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MINUTES

A REGULAR MEETING of the Sunrise Water Authority Board of Commissioners, was held on **WEDNESDAY, FEBRUARY 24, 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; Judy Grycko; Bob Garbarino; and Terry Roskey.

Staff Present: John Thomas, General Manager; Daryl Zinser, Assistant Manager; Lin Rigutto, Finance Director; Tim Janssen, Staff Engineer, and Kim Anderson, Special Projects.

Budget Committee Present: Sarah Tarnovsky, Randy Shannon, Mark Pedersen

Visitors Present: Patricia Holloway and Barbara Kemper, CRW; Myron Marwick, Oak Lodge Water District; and Janelle Sisson and David Blair, citizens.

1. CALL MEETING TO ORDER

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

2. INTRODUCTIONS, PUBLIC COMMENT & WELCOME OF VISITORS

Board, Staff, Budget Committee Members and Visitors introduced themselves.

3. FLAG SALUTE

The Chair led the Board in the flag salute.

4. BUDGET WORK SESSION

4.1 Cash Flow Projections

Rigutto presented information regarding current cash flow projections and contrasted those figures with the projections used during the budget process for the current fiscal year. Thomas elaborated on the differences between the numbers, specifically higher than projected SDC collections and additional reductions in expenses beyond those already determined during the budget process. Thomas also commented on the proposed budget item increases and the drivers behind the proposals.

Thomas explained that the point of having the Budget Committee participate in this workshop was to make them aware of the proposal related to a rate increase, which will precede the actual Budget Committee meetings.

4.2 Proposed Rate Increase Scenarios

Rigutto presented revenue generation scenarios based upon the Rate and Service Charge increases proposed based on prior conversations with the Board.

Grycko asked if Sunrise has tiered rates for the commercial accounts. Thomas stated that it does and directed her to the specific section of the Staff report that shows the rate increase impact on the commercial tiers. He commented that commercial accounts make up only about 2% of Sunrise accounts, but that they account for about 20% of consumption.

Frentress commented that only three of the Budget Committee Members are present for this meeting and that he would feel more comfortable if the absent members have access to this information. Staff stated that absent members will be contacted and provided with the opportunity to review this information with Staff.

Thomas stated that it is Staff's intent to move forward with the rate increase process prior to the budget process. He stressed that the information being presented is to assure that the Budget Committee Members are aware of the rate increase process that will be underway prior to or concurrent with the budget process.

The Budget Committee Members left the meeting at 6:47 p.m.

5. CONSENT CALENDAR

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

- 5.2 Approval of Expense Report for January 2010
- 5.3 Approval of Annual Payment to Resource Group for Financial Software
- 5.4 Approval of Payment to Olsen Well Drilling for Decommissioning of Well

Roskey pulled item 5.1, Approval of Minutes of January 27, 2010, for individual consideration.

Roskey stated that wording on page 4 of the Minutes, makes it sound like Roskey declared a potential conflict of interest after the discussion had taken place. Thomas stated that the paragraphs could be reversed.

Grycko stated that there is a typo on page 3, where it states that, "included I the overhead charge", where it should be, "included in the overhead charge".

A motion to approve Agenda Item 5.1, Approval of Minutes of January 27, 2010, as amended was made by Roskey and seconded by Blake. Motion carried unanimously.

6. BUSINESS FROM THE BOARD

6.1 Calendar of Meetings

Frentress stated the Clackamas River Water Providers watershed workshop is on March 3. Staff commented that there is still time to RSVP for the event.

A motion to identify the meeting as a compensated meeting for Sunrise Board Members was made by Blake and seconded by Garbarino. Motion carried unanimously.

The upcoming Board training scheduled for April 10th was briefly discussed.

6.2 Liaison Reports

Roskey stated that Boring had little to discuss.

7. BUSINESS FROM THE MANAGER

7.1 Financial Reports

Gryko commented on how many of the items are substantially over budget. Specifically, payroll taxes, finance director, professional services, education and dues, and miscellaneous operating expense. Staff stated that the overage in miscellaneous was due to the lease payment to Oak Lodge for the use of their pipeline. Thomas stated that the overage in miscellaneous services was for a payment that should actually be shifted to water purchases. Rigutto commented that the overage in payroll taxes and Finance Director was related to a retroactive increase to offset PERS contributions for the Finance Director and the need to pay for unemployment for former employees. The overage in professional services is attributable to the water rights permit extension process. The overage in education was due to the fact that the costs were concentrated in one time period.

Grycko commented on the size of some of the individual leak adjustments and how many there were. Staff stated that the report covers a full three months of adjustments. Rigutto stated that she did not know the details on the specific large adjustments, but she could get that information. Thomas stated that this report shows a significant reduction since the Board modified their leak adjustment policies.

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

7.2 Forbearance Letter from Oak Lodge

Jannsen stated that during the last meeting Staff was requested to look at what it would take for Sunrise to operate in a manner that would maintain plant operations at 60% of capacity. Jannsen discussed the information that he had collected regarding costs associated with a couple of scenarios.

The Board discussed whether it was appropriate for the letter should come from Oak Lodge or from the Commission upon request by Oak Lodge. Staff stated that the IGA would be reviewed to determine which the proper approach should be.

8. MONTHLY REPORTS

8.1 Operational Reports

8.2 Engineering and Construction Reports

Blake asked about the progress on decommissioning Well 1E. Jannsen commented on the difficulties that have been encountered in the process. The problem that has caused the delay in the process was when the drill bit that was being used to shatter the liner sheared off and had to be fished out of the bottom of the well.

9. INFORMATIONAL ITEMS

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

The meeting adjourned at 7:15 pm.

ROBERT FRENTRESS, CHAIR

JEANNE ANSPACH, SECRETARY