



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, January 26, 2011 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Bob Frentress, Chair; Ron Blake, Vice Chair; Jeanne Anspach, Secretary; Bob Garbarino, Ernie Platt, and Terry Roskey.

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

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

Call to order at 6:04 PM

- 1. CALL MEETING TO ORDER**
- 2. INTRODUCTIONS & WELCOME OF VISITORS**
- 3. FLAG SALUTE**
- 4. PUBLIC COMMENT**
- 5. CONSENT CALENDAR**

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

A motion to approve the Consent Calendar consisting of the items listed below was made by Anspach and seconded by Platt. Motion Carried Unanimously

- 5.1 Approval of Meeting Minutes of December 21, 2010

- 5.3 Budget
 - 5.3.1 Approval of Budget Calendar
 - 5.3.2 Appointment of Budget Officer
- 5.4 System Development Charge Annual Report
- 5.5 Acceptance of Water Mains and Related Facilities for Windswept Waters Subdivision Phase 1B-1

Platt stated that he was present at the December meeting.

A motion to approve the amendment to the December 21, 2010 Minutes was made by Platt and seconded by Anspach. Motion carried unanimously.

APPROVAL OF EXPENSE REPORT FOR DECEMBER 2010

Roskey asked about the credit card charge by Meyers at the Union 76 gas station. Fraijo stated that the logical explanation would be that he missed filling up at that yard prior to leaving and caught it on his way home. Staff stated that they would inquire about the circumstances around that charge.

Roskey asked about the charges for keys. Fraijo stated that the Staff had done a key inventory and that several missing sets needed to be filled in, including several sets of auto keys that have the chip in the key.

A motion to approve the Expense Report for December 2010, was made by Anspach and seconded by Roskey. Motion carried unanimously.

6. DISCUSSION

6.1 Annual Audit

Rigutto stated that Sunrise received an unqualified report again this year. She also stated that there was no management letter submitted by the auditors as there were no issues discovered that required one. She stated that during the next audit GASB 14 requirements would apply.

A motion to accept the Audit for 2009-2010 was made by Blake and seconded by Platt. Motion carried unanimously.

6.2 System Development Charge Increase Related to Financial Indices

Rigutto stated that the indices went up slightly this year resulting in an increase of \$190 to the SDC rates.

A motion to approve the changes to the system development charges as outlined in Attachment 6.2-5 was made by Platt and seconded by Anspach. Motion carried unanimously.

6.3 Cross Connection and Backflow Program

Hathhorn discussed the history of the Cross Connection and Backflow program at Sunrise Water Authority. He stated that there was a lack of record of a cross connection program being adopted by ordinance, as directed by law. Hathhorn commented that he had developed the resolution that is before the Board prior to understanding that the Board has the authority to adopt ordinances. The language will need to be brought back to the Board for approval and the adoption as an ordinance will need to proceed subject to all required notice requirements.

He informed the Board that the language in the resolution was culled from existing ordinances adopted by other local jurisdictions. He commented that the rule actually requires the agency to assess health risks at the Authority services in relation to the type of backflow protection that may be required and discussed how other agencies have handled implementation of these programs. The Administrative rule defines specifically the types of businesses that must be equipped with devices and the type of devices that must be used in those circumstances and that they must be tested annually. He stated that typically the regular household is not included in that list. He commented that as he reads the rule that there is a distinct differentiation of what constitutes a health related hazard versus those situations that are not and that some situations that he views as health hazards are not covered specifically by rule, such as situations where wells are still connected to houses that are on the system and residences where septic systems are in use and they are receiving water service.

Anspach asked if there is a need to have an appeal process included in the language of the ordinance, perhaps related to undue hardship or expense related to compliance. Hathhorn and Anderson could not recall any portion of the rule that allowed for appeal or exception to the process.

The struggle for most organizations with administration of the rule is that the agency must demonstrate that all devices installed as required are tested annually and the level of enforcement of compliance through service shut off. At minimum distribution of notice of requirement of testing has been done and dissemination of information regarding the risk associated with backflow. Hathhorn commented that he does not believe that the ordinance needs to mandate shut off for non-compliance with the rule, but mandates that it be included in the ordinance as an option for enforcement.

Hathhorn commented that the proposal is that those services with known health hazards be called out for compliance in the ordinance; those identified in the rule, those included in table 48 included in the rule, and others identified by the Authority.

