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M I N U T E S

A regular meeting of the Sunrise Water Authority Board of Commissioners, was held on Wednesday, May 23, 2012 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ernie Platt, Chair; Ron Blake, Vice Chair; Terry Roskey, Secretary; Bob Garbarino, Judy Grycko, Keith Miller, and Mike Kuenzi.

Staff Present: Wade Hathhorn, General Manager; Lin Rigutto, Finance Director; Dan Fraijo, Operations Supervisor; Christin House, Customer Service Supervisor; Tim Janssen, Staff Engineer, Cindy Richards, Customer Service Representative II, and Kim Anderson, Government Relations Manager.

Visitors Present: Barbara Kemper, CRW; and Myron Martwick, Oak Lodge Water District; Eric Hofeld, Sunrise Water Authority Budget Committee Member; Sherry and Scott Pendarvis, Bill Owens, Vincent Sliwoski, and Zale Schoenborn.

1. CALL MEETING TO ORDER

The meeting was called to order at 6:04 PM.

2. INTRODUCTIONS, WELCOME OF VISITORS & FLAG SALUTE

3. PUBLIC COMMENT

4. APPROVAL OF AGENDA

Hathhorn requested that a discussion of the ongoing water right permit process and litigation be included under the Executive Session item per ORS 192.660 (2)(f).

5. FY 2012-2013 BUDGET

5.1 Public Hearing on FY 2012-2013 Budget

Platt opened the public hearing at 6:05 PM

Hathhorn presented an overview of the proposed budget that was recommended for approval by the Budget Committee. He discussed the increase in staffing, indicating

that it was largely made possible by higher than expected meter sales which reduced the amount required from the General Fund to pay debt and freed up those funds for other uses. He commented that Staff continues to be diligent about monitoring spending and cutting costs where possible. Hathhorn indicated that the increase in staffing is largely related to restoring operational capacity that was lost when staffing was reduced by approximately 40% several years ago. He commented on the new approach of committing revenue from the cell tower leases to the Equipment and Vehicle Replacement Fund. The intent to address the capital plan and asset management program throughout the coming year was also addressed.

Platt asked if members of the audience had any questions or comments related to the proposed budget.

5.2 Consideration of Resolution 2012-02, Adopting the Sunrise Water Authority FY 2012-2013 Budget

A motion to approve Resolution 2012-02, Adopting the Sunrise Water Authority FY 2012-2013 Budget was made by Grycko and seconded by Blake. Motion carried unanimously.

5.3 Consideration of Resolution 2012-03, Making Appropriations for the Sunrise Water Authority FY 2012-2013 Budget

A motion to approve Resolution 2012-03, Making Appropriations for the Sunrise Water Authority FY 2012-2013 Budget, was made by Blake and seconded by Grycko. Motion carried unanimously.

Platt closed the public hearing at 6:13 pm

6. CONSENT CALENDAR

Roskey pulled agenda item 6.2 for individual consideration

A motion to approve the consent calendar consisting of the item listed below was made by Grycko and seconded by Miller.

- 6.1 Approval of Minutes of:
April 25, 2012 Regular Meeting
April 25, 2012 Budget Committee Meeting

6.2 Approval of Expense Report for April 2012

Roskey asked for further information regarding the reimbursement for education expenses for Ehredt. Hathhorn commented that he is continuing to attend college courses and the reimbursement is being made under the Sunrise tuition reimbursement policy.

Roskey also asked for clarification regarding the reimbursement to the Skowhede for \$2,598.75. Rigutto explained that the customers had sent in an Electronic Funds Transfer (EFT) payment for \$2625.00 instead of \$26.25, thus necessitating a refund.

A motion to approve the expense report for April 2012 was made by Roskey and seconded by Miller. Motion carried unanimously.

7. DISCUSSION

Item 7.1 was postponed until later in the meeting as a person related to this issue had not arrived yet.

7.2 Audit of Commercial Accounts

Hathhorn commented that it had been some time since an audit of the commercial accounts had been done. He discussed the summary of the under and over billed accounts that was presented in the Board packet. Hathhorn commented that he has met with the representatives of the school district to discuss their particular issue.

