



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, September 28, 2011 at 6:00 PM at Sunrise Water Authority, 10602 SE 129th Avenue, Happy Valley, Oregon, 97086.

Board Present: Ernie Platt, Chair; Terry Roskey, Secretary; Jeanne Anspach, Bob Garbarino, Judy Grycko and Mike Kuenzi.

Staff Present: Wade Hathhorn, General Manager; Dan Fraijo, Operations Supervisor; Christin House, Customer Service Supervisor; and Kim Anderson, Government Relations Manager.

Visitors Present: Myron Martwick, Oak Lodge Water District; Barbara Kemper, Patricia Holloway, and Grafton Sterling, CRW

1. CALL MEETING TO ORDER

The meeting was called to order at 6:01 p.m.

2. INTRODUCTIONS & WELCOME OF VISITORS

3. FLAG SALUTE

4. PUBLIC COMMENT

5. APPROVAL OF AGENDA

6. CONSENT CALENDAR

Roskey pulled Agenda Item 6.2, Approval of Expense Report for August 2011, for individual consideration

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

- 6.1 Approval of Minutes of
 - 6.1.1 August 4, 2011 Joint Meeting with CRW
 - 6.1.2 August 24, 2011 Regular Board Meeting

- 6.3 Adoption of Resolution 2011-38, Forfeiture of Pro-rata Reimbursement
- 6.4 Approval of asphalt repair for January main break on 122nd Ave.

6.2 Approval of Expense Report for August 2011

Roskey asked about the check to the Government Ethics Commission. Anderson commented that it is an annual payment required by the State.

A motion to approve item 6.2 was made by Roskey and seconded by Grycko. Motion carried unanimously.

7. DISCUSSION

7.1 Approval of Materials and Contract Services for the PRV from Reservoir 10 to Reservoir 6

Hathhorn commented that there are a series of items that Jannsen will review with the Board. Jannsen commented on the project objective; to facilitate the movement of water from to Reservoir 10 to Reservoir 6, which in essence expands storage for the most high demand pressure zone. He pointed out that Attachment 7.1-1 shows the quote for the materials and Attachment 7.1-2 shows the quote for the vault. Jannsen commented on the process that the Board had engaged in during the spring to select contractors to be placed on a roster of approved contractors. He indicated that the contract services will be provided by Landis and Landis, who is qualified one of the two contractors on the Sunrise approved contractor list.

Roskey stated that he recalled that on the 132nd pipeline replacement project was originally going to be completed by Landis and Landis instead of DM Excavating. Jannsen stated that the staff had discussed the two projects further and it was determined by Staff that the 132nd replacement was a more complex project and that there were benefits to working with a contractor that was familiar with the project area and that the other projects were more straight forward, therefore it was decided to use DM for the 132nd project and Landis and Landis for the other two projects.

Hathhorn commented that the proposed action was specifically worded after discussions with legal counsel, in order to assure that the actions comply with public contracting law on intermediate procurements.

Kuenzi asked if Staff solicited bids from the contractors on the roster. Hathhorn reiterated the process for the selection of contractors for the roster and the process to utilize those contractors. Jannsen stated that the amount presented is the engineers estimate for the project based on the time and material proposals that were provided by the contractors when they were approved for placement on the roster. Jannsen stated that the actual contracts are written on a time and materials basis also.

A motion to approve the purchase of pipe and fittings for a not-to-exceed cost of \$7,500, and approve the purchase of a vault for a not-to-exceed cost of \$4,000, and to approve the selection of Landis & Landis from its construction services roster to perform the installation work for a not-to-exceed cost of \$17,000, was made by Grycko and seconded by Roskey. Motion carried with Anspach voting opposition.

Anspach expressed concern that proceeding without a bid from the contractor is proceeding backwards. Hathhorn stated that was true to some extent, although it is difficult for contractors to bid on projects underground where there are unknown quantities, so the time and materials process mitigates for that uncertainty. There was a discussion on the use of the roster process and how contractors are going to be evaluated moving forward. Hathhorn stated that the process could be modified to include a consultation with the contractor prior to agreeing to proceed with the contractor to assure that the anticipated cost from the contractor's view is similar to the engineers estimate.

7.2 Approval of Materials and Contract Services for the 6-inch Main Replacement on SE Con Battin Road

Jannsen stated that this area is served by an undersized line and that the current line condition is substandard and constructed of materials that are not standard for our system. The project will address these deficiencies. Platt asked if the amount includes pavement restoration. Jannsen stated that the majority of the project will not be located in the roadway. Grycko asked if the delivery time for the materials was a consideration in the selection of the materials provider.

