

M I N U T E S

A meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, November 29, 2017 at 6:00 p.m.** at Sunrise Water Authority 10602 SE 129th Avenue, Happy Valley, Oregon 97086.

Board Present: Ernie Platt, Chair; Chris Hawes; Steve Gaschler; Eric Hofeld Ron Henson

Board Absent: Ron Blake, Vice Chair; Kevin Bailey, Secretary

Staff Present: Wade Hathhorn, General Manager; Tim Janssen, Engineering Manager; Denise Bergstrom, Finance Director; Cindy Wolff, Administrative Assistant; Christin House, Customer Service Manager

Visitors Present: Bill Blanas, CRW Board; Lynn Fisher, OLWSD Board; Joe Schiewe, The Holt Group; James Adkins, Home Builders' Association of Portland

CALL MEETING TO ORDER

Platt called the meeting to order at 6:04 p.m.

APPROVAL OF AGENDA

Hofeld made a motion to pull agenda item 1.3 and for individual consideration and approve the consent agenda as presented. The motion was seconded by Hawes. The motion carried unanimously.

OUTSTANDING ITEMS

PUBLIC COMMENT

1. CONSENT AGENDA

A motion to approve the consent agenda consisting of the items listed below was made by Hofeld and seconded by Gaschler. The motion carried unanimously.

- 1.1 Approval of Minutes of October 25, 2017
- 1.2 Acceptance of Water Mains and Related Facilities for Addison Meadows Subdivision

1.3 Acceptance of Water Mains and Related Facilities for Fox Glen Subdivision

Hofeld commented that Staff should begin the practice of collecting letters validating the authority of the signer to execute documents on behalf of the listed agency or party. Hathhorn offered that he could work with legal counsel to develop a form letter or other type of legally binding language. Platt commented that from his experience the notary should ask for supporting documentation indicating that the signer has legal signing authority.

A motion to accept the water mains and related facilities for Fox Glen Subdivision was made by Hofeld and seconded by Hawes. The motion carried unanimously.

2. DISCUSSION ITEMS

2.1 Financial Statements – October 2017

Bergstrom reported that a sum of money had been moved from Wells Fargo to the LGIP and is earning about 10% more interest.

Hofeld suggested ways to improve the reports. There was a discussion about whether report titles could be customized due to potential limitations of the software. Hofeld asked about the monthly

charges for Ring Central. Hathhorn noted that the price was comparable to the previous service provider and offers more features.

A motion to accept the financial statements as presented was made by Hawes and seconded by Henson. The motion carried unanimously.

2.2 Record Interfund Loans and Repayments

Hathhorn summarized the discussion that was presented at the previous month's meeting.

Platt asked for general questions before discussing and voting on each resolution one by one. There was discussion about the bonds' remaining balance and estimated retirement date.

At 6:20 p.m. Schiewe and Adkins entered.

a. Resolution 2017-15 Record Interfund Loans and Repayment in FY16-17

A motion to adopt Resolution 2017-15 was made by Hawes and seconded by Gaschler. The motion carried unanimously.

b. Resolution 2017-16 Record Repayment of Interfund Loan FY17-18

A motion to adopt Resolution 2017-16 was made by Hawes and seconded by Hofeld. The motion carried unanimously.

c. Resolution 2017-17 Authorize Supplemental Budget to Retire Interfund Loans

A motion to adopt Resolution 2017-16 was made by Hawes and seconded by Henson.

There was discussion about whether the remaining funds would be sufficient after the repayment and retirement of the interfund loan. Staff concluded it would.

The motion carried unanimously.

Hawes commended staff for their efforts sorting this issue out. Platt added that we will now know how to properly document these transfers going forward.

2.3 Convene Local Contract Review Board (LCRB)

Platt recessed the regular meeting and convened the Local Contract Review Board at 6:26 p.m.

a. Public Hearing on Draft Findings for Alternative Contractor Selection

Hathhorn summarized that Staff is getting ready to go to bid for construction of Reservoir 11 and is interested in using a competitive proposal process for the selection. He explained that the process allows for other factors to be considered other than price alone. Staff is interested in using the competitive proposal process as Reservoir 11 will be a special type of reservoir so experience as well as schedule are important considerations. He noted that consideration of price is still part of the selection criteria. Usually contractors are evaluated on some ratio of pricing and experience.

Platt noted that he forgot to open the public hearing on draft findings and opened the hearing at 6:32 p.m.

Hawes shared concern based on his own experience that this process might have certain specifications written into it that narrow down the eligibility to only a selection of contractors. Hathhorn replied that there are only one or two contractors locally that have experience with this particular type of reservoir.

Platt closed the public hearing at 6:34 p.m.

