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MINUTES

A regular meeting of the Sunrise Water Authority Board of Commissioners, was held on Tuesday, November 23, 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; Bob Garbarino, Judy Grycko, Ernie Platt and Terry Roskey.

Staff Present: Wade Hathhorn, General Manager; Daryl Zinser, Assistant Manager; Lin Rigutto, Finance Director; Tim Janssen, Staff Engineer; Kim Anderson, Government Relations Manager; Dan Fraijo, Field Operations Supervisor, and Christin House, Billing and Customer Service Supervisor

Visitors Present: John Thomas, citizen and Kim Swan, Clackamas River Water Providers.

1. CALL MEETING TO ORDER

Call to order at 6:02 pm

2. INTRODUCTIONS & WELCOME OF VISITORS

FRENTRESS INTRODUCED KIM SWAN

3. FLAG SALUTE

4. PUBLIC COMMENT

5. CONSENT CALENDAR

Roskey pulled Agenda Item 5.2, Approval of Expense Report for October 2010, for individual consideration

A motion to approve the consent calendar was made by Grycko and seconded by Roskey. Motion carried unanimously.

5.1 Approval of Meeting Minutes of October 27, 2010

5.3 Approval of Pay Estimates to GSI Water Solutions:

5.3.1 #41 for Work Related to ASR

5.3.2 #18 to for Work Related to Water Right Transfers

5.4 Letter of Confirmation for C4 Water Representative and Alternate

5.2 Approval of Expense Report for October 2010

Roskey asked if the charges for Skyview were paid and does the Board see those charges somewhere. Rigutto stated that the fees charged to Skyview are reconciled monthly and Skyview reimburses Sunrise quarterly.

A motion to approve the Expense Report for October 2010 was made by Grycko and seconded by Roskey. Motion carried unanimously.

6. DISCUSSION

6.1 Presentation – CRWP Drinking Water Protection Plan

Hathhorn introduced Kim Swan and commented that he had asked her to come update the Board about the activities of the Clackamas River Water Providers (CRWP).

Swan provided background on the formation and membership of the CRWP. She outlined the objectives and the goals for the group. She discussed the watershed programs, disaster preparedness, water conservation, and public outreach efforts.

She commented that one of the main goals of the program is protecting the source water in the Clackamas River and in maximizing the effectiveness of water treatment expenditures. Other purposes include demonstrating that the water providers are stewards of the water resource and to assure that there are adequate water supplies for the future and to assist in meeting Division 86 Rules. She distributed the CRWP annual report discussing the achievements for the previous year.

She discussed the 319 grant that she was able to obtain that will be used to help the agricultural community dispose of legacy pesticides in a proper and safe manner. She also mentioned the scope of work that has been released to secure a consultant to do GIS work for the CRWP.

She discussed how the Drinking Water Protection Plan was developed. This plan outlines how the CRWP can work with other stakeholders in the watershed to protect the resource. She stated that the plan was largely modeled on the Eugene Water and Electric Board and their work on the Mackenzie River. Their plan has been very successful and many of the issues and circumstances are similar with the Clackamas Basin.

She discussed that the public outreach efforts need to address people both inside and outside the watershed. She stated that a majority of customer's drinking water from the Clackamas don't live in the watershed. A lot of the plan deals with finding ways to

leverage the available resources across the stakeholder groups with an interest in the Clackamas.

The Source Water Assessment identified pollutants present in the Clackamas and the Drinking Water Protection Plan is designed to address the pollutants detected. It has been determined that several studies are needed to gather a full range of water quality and quantity information on the Clackamas. She discussed the gaps in water monitoring on the Clackamas and actions that are needed to address those gaps.

The plan also discusses ways in which the higher education community can be engaged and their resources utilized to provide more information on the Clackamas.

Point source and non-point source pollution issues are addressed in the plan and who would be pivotal in making headway on these issues.

Frentress asked about the large expenditure budgeted for disaster preparedness. Swan explained that EWEB has an extraordinarily detailed disaster preparedness plan that they have offered to allow the CRWP to use as a framework for creation of our own. She indicated that there is still a tremendous anticipated expense to fill it in with our information.

Platt asked how much of the budget is related to grant funding. Swan stated that the budget reflects funding from the CRWP membership only. Future grants would be sought but haven't been secured at specific amounts or percentages of the budget so they were not included in the budget calculations.

Hathhorn commented that in addition to the work that Swan discussed, the technical group has engaged in discussions regarding an overhaul of the IGA and By-Laws for the CRWP in order to more clearly define the scope and authority of that group. One question is whether or not that group would address water quantity as well as water quality.

