



M I N U T E S

A meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, February 28, 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; Eric Hofeld; Chris Hawes; Steve Gaschler; Ron Henson

Board Absent: none

Staff Present: Wade Hathhorn, General Manager; Denise Bergstrom, Finance Director; Elizabeth Edgar, Project Engineer; Kim Anderson, Government Relations Manager; Cindy Wolff, Administrative Assistant

Visitors Present: Jim Martin, OLWSD; Elaine Andrews, Citizen; Aaron Bloom, Citizen; Bill Blanas, CRW

CALL MEETING TO ORDER

Platt called the meeting to order at 6:01 p.m.

APPROVAL OF AGENDA

Platt stated Anderson had an update to a question asked at the last meeting, which would be covered under outstanding items. Additionally, copies of a letter from Gaschler were handed out and would be discussed at the end of the meeting. A motion to approve the agenda as amended was made by Hawes and seconded by Henson. The motion carried unanimously.

PUBLIC COMMENT: ELAINE ANDREWS

Platt stated that if discussion became too in depth, it could potentially be covered at a future executive session as it concerns a real estate transaction. Platt expressed a need for Staff to provide information for public comment items such as this, in addition to any information that is provided by the citizen.

Bloom introduced himself and said his address is 12830 SW Park Way, Portland, Oregon 97225. He explained that he was speaking on Elaine Andrews' behalf, as he works in the cell tower industry. Bloom said he had reviewed Andrews' lease and researched comparable facility leases.

Platt summarized that his understanding is staff had proposed the lease continue at the same rate, though the lease renewal was never executed, and Andrews is now asking for a lower rate. Andrews shared that she didn't know Bloom prior to Sunrise staff submitting an offer and didn't know enough about cell tower leases at that time in order to negotiate a fair rate. Andrews indicated that her family has had towers on Mt. Scott previously, as far back as the 1940s.

Blake asked about the height of the comparable towers Bloom referenced. Bloom estimated them to be between 100 and 750 feet. Blake commented that the value of the towers isn't in the square footage, but rather the height. Bloom replied that the square footage also matters, as there is often equipment that needs to be stored on the ground and there has to be enough space to accommodate the equipment of multiple tenants. Blake referred to the letter Andrews submitted to the Board, stating that the rent is high and she's losing money. In response Blake suggested that Andrews provide three years of tax returns. Bloom agreed that that Blake's request was reasonable. Bloom referred to a neighboring tower and explained that it has more opportunity for revenue. Blake added that another factor to take into account is that Sunrise is a public entity, thus the site is public property so public interest needs to be taken into account as well.

Hofeld asked if the lease agreement had been executed. Hathhorn said the lease has expired, so it's currently month-to-month. Hofeld asked if the comparable facilities have similar tenants as Andrews' tower. Bloom noted that the comparable towers' tenants were mostly commercial cellular companies while Andrews' tower held a variety of tenants (Christian TV, wireless, etc.).

Hawes referenced Andrews' letter, which stated that tenants had vacated the tower. He asked for confirmation that the tower currently has four tenants with space for six. Bloom replied the capacity depends on a tenant's equipment and space requirements. He noted that building codes had been revised and he wasn't aware if a structural analysis was done, therefore he couldn't say whether the tower could accommodate additional tenants at this time.

Platt reiterated that this is a sensitive issue for the Board to negotiate and suggested that Andrews and Bloom should prepare a proposal for Staff. Platt said that Sunrise is a public body looking out for public interest and asked that Andrews provide Staff with information demonstrating the economics of the tower lease. He added that comparables to other towers aren't relevant, it's just the tower at hand that matters. Platt said he'd be willing to entertain a negotiation between Andrews and Staff but not at tonight's meeting. The lease could continue under the month-to-month payments while negotiations are being considered. Bloom said he thought the lease was to expire in March. Platt replied that it had already expired and asked that Andrews provide Staff with convincing information of the economics of the lease. Andrews asked for direction as to what financial information she should provide. Blake suggested tax returns. Bailey added that Schedule C of the tax returns specifically for the tower would suffice. Hathhorn assured that he would work with legal counsel to safeguard Andrews' financial information is handled discretely and protected under applicable executive session statutes.

Andrews and Bloom exited.

