



MINUTES

A meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, January 31, 2018 at 6:00 p.m.** at Sunrise Water Authority 10602 SE 129th Avenue, Happy Valley, Oregon 97086.

Board Present: Ernie Platt, Chair; Ron Blake, Vice Chair; Kevin Bailey, Secretary; Chris Hawes; Steve Gaschler; Eric Hofeld

Board Absent: Ron Henson

Staff Present: Tim Jannsen, Engineering Manager; Denise Bergstrom, Finance Director; Elizabeth Edgar, Project Engineer; Kim Anderson, Government Relations Manager; Cindy Wolff, Administrative Assistant

Visitors Present: Al Jack, Venture Properties; James Adkins, Home Builders Association; Bill Blanas, CRW Board

CALL MEETING TO ORDER

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

APPROVAL OF AGENDA

A motion to approve the agenda was made by Blake and seconded by Hawes. The motion carried unanimously.

PUBLIC COMMENT

CONVENE PUBLIC HEARING ON PROPOSED SYSTEM DEVELOPMENT CHARGE METHODOLOGY UPDATE

Platt opened the public hearing at 6:06 p.m.

A. Staff Report: Update of System Development Charge Methodology

Platt explained that the SDC is comprised of two components: an improvement charge (future capital) and a reimbursement charge (existing assets) for service to projected new customers. Platt summarized that the cash price of the proposed SDC would be \$8,915. The breakdown for that fee, per ERU, is: \$6,716 improvement; \$2,158 reimbursement; and \$41 administrative fee.

B. Public Comment

Platt opened the floor for public comment and asked that each speaker introduce himself for the record.

Al Jack introduced himself, explaining that he is with Venture Properties, a land development company out of Lake Oswego. He commented that Venture Properties currently has four projects in various stages of development in the Happy Valley area. He shared his concern about home affordability in the Portland-metro area and added that he appreciated the work of the Board. He distributed a letter from Kelly Ritz, president of Venture Properties, articulating his concern that a single SDC fee applies to the entire district and a recommendation that a tiered approach similar to the cities of Wilsonville and Sherwood be considered. In response to a question from Hofeld, Jack briefly described the logistics of a tiered SDC approach.

James Adkins from the Home Builders Association introduced himself. He stated that he'd emailed a letter to Sunrise's general manager, Wade Hathhorn, not realizing he was out of town. Adkins echoed many of the same concerns as Jack. He commented that the methodology was well done,

but overlays would be good to do. He asked that the Board delay the implementation of the proposed methodology for up to one year.

Platt asked for questions or other comments. There were none.

Platt addressed some of the concerns brought up by Jack and Adkins. He referred to the concept of “overlay” or “zonal” fees and said the Board had discussed the option but concluded that it was not something that should be pursued at this time. He said the concern for Sunrise isn’t the expansion areas, it’s the topography, so it would make more sense to have SDCs based on elevation not location, which gets really complicated. He added that any expansions to Sunrise’s system expand capacity of the entire system.

Platt referred to the request for deferred implementation of the methodology. He noted that the Board can choose any implementation date but the normal adjustment happens on January 1, although this year that date was missed due to work on the methodology update. With the proposed methodology going into effect February 1, the SDC increase was essentially deferred a month. He added that the normal indexing update was approximately seven percent this year, which would have been a greater increase for the year than is proposed with the new methodology.

Platt described the SDC credit policy.

Platt closed the public hearing at 6:25 p.m.

c. Motion to Adopt Proposed SDC Methodology and Rate

Blake commented that he didn’t see any reason to delay adoption of the SDC methodology and rate because the public notice was given in the required amount of time and the routine increase happens at this time each year, so the public has had time to prepare for the change. Platt reiterated that the percentage increase would have been greater with the annual index increase than with the proposed methodology. Hawes commented that he is sensitive to the effects of an SDC increase too, but he trusts staff because this is the first time he’s seen an SDC report as good as this. Hofeld added that this is the clearest and most comprehensive SDC methodology he’s seen. He commented on the clarity and breadth of the report. Hofeld referred to an early comment about the affordability of housing and said that the solution isn’t in the SDCs, it’s up to Metro.