Platt asked how Tigard relates to this body. Swan stated that they are not directly involved at this point but have indicated that they would become so when they begin to actually receive water from the Clackamas River.

Swan departed at 6:32 pm.

6.2 Review Existing Assistance Programs

Rigutto stated that at the previous meeting Staff was directed to investigate what type of official direction has been given regarding current handling of distressed customers. She commented that no specific written direction was located. She stated that staff currently works with individual customers to craft payment plans that are functional for the individual customer based on loose criteria such as the customers past payment history and whether or not they have used, and complied with, payment plans in the past. Blake stated that the Board legally has to have a policy for everything that happens in the organization. Hathhorn commented that it isn't clear that there needs to be a specific policy for every action taken within the operation of the organization, but that since in this particular case revenue is an issue a general directive or policy may be

appropriate. The Board discussed aspects of the current practice in relation to the proposed assistance policies. The general consensus of the Board was that Staff should reduce the current practice to a policy or directive format and bring it back to the Board for final approval. Hathhorn discussed some considerations that may be part of developing criteria for allowance of a payment plan to an individual.

6.3 Modification of Contract for Management Services with Chaparral Consulting

Hathhorn discussed the current status of the contract with Chaparral Consulting. He commented that Thomas had discussed the potential of modifying the contract to provide COBRA payments for insurance for Thomas and his wife and to modify it to allow for the provision of consulting services on a time and material basis. Hathhorn stated that the proposed modification would save Sunrise about \$29,000.

Hathhorn discussed the issues that may require Thomas' time; CRWP, CRW negotiations, urban services agreements with Damascus, the relationship with Happy Valley, and the NCCWC.

A motion to approve the modification of the contract with Chaparral Consulting and the extension of Cobra was made by Blake and seconded by Platt. Motion carried unanimously.

Thomas departed at 6:58 pm.

6.4 Review of Existing Sunrise Policies

Hathhorn stated that Staff had indicated at a previous meeting that all existing policies would be compiled, which is what the Board has before them. He commented that from this point forward Staff will assemble recommendations for additions, deletions and modifications to policies and develop a process for addressing these issues.

Frentress commented that the Board members should be assembling their comments as they read through the assembled policies. Platt wondered if the Board should establish a specified block of time to address these policies at each meeting. Blake agreed. He suggested that the second Wednesday of each month used to be a meeting date and it could be reinstated as a monthly work session to address these issues specifically. Platt commented that the Strategic Plan review would follow right along behind this.

Grycko commented that in the Personnel Policy the index does not match the contents of the manual for page numbers. Staff agreed that there are multiple issues of that type and those issues will be corrected in this process.

Frentress suggested that a work session on this issue be tentatively scheduled for the second Wednesday in January.

6.5 Replacement of Folder/Inserting Machine

Grycko commented that she thought that the bills were sent out by a vendor. Rigutto stated that while the bills are handled by a vendor the past due and shut off notices along with some letters and special mailings are handled in house. Rigutto commented that the current folding/inserting machine is no longer supported by Pitney Bowes, the machine breaks down consistently and it creates significant staff time backlogs when it is necessary to use it because of the excessive trouble shooting it necessitates.

Grycko asked if the machine selected as a replacement was sufficient for the current needs of the organization only or if it is something that can accommodate additional needs or volumes. Rigutto stated that the machine proposed is sufficient for current needs, but that the next model up, the DI 600, has additional functionality.

A motion to purchase the DI 600 machine and enter the annual maintenance contract was made by Roskey and seconded by Blake.

A brief discussion ensued regarding the option of leasing the machine versus an outright purchase. Frentress asked if the Board was asking Staff to make an acquisition that was advisable in their opinion. Rigutto commented that Staff researched this extensively and based on current needs the DI 500 is the recommended option. Roskey stated a concern that if there is a need to bring billing back in house the DI 600 would be needed and if the DI 500 had been purchased there is the possibility that it would not be able to accommodate the additional demands.

Hathhorn commented that it is unlikely that the billing would be brought back in house due to the nature of staffing required to address the cyclical demands of that function.

Roskey withdrew his motion and Blake agreed.

A motion to approve the purchase of the Pitney Bowes DI 500 for a purchase price not to exceed \$13, 117, including an annual service contract, was made by Roskey and seconded by Blake

The motion was amended to a not to exceed \$14,000 and the second agreed.

Motion carried unanimously.