OUTSTANDING ITEMS:

At the January Board meeting, Hofeld had asked if there is a way to ensure Sunrise would have priority restoration of natural gas following a loss of service. Anderson said Tim Janssen (Engineering Manager) had looked into it and asked her to report back in his absence. NW Natural is a utility system, like Sunrise, and restoration of service will be based on the needs of the system and conditions present in the system. They indicated that they do have a cognizance of other utility service providers, but can't guarantee a priority of response to any particular site. Hofeld noted the importance of hospitals and suggested that they must have some guarantee of priority restoration. Anderson replied while they do, in a large scale emergency the Clackamas County Emergency Operations Center would prioritize the restoration of service, not NW Natural.

1. CONSENT AGENDA

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

- 1.1 Approval of Minutes of January 31, 2018
- 1.2 Engineering Services Contracts (Scopes of Work)

2. DISCUSSION ITEMS

2.1 Financial Statements – January 2018

Bergstrom explained Board-requested changes she made to the cash position and transfer report. She stated that the agency has 90-days of operating cash on hand and detailed the associated numbers. She shared the bank account balance and noted that the bond payment is due tomorrow and noted that a transfer might be required at the end of the month. Bergstrom described the variance report, noting a request for illustration of how cash disbursements are spread across

“functional areas.” She referred to pages 13 through 17 where that information is reported, and gave an in depth analysis of the variances. She pointed out which variances were estimates and explained why they were necessary. Hofeld commended Bergstrom for her explanations.

Bergstrom handed out copies of the CAFR and noted how it lines up with the cash disbursement graph in the packet. She provided explanations for discrepancies and highlighted key takeaways.

Bergstrom explained that Staff is now uploading credit card transactions into the finance software and in doing so, the system can now track vendors and assign check numbers to the transactions. The change allows for the credit cards to be included in other financial reports already provided in the packet. With that in mind, she asked if the Board still wanted a separate credit card report, and noted the three places that those transactions show up in this month’s packet as an example. Hofeld commented that he finds the credit card report useful due to the descriptions. Bergstrom reiterated that no information from the credit card report is lost as the descriptions appear in the functional area report. She shared her interest in removing pages 18 and 19 from future reports.

Bergstrom recalled a question last month about the dues to RWPC. Membership is \$49,000 annually.

Platt asked if action needed to be taken on the CAFR. Bergstrom said no, action was taken in January.

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

2.2 Budget Committee Appointment

Bergstrom reported that she had contacted everyone from last year’s budget committee and everyone can serve except Sarah Tarnovsky, though her term isn’t expired so she will just be absent, not replaced. There is one vacancy on the budget committee due to Hawes’ election to the Board last year. To fill the vacancy Bergstrom has contacted Diana Helm but hasn’t heard back. Bergstrom asked for direction from the Board on how to proceed. Platt suggested continuing to pursue Helm. There was a brief discussion regarding whether Helm was out of town and whether the vacancy needed to be filled by a resident of Damascus. Hofeld noted that OLWSD appoints alternates to its budget committee to remedy such situations. Platt questioned the necessity for Sunrise, as one or two absences or vacancies would still provide a quorum of the committee. Hawes added that given the trouble in getting seven members to the citizen advisory Board, why worry about getting eight or nine.

Hathhorn said Staff will continue to work on filling the vacancy and report back to the Board in a week or so. Platt added that the appointment would need to be made at the March meeting.

2.3 Notice of Intent to Award Construction Contract for Reservoir 11

Platt recessed the regular meeting and convened the Local Contract Review Board at 6:50 p.m.

Hathhorn reported that Staff had issued an RFP for competitive proposals. He explained that in that process the procedures are such that the agency can consider a variety of evaluation criteria. He noted that the agency has used this process several times, most recently for Pump Station 15. The reasons for using this method include the complexity of the project as well as a tight timeline. He summarized that the proposals were scored against the criteria he provided and had a public bid opening. Platt asked how points were assigned to price. Hathhorn said the lowest bidder got 100 points and then a ratio thereof was assigned for higher prices. Ward Henshaw was the lowest bidder and had the highest proposal score. Hathhorn noted that Ward Henshaw was the tank contractor

listed on all the other proposals. Ward Henshaw's earthwork contractor is Landis and Landis Construction.

Platt asked what the engineer's estimate was going into this. Hathhorn said it was about \$7 million. Hofeld referred to the staff report and asked what Hathhorn had to do to verify the bids. Hathhorn explained that the bids were opened as the packet (and thereby the staff report) was in process so Staff had to verify there weren't any math errors, and to call the bidders for verification or corrections. He confirmed that Ward Henshaw verified their prices after the packet went out. Hathhorn said the next step is to issue Notice of Intent to Award a construction contract to the most responsible bidder for the Reservoir 11 project. So moved by Hofeld. Bailey seconded the motion.