A motion to approve the purchase of pipe and fittings for a not-to-exceed value of \$13,000, and approve the selection of Landis & Landis from the construction services roster to perform the replacement work for a not-to-exceed cost of \$42,000 was made by Roskey and seconded by Kuenzi. Motion carried with Anspach voting in opposition.

Anspach reiterated her concern with proceeding with approving the use of the contractor prior to receiving a bid from the contractor that is specific to the project. Jannsen commented that there is no commitment to using a particular contractor until the notice to proceed is given. If agreement can't be reached with Landis & Landis on price, Sunrise can change service provider.

7.3 Approval of Materials and Contract Services for the 8-inch Main Replacement on SE 132nd Avenue

Jannsen commented on the condition of the cast iron pipe that is currently in place and the need for replacement. This project will necessitate various shut offs of the system as service taps are converted from the old pipe to the new. Grycko asked if the customers receive adequate notification of those outages. Fraijo discussed the notifications given to customers.

Platt asked for confirmation that no customers would be out of water overnight. Staff stated that the objective would be that all outages would be under four hours.

Anspach asked if DM has approved the value quoted in the staff report. Jannsen stated that they have not, but that the cost is related directly to the unit costs that the contractors had submitted as part of the roster process. He commented that there is a certain level of trust that is associated with working with the contractors on the roster.

A motion to approve the purchase of pipe and fittings for a not-to-exceed value of \$36,000, and approve the selection of DM Excavating from its construction services roster to perform the replacement work for a not-to-exceed cost of \$99,000 was made by Grycko and seconded by Kuenzi.

Kuenzi asked if legal counsel has been consulted in regards to whether or not prevailing wage would apply to these projects. He also requested that when staff presents items in the future he would prefer to see a total project cost.

Motion carried with Anspach voting in opposition.

7.4 Approval of S&S/Itron Interface

Hathhorn commented that Sunrise discovered during the process of replacing the fixed area network that it was necessary to program a new interface to translate the data collected by the radio system into a format that is recognizable by the S&S software. He commented that the price seemed excessive to staff, but that since it is proprietary software, there isn't really an alternative option. He went on to say that the conversion is almost complete and that the first round of readings went very well.

He then discussed the problems that have been encountered in dealing with S&S. He stated that he has been trying to speak to someone from that firm for months and has had no success. He indicated that there is a larger conversation with the Board that needs to occur regarding the CIS software in general, but that there is little choice at this juncture but to move forward with the interface for the moment. He stated that it is his intent to have legal counsel look at whether S&S has breached the intent of their customer service contract with Sunrise and to send them a letter reiterating our request for information.

A motion to approve the down payment of \$5,225 to Systems & Software for the creation of an interface program, and to authorize the expenditure of an additional \$5,225, for a total of \$10,450, without additional Board action and to approve payment of the annual maintenance fee of \$960 was made by Grycko and seconded by Roskey. Motion carried unanimously with great reluctance.

Anspach reiterated her position that legal counsel should be involved in attempting to get response from S&S to Sunrise requests.

7.5 Relocation of Gramor Well Electrical Panel

Jannsen discussed the background on the Gramor Well and its relation to the non-potable system for the Board members that have joined the Board since the well was acquired. He stated that the original intent was to locate the electrical equipment in the vault with the well, however that has not worked as anticipated and the proposal is to relocate that control panel to an exterior panel adjacent to the electrical service.

Platt commented that there appears to be a larger cushion on this proposal than is customary. Jannsen stated that the proposal was produced by the SCADA technician and that he may have more specific knowledge related to this type of project than Jannsen does.

Roskey asked at what point the purple pipe system would be activated. Jannsen stated that it is intended that with this change it could be activated spring of 2012. Roskey also asked what the rate structure might look like for the non-potable water. Hathhorn commented that the Board has not discussed that issue yet but that it will need to be addressed prior to activating the system.

A motion to approve the electrical panel relocation for a not-to-exceed value of \$10,000 was made by Grycko and seconded by Roskey. Motion carried unanimously.

8. BUSINESS FROM THE BOARD

8.1 Calendar of Meetings

Information only.

8.2 Liaison Reports

Garbarino stated that Happy Valley's end of year budget numbers came in at \$2.2 million and that they had budgeted based on \$1.8 million.

Roskey commented that Boring has found that there are some federal funds available for site hardening work. He suggested that Sunrise should be looking at that.

Platt stated that Anita Yapp has left the City and that the City Manager has appointed Gaschler to fill her role.