The requirement for public education is being handled by many public agencies using their web sites. Frentress commented that he feels that it would not be sufficient to leave education at that. The Board discussed other options such as billing inserts, information printed on the bills and inclusion in the Consumer Confidence Reports.

Blake questioned if the devices that Sunrise have installed are being tested annually. Staff stated that Authority installed devices are being tested, however that action does not alleviate the Authority's responsibility to provide notification of the testing requirement for privately owned devices.

Anspach commented that the ordinance language should be modified to eliminate specific references to numerically designated sections of the plumbing code in order to assure that changes in the numbering by the authority in charge of the plumbing code doesn't invalidate the Authority ordinance.

Anspach asked if the ordinance had been reviewed by legal counsel. Hathhorn stated that it had not been reviewed in its entirety but that he had received input from legal counsel. Roskey commented that it should not only refer to abandoned wells, but also to active wells with a connection to the system.

Hathhorn suggested that the Board will need to make a determination of whether the Authority should install backflow protection at services that are identified as posing a health hazard or enforce installation by the owners of the property. The decision will have implications for individual customers, therefore it requires careful consideration.

Anspach discussed the need to draft an ordinance that will not become out of compliance with the plumbing specialty code in the future and subject out customers to a sort of double jeopardy situation where the text of our ordinance presents a different set of standards for compliance at the ordinance level and the plumbing code level.

Roskey engaged in a short discussion regarding the different levels of protection provided by different types of devices.

7. BUSINESS FROM THE BOARD

7.1 Calendar of Meetings

7.2 Liaison Reports

Platt commented that he doesn't have a specific report on Damascus. He stated that DLCD has put out call for public comment on the City of Damascus Comprehensive Plan Map.

Platt inquired as to whether the City of Happy Valley had selected new council members. Staff stated that it was not known.

Blake commented that the CRBC is being evicted from the Damascus Lane facility and has until July 1 to relocate so CRBC is seeking a new space. Blake has been assigned to the committee seeking a new facility.

Hathhorn asked if Frentress was going to attend the Regional Water Providers Consortium Board meeting. He stated that he intended to do so.

7.3 Future Agenda Items

8. BUSINESS FROM THE MANAGER

8.1 Financial Reports

Blake asked about the personal services revenues amounts related to Skyview Acres and the Government Relations costs. Rigutto explained that it is required that staff expenditures come out of personal services but that the payments for those services are recorded in through revenues. Rigutto stated that if it is necessary to make an appropriations transfer at year end to correct the personal services budget it will be done in June.

A motion to approve the financial report was made by Blake and seconded by Anspach. Motion carried unanimously.

8.2 Cash Flow Report

8.3 Advisory Committee

Hathhorn commented that the original creation of the Water Authority contained provisions that an advisory committee be established. Hathhorn commented that the requirement calls for a seven member group with two appointed by the Happy Valley City Council and five at large. There's also the statutory requirement for a budget committee that is equal in number to the Board of Commissioners. In practice, the Budget Committee has been acting as the Advisory Committee, since the original agreement stated that the Advisory Committee would provide input on the budget.

One issue that has arisen is that the City of Damascus did not exist at the time the original agreement was created. There have been discussions with the City of Damascus and Happy Valley about formalizing the Advisory Committee and the potential inclusion of Damascus in the process. The question becomes whether the same representation as required for Happy Valley be offered to Damascus.

Platt commented that it might be an approach to leave the status quo in place and wait for Damascus to request inclusion.

Anderson provided history on the development of the Advisory Committee process that was part of the urban services agreement discussion with Damascus. She stated that

at the outset, the two conversations were separate but became entwined during the negotiation process. She also commented that she had shared the concept with the City Manager at Happy Valley and that he had expressed reluctance to participate in such a forum unless Damascus was involved in order to avoid any appearance or occasion for favoritism or bias in Sunrise activities, which is complicated by the standing requirement in the Authority formation to actually have an Advisory Committee. He did however express support for formalizing the communication process, which is something that Sunrise has struggled with for some time.

Blake commented on the budget committee has been in place for a while and included citizens from Happy Valley, so it may be possible to respond to any inquiry about compliance in the affirmative. Hathhorn commented that the budget/advisory committee may be sufficient to serve that purpose, but the concern is that the City Council is not making the Happy Valley citizen appointments, although they may be making recommendations to fill those positions. Staff stated that verbal inquiries have been made the past two years and City Staff has responded by Cathy Daw's participation.