A motion to approve the draft findings as presented was made by Hawes and seconded by Hofeld. The motion carried unanimously.

b. Adopt Resolution 2017-18 Authorizing Use of Competitive Proposal Process in Contractor Selection for Construction of Reservoir 11

A motion was made by Hawes that the Sunrise Water Authority Board of Commissioners, acting in its capacity as the Contract Review Board, adopt Resolution 2017-18 authorizing use of a competitive proposal process for contractor selection for construction of Reservoir 11. The motion was seconded by Hofeld. The motion carried unanimously.

Platt adjourned the Local Contract Review Board and reconvened the regular meeting at 6:35 p.m.

2.4 Approve 20-Year Capital Improvement Plan

Hathhorn reminded the group that this item has been before the Board for discussion several times in the past. The major cost estimates hadn't changed over that time and the plan still focuses on major improvements based on additional future demand. Platt noted that the plan extends over a 20 year period broken down into four five-year increments. There was some discussion about revenue and cash flow. Hofeld asked if the cost estimates included inflation. Hathhorn replied that the estimates are in current dollars. Platt clarified that SDCs change based on inflation so by approving the SDC methodology the cost estimates are essentially converted from "current dollars" to "future dollars."

Schiewe introduced himself and commented that Metro approved Happy Valley's comp plan expansion and there are properties up for development very soon after. He noted that unless the market takes a dive the anticipated new development is coming and referred to a project of 1,000 units that will take place over 13 phases.

Gaschler commended Staff on the clear, concise and well thought out plan.

A motion to approve the 20-Year Capital Improvement Plan as presented was made by Gaschler and seconded by Hofeld. The motion carried unanimously.

2.5 Approve Draft Methodology for Updating System Development Charge (SDC)

Platt summarized the public notification and approval process, noting that the public hearing will occur at the January 31 Board meeting. Hathhorn explained that SDCs are used either to expand capacity to serve new growth or to make improvements. To cover those costs, the SDC is broken down into an improvement fee for new projects or a reimbursement fee to pay for upgrades to existing capacity. He summarized the breakdown of the current SDCs. Hathhorn explained that the improvement portion came from the CIP and noted significant projects including ASR wells and Sunridge Reservoir, the latter project being half a replacement project and half an improvement project. Hathhorn asked for questions on the improvement portion of the SDC. Hofeld referred to a table in the report and asked how a number was arrived at. Hathhorn stated he would go over that when he discusses the reimbursement portion of the SDC.

Hathhorn moved on to discuss reimbursement. He explained that there are currently 12 pressure zones and Table Three attempts to forecast ERUs by each zone based on Metro and Happy Valley population projections. Hathhorn explained that while the system can be intertied, the pressure zones primarily serve the customers that live within those zones. He noted that some zones are expected to see growth and development and others are already at full build out. Hathhorn explained that only assets that were built by the agency were included and consistent numbers were used for replacement costs and straight line depreciation was used. He described the equation used to calculate the SDC.

The Board and Staff spent some time answering questions of Schiewe and Adkins. Schiewe concluded that he could meet with Staff individually to gain a better understanding.

A motion to approve the draft methodology as presented was made by Hawes and seconded by Gaschler. The motion carried unanimously.

Schiewe and Adkins exited at 7:39 p.m.

3. STAFF REPORTS

3.1 Manager's Update

Hathhorn provided the Board with updates regarding: plans to move to the Armstrong Circle property; revisions to the IGA for the NCCWC; the Reservoir 11 public information meeting; implementation of records management software; Pump Station 16 and; a forthcoming spreadsheet to supplement the engineering and construction report going forward.

Hathhorn noted that he wouldn't be at the January 31 meeting. Janssen will cover report summaries and take questions in Hathhorn's absence.

Platt commended Hathhorn and Bergstrom on the SDC methodology report, adding that was Bergstrom's first time working on SDCs.

3.2 Engineering & Construction Reports

3.3 Operational Reports

4. BOARD BUSINESS

4.1 Board Calendar

Hathhorn noted that the next meeting is December 20. Hofeld asked about the next CPO meeting. Platt noted that since the last one was in October the next one will be in January.

4.2 Liaison Reports

Hofeld attended the Oak Lodge Water Services District meeting where the Board discussed a big project and Board rules.

Platt attended the NCCWC meeting but had nothing to add to Hathhorn's summary.

4.3 Information Items

4.4 Future Agenda Items

Hofeld suggested adding the SDC methodology to the December agenda. Platt noted that there wasn't a need for it as an agenda item since the discussion occurred at tonight's meeting and the public hearing will be held on January 31. He added that if there were any questions or comments they could be brought up at the December meeting but to have it on the agenda may confuse the public into thinking December was the public hearing.

Platt adjourned the meeting at 8:12 p.m.

ERNIE PLATT, CHAIR

KEVIN BAILEY, SECRETARY