Hofeld made a motion to adopt the updated System Development Charge methodology and associated fee schedule with an implementation date of February 1, 2018. The motion was seconded by Hawes.

Platt called for a roll call vote. Gaschler, Hofeld, Hawes, Platt, Blake and Bailey voted in favor of the motion. The motion carried unanimously.

Platt thanked Jack and Adkins.

Jannsen shared that while the report noted him as the key staff person, he was the figure head. He added that the report was written by Hathhorn and the CIP was done by Edgar.

Adkins and Jack exited at 6:30 p.m. Platt reconvened the regular meeting.

1. CONSENT AGENDA

Bailey asked if the requested emergency generator in item 1.3 is natural gas. Jannsen replied affirmatively. Bailey proposed using a propane generator which is safer and won’t go down in the event of an earthquake. Jannsen agreed that natural gas in the event of an earthquake would be a concern, but the majority of outages are weather related. He gave the example of ice during a winter storm and said that in those scenarios it would be harder to get fueling and propane would only last a day. He added that natural gas generators are also quieter and therefore more neighborly.

Blake shared his preference for natural gas, explaining that the pipes are designed to flex in an emergency so natural gas would still be available. Hofeld asked if the gas company has a series of levels of service that it will provide to guarantee a higher level of service in an emergency. Jannsen said he didn't know but staff can look into it. Gaschler asked how many kilowatts the generator is. Jannsen said it's 350.

Hawes made a motion to approve the consent agenda consisting of the items listed below. Hofeld seconded the motion. The motion carried unanimously.

- 1.1 Approval of Minutes of December 2017
- 1.2 Acceptance of Water Mains and Related Facilities for Kings Landing Subdivision
- 1.3 Approval of Emergency Generator for Pump Station 15

2. DISCUSSION ITEMS

2.1 Financial Statements – December 2017

Bergstrom noted the total cash balance in the SDC fund is down, there's no excess cash and the March bond payment has been prepared. She added that an intra-fund loan transfer by resolution may be required for future payments. She reported that she worked with Edgar to break out the capital outlay by line item so that projects will tie in to the Project Management Report portion of the Engineering and Construction Reports covered later in the meeting.

Hofeld referred to the last page of the financial statements and asked if the \$550,000 year-to-date budget referred to what had been spent or what was remaining in the budget for that project. Bergstrom noted that it's 50% of the budget but that it's an arbitrary number because it's not scheduled by month. She said the more valuable tool is in the Project Management spreadsheet.

Hofeld referred to the department codes listed on page 11 and asked for clarification of what those codes mean. Bergstrom explained that the main operating code is 04, which is field operations, and covers operations and maintenance. Jannsen asked Hofeld to clarify if what he is looking for is another page with a key that ties each numerical code to its budgeted department. Hofeld said his interest is to track trends in each department over various months. Platt said they line up with the check report included for each month. Hofeld agreed but clarified that he wanted to track it over time. Platt commented that he wasn't sure how meaningful it would be. Bergstrom added that it would be more valuable to compare the same months across two years rather than month to month within the same year. Platt stated that a verbal report would suffice.

Hofeld made a motion to approve the financial statements as presented. Blake seconded the motion. The motion carried unanimously.

2.2 FY 2018-19 Budget Calendar and Budget Officer Appointment

Platt commented that it's once again the time of year to begin work on the budget. He noted that the Board should also be thinking of someone to fill a vacancy on the budget committee.

Bailey made a motion to appoint Bergstrom as budget officer. Hofeld seconded the motion. The motion carried unanimously.

Platt said the second piece of this item is to review the budget calendar and make changes as necessary. He noted that the proposed calendar follows the customary timeline.

Hawes made a motion to approve the budget calendar as presented. Gaschler seconded the motion. The motion carried unanimously.