He commented that the Lawnfield Garden and Townhomes with a View were transferred from CRW as part of the 97th annexation and that the error originated during the transfer of information from one agency to another. During that process one of the meters for Lawnfield Gardens was associated with an account for Townhomes with a View. As Townhomes with a View was already billed for multiple meters it didn't raise any questions on their end. He informed the Board that the error was discovered as the result of a field inspection of meters. Hathhorn commented that statutorily Sunrise has the legal right to pursue collection of the amounts due.

Platt commented that the Board had made a determination on the school district issue last meeting, so it is the rest that are open to questions.

Miller asked if there was any history of Lawnfield Gardens contacting Sunrise about information on this issue. House commented that the only contact with them was a call from them requesting information on their consumption for the past three years. Blake asked if the owner has been contacted yet.

Platt suggested that the rest of the account issues be dispensed with first and that the Board would then come back to the most substantial issue last. House commented that those accounts listed as having been overbilled have already either received credits or refunds.

The Board determined to address the under-billed accounts individually.

House commented that the Bean account relates to a fire service for which they had never been charged a service fee. House explained that this is a three building complex with separate services but that this is the only building that didn't get charged appropriately. Miller asked if fire service charges are itemized on the bills. House stated that they were and that each building receives a single bill. Roskey commented that perhaps the building owner should be asked how they would like to deal with it. Blake commented that perhaps the Board should just authorize the manager to negotiate with each of the account holders to get the best deal possible.

Hofeld added that the Board needs to be aware that their decision on how to approach collecting on these accounts establishes policy for the agency.

After further discussion of options on how to proceed with addressing these issues with the customers, Platt summarized the concept that the Board authorizes the General Manager to approach each of the under-billed account holders to collect the full funds due within the constraints of the current policy. Hathhorn asked for clarification from the Board as to whether or not that should include termination of services for non-payment. The Board agreed that termination of service is part of the standard collection process and that it could be applied.

In the case of Creekside Apartments a smaller meter size was shown on the account, resulting in the account being charged at a lower rate than it would have been. A discussion ensued about whether or not there was a way for the account holder to know what size meter they have and should have. House clarified that Creekside receives two bills, one for each of the two meters that reside in the vault. She stated that the error was in entering the meter into the system as the wrong size. Platt commented that he didn't see any reason to treat this account any differently than the previous account.

Janssen explained that while the meter for the Clackamas County Fire District was being read the meter readers were not reading the final digit, resulting in an error of a factor of 10. House explained that in addition to the meter reading error the service charge applied to the account was for a residential meter.

In relation to the Lawnfield Garden account, Miller commented that he views business as business, and a business owner would try to collect back rent, so this is similar. Platt stated that in that case it appears that this account should be handled the same as the other non-governmental commercial accounts.

Hathhorn stated when approached about these errors the response from the account holders is always related to Sunrise's culpability and its responsibility in the situation and the owner's knowledge or lack of knowledge of the situation. He commented that for issues like the Bean account, the difference in their monthly bill would have been insignificant and probably gone unnoticed, while issues such as the Lawnfield Gardens account was likely known by the owner, so he sees that there are some contextual differences between the owners share of responsibility.

Hofeld commented that there may be justification to let funds go uncollected on accounts where the owner has no knowledge and no reason to know that there was an error. Platt thanked him for the comment and acknowledged that it may be an approach that is considered on some of the accounts after the initial contact is made.

Hathhorn commented that the fire district issue is similar to that of the school district, in that they are both public entities and that it is the same rate payers that would be impacted, which is different than the situation where a commercial entity is using the service to make a profit.

7.1 SDC Waiver on Meter Installation for Special Purpose Use

Jannsen provided background on the request for an SDC waiver on a two inch meter for the Pendarvis Farm. Zale Schoenborn discussed the desire for the installation of a two inch meter at the Pendarvis Farm to improve fire suppression and potable water availability for the duration of the Pickathon event. He discussed the financial constraints for the Pickathon and the need to run some 3000 feet of pipe in order to deliver water to the necessary locations on the site.

Platt asked how the requesters had arrived at a two inch meter as the desired size. Schoenborn commented that it was an estimated size based on gradient and distance. Platt asked about the window of time that the water would be needed. Schoenborn stated that it would be predominantly for the months of July and August, with the majority of the need for fire suppression capability while there are multiple people on site working or attending the Pickathon event.

