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## MINUTES

A regular meeting of the Sunrise Water Authority Board of Commissioners was held on Wednesday, March 28, 2012 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ernie Platt, Chair; Ron Blake, Vice Chair; Terry Roskey, Secretary; Bob Garbarino, and Mike Kuenzi.

Staff Present: Kim Anderson, Government Relations Manager; Lin Rigutto, Finance Director; Dan Fraijo, Operations Supervisor; Tim Jannsen, Staff Engineer; and Christin House, Customer Service Supervisor.

Visitors Present: Barbara Kemper and Grafton Sterling, CRW; and Myron Martwick, Oak Lodge Water District.

### 1. CALL MEETING TO ORDER

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

### 2. INTRODUCTIONS & WELCOME OF VISITORS & FLAG SALUTE

### 3. PUBLIC COMMENT

### 4. APPROVAL OF AGENDA

### 5. BOARD VACANCY INTERVIEWS (6:30 AND 7:30 PM)

The Board engaged in a brief discussion of how they would like to proceed with the interviews of the finalists for the vacant position on the Board.

### 6. CONSENT CALENDAR

Roskey pulled Agenda Item 6.2 Approval of Expense Report for February 2011 for individual consideration.

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

#### 6.1 Approval of Minutes of February 22, 2011 Meeting

6.3 Pickup Purchase

6.4 Acceptance of Water Mains and Related Facilities for Sunrise Terrace Apartments

## **6.2 Approval of Expense Report for February 2011**

Roskey asked about the type of work that was covered under an expenditure to a vendor named Eagle Elsner Inc.. Fraijo explained that they were a paving contractor. A motion to approve Agenda Item 6.2 was made by Roskey and seconded by Blake. Motion carried unanimously.

## **7. DISCUSSION**

### **7.1 Budget Committee Vacancy**

Platt explained that Schaufler has served on the Budget Committee for the past several years but that he has moved and will no longer be able to serve in that capacity. He noted that Staff has recommended the appointment of Eric Hoffeld to fill the vacancy that Schuafler's departure creates.

A motion to appoint Eric Hoffeld to the Budget Committee was made by Roskey and seconded by Blake. Motion carried unanimously.

Anderson stated that Schaufler wanted the Board to know that he sincerely regretted that he would be unable to fulfill his obligation to the budget committee and that he truly enjoyed the time he spent serving on the budget committee and that they were an admirable body to work with and have done a really good job.

### **7.2 Rebranding as a Component of Communications Plan**

Platt pointed out that there was quite a bit of background on the issue and asked Anderson to lead off with the discussion. Anderson stated that the issue came up as an offshoot of the work that is ongoing with redeveloping the website, the upgrades to the fleet and facilities and the overall effort to put a new face to the organization and one of the pieces that has been left intact is the logo for the organization and a discussion about a more comprehensive approach to rebranding the organization, such as consistency in the type and themes to be used in our communications materials and elements like tag lines to accompany our logo. She stated that these types of things are going to become more important as we roll out the community relations plan where we are trying to raise awareness of the value that we offer to the community and make us recognizable. She stated that the conversation at this point is about whether this is a concept that the Board is interested in pursuing, because if it is staff will need to expend a certain amount of effort to gather information related to costs for the effort, planning on how to implement it, and incorporate it into the budget. The objective would be to roll it out in 2013. She stated that this discussion was really about gaining the Boards perspective on the concept and the direction that they would want to take on this issue.

Platt commented that he has felt for some time that there Sunrise has a serious need to enhance our community communications issues, especially after last year's budget hearings, and this would be a step in moving in that direction and a very small part of the overall effort needed. Blake commented that whether money is spent on redoing the logo or not, communication efforts will need to be increased. Roskey asked what type of budget was being proposed. Anderson stated that the discussion is whether or not the Board is interested in the concept before the effort is expended. Platt commented that in his mind the logo is only a small part of creating an image in the mind of the customers about what Sunrise is about that is consistent. The Board consensus was that staff should proceed with preparing some options to address this concept. Garbarino suggested that there should be some tracking mechanism to find out if it is working. Anderson stated that some sort of performance metrics would certainly be a part of the effort, but cautioned that while there are some things that can be measured, communications efforts are one of those things that are very difficult to pin down quantitatively.