Platt reiterated that the third part of this process is to think about a replacement for Hawes' seat on the budget committee. He noted that there's no rule dictating how the assignment is handled but it should be a resident of the district. He commented that since it's a replacement for Hawes, the

person filling the seat could be from Hawes' area. Platt said that Staff should develop an application process and include an invitation to talk to the Board as part of the process. The deadline should be a week before the meeting.

2.3 Reservoir 2 and Pump Station 2 Abandonment

Blake and Jannsen noted that staff and the Board have talked about this for years. Jannsen explained that these are some of Sunrise's oldest facilities. They're small and antiquated. He noted that the pipe on 129th Avenue that was abandoned last summer served this system. The facilities are located on Mt. Scott off of Idleman. Platt commented on the potential for hazardous materials at these facilities. Jannsen noted the likelihood of lead paint and hydrocarbons in the soil but the estimate before the Board accounted for the worst case scenario. He summarized that Staff is proposing to use the on-call contractor list which consists of four firms and Sunrise hasn't utilized Moore Excavation much, plus they're a larger company that is equipped to handle the potential for hazardous materials.

Hofeld asked if there are provisions in the on-call contract for delays. Jannsen replied that the contract allows for termination at any time.

Blake made a motion to approve a not-to-exceed amount of \$150,000 for decommissioning and demolition of Reservoir 2 and Pump Station 2. Hawes seconded the motion. The motion carried unanimously.

2.4 Utility Locating Services Contract

Jannsen said historically water districts are slow in contracting these types of services but Hathhorn thinks outside the box. We are looking at a pilot program for the end of the fiscal year to try out this process. Jannsen explained that 95% of locates are within subdivisions, so field staff expend a lot of time that doesn't add value to customer service. He emphasized the billable rate for field staff to perform locates. The more complex areas could be supervised by staff as needed. Platt commented that this will save the agency staff's billable rate which is more than enough to pay for this service. Hawes and Platt agreed that contracting for locating services is a good idea. Jannsen commented that he believed the service would be provided by a vendor staff is familiar with.

Hofeld moved to authorize the General Manager to bid and contract for commercial utility locate services for an amount not-to-exceed \$50,000 through the end of FY2017-18. The motion was seconded by Gaschler. The motion carried unanimously.

2.5 Pressure Regulation Policy

Platt noted that the resolution embodies the previous discussions among the Board and staff. He asked for questions but there were none.

Hawes made a motion to adopt Resolution 2018-01, approving Policy 36-18, establishing a new protocol regarding service pressure regulation and control at customer connections. Hofeld seconded the motion. The motion carried 5:1 with Blake voting in opposition. Blake shared that he didn't support the policy due to the high pressure in the district and availability of insurance to cover damages caused by high pressure.

2.6 Policy for Terms of Use of Social Media

Anderson distributed an updated policy encompassing comments from legal counsel. She explained that Sunrise is increasing its social media presence and all businesses in social media have to have a fair playing field to protect from potential discrimination claims. This is a policy that provides terms of use for any social media pages Sunrise might use. Platt asked if visitors of Sunrise's social media pages would have to check a box agreeing to the terms of use. Anderson said no, the agreement is implied as long as the terms of use are on the page. Platt asked if the resolution embodies legal

counsel's changes to the policy. Anderson said yes. Blake asked if there is language that reserves the right to change the terms as needed. Anderson said yes and referred to number eight.

Gaschler made a motion to adopt Resolution 2018-02, approving Policy 37-18, governing the terms of use for the agency's social media pages. Bailey seconded the motion. The motion carried unanimously.

2.7 Prepare ASR Well for Operation

Jannsen asked if everyone was familiar with aquifer storage and recovery (ASR). The consensus was yes. Platt asked about the well's location. Jannsen described the area, which was close to the former Albertson's store. Hawes asked if the startup costs include the cost of water. Jannsen said no, it's the net cost of the whole operation. We pay for water when we take it. The only other cost is when we pump it out. Jannsen added that we have a ground water right for this well too, and commented on the damage to the aquifer if it's completely drained. Gaschler asked if the well is filled every year. Jannsen replied that he isn't a fan of doing it outside of drought years because of the labor involved, so the full cycle of injection through to pull out has only been done two other times. It's still a pilot program, so we want to do it and show the State. Hofeld asked how much is in the budget for this. Jannsen said he wasn't sure that it was in the budget because the cost is nominal. Bergstrom commented that it could be included under water purchases.