Blake asked if it was a paid event or a free event. Zale commented that it is a paid event, but that at this point the event generates barely enough to cover its expenses; such as bathrooms, camping, electricity, etc. Roskey asked Jannsen if a two inch meter was the right size for this application. Jannsen stated that he had not looked at it closely, and went on to mention his concern that this connection would be made to a six inch line and that the impacts on the system if it was in use for fire suppression could be significant.

Roskey expressed his concern that the Board would be setting a precedent in permitting an exception to payment of SDCs a for profit organization. He suggested that perhaps an option would be to install a fire hydrant at the site and permit a hydrant meter each year for the event. Staff conversed about the presence, or lack of, a policy on annual use of hydrant meters.

Platt suggested that the Board consider each of the questions that staff posed in the staff report. Blake commented that he would prefer to see more information and then have the Board consider this in a work session. Platt commented that delaying a decision would likely create timing issues for the installation of the pipeline by the Pickathon supporters.

Grycko commented that she would be OK with waiving the SDC, provided the meter was locked off except during the window of time specified for use, and making provision for charging of SDCs if the requested time for use expands. Platt commented that he generally would not support a waiver, but in this case he would with conditions about future use. Roskey reiterated the concern about granting waivers and setting precedent. Grycko commented that under our current temporary irrigation meter policy already allows for a waiver under a specific set of circumstances that are defined by the Board. Blake stated that he doesn't view the two situations as an apple to apple comparison.

Miller commented that he was concerned about the unlimited duration that this could occur and the probability that the event would grow. Schoenborn commented that the conditional use permit for the event site caps the capacity of the event for ten years; so ultimately it won't be permitted to grow. He explained that the whole site of 80 acres is involved with the event and camping.

Platt outlined an agreement for a waiver of the System Development Charge that included: charges for installation of the meter are fully covered by the customer, service fees will be charged for periods when the meter is in use, that the meter be locked for any period outside of the permitted time of use, that additional use triggers SDC charges, that the window for use will be 45 days, that the agreement will extend for ten years, and that any sale of the property or event would terminate the agreement.

Kemper commented that her brother had tank trucks that he used for fire fighting in California. Schoenborn commented that the event already uses tanker trucks as the source for potable water supply.

Platt asked about the zoning of the property. Mr. Pendarvis stated that the property is zoned agricultural and that they run a small wedding business on a very limited basis under a permit with the city and that the Pendarvis family has no intent to develop the property.

Schoenborn asked if the terms of the agreement meant that Pickathon would potentially have to pay a much higher SDC fee in the future. Platt commented that if the event organizers chose to defer payment of SDCs for a meter now, they would need to pay whatever the rate might be at the time if they chose to install a permanent meter and that it is a risk that the Pickathon organizers should bear. He stated that it isn't the responsibility of Sunrise to bear that risk. Miller commented that many of the people in the room are business people and there's no guarantee that any of their businesses will be around in ten years either.

Hathhorn asked that for a point of clarification that the agreement include verbiage indicating that water passing through the meter would be charged at current applicable water rates.

Platt asked each member for their view on the proposal: Blake and Roskey stated that they were opposed to it, Garbarino and Grycko indicated that they were satisfied with the terms of the agreement, and Kuenzi and Miller expressed concerns about the open ended nature of the proposal. Kuenzi commented that he was uncomfortable tying the agreement to the terms of the conditional use permit, as that is not our issue, but the city's. He commented that he would be more comfortable with a three year review period. He clarified that his issue with the term of the agreement relates to the Authority's responsibility to the customers that have paid for their capacity and that he would be willing to support the agreement if review occurred at three years. Platt commented that while it is not a Sunrise issue, the Pickathon folks are concerned about making the investment piping and facilities without any sense of certainty.

Blake commented that he is not comfortable with allowing them to pay the service fee for only the period of use, since other customers have to pay the service fee even if they are on vacation.

Platt asked if changing the terms of the agreement to three years with three year renewal periods and charging the service fee on the meter to year round would change anyone's vote.

