stated that Jones' term is not over, but that a new alternate will need to be appointed. His understanding is that the Committee will meet to select a new alternate/vice chair in the near future.

The Board's consensus was to reaffirm Blake's appointment to the Clackamas County Special District's MPAC Committee. Blake asked who the alternate for his position will be. Roskey volunteered to be the alternate.

Marwick stated that he, as an individual not as a member of the Oak Lodge Board, sent a letter to the SDAO Board expressing his concerns regarding the last two paragraphs of the letter SDAO submitted to Metro. Marwick asked that his letter to SDAO be entered into the minutes as part of the record for this meeting.

There had been some delay in Frentress receiving his copy of Marwick's letter, as it was addressed directly to Frentress and he was unavailable for several days. Thomas asked for clarification as to whether or not Frentress was comfortable with Staff opening mail addressed directly to him. Frentress stated that he would be comfortable with that.

6.10 C-4 Retreat

Anderson stated that the primary focus for this years retreat will be infrastructure issues. The usual venue for the event is not available so the County needs to get an early head count of who will be attending. Roskey, Platt, and Blake stated that they will attend the event.

7. BUSINESS FROM THE BOARD

7.1 Calendar of Meetings

This item is presented for informational purposes only.

7.2 Liaison Reports

Blake commented that Oak Lodge is in the process of remodeling the office. They are also working with GSI on locating some groundwater.

8. BUSINESS FROM THE MANAGER

8.1 Financial Reports

A motion to accept the financial report as presented was made by Blake and seconded by Grycko. Motion carried unanimously.

8.2 Cash Flow Report

Roskey asked if the cash carryover on the bottom was supposed to be labeled June 30, 2010. Rigutto stated yes.

8.3 IGA with Damascus

As of the date of the meeting, Staff reported that they had not had a response from the City of Damascus regarding the next steps in finalizing the IGA for water service and requested that the Board provide direction on how they would like to proceed. The Board indicated that Staff should take a wait and see approach.

8.4 Workers Compensation Insurance

This item was provided for informational purposes only.

8.5 Watershed Protection Program Presentation

Staff is to confirm the date of the Commission meeting as being September 28th.

9. MONTHLY REPORTS

9.1 Operational Reports

Thomas stated that June was a terrible month for water sales and July has picked up some but the peak hasn't topped 10 mgd yet.

9.2 Engineering and Construction Reports

10. INFORMATIONAL ITEMS

11. EXECUTIVE SESSION

The Board entered executive session at 7:42 pm.

AN EXECUTIVE SESSION OF THE SUNRISE WATER AUTHORITY BOARD OF COMMISSIONERS to be held per ORS 192.660 (2) (a) to consider the employment of a public officer, employee, staff member or individual agent.

The Board returned to regular session at 8:08 pm.

A motion to adjourn was made by Grycko and seconded by Anspach. Motion carried unanimously.

ROBERT FRENTRESS, CHAIR

JEANNE ANSPACH, SECRETARY