M I N U T E S

A regular meeting of the Sunrise Water Authority Board of Commissioners was held on Wednesday, December 19, 2012 at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ernie Platt, Chair; Ron Blake, Vice Chair; Terry Roskey, Secretary; Keith Miller; Matthew Hall; Mike Kuenzi.

Staff Present: Wade Hathhorn, General Manager; Lin Rigutto, Finance Director; Dan Fraijo, Operations Supervisor; Tim Jannsen, District Engineer; Kim Anderson, Government Relations Manager; Cindy Richards, Administrative Assistant.

Visitors Present: Steve Gaschler, City of Damascus; Michael Walters, City of Happy Valley; Ken Humberston, CRW Board.

1. CALL MEETING TO ORDER

The meeting was called to order at 6:02 PM.

2. INTRODUCTIONS, WELCOME OF VISITORS

3. FLAG SALUTE

4. PUBLIC COMMENT

5. APPROVAL OF AGENDA

Hathhorn suggested that Agenda Item 7.3 be moved to the beginning of the agenda so that the visitors would not have to wait through the discussion of Staff Benefits. He suggested adding the updated construction costs index and SDCs to the Agenda as Item 7.4.

Platt summarized that section 7 would be expanded to include the new items and a change in order of discussion items, starting with the Damascus Integrated Water Resource Management Plan, followed by the Happy Valley Request for SDC Credit, Employee Benefits and then a discussion about the process in selecting a new Board

Member to fill the vacant position. After that the Board would discuss the SDC and meter cost updates, before touching upon the next day's meetings.

6. CONSENT CALENDAR

A motion to approve the Consent Calendar consisting of the items below was made by Blake and seconded by Roskey. Motion carried unanimously.

6.1 Approval of Minutes of November 28, 2012 Meeting
6.2 Approval of Expense Report for November 2012

7. DISCUSSION

7.1 Damascus Integrated Water Resources Management

Platt introduced Gaschler as Public Works Director of the City of Damascus. Gaschler commented that he would be presenting information on the comprehensive and water plans. He stated that the City's intent is to approve the plan by July in order to include it on the November 2013 ballot. He indicated a Town Hall Meeting in January and meetings with service providers would generate comments to be relayed to the Planning Commission prior to their presentation of the plan to Council on January 17 and 31.

Gaschler said that the water plan was based on a 20-year population projection by Metro of 25,000 people, which would be concentrated in the western two basins. He commented that the plan took into account capacity, distribution, fire flows, storage, pump stations and pressure zones. The use of non-potable water which would benefit the community by protecting future of drinking water, as well as provide the opportunity to make use of waste water was highlighted as a key component in the water plan.

Platt asked Gaschler if he was looking for assistance from the Board or support. Gaschler replied that he wasn't sure but that a service agreement would need to be involved in the plan. Hathhorn commented that the Board would be involved because Sunrise currently provides water for irrigation and fire suppression in addition to drinking water. He went on to say that the plan would impact Sunrise both financially and ecologically, and the issue would arise as to how to separate the reuse water system from the potable drinking water. Hathhorn stated that he supported the effort. From his perspective if the City wanted it, the only issue was how to make it happen, although he cautioned it may create the potential for a conversation about creating a cost of service rate structure for Damascus.

Kuenzi asked if Sunrise or the City of Damascus would own the system. Hathhorn replied that ownership would be resolved in the service agreement. It was his understanding he said, that the City would leave the potable side of the water to Sunrise to manage which would lead him to believe the non-potable would be owned by Sunrise as well. Hathhorn commented that the State has very antiquated views on non-potable water so the process may require revisions to State law.

Miller stated that he understood the concept but wondered what the cost would be to the involved parties and worried that trying to be too progressive may be financially harmful to Sunrise. Hathhorn commented that Sunrise had already been using purple pipe to deliver water that is nearly potable. Miller questioned whether Sunrise or Damascus was large enough to lead such an effort. Hathhorn replied that his understanding would be that the plan would start out by installing the pipe per the development code and then work out a strategy on putting water into it. In the near term that might include well water with high fluoride before reclaimed water is available. Miller stated that there would be other complexities such as prioritizing the user of the reuse water.