Martwick suggested that the Pickathon organizers charge a surcharge on the tickets for water service. Schoenborn stated that tickets for 2012 Pickathon are already pretty much sold out.

Roskey stated that the proposal as Platt outlined it with the changes was more in line with the policy related to temporary irrigation meters and that he would accept that.

A motion to waive the System Development Charges associated with the installation of a two-inch meter at Pendarvis Farms, subject to an agreement that the use of the meter would extend for 45 days per year and that it would be locked off the remainder of the year; service charges would be charged year round; any use outside of the 45 days would trigger payment of the System Development Charge at the rate in effect at that time; the user will be billed for all water consumption through the meter at applicable water rates, and the agreement will be reviewed in three years for renewal at the discretion of the Board was made by Grycko and seconded by Miller. Motion carried unanimously.

Platt thanked Schoenborn for bearing with the Board as they tussled with the issue.

7.3 Engineering Services for Work Related to the Sunrise Corridor

Jannsen provided background on the proposed project, which is related to the State project for the Sunrise Corridor. He commented that the nice thing is that the Sunrise pipeline resides in county right of way, so the expense for relocation falls to ODOT. However, Sunrise will need to obtain engineering services for the project. Jannsen indicated that costs related to the project will be paid by Sunrise then reimbursed by ODOT. Staff concurs with the ODOT proposal that the engineering firm of Obec Consulting Engineers be engaged to perform the work, as they are also the engineering firm for ODOT. This is the preferred alternative as using this firm will keep all of the project work within a single engineering firm which allows for better coordination.

Platt asked if ODOT would let the contract for the project work or if Sunrise would have to do it. Jannsen stated that the actual project work would be completed by ODOT's construction firm. Kuenzi commented that WES was told by ODOT that in their case the project cost would be borne by WES and only the engineering cost would be reimbursable, so suggested that Jannsen may want to confirm with the ODOT staff that he had received accurate information.

A motion to approve the selection of OBEC Consulting Engineers for engineering services for work related to the Sunrise Corridor and to authorize the General Manager to sign a professional services contract for a not-to-exceed cost of \$30,000 was made by Blake and seconded Kuenzi. Motion carried unanimously.

7.4 Abandonment of Six Inch Main on SE King Road and SE 145th Avenue

Jannsen stated that there is about 5000 feet of 60 year old six inch cast iron line in King Road along with a newer 12 inch ductile iron. He stated that the six inch has developed issues, including multiple breaks requiring substantial staff time and resources and impacting level of service to customers, so abandonment of the six inch and transfer of the services to the 12 inch is advisable. He stated that the proposal is to abandon the

pipe in place. He commented that the material cost and gravel cost were both under the \$5000 spending limit set by the Board.

Jannsen discussed the pre-authorization process used for establishing a roster of contractors and its provision for an annual update of costs. Landis and Landis raised their equipment prices substantially in the update, making DM Excavating the more cost effective option. Since that is the case, and DM Excavating has extensive knowledge of these particular pipes, Jannsen is proposing the use of the DM Excavating for the project.

Roskey commented that with two contractors on the roster, utilizing one exclusively could lead to issues with perception of favoritism. Hathhorn commented that he has discussed that concern with Tim and they are considering the concept of going through the process to qualify contractors again.

Hofeld asked if this project was in the recently paved section of roadway. Jannsen stated that the project area is actually in a road section that is scheduled to be paved next year.

A motion to approve the selection of DM Excavating from the construction services roster to perform the work related to the abandonment of approximately 5000 feet of six inch cast iron line in SE King Road was made by Grycko and seconded by Roskey. Motion carried unanimously.

7.5 Policy Related to Installation of Water Service at Temporary Construction Offices

Fraijo gave background on the impetus for development of the policy. Kuenzi asked if the fee was set to cover installation of the meter or does it cover establishing the account also. House and Jannsen explained that the cost would cover installation and water only and since it would be unmetered there would be no account established.

Hathhorn commented that it is current practice for many developers to put water to their job shacks without informing Sunrise and this policy gives everyone fair rules to live by.

A motion to adopt Resolution 2012-04, establishing policy 28-12: Installation of Water Services at Temporary Construction Offices, was made by Grycko and seconded by Roskey. Motion carried unanimously.