### **7.3 Customer Request for Payment Plan**

House discussed the reason why this type of problem keeps resurfacing. She discussed the problem that the Enquesta system has had with properly showing accounts with this type of situation. S&S created a report that was intended to capture these accounts, but it has been discovered that there is also a glitch in that report. In working with the new cognos consulting company it is hoped that this will not be occurring in the future. House stated that the customer has been receiving bills monthly, but since they were not being shifted into the shutoff process within the billing system, there were no consequences for not paying. Platt commented that this is another example of the terrible situation with the billing system. Roskey commented that he thought we had been giving customers about two years to pay on this type of issue. Anderson asked if a person who agrees to a payment plan and subsequently pays only the current amount due without the agreed upon additional amount would be shut off. House stated that it would be the case. Blake asked about the policy on this. Anderson stated that there is no formal policy that has been adopted regarding this issue, but that as a general rule the Board has usually settled at somewhere in the vicinity of two years. Kuenzi asked if this issue occurs frequently enough that it would require a policy. Anderson stated that it usually occurs about once a year but that with the completion of the new cognos report it is unknown how many will be found. The consensus of the Board was that staff should work with the customers to the extent possible but that the repayment should not extend beyond two years.

### **Keith Miller Interview**

The Board members introduced themselves to Miller. Platt commented that there will be one other finalist interviewed at this meeting and that a decision will be expected at the conclusion of the meeting.

Platt asked Miller to explain why he was interested in the position. Miller explained that there were two primary drivers, one is that he has an interest in participating on a board and an opportunity to do so does not come along very often. The other is that he is motivated by the opportunity to give back to his community and to model that value to his children.

Roskey asked what his concerns would be about the position. Miller commented that the first concern was to assure that he had enough time available to dedicate to both his job and his efforts on the Board. He also commented that the primary concern is what the requirements for being an effective Board member would be.

Platt briefly discussed the history of Sunrise and the unique qualities of the service area and the differences between a special district and an authority. Platt discussed the current challenges facing the board, especially the need to address rates in relation to the needs of the organization. Blake commented on the time demands related to attending meetings and reading material and the potential to attend various conferences. Roskey commented that every Board member brings a different expertise to contribute to the work of the body. Miller commented that he does travel for work to some extent, but that he has some control of his schedule and he can generally work around it. Anderson commented that the larger seven member board was selected to make it easier to assemble a quorum in case a member may have an occasional conflict. Platt commented that the Board members also try to volunteer to attend another agencies meetings as a liaison for Sunrise.

Platt asked what Miller feels he brings to the Sunrise Board. Miller discussed his work with teams and people and how that could play into the Sunrise work with other agencies and bodies and really feels that his professional career revolves largely around problem solving. Kuenzi asked him to elaborate a bit more about his background in business strategy. Miller commented that he sees some parallels between the work that Sunrise is engaged in and the work that he does in strategic strategy professionally. He acknowledges that there are differences between public and private business, but that he sees some definite parallels.

Platt clarified that the appointment would only last until the next election in 2013 to fill the remainder of the term and that the position would be on the regular ballot for a full term in 2015. Miller expressed willingness to run for election. Platt thanked Miller for his willingness to apply for the position. Miller departed at 6:47 PM.

Platt asked if the Board had any immediate thoughts regarding Miller. The Board determined to wait on discussion until after they had spoken to the other candidate.

#### **7.4 Cell Tower Site Evaluation and Repairs**

Platt commented that he had some conversation with Hathhorn on this issue the previous week. He summed up the situation as Sunrise has numerous cell tower site leases and we don't really know the status of all of those facilities and leases. He commented that Sunrise came to possess a small building through abandonment by a prior tenant and that there is now a new tenant and the roof has deteriorated to the point that there is a possibility that Sunrise could become liable for damage to equipment. Kuenzi asked about indemnity under the current agreement. Anderson explained that there is no current agreement in place, as the tenant acquired the lease as part of a business acquisition and the lease expired in the midst of that process, so the Sunrise and the tenants agreed to a month to month use while Sunrise sorts out the lease issue. Since that is the case, Silke Communications would like to either repair the facility and pay a lower lease rate when the agreement is negotiated or Sunrise would repair it and the negotiated lease rate would remain higher. She commented that irrespective of the

agreement, Sunrise now owns two structures that have not received any maintenance or repairs for an extended time period.

