



10602 S.E. 129th Avenue
Happy Valley, OR 97086
PHONE: (503) 761-0220
FAX: (503) 761-7406

MINUTES

A regular meeting of the Sunrise Water Authority Board of Commissioners was held on Wednesday, October 26, 2011 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ron Blake, Vice Chair; Terry Roskey, Secretary; Jeanne Anspach, Bob Garbarino, Judy Grycko and Mike Kuenzi.

Staff Present: Wade Hathhorn, General Manager; Dan Fraijo, Operations Supervisor; Christin House, Customer Service Supervisor; and Kim Anderson, Government Relations Manager. Clark Balfour, legal counsel.

Visitors Present: Barbara Kemper, Patricia Holloway, and Grafton Sterling, CRW; Gary Hayes; Steve Baroker, Leo Gentry and Steve Karam of Leo Gentry Nursery.

1. CALL MEETING TO ORDER

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

2. INTRODUCTIONS & WELCOME OF VISITORS & FLAG SALUTE

5. EXECUTIVE SESSION

The Board entered Executive Session at 6:04 p.m.

An Executive Session of the Sunrise Water Authority Board of Commissioners to be held per ORS 192.660 (2)(h) To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

The Board left Executive Session at 6:29 p.m.

Introductions were conducted.

3. PUBLIC COMMENT

Mike Baroker, attorney for Leo Gentry Nursery, introduced the issue related to the disputed water billing arrearage. He stated that they were present at the meeting in an attempt to work out a compromise on the issue. He discussed the state of the economy and the state of the nursery industry in general. Gentry commented further on the condition of the nursery industry in the area.

Blake commented that the Board doesn't feel that it would be productive to try and negotiate an agreement during the meeting but that the attorney's and the manager should continue to negotiate some equitable agreement.

Anspach commented that it is not the intent of the Board to create any hardship for his business, but it is important to recognize that whatever the situation with the billing, the water was actually used and reducing the billed amount substantially would represent a subsidy by the other rate payers.

Steve commented that if he had seen an unusually large bill he would have taken steps address it as a matter of cost control. He commented that he had taken over the books in the same time that the under billing began so he had no frame of reference for comparison to note any variation in billing amounts.

4. APPROVAL OF AGENDA

Grycko commented that an item needs to be added for business from the Board.

6. CONSENT CALENDAR

Blake pulled Agenda Item 6.1, for individual consideration.

Grycko pulled Agenda Item 6.2, for individual consideration.

A motion to approve the Consent Calendar consisting of Agenda Item 6.3, SDAO Insurance Coverage, was made by Anspach and seconded by Garbarino. Motion carried unanimously.

6.1 Approval of Minutes of September 28, 2011 Regular Board Meeting

Blake noted that he was not present at the meeting although the minutes list him as being present.

Grycko and Roskey indicated that they found the first section of 7.1 to be confusing and potentially inaccurate and that it should be modified to reflect the conversation as it appeared on the official recording of the meeting.

A motion to approve the Minutes of the September 28, 2011, Board of Commissioners meeting as amended was made by Anspach and seconded by Roskey. Motion carried unanimously.

6.2 Approval of Expense Report for September 2011

Grycko inquired as to why the dues paid to OWUC in check 39876 were lower than in previous years. Anderson stated that OWUC had a significant carry over from the previous budget year so chose to reduce the dues commensurately.

A motion to approve the Expense Report for September 2011 was made by Grycko and seconded by Anspach. Motion carried unanimously.

7. DISCUSSION

7.1 Approval of CIS (EnQuesta) Maintenance and Training

7.1.1 Time and Materials for S&S

7.1.2 Time and Materials for BPM Northwest

Hathhorn commented that his ideal would be to switch over to the CRW system immediately. However, the world is not ideal and any switch will take time. He commented that in 2005-2006 the Enquesta system was acquired for about \$350,000 of which is about \$126,000 was for training on people that are no longer with Sunrise. This means that the current staff has baseline abilities to use the program. In addition to that, a patch is necessary to make it interface with the Great Plains financial software and it subsequently requires a lot of manual work as a result of the poor interface. Since it seems unlikely that there will be a change in the software in the near future, there will be a need to get additional training for our staff to expand the capabilities for using the system. S&S will provide additional training at \$160 per hour. Even with that additional training, there will be a need to expand our ability to access data and create other reports, forms and queries. He stated that it appears that there will be a need for both. He has located a local company that will provide cognos consulting at \$130 per hour.