Hofeld made a motion to approve staff's request to fill and prepare the ASR Well for summertime operation. Bailey seconded the motion. The motion carried unanimously.

3. STAFF REPORTS

3.1 Manager's Update

Platt asked Jannsen if he needed to expand on anything in Hathhorn's report. Jannsen discussed the Reservoir 12 property search.

Hawes asked if staff is moving forward with plans for the new office. Anderson summarized that delay in the process that Sunrise had agreed to in order for Happy Valley to work with a potential purchaser had expired on January 4. Staff has informed the City that Sunrise is moving forward with plans for the new facility and engineers are back on track to continue the partition process.

3.2 Engineering & Construction Reports

Hawes asked if there would be bid openings coming soon. Jannsen said yes, the next one is due February 15.

Jannsen gave kudos to Bergstrom, Edgar and Hofeld for their work on the Project Management spreadsheet. Hofeld commented that the change could be left off the spreadsheet. Edgar thanked Hofeld for noticing and said she will drop the change in future revisions. Hofeld noted that the column headers needed to be repeated on the second page.

3.3 Operational Reports

4. BOARD BUSINESS

4.1 Board Calendar

Platt noted that the CRW meeting was changed to February 6.

4.2 Liaison Reports

Bailey attended the City of Happy Valley meetings. He reported that he was reappointed to traffic and public safety committees. Other topics covered by the City were an update on the population and annexations into the city; an upcoming levy; and plans to work on parks and the new high school.

Bailey also attended RWPC in Platt's absence. They approved the budget and are working on messaging. They want to get more diversity on the Board. Bailey also attended NCCWC.

Blake reported that CRBC had a Board retreat. Three hundred donated Christmas trees were put in the river to improve fish habitats.

Hawes attended Boring Water Board's meeting. He reported that ODOT is scheduled to redo the section of Highway 212 between downtown Boring and Highway 26 and is paying to bore the waterline that runs under the creek. Boring Water is also reviewing its SDCs.

Hofeld reported that the OLWSD Board discussed the budget and infrastructure.

Gaschler commented that the CRW Board is busy. It awarded a waterline contract that received nine bids. The big discussion at the meeting was the 152nd Reservoir project. The engineers' estimate was \$13 million and they received four bids. There was a work session last night.

Bailey added that RWPC is not updating its fees this year but the update for 2019-2020 should be about 10%. There was a discussion of the fees for RWPC.

Hofeld stated that he will be out of town during the CPO meeting. Platt commented that he wanted to attend and will cover the meeting for Hofeld.

Platt said he hadn't been to any meetings this month other than NCCWC which will be discussed later.

4.3 Information Items

4.4 Future Agenda Items

Platt stated there was a need for executive session and Staff were free to stay or go. Bergstrom and Jannsen stayed. Platt said he didn't expect any action as a product of the executive session. Platt recessed the regular meeting at 7:50 p.m. and called for a five-minute recess before convening the executive session.

5. EXECUTIVE SESSION (2 MATTERS FOR DISCUSSION)

At 7:55 p.m. the Board convened an Executive Session of the Sunrise Water Authority Board of Commissioners, pursuant to ORS 192.660 (2)(f) to consider information or records that are exempt by law from public inspection and ORS 192.660 (2)(h) to consult with counsel concerning the legal rights and duties of a public body with regards to current litigation or litigation likely to be filed.

Platt reconvened the regular meeting at 9:03 p.m. He stated that there was nothing to report from the executive session and no action was required

Platt adjourned the regular meeting at 9:03 p.m.

ERNIE PLATT, CHAIR

KEVIN BAILEY, SECRETARY