8.3 Future Agenda Items

Roskey stated that he feels the Board needs to consider establishing a limit on the value of gifts for retiring employees.

9. BUSINESS FROM THE MANAGER

9.1 Financial Reports

Hathhorn discussed the misalignment between the percentage of revenues collected from fixed and variable fees and the percentages of costs associated with fixed and variable costs. Essentially, the majority of costs are fixed, but a large proportion of revenue is collected through variable fees. He stated that the Finance Director is still estimating that we will come in close to the projected cash position. He stated that even with the reduced water sales, there are still cash reserves being accumulated and the financial position is moving in the direction that is desired.

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

9.2 Cash Flow Report

Information only.

9.3 Manager Updates

Hathhorn commented that the external labor that was provided by Itron for the change out was very efficient. They replaced 2500 meters in a week and tested the system. He stated that there were several issues that had been discovered and that it points Sunrise to developing a regular maintenance schedule for meters. He discussed how there will be a conversation about setting some level of service benchmarks.

He discussed the ongoing efforts related to the revival of the safety committee such as setting goals for safety, training safety inspectors, and employee training and awareness.

Anspach asked if Staff is buying into the concept. Hathhorn stated that it appears that there is currently only marginal buy-in at the Staff level. He shared his opinion that a lot of the apathy towards safety is related to lack of awareness and a need for active training and making safety a focus for the organization. He commented that a line item has been introduced on the annual review that is directly tied actual performance related to safety.

Regional Water Providers Consortium representation needs to be established. Platt volunteered to be the primary representative and Roskey volunteered to be the alternate.

Hathhorn discussed the theory behind the IWRM for Damascus, which is that the city intends to manage water on a sub-basin level including use of rainwater harvesting, reuse and groundwater and other local sources. He commented that they are committed to a dual pipe system, which is a concept that Sunrise has already embraced to some extent. He has shared his views with the City regarding Sunrise's support of the concept of dual pipe systems, with the cautionary statement that there are issues related to financing the concept, the legal complexities of doing so, and the probability of forcing a real discussion about differential rate structures for various service areas. He stated that there are some positive aspects to the concept.

9.4 Manager Review

Platt commented that there were only four reports returned to him. He commented that since Kuenzi had just recently joined the Board and does not feel qualified to comment.

Platt stated that he had created a composite and compared to the Manager's self assessment that they are quite similar.

Platt requested that the Board members consider whether the correct questions are being asked. Several Board members commented that there are several things on the form that they simply don't know enough about to comment upon.

Kuenzi asked what it was necessary for Hathhorn to know about the Board perspectives. Hathhorn stated that what he wants to know is the level of trust that the Board has in him, and if he is performing well in carrying out the directives of the Board. Hathhorn suggested that since the form was used as a starting point for the conversation about the evaluation process that there is room for modification.

Anspach wants to see some measure of how he deals with the irate customer; the front line work. She also would prefer to have Hathhorn give the Board his perspective on his performance first and then have the Board respond. Roskey suggested that he would like to see him address the shortage of experience in the field. Grycko commended him on the way he has taken hold and initiated so many changes. Her only concern to date has been that she would have preferred to see him step in to the conversation at the rate hearing a bit more. Platt stated that the general tone is positive and the list of identified issues and objectives for the year is impressive.

Platt suggested that since the information has been shared and the conversation conducted that he and Hathhorn would both sign the current form as completion for this year.

10. MONTHLY REPORTS

10.1 Operational Reports

Hathhorn commented that the meter sales have been increasing slowly but steadily. He reminded the Board that it takes 300 ERU's to make a debt service payment.

10.2 Engineering and Construction Reports

Anspach announced that she will be reluctantly submitting her resignation after the October meeting. Platt suggested that the Staff bring back a report on the processes at the next meeting.

The Board was reminded that new representation to the NCCWC must be selected.

A motion to appoint Roskey as the primary representative to the NCCWC and Kuenzi as the alternate was made by Anspach and seconded by Grycko. Motion carried unanimously.

Hathhorn stated that Water Watch petitioned to require that each party be able to respond only to their own appeal. The court determined that since each party had been a part of the whole process from the beginning it should continue that way.

11. INFORMATIONAL ITEMS

12. EXECUTIVE SESSION

The Board recessed at 8:00 p.m. for five minutes.

The Board convened an executive session at 8:07 p.m.

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.

The Board returned to regular session at 8:46 p.m.

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

Meeting adjourned at 8:46 pm.



ERNIE PLATT, CHAIR



TERRY ROSKEY, SECRETARY