Blake commented that an agreement was necessary before a plan is finalized. He stated his support for the idea of purple pipe but questioned who would build and own the system. Gaschler confirmed that only draft urban services agreements had been done. Kuenzi stated that the current issue is figuring out the "what" and not the "how." He commented that financing the planned system would be a substantial consideration. Platt asked the members of the Board if they would approve moving forward with the idea.

Blake stated that Sunrise started putting in separate irrigation systems because it doesn't make sense to put high price potable water on grass. Gaschler commented that he lived in an area that initially had two separate water systems but when Federal money was available to build water treatment plants the city dropped the nonpotable system to avoid maintenance costs on two systems, which has turned out to be a short sighted decision. He added that retrofitting to reinstate the system would be unaffordable.

Hathhorn commented that the original plan separated irrigation and fire from the potable system and Sunrise recommended focusing on only irrigation for the purple pipe system. Platt expressed concern that it wouldn't be possible to resolve all the issues before the plan is placed on the ballot and wondered if the City would be content with a plan that didn't include complete details. Gaschler responded that service agreements would have to be in place according to the State.

Platt commented that this proposed course of action would require that both parties accomplish a great deal in a limited time frame. He asked if it was reasonable to leave decisions on many of the issue in Staffs' hands. Hathhorn stated that there may be a need for some work sessions on the issues. Kuenzi asked Hathhorn if there would be enough time to determine how Sunrise's rates would be affected. Hathhorn replied that Sunrise would have a draft Capital Plan by spring which is a crucial element in making that determination.

Blake commented that he originally believed Sunrise would own and operate the system and wondered if there was possibility that that may be changing. Hathhorn responded that that part of the conversation had not occurred yet, and that tonight's conversation was simply to introduce the concept to the Board. Blake said he thought Sunrise should work with the City hard and fast. Hathhorn commented that Sunrise should collect a survey of issues from the Board, review the history and see what needed to be addressed.

7.3 Happy Valley Request for SDC Credit

Platt stated that the information in the packet was similar to what had been provided in the previous meeting, but that it had been determined that City of Happy Valley had in fact paid for three ERUs when the meter was upgraded. Platt summarized the existing policies that a removed meter could only be reinstalled on the same parcel, and if a meter owned by a public agency was removed it could only be reinstalled by the same public agency in another public area. According to Platt the Happy Valley SDC credit request was a combination of the two policies in that a meter attached to the park is no longer needed.

Platt asked Walters if he had anything to add. Walters confirmed that the City and Sunrise had both validated the payment for the meter, but the question remained as to what the stipulations of the credit would be. It was determined that there were three unused credits for the park and two more than needed to be in a publically owned piece of land. Jannsen stated that the policy is that if it's not part of a tax lot there is more flexibility in where a meter credit could be used. Platt responded that the options of the Board were to say that the meter credit had to stay with the tax lot for which they were purchased, or to negotiate whether the credits were considered uncommitted and thus become part of the City's property and could therefore be sold by the City.

Jannsen summarized that the current policy was gray and that the first two ERU credits issued could be used anywhere. Blake asked where the credits originated from and Jannsen said they were Red Rose Valley and 145th irrigation meters. He asked what the monetary loss to Sunrise would be if the City were permitted to sell the ERU credits. Jannsen answered that there would be no loss because Sunrise had already collected the funds for the ERUs and capacity is capacity, therefore the use of the meters had already been allocated within the system. Kuenzi added that the different pressure zones may provide different abilities to serve a particular zone. Jannsen agreed and suggested that it could be stipulated that a meter could not be installed anywhere that would negatively impact the system. Platt stated that such a stipulation would be true for any customer, not just under these circumstances. Miller commented that while he thought it important to work with the City, and was in favor of granting the credit, he did not want to compete with the City regarding sale of the ERU credits. He expressed concern that permitting sale was a slippery slope and he would prefer that the credits be applied towards public use.

