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## MINUTES

A REGULAR MEETING of the Sunrise Water Authority Board of Commissioners, to be held on **WEDNESDAY, JANUARY 27, 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; Jeanne Anspach, Secretary; Judy Grycko, Terry Roskey, and Ernie Platt

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

Visitors Present: Patricia Holloway and Barbara Kemper, CRW; Myron Martwick, Oak Lodge Water District; and Janelle Sisson, citizen

### **1. CALL MEETING TO ORDER**

Call to order at 6:05

### **2. INTRODUCTIONS & WELCOME OF VISITORS**

### **3. FLAG SALUTE**

### **4. PUBLIC COMMENT**

### **5. CONSENT CALENDAR**

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

- 5.1 Approval of Minutes of December 17, 2009
- 5.2 Approval of Expense Report for December 2009
- 5.3 Appointment of Budget Committee
- 5.4 Approval of SDC Annual Report

Blake asked for clarification on certain expenditures. Staff provided clarification.

Platt asked if Cathy Daw was still going to serve on the Budget Committee. Staff stated that she would do so.

Frentress asked for an explanation of the payment to Raphael House. Staff stated that it is the charity that Staff chooses to support during the holidays. Staff conducts a buy in Bingo game at the Christmas Party and others choose to donate cash. Rather than deliver cash to Raphael House Sunrise cuts a check for the amount.

## **6. DISCUSSION**

Thomas stated that Agenda Items 6.1 through 6.4, are tied together, so Staff will make a presentation to the Board.

### 6.1 Meter Installation Cost Adjustment

#### 6.1.1 System Development Charges

Rigutto explained the methodology used to calculate SDC's on an annual basis and that the net change for the year will be \$49.00, for the calendar year.

A motion to approve the indexed adjustment to the SDC's, effective February 1, was made by Platt and seconded by Grycko.

Platt complimented Staff, and Rigutto specifically, on the clarity and correctness of the SDC adjustment Staff report and documentation.

Motion carried unanimously.

#### 6.1.2 Meter Costs

Rigutto stated that Staff had noticed an increase in overall costs and determined that the driver was the actual cost of meters and meter boxes. Thomas explained that Sunrise had switched to composite meter boxes a few years ago. Sunrise had switched suppliers once before to get better pricing. Zinser commented that the recent increases are due to increased manufacturing costs and shipping costs. Suppliers had been absorbing the shipping costs in the past and are now passing that through to the customers. He stated that he has contacted alternative providers as well as negotiating with the current supplier to get better pricing. The current supplier is also in the process of negotiating with a new source for an equivalent product at a lower wholesale price. Thomas stated that Sunrise should capture the current actual costs in the meter installation fee.

A motion to increase the meter installation charge to \$880, effective February 1, 2010, was made by Anspach and seconded by Roskey.

Grycko suggested that the issue should be brought back to the Board for further consideration if the negotiations with suppliers results in a substantive change. Staff stated that it would be.

Frentress asked what was included in the overhead charge. Thomas stated that it included things like Staff time for handling the project and setting up the account in the system along with a component for facilities and equipment.

Motion carried unanimously.

Frentress asked if the issue with Miramont Point had ever been resolved. Thomas stated that connection was severed and Zinser had been present when it was done.

## 6.2 Cash Flow Projections

## 6.3 Service Charge Proposals

### 6.3.1 Residential

### 6.3.2 Commercial and Special Residential

## 6.4 Potential Rate Increase

Thomas discussed the cash flow projections for the year and the circumstances that led to the difference between projections and actual that led to larger cash balance than had been previously anticipated. He discussed the budgetary changes that Staff would suggest the Board consider. Changes included allocations of funds for a COLA increase for Staff, budgeting for succession activities, and returning to the Consortium as a paid member. In light of this conversation, Staff is proposing that the Board consider mechanisms for capturing an additional \$200,000 or revenue. Thomas commented that Staff is proposing that the additional revenue be generated through a combination of a rate increase and service charge increase.

Rigutto discussed the findings of Staff's evaluation of the current service charge. The evaluation suggests that the service charge for full cost recovery should be \$13.75. Rigutto specifically highlighted the fact that the cost of the backflow program has never been included in the service charge in addition to the increase in the costs of meters and boxes.

Thomas discussed how Staff developed scenarios considered for generating the necessary revenue and the implications on the different customer types served by Sunrise. Increasing service charges has a bigger impact, by percentage, on low use customers; whereas a rate increase impacts higher volume users more. Thomas stated that a service charge increase is a more predictable income stream, however pointed back to the fact that it impacts lower income/consumption customers more significantly than it does higher end users.

Thomas suggested that the Board needs to provide Staff with direction on several issues, including how much revenue the Board would like to generate; whether or not to include a COLA increase, the Consortium dues, and an allocation for succession

planning in the budget process; and if the Board would prefer to generate the revenue through a rate increase, a service charge increase or by a combination of the two.