7.6 Policy Related to Voluntary Meter Removal

Anderson stated that the circumstances that would trigger this policy are not rare, but are uncommon. She commented that she can think of about six instances where this would apply right now. The intent is to allow a property owner the opportunity to avoid paying for water service that they are unable to utilize until such time as they may resume use of the property, when the period of disuse will continue for a minimum of one year or longer.

A motion to adopt Resolution 2012-05, Establishing Policy 29-12, Voluntary Removal of Water Meters, was made by Roskey and seconded by Blake. Motion carried unanimously.

7.7 Squire's Court Billing Issues

Hathhorn commented that the evidence of a gradual leak was only visible when all of the consumption data was laid out and looked at over a long time span. House explained the circumstances surrounding the multiple leaks at Squire's Court and their leak adjustment request.

Grycko commented that the staff report indicates that Squires Court was sent a leak adjustment form in July 2011. House stated that it was sent but was never returned. Roskey asked what the policy is regarding the time period for turning in a leak adjustment form. House stated that account holders have 30 days from the time the form is sent to return it to Sunrise in order to be eligible for a leak adjustment.

Hathhorn commented that the original slow leak was not recognized until it blew out and created a major leak, which necessitated a review of the account. Discovery of the slow leak triggered the leak adjustment request process that included sending the leak adjustment request form to Squires Court, to which they did not respond.

Kuenzi asked if Hathhorn had a recommendation to address this. Hathhorn stated that the issue for the staff is to determine how far back to go to grant the leak adjustment. Hathhorn indicated that there is evidence that Squires Court repaired the leak that occurred in July 2011. Hathhorn stated that Staff's recommendation would be to grant a leak adjustment back to August 2011 as Squires Court had an opportunity to apply for an adjustment on any earlier leak and failed to meet the requirements of the policy. The Board concurred with that recommendation.

Platt reiterated that the current leak will be handled according to policy and granted back to August 2011.

Hathhorn commented that he believes that we are approaching the point where these types of billing issues can be unearthed within a quarterly basis, not years. He indicated that that the Finance Director will be performing quarterly audits and making recommendations for establishing additional controls. Miller commented that his concern is evaluating how to set controls so that these issues would be surfaced as part of the regular billing process.

8. FROM THE BOARD

8.1 Calendar of Meetings

8.2 Liaison Reports

Grycko commented that the NCCWC meeting was conducted in 20 minutes.

Blake commented that the CRBC annual event included Native American drumming, a salmon feed and other entertainment.

Hathhorn commented that Blake wasn't including the important part, which was Blake's receipt of an award for his service to CRBC.

Platt commented that the Damascus City Council was going back to the beginning to reevaluate the goals for the comprehensive planning process. He stated that the Council reduced the original eight goals to five and has made them considerably less wordy.

He stated that the City Council has interviewed five candidates for the position of City Manager. He stated that each candidate was interviewed by three panels and that there were thirty questions asked in total amongst the three panels. The panels handed their work to the City Council who discussed it as part of their selection process.

8.3 Future Agenda Items

Roskey asked how susceptible the SCADA system is to solar flares and suggested that Close take a look at that issue.

9. BUSINESS FROM THE MANAGER

9.1 Financial Reports

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

9.2 Cash Flow Report

9.3 Manager Updates

Hathhorn commented that in light of the extensive discussion for the evening and his intention to bring the issues back to the Board at the next meeting he would eschew further comment.

10. MONTHLY REPORTS

10.1 Operational Reports

10.2 Engineering and Construction Reports

11. INFORMATIONAL ITEMS

12. EXECUTIVE SESSION

The Board entered executive session at 8:27 PM.

An Executive Session of the Sunrise Water Authority Board of Commissioners to be held per ORS 192.502 (1) Communications within a public body or between public bodies of an advisory nature and ORS 192.660 (2)(f) To consider information or records that are exempt by law from public inspection.

The Board returned to regular session at 9:04 PM.

There was no action taken on items discussed in Executive Session.

The meeting adjourned at 9:05 PM

ERNIE PLATT, CHAIR

TERRY ROSKEY, SECRETARY