Platt agreed that Sunrise needed to be partners with the City but his concern was that he did not believe Sunrise would make such an exception for an individual property owner. To allay that concern, Platt thought it should be stipulated that the City may only sell the credits to another public entity. Miller stated he didn't mind being restrictive on a for-profit company, but that a public agency should be treated differently. Blake commented that precedence would be set by this decision and that the policy either needed to be followed or changed to treat everyone equally. Platt asked Staff if this would be considered a change of policy and if a vote was required. Hathhorn replied that it could be viewed as an interpretation of the existing policy. He explained that this exception fit well enough into current Sunrise policy that there didn't seem to be a reason to change the policy. Kuenzi asked if there was a deadline to use the credit. Hathhorn said that there was not, as the cost to the system had already been allotted.

Miller stated that he would like to grant the credit so long as it was used on public property. Hathhorn asked, as a point of clarification, if the credit could be sold to a school district. Miller replied that he was not concerned with the school district, as it was still a public entity, and that the point of distinction for him was private versus public.

Platt stated that he would like to consider Miller's concept as a motion. Miller restated that the motion was to grant 3 ERUs of credit to the City of Happy Valley, with the stipulation that it could only be sold or traded, and used on public property rather than in the open market. Blake seconded the motion. Motion passed with Roskey abstaining.

7.4 Annual Review of Index of System Development Charge

Platt stated that the information was straightforward and summarized that the engineering index and bond index increased by 3.9% and 1.59%, respectively, and that Sunrise would continue to offer a three percent cash discount. A motion to approve the change in the SDCs as outlined in 7.4-5 effective January 1, 2013, was made by Miller and seconded by Kuenzi. Motion approved unanimously.

7.5 Meter Installation Charge

Rigutto stated that the actual cost of meter installation had gone down due to a decrease in material costs as well as switching from a double-check valve to a single-check valve. Platt concluded that it was a $30 decrease. A motion to approve the decrease in the meter installation charge effective January 1, 2013 was made by Miller and seconded by Roskey. Motion passed unanimously.

7.6 North Clackamas Water Commission Meeting

Platt stated that the Board had all received notice of a North Clackamas Water Commission Meeting the following evening and wanted to check that all the representatives would be there. Blake and Roskey said they would be in attendance, but Miller said that he would be absent. Miller stated that the Clackamas River Water Board meeting would also start at 4PM the next evening, and wondered if he should attend when he was available from 5PM to 6PM only, or if someone should fill in. Platt said he would attend the meeting in Miller's place.

7.7 Board Vacancy

Platt stated that Judy Grycko had resigned from the Board effective the December Board Meeting. He commented that in the past when there was a vacancy in the Board, a recruitment announcement seeking appointees was made within the zone. In this case Grycko's term was due to end June 30, 2013, and that using our current process the soonest we could seat an appointee would be in March which is also the deadline to file for candidacy. Platt suggested that we announce the vacancy by mail and include the filing deadline then let the elections process play out. Roskey recommended that the Board appoint a new member ahead of time. Platt commented that he thought it was a good idea to run as a six-person Board for the time being. He noted that sending the announcement out in the bimonthly billing cycles would be problematic because of timing. Anderson stated that the billing statements are not processed by zone, so the announcement would have to be done as an individual mailer in any case so the timing of the bills was irrelevant.

Miller asked if it would be appropriate for the Board to encourage individuals to apply for the position, and Platt replied affirmatively. Miller asked for a general idea of the zone location. Hathhorn described the general boundaries. Platt stated that the zone is an area of a higher population of apartments. Platt reiterated that the decision had been made to not make an appointment to fill the vacancy but to let the elections process fill the seat.