Kuenzi asked if the proposed evaluation would be intended to inventory everything that is on the site; all the facilities, all the agreements, etc. Anderson stated that it would look at what it is, where we got it, who are the tenants and subtenants, what are the easements, and other pertinent facts. She stated that the intent is that at the end of the process Sunrise will have a very tidy package where we will know what we have, what needs to be done to it, and what the potential revenues might be.

Kuenzi asked if there wasn't a conflict of interest in having the potential tenant perform the site evaluation work. Anderson commented that the company is the purchaser of County Communications and as we continued discussions about the site, we realized that we needed assistance in handling the site lease issues. Silke offers management services, and the theory is that the lease for the facility could become an offset for the management fee. She commented that the customer in the facility is one that Silke inherited through the purchase of County Communications, so they have a tenant and no agreement for the facility of which they are located, thus they have a compelling reason to secure an agreement.

The Board asked how much of the \$18,000, was for repairs. Fraijo stated that \$2,000 was for the roof repairs.

A motion to authorize the manager to enter into an agreement with Silke Communications for an inventory and site evaluation along with the roof repairs for up to \$18,000, was made by Kuenzi and seconded by Garbarino. Motion carried unanimously.

## **7.5 Tigard Request to Join Clackamas River Water Providers**

Platt commented that Lake Oswego is already a member of the CRWP, and Tigard is in the process of separating from the City of Portland and moving towards a partnership with Lake Oswego. Tigard has asked to join the CRWP. He commented that the current dues structure of the CRWP is based on water consumption.

Blake commented that he has two problems with the proposal. First, that the Sunrise Board has taken a historical stance against water being moved out of the Clackamas basin and supporting this would be a change in direction. His second concern is that there is some question as to whether or not the partnership is ever going to result in the transmission of water to Tigard considering the opposition to the proposal and the need for construction of a pipeline, and that it may put the CRWP in an awkward position having given them approval for the transfer.

Kuenzi stated that he read the request as simply granting them a place at the table. Anderson commented that Sunrise had originally taken an oppositional stance to the Tigard/Lake Oswego agreement proposal. However, the agreement has been executed and Lake Oswego has the right to engage in that agreement and that issue is beyond the control of the CRWP.

Anderson commented that the CRWP has been enjoying a gradual increase in recognition within the region as a body of influence on water issues and issues related to the Clackamas River in particular. She commented that the fact that another party is coming to the CRWP and requesting membership in the group is an indicator of the amount of influence that the group is starting to build. She discussed the fact that Sunrise has a significant stake in the CRWP and strengthening the voice of the body has benefits to Sunrise.

Blake expressed concern that accepting Tigard as a member of the CRWP may lend legitimacy to their efforts to access water from the Clackamas River. Platt commented that the access to water is an issue between Tigard and Lake Oswego. Kuenzi commented that the request looks like an internal issue for the CRWP.

Roskey asked what Tigard is looking to get out of joining the CRWP. Anderson commented that they have publicly committed to migrating to the Clackamas as a source. The purpose of the CRWP is to manage the resource and working collaboratively in managing the use of that resource, so what they get is membership in the body that is focused on those functions. Roskey commented that they don't pay anything for that. He commented that he doesn't have a problem with them joining, but he feels that they should have a bigger financial commitment to participation.

Kuenzi commented that it would seem that membership by Tigard would diminish Lake Oswego's influence on the body. Anderson commented that voting on the CRWP is one vote per membership, so it doesn't directly reduce Lake Oswego's voting power, but would instead dilute the voting power of each entity. Blake commented that it would actually increase the voting power of Lake Oswego because Tigard would vote with Lake Oswego. Anderson commented that this membership does not affect the Lake Oswego and Tigard contractual relationship, but that their votes would be on how the CRWP group uses their resources to manage the Clackamas River. As an example she commented that Tigard may not feel as compelled to vote for the CRWP to work on a non-point source pollution control program as Lake Oswego might. She pointed out that the subjects that the CRWP would be voting on would in general be separate from the issue of the movement of water from Lake Oswego to Tigard.