Anspach asked if it made sense to train staff that may leave or if it makes more sense to look to an IT type position. Hathhorn commented that the amount of work would not substantiate a full time person. He stated that we will still be limited to the amount of information that S&S will be willing to help us access. In addition he has not been impressed with S&S to date and has concerns about continuing the relationship into the future, citing as an example that as Sunrise considers moving to a virtual server, S&S doesn't have that capability.

He stated that one question is how much money should be invested in increasing usability of the current program and access to data.

Roskey commented that the local company is cheaper than S&S.

Anspach asked what the long term plan was in terms of IT, and if it would make sense to train people and then lose that training as that staff turns over. Hathhorn stated that the current staff would need training, but that the knowledge acquired would be well documented in order to allow for internal training by existing staff as turn over occurs.

A motion to approve expenditure of up to \$25,000 for use in retaining services from S&S and/or BPM Northwest in association with training and functional development of the authority's CIS (EnQuesta) platform, with the understanding that a long term solution for replacing the Enquesta software either through partnering with another agency or

obtaining a new product will be pursued was made by Grycko and seconded by Anspach. Motion carried unanimously.

7.2 Preliminary Redistricting

Hathhorn discussed the statutory constraints on redistricting, such as the requirement that the zones be as close as possible to equal in population and demarcated by recognizable geographical features and roadways. He presented the three draft options that have been prepared for the Boards consideration. He stated that there are no specifically prescribed time frames within which the Board needs to have the process completed, but it needs to be done within a reasonable time frame. Anderson commented that one thing the Board needs to be aware of is that if a Board zone changes and the current representative is no longer within the zone that they were elected to represent then the elected representative will finish out their term as the representative for that zone. Board members expressed a general preference for pursuing a variant of option 2. Hathhorn's recommendation was that the Board consider the options and provide him with some feedback on their preferences.

7.3 Clackamas River Water Providers IGA

Hathhorn stated that the IGA would need to be approved by ordinance since it creates a new entity, which has special public notice requirements; requiring two public readings and published notice of those readings and action on the ordinance. Hathhorn commented that Anspach's concern about having direct control is addressed through the Boards appointment of their representative. He discussed that an IGA was sufficient in the early days of the CRWP when it was just cooperative, but the need to formally organize as a 190 organization arose as the group began to have a distinct budget and hired staff with the attendant requirements for budgets and audits. He also commented that there is a concern that there is no provision to prevent this entity from bonding debt, although it is something that is permitted by statute. This also raises the question about what other reporting requirements may become applicable.

Halloway commented that there are several provisions missing, noting specifically a section on distribution of assets upon dissolution and possible liability issues. She volunteered to provide her comments in written form for the Board's consideration.

Hathhorn commented that the agreement has been reviewed by at least four attorneys. He commented that it is not a perfect document and that there may be some concerns about the liability issues. He commented that the 190 still contains provisions that allow participation by organizations in particular programs within the CRWP, rather than a joint agenda. He stated that it was not possible to get consensus on a joint agenda and some entities indicated that they would choose not to participate in CRWP if they were compelled to participate in all of the programs. He expressed his opinion that it is more important to keep the group intact than to push the issue of a common agenda.

Kemper stated that she was unaware that it would require an ordinance and CRW had passed it by resolution. Hathhorn commented that it does require adoption by ordinance, except for the NCCWC because they don't have the authority to adopt ordinances due to the form of their organization. He commented that one of the cities may have to adopt it again as they also approved it by resolution.

Blake stated that it is giving the CRWP a substantial amount of power by forming it as a 190. Kuenzi asked if there was a legal opinion concluding why the CRWP needs to be a 190. Hathhorn and Anderson were not aware of any legal opinion but jointly conveyed that statute regarding the issue is very clear and unambiguous. Hathhorn acknowledged Blake's concerns about representation, but the fact remains that the Board retains the authority to replace the manager as the representative at will.