4. PUBLIC COMMENT

Humberston arrived at 7:03PM. Humberston presented Platt with a check for Clackamas River Water's portion of the sponsorship of the North Clackamas County Chamber of Commerce State of the Cities luncheon. Humberston said that normally the funds would be sent electronically, but he thought it would be beneficial to the relationship between Sunrise and CRW to personally deliver the check. Platt stated that the Chamber had struggled with sponsorship, and that Hathhorn had suggested inviting CRW to participate which resulted in sponsorship of the event by all of the water utilities serving the jurisdictions represented at the event.

Platt summarized that the event would include the five mayors, and Verne Duncan would be the Master of Ceremonies. Humberston asked for the date, and Platt replied that the luncheon would take place on Wednesday, January 30, 2013 from 11:30 AM until 1:30PM at the Monarch Hotel. Hathhorn stated that there would be some complimentary tickets provided. Anderson commented that it would be the first time Sunrise's new logo would be on public display.

7. DISCUSSION

7.2 Revisions to the Employee Benefits Program

Hathhorn that there were several reasons he initiated a discussion of employee benefits, including public comments at the last rate hearing indicating the perception that benefits and pay for Authority employees are inconsistent with customer experience and excessive. He added that PERS has been a major issue in the news. He explained that historically public employees were often paid 15-25% less salary and benefits packages were used to close the gap. Hathhorn stated that over time the salary gap has closed to make public positions competitive for staffing but benefits have not been adjusted accordingly, making overall compensation packages as a whole competitive with that offered in the private sector.

Another reason to address benefits was the presence of administrative conflicts between the intent of the benefits program and the how it was currently being applied. Hathhorn stated that the benefits program needs to be better aligned with customers' experience and expectations.

Hathhorn commented that PERS was not on the list as Sunrise cannot make changes to PERS, however it is counted as an additional benefit to employees. The benefits being considered were specifically insurance and vacation and sick leaves.

He stated that employees are covered by way of Global SDAO insurance through PacificSource, and while the current plan for Sunrise employees is no longer offered Sunrise has been grandfathered in. When the plan was first offered, the idea was that the deductible for individuals would be $1,500 and for families would be $4,500, but when the plan was implemented, $1,500 was allocated to reimburse individual's medical costs and $3,000 for families through reimbursement accounts. In addition to that, Hathhorn said, once the deductible had been met, Sunrise agreed to cover 50% of the employee's 20% out-of-pocket costs. He added that under the current plan, there is no copay option, so if a medical visit cost $250, the entire $250 goes against the employee's deductible. Under the new plan there would be a co-pay.

Hathhorn stated that staff searched for plans similar to the current PacificSource plan and found one that offers nearly the same coverage, with a premium that was only a few dollars more. Miller asked how confident Staff was about the level of the cost. Rigutto replied that it was based on the premiums for the current year and that the cost of the new plan would increase at the same percentage as the current plan.

Miller stated that he was struggling with the 1% contribution of salary, and asked to hear more about it, since insurance costs would be the same for each person. Hathhorn replied that the vast majority of customers contribute to their insurance, and he felt it important that staff do so also, even if the amount was trivial. The 1% contribution came from Hathhorn's previous experience in private sector. He explained that the idea was socialistic in that his ability to contribute would be a lot different than a Customer Service Representative, for example, who makes less money and is therefore less able to contribute. Miller explained that some employees pay as much as $800 for their insurance and that he would have a hard time defending a contribution based on percentage of salary. He commented that even though he understood the sentiment, a flat fee made more sense. Roskey agreed but thought that a percentage of the premium would be more appropriate. Hathhorn explained that a staff committee assembled to discuss the employee benefits package agreed that a contribution of 1% of salary was fair. Miller replied that the world was not fair and the position responsibilities are what drive a wage, and that the proposed plan was not comparable to private companies, which would mostly charge employees a flat fee. Hathhorn concluded that he philosophically believed in charging a percentage of wage, he would ultimately be ok with either option, but his general objective was that employees should make a contribution. Kuenzi asked if changes to the proposed plan might occur if changes with taxes take place. Rigutto said yes.