Frentress stated that the Authority should send a letter suggesting that they make those appointments in the future. Hathhorn commented that since Damascus did not exist at the time the Authority was formed, they were not party to the creation of the Advisory Committee, only Happy Valley, and as such, Sunrise should seek Happy Valley's approval of the inclusion of representation from Damascus.

Platt suggested that the Budget Committee be the Advisory Committee as it is in place be continued. Anderson stated that in conversations with both Happy Valley and Damascus personnel a primary objective of the Advisory Committee in their view was providing a two way communication mechanism. The concern that she expressed was that if the budget committee members are appointed from the citizenry at large, there is no obligation on the part of the budget committee members to report back to the City Councils, and thus it fails to fulfill a primary objective of the Advisory Committee function. Frentress stressed that appointments should be directly from the Cities to help meet that need. Hathhorn suggested that the best way to clarify the situation is to amend the Authority Agreement to include the City of Damascus as having representation on the Advisory and Budget Committee. The Board discussed if amending the agreement might bind Damascus to all terms of the original agreement and if it would be cleaner to offer a new separate IGA relating to this topic that would include both cities. Platt suggested that Sunrise could not hold up the process of selecting a budget committee, but that developing the IGA should proceed independent of that.

8.4 Public Contracting and Standing Supplier Contracts

Hathhorn stated that there are goods and services that the Authority needs as a regular part of operations of the Authority. The law, as it stands now, does not allow the Authority to create a roster of approved contractors, but it is possible to put together a RFQ that would allow the Authority to select a single preferred provider based on

specific qualifications. The selection does not create a contractual obligation, but allows the Authority to go to them on an as needed basis. Frentress expressed a concern regarding the use of this process for emergency services. Hathhorn stated that in true emergency circumstances public procurement laws are suspended.

With professional services there is a process where a roster of qualified professionals is established based on specific qualifications. The request is that the Board permit the Manager to proceed with this process. The Board engaged in a short conversation regarding the use of direct selection versus solicitation of quotes and bids and the dollar values associated with each process. The Board directed the Manager to proceed with his process.

9. MONTHLY REPORTS

9.1 Operational Reports

Platt asked what developers are buying meters. Staff stated that Arbor Homes, DR Horton and Talisman are the three that have currently been in to buy meters.

9.2 Engineering and Construction Reports

Jannsen stated that the dates on the Mather Road Project are changing. Attempts to route the storm water in a way that eliminates the need to reroute the water line are still ongoing.

Hathhorn commented that Roskey had asked about the status of the ASR operation. Jannsen commented that the intent is to run the ASR up to 70 MGD this year rather than the 55 MGD that has been done in the past. That means that the operations will need to begin earlier in the year.

Roskey commented that he had heard that ASR can mitigate the presence of iron bacteria like we have had in the well. Jannsen stated that it seems to be that it does have an affect on that.

9.3 Government Relations Report

Anderson explained the changes in the Board positions up for election. Staff commented that there was some confusion due to the positions where Jeanne and Ernie had to run to fill the unfilled portions of original terms filled by others. There was some discussion about who intended to run.

Anderson commented that House Bill 2809, relating to counter signature requirements on deeds, contracts and other documents by some districts and authorities is reported to ease restrictions that currently apply to Sunrise. The SDAO lobbyists have requested that Sunrise submit written support for the bill. The draft letter before the Board is that support. The only reason it is a draft is because the addressee is unknown at this time.

Frentress expressed a concern about the verbiage used.

A motion to approve the Board Chair to execute the letter with the understanding that the addressee may be changed and that will be the position of the Board was made by Platt and seconded by Anspach. Motion carried unanimously.

Frentress asked if there was any feeling for how many of the bills out there may affect us. Anderson stated that there are many that may affect us. Anderson stated that the legislative process is such that many of the bills that are of concern to the Authority at this point may be amended or may die in committee, so there is a lot of activity related to monitoring going on at this point but that action isn't necessary. There was a brief discussion related to bill tracking services and how they work.

10. INFORMATIONAL ITEMS

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

The meeting adjourned at 7:42 PM.

ROBERT FRENTRESS, CHAIR

JEANNE ANSPACH, SECRETARY