Platt commented that membership by Tigard would bifurcate the Lake Oswego vote. Blake commented that the essential point is that without the Tigard agreement the excess water rights not currently used by Lake Oswego would stay in the river. He posited that this request may be premature because there are so many potential obstacles to ever completing the actual connection.

Kuenzi asked if there is anything in the charter that would allow the CRWP to ask a member to leave. Anderson commented that she is unsure about a provision to revoke membership, but that receiving water from the Clackamas is a prerequisite for membership. Blake commented that there is information missing that he would need to know in order to feel comfortable supporting it. Kuenzi commented that he doesn't see a loss to allowing membership given that they would exit the CRWP if the Lake Oswego agreement is never implemented.

Anderson commented that she views it in a slightly different manner. She commented that if an entity is receiving water from the Clackamas then they have an interest in

managing that resource. She commented that she was not aware of any historical intent to have the CRWP be an exclusive group that excludes smaller users from membership. Kuenzi commented that the other side of that coin would be that Tigard would be gaining access to a group with an increasing level of political influence. Blake commented that he would like to have more information before taking action. Anderson asked what information would be needed. Platt suggested that it would be good to know the answer to the question about removal of membership if the agreement is never implemented. Kuenzi stated that he would be interested in seeing the CRWP charter to find that answer. Platt also stated that he would be interested in knowing how the other CRWP members are addressing this request. Kuenzi asked for confirmation that every member has to vote on this. Anderson affirmed that was the case.

Platt asked Martwick for his opinion. Martwick commented that he tends to agree that Tigard should not have membership until they are drawing enough volume of water to be making a financial contribution to the efforts of the CRWP. He also commented that he sees a distinction between taking water directly from the Clackamas River and purchasing water wholesale. Kemper commented that as an individual, she feels that Tigard has other options for water rather than the Clackamas and they it is important to consider what this may do to water providers access to water during times of curtailment.

Platt suggested that if there are no objections he would like to continue this item to the next meeting. Anderson asked if there was anything else they Board needs to see. Kuenzi commented that he needs to see the basis behind Hathhorn's recommendation to approve granting membership, as he didn't see it clearly in the staff report. Sterling commented that if the permits that are being sought by Lake Oswego are not approved yet, so that could also change the outcome.

## **8. BUSINESS FROM THE BOARD**

### **8.1 Calendar of Meetings**

Anderson commented that there is a meeting to add. There will be joint full board meeting on April 17<sup>th</sup> at 6:30 PM at CRW. Blake commented that it will be important for as many Board members to make that meeting as possible.

### **8.2 Liaison Reports**

Roskey commented that Boring held an emergency meeting to replace or repair the well pump. Anderson commented that this is related to their Compton Road well, which has had sand issues from the beginning and has destroyed the pumps in about three years. They are looking to deepen the well and improving the type of screening on the well.

Platt commented that the citizen initiative on the ballot March 13<sup>th</sup> passed by about 75% vote that amends the city charter to require that any comprehensive plan adopted by the Council must be voted on by the citizens before being sent to LCDC for approval, and that the vote must pass by a double majority unless it's held in an even numbered year election. He expressed the opinion that it virtually assures that they will be unable to pass a comprehensive plan, or at least certainly not prior to 2014. He pointed out that three of the city councilors and the mayor will be up for election this year and that the three councilors have indicated that they will not be running for re-election.

He stated that the City Manager will resign as of the end of June. Kuenzi commented that he has seen a recruitment notice for the City Manager. He asked if the Damascus delays have affected our planning. Anderson stated that it has, as our Master Plan was last updated in 2004 and typically runs on a five year update cycle, so this has already impacted our planning.

### **8.3 Future Agenda Items**

## **9. BUSINESS FROM THE MANAGER**

### **9.1 Financial Reports**

Roskey asked about the charges for part time labor. Rigutto commented that Roskey's early retirement payment and the engineering intern were shown in that category. A motion to accept the financial report as submitted was made by Blake and seconded by Roskey. Motion carried unanimously.

### **9.2 Cash Flow Report**

Rigutto commented that there have been 225 ERU's sold as of the day of the meeting.