Blake suggested reducing the percentage of salary. Hathhorn stated that he expected this to be the first contribution and that it would double the next year, with the intention to hold it at that level the following year. He said that his intention was to minimize the impact on the differences between individuals and families, but that paying on a flat fee or a percentage of the premium would have a significantly larger impact on families. Kuenzi asked for a feel on the salaries. Hathhorn replied that the current salaries of the twenty employees totaled around 1.1 million dollars and that the cost of the benefits was around $300,000, noting that that did not include PERS.

Platt asked if there were further questions or concerns about the changes in coverage. He said that the question comes down to how the Board feels about the employee contribution. Miller responded that he thought the general idea that employees contribute is great, and he could support the payment being a portion of salary as an introduction of the concept and that the change did not have to be permanent. Platt agreed with Miller. Hall stated that he agreed that the employee should contribute but that he did not have an opinion on whether it should be a percentage or a flat rate. Roskey and Kuenzi both said they were concerned with the particulars of how employees would contribute. Blake asked what the difference in contribution would be between the two options. Hathhorn said the net effect to the agency either way would total $12,000 and the bottom line to the individual would be the only difference.

Hathhorn asked Rigutto to verify what the individual premiums were per month. Rigutto reported that individuals were $500, families were $1,500, couples were just over $1,000 and employees with children were around $1,200. Miller suggested that if the math were done he imagined the differences would be minimal. He went on to say that he'd prefer a percentage of the deductible, but that the ultimate goal was to be making steps in the right direction. Platt stated that it would be the highly paid employees who end up paying the disproportionate share and that the lower paid employees would be getting a bargain. Jannsen gave the example that if employees paid a percentage of the premium, it would make a big difference to a single mother at the lower end of the pay scale. Miller stated that from his experience, when a flat percentage was charged, some employees' salaries had to be adjusted.

Platt asked if the members of the Board could live with the proposal that employees contribute a percentage of the salary. Blake suggested that if the Board doesn't have a firm opinion on it one way or the other, then they could leave the option up to the General Manager and Staff. Hall asked if he was correct in saying that no one was challenging the idea that employees should contribute something. Hathhorn confirmed that this was the case.

Hathhorn commented that he didn't want to take groceries out of someone's mouth that is living paycheck to paycheck. Miller commented that it was more important to move in the right direction and it could be revisited every year. Hathhorn summarized that the big change would be the clean-up – changing to a co-pay option, taking advantage of the HRA, lowering the out of pocket deductible and sending the right message to customers about employee contributions. Platt asked if the Board was comfortable leaving the decision to Hathhorn, and that he had heard the Board's comments and told Hathhorn that the Board would be behind him one way or another.

Hathhorn introduced the next half of the discussion which involved a change in sick leave and short term disability. He summarized the current benefits and made the comment that SDAO's standard for sick leave was 96 hours a year, and that he found that fact problematic. Hathhorn commented that he was not a fan of sick leave and that its management and implementation were problematic and typically misused by staff. Hathhorn said he reviewed the accrued sick leave of employees and found that some had up to 1,100 hours, while other employees had none, but the average was under 40 hours. He suggested that much of the sick leave was used as personal time and that it became unmanageable. He added that in the past the policy was to pay a quarter of sick leave upon retirement. Hathhorn explained the logistics of sick leave including that it differs from vacation time in that vacation time is an asset to employees as it is paid out to them if they leave the company, and that sick time was not, and is, therefore, not real time.