7. BUSINESS FROM THE BOARD

7.1 Calendar of Meetings

Frentress asked if there was a Consortium meeting in December. Staff stated that it will be in January.

7.2 Liaison Reports

Blake stated that the Consolidated Tribes has a representative on the CRBC Board and that Outdoor Play Structures granted a \$5,000 donation to CRBC this year.

Blake commented that the Clackamas County MPAC Committee has met and elected Pat Halloway as Chair and William Wilde as vice chair.

He corrected his statement in the last meeting regarding the completion of the Oak Lodge remodel. The outside of the building is done, but the inside isn't. He also reported that Dan Bradley was awarded the SDAO Manager of the year and that Oak Lodge has their new billing system up and running. The second phase of their groundwater study is underway.

Blake commented that the Government Relations report was fairly thorough regarding the C-4 meeting with the exception that the Hamlets and CPO's feel that cities are leaving them out.

Platt stated that the Damascus Planning Commission has received all comment on the draft comprehensive plan and developed a six page of summary comments that will be sent forward to City Council. He reported that the City Council has entered the deliberation process and that the intent is to take action on the draft comp plan map by November 29th. He pointed out that there will be two new council members and a new mayor.

Roskey stated that the Boring Water District barely had a meeting as the office manager was out sick, the manager was sick and there was barely a quorum.

Garbarino reported that Happy Valley met to discuss the user fees, amounts and potential new fees and that after discussion the council did not take any action.

Platt asked if Happy Valley has a process in place to select a new council member after the first of the year when DeRemer becomes Mayor. Garbarino stated that paperwork for applications has been released.

Blake commented about the efforts by the Fire Chiefs to forward a legislative concept that would prevent the water providers from charging an SDC upcharge for larger meters installed for fire sprinkler systems.

Discussion ensued regarding the content of the legislative concept.

7.3 Future Agenda Items

8. BUSINESS FROM THE MANAGER

8.1 Financial Reports

Blake asked how many meters have been sold this month. Rigutto stated that two meters have been sold to date this month.

A motion to adopt the Financial Report was made by Grycko and seconded by Blake. Motion carried unanimously.

8.2 Cash Flow Report

Frentress asked how the actuals look in relation to the projections. Rigutto stated that it is within \$400,000, but that this number fluctuates greatly based on inflows and outflows.

8.3 Strategic Planning

8.3.1 First '120 Days'

Hathhorn informed the Board of his early action to meet with all of the Staff and Board members individually. He commented that these conversations led to the preparation of the list of early action items that need to be addressed that was presented to the Board members. He stated that many of the items on the list also appear on the original strategic plan, so movement on one of the identified early action items will also mean movement on the strategic plan.

Hathhorn suggested that the Strategic Plan should be a priority to address during the first few work sessions.

8.3.2 Key Staff Departures

Hathhorn discussed the holes in the organization that will be left by key staff departures. Zinser's departure is a particular concern because he was always the operational backstop for serious operational problems. He commented that other staff have been part of that process, but the question is how prepared is the organization to deal with an issue without Zinser. Hathhorn commented that Staff is moving forward with an aggressive training program to help fill the gaps and that towards January, there will be live training exercises to check that the information necessary has been obtained and the training programs are having the desired effect.

Hathhorn commented that Staff will be coming back to the Board with some on-call service contracts to help fill identified deficiencies as well.

9. MONTHLY REPORTS

9.1 Operational Reports

9.2 Engineering and Construction Reports

Blake asked about the project to lower the main at Camp Wythecom. Jannsen stated that the County is planning to extend 98th Avenue to make it a through street. A storm line that is required for the street will mandate the lowering of the 24 inch transmission main from NCCWC. The work should occur in approximately May.

9.3 Government Relations Report

Grycko called attention to the OWUC Symposium materials and signaled she would like to attend the event. Blake, Grycko, Frentress, and Roskey all requested that Staff register them as attendees at the OWUC Legislative Symposium.

Staff was directed to inquire further into the current ethics consideration regarding district payment for expenses of spouses of Board members at conferences and other events.

10. INFORMATIONAL ITEMS

Frentress stated that it is appropriate that the organization do something for the departing Staff. Frentress and Hathorn will get together to determine an appropriate expenditure on those events.

Zinser stated that he appreciates what he is hearing but asks that the event in his honor be kept low key.

11. EXECUTIVE SESSION

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 entered executive session at 8:04 pm.

The Board returned to regular session at 8:38 PM.

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

Meeting adjourned at 8:39 pm.

ROBERT FRENTRESS, CHAIR

JEANNE ANSPACH, SECRETARY