## **10. MONTHLY REPORTS**

### **10.1 Operational Reports**

### **10.2 Engineering and Construction Reports**

Roskey asked about the replacement of valve cans on Sunnyside Road between 172<sup>nd</sup> and Young's Lane. Fraijo commented that the valve cans are the old Richey style and that the two inch risers for that style pop out creating pot-holes. Janssen commented the number in the report is an estimate.

Platt asked if any of the cost on some of the more expensive proposed projects are going to be shared with others. Janssen stated that it is not likely for some of the projects. He stated that the estimate is for a worst case scenario of total replacement of ductile iron, but that staff continues to investigate other options that may be less expensive alternatives. Blake asked if it could be used as an emergency connection. Janssen stated that it could be used in that manner to some extent to feed CRW.

### **Chris Erickson Interview**

Platt welcomed Erickson to the meeting and explained that the Board was planning on making a final decision that evening. He asked Erickson why he was interested in pursuing this position. Erickson stated that he has been looking for a way in which to become more involved in the community and he had his interest in water issues peaked during an MBA class related to water issues. Roskey asked about any concerns he may have for the position. He commented that he would be concerned about how long his learning curve will be. Kuenzi asked if Erickson had any questions after the initial interview. He commented that the one question that he found interesting was how he would deal with backing a board decision that isn't in line with his vote. He commented that he would not have an issue with aligning himself with the will of the board.



Platt commented that the appointment is only temporary and that the appointee would need to run for election for the remainder of the term for the position. He asked if Erickson would be willing to run for election at the end of the appointment. Erickson stated that he would. He asked how often the Board actually has split decision. Platt commented that it is unusual for the Board to have split decisions.

Garbarino commented that Erickson needs to be aware of the time commitment for the position. Erickson asked about how the Board determines responsibilities for attending other meetings. Platt commented that the fourth Wednesday of each month is the only formally scheduled meeting for Board members, but each member is asked to attend a meeting for another agency to monitor local conditions, which usually entails one other meeting per month. Erickson asked if other agencies had representatives at our meetings. Platt pointed out the other attendees at this meeting were from other organizations. Erickson asked if there were often members of the general public at the meetings. Platt indicated that it was unusual except during rate hearings and budget meetings, or if an individual customer has a specific concern. Erickson stated that he after applying for the position he had gone on-line to do some research and read some of the public comment about the rate increase and could understand some of the concern by the customers on a fixed income. Platt went on to explain that Sunrise has been at least kind, if not generous, to customers as far as rates go, and that there are now expenses coming around that will necessitate rate increase, as will just about every other water provider in the area.

Platt reiterated that it is the intent of the Board to make a decision this evening.

Platt indicated that there is no need for an executive session at this meeting.

Anderson reported that the issue with Leo Gentry Nursery is still ongoing and far from settled, but that as of now the proposal is that Gentry will make multiple deposits starting with the \$6,000 just made, plus an additional \$4,000 on May 7th and May 25th for a total deposit of \$18,000 as security against future bills. The plan would then be to establish a set weekly bill for each time period based on prior consumption and in this way no bill will ever exceed the deposit amount and any deficiencies would be added to the next week's bill. Anderson reiterated that this is not a final agreement but the current proposal on the table.

Kuenzi asked about the budget schedule. Anderson stated that the printed schedule was in the February board packet. Rigutto also discussed the schedule.

Platt thanked Garbarino and Kuenzi for the time they dedicated to interviewing all of the applicants and bringing forward two such excellent candidates. Roskey started out commenting that Miller was his preference and other Board members concurred. Platt commented that the depth of experience with Miller was impressive. Kuenzi commented that one of the reasons that Erickson was brought forward due to his enthusiasm. Platt stated that if Miller is selected he would hope that we would find a way to keep Erickson engaged. Anderson stated that he would be a good candidate for the advisory committee, especially if there are tasks or projects that we intend to bring to that body.

A motion to appoint Keith Miller to the vacant Board position was made by Roskey and seconded by Kuenzi. Motion carried unanimously.

Anderson asked if she should draft a letter for Platt's signature for the appointment and expressing our gratitude to Erickson for applying. He stated that he will make a phone call to let them both know right now.

The meeting was adjourned at 7:53 PM.

  
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ERNIE PLATT, CHAIR

  
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TERRY ROSKEY, SECRETARY