Hathhorn explained that since the agency had moved to a pay for performance organization that sick time should be converted to paid time off. The downside, he explained, was that it became like vacation in that it was an accrued liability that would have to be recorded by Sunrise. Hathhorn suggested that the new starting accrual would be ten days plus half of the sick leave, so the total would be 16 days and then add a day a year for the first ten years. Hathhorn stated that there were two employees with a large number of sick hours banked and that those situations would be handled on an individual basis. He commented that 75% of sick leave was being used, and that the company would save $12,000 a year after up-front costs in making the conversion. The proposal was to convert sick time to PTO at a 4:1 ratio.

Platt suggested that in the second year the up-front cost would be covered. Miller commented that a survey had recently been conducted at his place of business and that the consensus of switching to paid time off was a popular one. Hathhorn commented that sick leave had been extended by practice to reasons such as taking care of sick family members. Miller suggested that under PTO there is a tendency for employees to show up to work ill. Hathhorn said that was a down side to the plan, but that in general it was simple and fair. Blake stated that he disagreed with the plan and that if an employee abuses sick leave they will one day run out of it and it will become their problem when they really need to use it. He added that abusers of sick leave should be addressed individually. Hathhorn insisted that the system doesn't work that way and that it is difficult to manage. Blake shared an experience that if an employee used more than 20 hours of sick time in a 30 day period, they would be required to bring in a doctor's note and suggested Hathhorn change to a similar system. Hathhorn replied that Blake's proposal would not work because life is much more complicated and went back to the idea of sick time being used to care for family. Hathhorn provided an example of an employee who used a bank of sick time and provided doctors' notes when they were really just disgruntled, and argued that it was problematic to address because of the doctor's notes. He added that another downside would be that Sunrise then had to provide the employee with light duty, which meant they were getting nothing done.

Roskey argued that other local water districts still provide 12 hours of sick time. Hathhorn stated that that wasn't true for all water utilities and provided Rockwood as an example of one that had converted to PTO. Platt commented that since Sunrise is a relatively small business, the business becomes dysfunctional when an employee abuses sick time. Blake admitted that it can be problematic trying to enforce proper use of sick time, but that the 60% of salary provided by disability is not sufficient. Hathhorn explained that under the current policy, the typical employee would only have 20 hours of sick time coverage, and then they would receive no compensation for six months, as Sunrise only offers long term disability and not short term at this point in time. Hathhorn commented that he was pretty adamant about no longer providing sick time.

Miller stated that in the private sector there are some companies that don't offer disability until PTO is used. Hathhorn commented that he would not do that. Blake asked when long term disability would begin. Rigutto replied that it was the 181st day. Hall asked if a poll was taken on PTO as it was with insurance benefits, and Hathhorn replied that it was not because the staff committee was in agreement.

Platt asked, on the subject of converting sick time to PTO, if there would be any great outliers by either advantage or disadvantage. Hathhorn responded that accrual is typically limited by most employees, but that there were three employees with more than 300 hours of sick leave and that he would work with those three individually, possibly paying them out for any accrued time over the cap, which he proposed as 200% or twice of the accrual rate. Miller commented that he could see a problem with that scenario should employees continue to accrue time off and then ask to have it paid out. Hathhorn replied that employees should not be banking time off as a supplement to their income. Miller said he liked the idea of use it or lose it because he believes time off to be important for the individual and for the company. Hathhorn commented that the benefit is supposed to be used for having time to get away from the workplace in order to come back revitalized. Blake stated that he agreed with that idea, but he was still struggling with sick leave and the opportunity to buy back leave, because if a person is using that time off, they would not have the time to buy back. Hathhorn disagreed, stating that employees would have to manage their own resources whether the time off be forced (sick) or chosen (recreational time).

Platt commented that Hathhorn's argument was persuasive, and Hathhorn replied that he was adamant about his stance on sick time. Platt summarized that an employee without short term disability, an employee who uses all their sick leave and then becomes genuinely ill for up to six months, would only have vacation time to use, so to rectify that situation short term disability would be implemented. Hathhorn commented that it was saving the employee from themselves and that PTO was a more fair system.