7.4 Process for Filling Vacancy on Board

Grycko commented that the Board needs to wait until the redistricting is done and then go through the normal process of advertising, posting, and interviewing for a Board member to fill Anspach's vacated position.

8. BUSINESS FROM THE BOARD

8.1 Calendar of Meetings

8.1.1 November and December Meeting Dates

Hathhorn stated that the November meetings will include a work session on November 9th and the regular meeting to be held on November 16th, which is a week earlier to avoid conflicts with Thanksgiving Holiday vacations.

Hathhorn discussed the work session topic for the 9th, which will focus on asset management. The City of Damascus will also present information to the Board related to the development of a facilities plan.

Roskey had asked that a policy be discussed regarding how much can be spent on gifts for retiring Board and Staff members. Grycko stated that she felt that it should be on a case by case basis and that it depends somewhat on the length of service. Roskey feels that it should be capped at \$150. Kuenzi expressed some concern on expending rate payer funds for gifts. The concept died for lack of motion.

8.2 Liaison Reports

Grycko stated that the majority of the conversation at the NCCWC meeting was about the CRWP IGA and the annual true-up. The true-up amount was somewhat substantial largely because Sunrise didn't take all the water that they projected they would need for the year.

Bradley contacted Hathhorn today commenting that in the past the Oak Lodge Board has sent letters indicating that Sunrise is bumping up against the contractual requirement to expand the treatment plant. That letter will not be issued this year as they are looking to see plant use optimized and a more cooperative working relationship between the parties. That said, Janssen recently commented that it may still be cheaper to take additional water from the wells and less from the NCCWC, but Hathhorn will bring back figures on that subject later.

Hathhorn commented that as the chair of the CRWP he will be starting the conversation about activating the Joint Operations Plan for pipeline C.

Blake commented that the CRBC has a drop dead date to be out of the Damascus site of December 31, 2011. As an interim location, CRW has offered the use of their old administration facility. The County is discussing the option of relocating the donated manufactured home to Barton Park to replace an existing manufactured home that was formerly used by the park manager. That has some merit in terms of being actually located on the Clackamas River. There are still ongoing discussions with CRW to look at using the Roberts lane property as a location for the manufactured home.

9. BUSINESS FROM THE MANAGER

9.1 Financial Reports

Hathhorn commented that the rate adjustment was intended to accrue about a million dollars. It may generate revenue short of that amount since the quantity of water sold has been lower than projected.

A motion to accept the financial reports as submitted was made by Anspach and seconded by Grycko. Motion carried unanimously.

Kuenzi commented that WES has contracted with PSU to do a district specific population study and that the information gathered may be of use to Sunrise.

9.2 Cash Flow Report

9.3 Manager Updates

Hathhorn stated that permit extensions have now been docketed with the court of appeals, although there's no hearing scheduled yet, the process has been started. Briefings will need to be filed by November but it is anticipated that Water Watch will request an extension so those filings will probably occur in December, after which discovery will begin.

Hathhorn commented on the process at the NCCWC that leads to the true-up. He stated that he will put together a document that will make that process more clear.

Hathhorn commented that he met with the CRW manager and the two attorney's today to discuss the draft IGA for the 190, which the Board will probably see in December.

10. MONTHLY REPORTS

10.1 Operational Reports

Hathhorn pointed out that the number of meter installations per year has been in excess of 100 for the past few years. When budgeting a lower number has been used for some time and he would suggest that the higher number be used in the next budget cycle.

10.2 Engineering and Construction Reports

Hathhorn commented that the Staff estimates and the contractor's estimates were within 5% of each other. Staff has been very cautious to make sure that the contracts are not artificially separated.

11. INFORMATIONAL ITEMS

Anspach commented that she had taken this position while she was still grieving the loss of her husband who was a water rights engineer in Nevada and that she felt that this would keep her connected to that past. She has enjoyed her time on the Board and if she were not in the process of relocating she would continue in her position. She asked that Wade extend her thanks to the Staff that not present and she feels that the District is in good hands with Hathhorn and that the Board is a very professional group.

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

The meeting adjourned at 8:20 p.m.



ERNIE PLATT, CHAIR



TERRY ROSKEY, SECRETARY