Roskey suggested that Staff consider a fifty/fifty split between fees and rates. Frentress asked what type of schedule the Board would be required to meet. Blake suggested that the Board reach consensus on the issues that Staff has placed before them, such as the Consortium. Frentress stated that he is not sure about the benefits derived from the Consortium versus that paid to the Clackamas River Water Provider. Thomas stated that the Consortium is a broad-based, high level conservation program, whereas the Clackamas Water Providers provide an on-the-ground program that is in the schools and in the community, plus they provide a tremendous amount of value in relation to watershed and source water protection programs.

Staff discussed the options available for membership in the Consortium. Frentress stated that his understanding was that Sunrise had a one year exemption from dues payment but that the option has expired. Thomas stated that it may no longer be the case. He highlighted some of the values of the Consortium, such as inter-connections studies, emergency planning options, the conservation program, and having a forum for regional level water supply discussions. Thomas proposed that Sunrise returns to membership in the Consortium with the condition that the dues be negotiated with a payment schedule.

Thomas stated that Staff has been great about living through the economic downturn and staffing has been extremely tight. The Board discussed the Staff proposal to include a 3% COLA in the budget. Rigutto stated that the current index is at 3.4%. Frentress asked when it would be effective. Staff stated it would be effective July 1. The Board discussed the proposal and agreed that it should be considered in the budget, considering that the Board can take action on it later.

Roskey declared that he has an actual conflict of interest in regards to discussions regarding COLA increases.

The Board discussed the Staff proposal to include an allocation of \$100,000 in the budget to address succession planning issues. The general consensus of the Board was that all of the proposals should be considered in the budget process.

Frentress stated that would like to see proposals for generating \$200,000 and \$300,000 of revenue under a variety of scenarios and what the effects might be. Grycko asked if Sunrise has a standing policy regarding full cost recovery on service charges. Staff stated that Sunrise does not and has always addressed the issue as it arises. Thomas pointed out that increasing service charges does not require a rate hearing.

## **7. BUSINESS FROM THE BOARD**

7.1 Calendar of Meetings

7.2 Liaison Reports

Blake reported on a large woody debris placement project and a salmon carcass placement project by a high school class. He also reported that he has been elected to the executive committee for the CRBC.

Blake attended the C-4 meeting. He commented that Wilsonville is planning the construction of a new wastewater treatment plant and the RFP will be for a design/build/operate contract.

A motion was made by Anspach and seconded by Roskey that Blake be granted compensation for attendance at CRBC Executive Committee meetings. Motion carried unanimously.

### 7.3 Future Agenda Items

## **8. BUSINESS FROM THE MANAGER**

### 8.1 Financial Reports

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

### 8.2 Forbearance letter from Oak Lodge

Staff proposed that the item be discussed in executive session

### 8.3 Regional Water Providers Consortium

This item was previously discussed in part of agenda items 6.1, 6.2, and 6.3.

### 8.4 Special Meeting on February 10, 2010

The draft agenda for a special meeting to be held on February 10 was presented.

### 8.5 C-4 Update

This item was presented for information only.

### 8.6 Board Training

The Board discussed the proposed training. The Board indicated that Staff should extend an invitation to other Boards to participate. Staff was directed to consider if some of the cost could be recovered from other attendees.

### 8.7 Cell Phone Use in Authority Vehicles

Roskey commented that he had requested that this item be placed on the agenda. He commented that it is often difficult to pull over quickly and it can become time consuming. He was going to suggest that Sunrise purchase a Bluetooth device and that if it is lost or damaged the employee has to replace it. Thomas stated that the problem lies with Nextel being a partial radio/partial phone and there's some unknowns

regarding how that would work. Staff stated that it is something that Staff can continue to research and will come back to the Board with more information.

Platt commented on the proposed Eagle Landing project.

Thomas stated that he, Platt and Anderson had attended the State of the Cities lunch today. He commented that it is interesting to note that every city in the immediate area has either recently changed or is in the process of changing their city managers.

## **9. MONTHLY REPORTS**

9.1 Operational Reports

9.2 Engineering and Construction Reports

## **10. INFORMATIONAL ITEMS**

## **11. EXECUTIVE SESSION**

Entered Executive Session at 7:52 pm.

AN EXECUTIVE SESSION OF THE SUNRISE WATER AUTHORITY BOARD OF COMMISSIONERS to be held per ORS 192.660 (2) (f) To consider information or records that are exempt by law from public inspection, under ORS 192.502 (1) Communications within a public body or between public bodies of an advisory nature; and (9)(a) Public records or information the disclosure of which is prohibited or restricted or otherwise made confidential or privileged under Oregon law.

## **12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**

Return to regular session at 8:32 pm.

A motion to agree to the terms of the agreement proposed to resolve a personnel issue was made by Platt and seconded by Grycko. Motion carried unanimously.

Move to adjourn by Grycko, seconded by Anspach. Motion carried with Blake voting in opposition.

The meeting adjourned at 8:35 pm.

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ROBERT FRENTRESS, CHAIR

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JEANNE ANSPACH, SECRETARY