Miller asked about how much PTO a long term employee could actually accrue given the proposed caps. Hathhorn stated that PTO would begin at 16 days per year, increasing by a day a year up to 26 days at the tenth year, and capping at twice that number. Miller replied that he would like employees to use their time off and therefore did not like the option of Sunrise buying back time off.

Platt summarized that the general consensus was that the medical insurance was up to the General Manager to decide the course of action, and asked if the Board was in agreement to let Staff carry on with the new benefits program as outlined. Roskey stated that if Hathhorn would make it 18 days of PTO rather than 16 he would agree. Platt stated that Roskey's proposal would give new hires three weeks of time off after only working one day. Platt and Blake commented that for a new hire that would be excessive.

Platt urged the Board to come to a conclusion in order to provide direction to Staff. He asked if the Board would accept all the information presented regarding benefits. Hathhorn asked for clarification on if the Board wanted to get rid of the buy-back option. Miller stated that he believed it should be use it or lose it. Roskey suggested putting the additional time toward PERS thereby increasing retirement pay, and believed it would benefit an employee he knew was nearing retirement. Hathhorn stated that that would only work for Sunrise's only tier one employee and it wasn't the employee Roskey had previously named. Roskey stated that he didn't want taking employees sick time away to result in legal issues. Hathhorn commented that that would be the point of cashing it out. Blake asked if all of PTO – as a combination of sick and vacation leaves – would be paid out to employees when they leave Sunrise. Hathhorn replied affirmatively. Blake said he did not like the plan, but believed he was in the minority.

Kuenzi suggested looking into a leave donation policy. Hathhorn asked for clarification. Kuenzi said he'd seen it done with HRA funds, but ultimately just a reserve fund for people to use. Blake stated that would take care of his concern. Miller asked for clarification as to whether Kuenzi's suggestion was to apply time off accrued above the cap to a general pool. Kuenzi stated that that was an option, but his point was to give employees the option to donate PTO. Miller said he could see one person draining the pool and another person not being able to use time off from the pool, so he thought an anonymous donation would be a better option.

Platt asked if the Board could live with the program, or if they'd like to look at it again at the next meeting. Miller, Kuenzi, Blake and Hall all stated they could accept the program as it had been presented. Roskey disagreed with the options. Hathhorn expressed that employee issues under extenuating circumstances could be individually addressed on a case by case basis. Hathhorn said that because PTO is involved, PERS would require the changes be made by resolution so a formal resolution would be brought back to the Board.

8. BUSINESS FROM THE BOARD

8.1 Calendar of Meetings

Anderson reminded the Board that the SDAO conference would be February 8th through 10th, and would take place in Portland. Platt strongly urged the rest of the Board to take part in the conference. Blake added that he thought taking the Board Member training at the conference was the best thing a new member could do.

Hathhorn stated that in January there would be a budget training workshop for the Board. Rigutto said she would schedule the training.

8.2 Liaison Reports

Platt distributed an updated list of liaison assignments and asked if any inaccuracies were noted. Miller questioned if the CRW meeting was supposed to be at 6 PM, and Humberston stated that it had been rescheduled for 4 PM for a special situation.

Kuenzi stated that Windswept Waters and Eagles Landing were being rezoned through the City of Happy Valley. Miller said that the CRW meeting would be the following night and he would find out what was going on at that time.

Platt stated that at the Damascus meeting the previous week revisions had been made to the Council's rules of doing business including assigning the City Manager responsibility for setting the agenda whereas previously the task was shared by the City Manager and the Mayor. Platt added that new rules of conduct were established for handling disruptive audience members. Miller asked if the changes would be a moot point if the citizens chose to dis-incorporate. Platt replied affirmatively, and said it was in the hands of the City Attorney, and since only 300 signatures are required to place disincorporation on the ballot he believes it is likely to be on the ballot.

Blake summarized that Oak Lodge is working on seismic retrofits on reservoirs and transmission mains and that the Board Chair would now be held on a rotating basis.

As part of the Clackamas River Basin Council, Blake was involved in a budget discussion on the 13th of the month and a tour of the River Mill Dam and North Fork on the 14th, where they viewed the impressive work that had been done on the fish ladders. He concluded that the next project would be restoring and planting 5.1 miles of streamside with 2,200 plants per acre for a total of 64,000 plants. (Updated information: Blake later reported that 1,600 plants would be planted per acre, working up to a total of 2,400 plants per acre for a total of six acres.)

Roskey reported the Boring Water Board focused on issues related to liability for pump damage at a well with high sand production and that a recommendation on how to resolve the issue was expected at the next meeting.

9. BUSINESS FROM THE MANAGER

9.1 Financial Reports

Rigutto stated that the reports contained nothing out of the ordinary.

A motion to accept the financial reports as presented was made by Blake and seconded by Hall. Motion passed unanimously.

9.2 Cash Flow Projections

Rigutto commented that more meters had been sold since the report.

9.3 Manager's Updates

Hathhorn stated that he felt on track with completing goals, especially with the capital plan and reservoir condition assessments. He said that as projects are completed he planned to focus this spring on customer development, and perhaps hiring assistance with the records management program.

Platt asked if the capital plan would have to be accelerated due to Damascus. Hathhorn replied that they were waiting on growth numbers, but in general they planned on getting it done early. He added that in spring there would be a discussion on rates and how the Authority generates its revenue. Kuenzi asked if that would include a long-term rate strategy discussion. Hathhorn stated that there was a misalignment in how we charge for services compared to the cost of services and that a discussion would have to take place on how to change that in the future.

Blake asked if it was necessary to have a work session on the master planning with the City of Damascus. Hathhorn replied that it is his impression that the City does not want to be in the water business, and he envisioned Sunrise owning and operating water services within Damascus. Kuenzi stated that no forward movement could be made with water capital planning without solving other issues due to political risk. Platt said letting the City turn in a plan with a piece missing could prove beneficial to Sunrise. His understanding was any comp plan to be submitted to the state must first be approved by the electorate, and that should a draft plan of the "what" be passed, it would be possible to fill in the blanks about the "how" later. Hathhorn stated that the City of Damascus had been warned that the SDC would not be going down, and others would be unlikely to advance finance system development. Miller added that he believed it would be more difficult with a constituency that is already facing challenges as to how to put their city together. Platt commented that gives Sunrise the problem of explaining to the City of Happy Valley why it appears Sunrise is willing to expend funds on another city. Hathhorn concluded that he believed the problem would likely take care of itself.

<u>10. MONTHLY REPORTS</u>

10.1 Operational Reports

There was no discussion on this item.

10.2 Engineering and Construction Reports

Platt commented that the County and ODOT had reached an agreement over $8 million on a Lawnfield Rd connection project He also commented that the number of buildable lots is down to 1,700 from 2,000 a year and a half ago and that because progress in the housing market is slow there was no reason for new development.

<u>11. INFORMATIONAL ITEMS</u>

There was no discussion on these items.

Blake mentioned CRBC was looking for a pickup truck for use in hauling trees and shrubs, as employees were using their personal vehicles for the task. Blake said he knew Sunrise had identified a pick-up truck as surplus that he hoped could be donated to the CRBC. He provided Hall with a brief description of the CRBC, the organization and their mission. Kuenzi asked if a donated vehicle would change ownership. Hathhorn stated that the vehicle could be transferred to the CRBC but restrictions could be placed on their ability to sell it.

Blake commented that he thought Board action was required, but Hathhorn indicated that as surplus with value low enough it fell into the category where the General Manager could dispose of it through any appropriate method.

A motion to adjourn was made by Blake and seconded by Miller. Motion passed unanimously.

The meeting adjourned at 9:07 PM.

ERNIE PLATT, CHAIR

TERRY ROSKEY, SECRETARY