Hawes commended staff. Platt commended Elizabeth Edgar, project engineer, for coordinating capital projects. Gaschler asked why Fowler's bid wasn't opened. Hathhorn said a minimum score to open was set at 70 and there were missing elements and claims history.

The motion carried unanimously.

Platt closed the Contract Review Board and reconvened the regular meeting at 7:00 p.m.

2.4 Siting Study for Reservoir 12

Hathhorn asked the Board to recall the Capital Plan discussed in recent months, notably the need for tanks and reservoirs. The next capital project is Reservoir 12 and the need to locate a property on which to build. He described the vicinity of Zone 6 where the reservoir will need to be located. He briefly discussed the rapid growth in Happy Valley which creates urgency for finding this property. Hathhorn said the reservoir will allow for the Sunnyside tank to be taken down. He indicated that the site should be as close to 172nd as possible. Hofeld asked if the new reservoir could be built on Sunrise's Armstrong Circle site. Hathhorn replied that it could not as the elevation needs to be about 610-feet and the elevation at Armstrong Circle is below that.

Hathhorn discussed the various properties in the report and the practicalities of each, before discussing the three sites Staff intends to target, and the current ownership statuses. Realizing the urgency of the issue, Staff would like to begin talking to the property owners to determine their needs, then move forward with basic terms in a letter of intent to purchase, and have an appraisal done before coming back to the Board for an ultimate decision.

Platt said that the properties should not be discussed any further in public session other than for the Board to give Staff direction.

A motion authorizing the General Manager to conduct exploratory discussions with the owners of the preferred property was made by Hofeld and seconded by Blake. The motion carried unanimously.

3. STAFF REPORTS

3.1 Manager's Update

Hathhorn shared updates with the Board regarding: moving forward with a new office and shop facility on Armstrong Circle; the status of updates to the NCCWC IGA; water permit extensions; hiring a consultant to advise on amendments to an expiring cell tower lease; and, Staff's hard work in moving Pump Station 12.

3.2 Engineering & Construction Reports

Hofeld asked if any projects were coming up that weren't in the budget. Edgar said not in this fiscal year.

3.3 Operational Reports

4. BOARD BUSINESS

4.1 Board Calendar

Platt said the March CRWSC meeting will likely take place in April due to the budget. Hathhorn added that Staff is proposing April 9 for the new meeting date. The representatives to the CRWSC, Platt and Blake, confirmed that they are available April 9.

Platt added March 21 at 6:00 p.m. to the calendar for a special NCCWC meeting to discuss the IGA final draft at OLWSD.

4.2 Liaison Reports

Bailey reported that the City of Happy Valley gave awards at their first meeting, and at the second meeting they approved a park levy to go on the May ballot.

Hawes reported that Boring Water discussed a property where one of its wells is located but the District doesn't know if they own it or have an easement. They also discussed SDCs. Hawes noted the extensive agricultural use in the Boring Water District.

Hofeld reported that OLWSD had a second reading of its Rules and Regulations, approved a consultant for its 2018 Water Master Plan and appointed a liaison to C4.

Blanas shared that CRW has been discussing Oregon City.

Platt attended the Sunnyside CPO meeting, where Paul Savas and Martha Schrader gave updates on the County. He added that Mt. Scott CPO has been inactive but there have been murmurs of reactivation and a potential relationship with Sunnyside CPO.

Platt asked attendees of the SDAO Annual Conference for comments. Hawes commented that he enjoyed getting to know people better and the seminars were all good. Platt shared that he attended a session about the board's relationship with the general manager and was left feeling good about the current dynamics at Sunrise. At the conference he also attended an executive session workshop and was reminded that a move to and from executive session must be made by an approved motion. Another takeaway for Platt was the opportunity for a Board self-review offered by SDAO. Anderson agreed to look into it.

Platt reported that the Board had received a letter of resignation from Steve Gaschler. Copies of the letter were distributed among Staff and the Board. Gaschler said it has been a pleasure serving on the Board which has accomplished a lot together during his tenure. Platt noted that Gaschler's liaison assignments need to be reassigned. Assigning representation to the CRWSC Board requires a vote. A motion nominating Hawes as the representative to the CRWSC and Hofeld as the alternate was made by Blake and seconded by Henson. The motion carried unanimously.

Henson agreed to serve as the regular liaison to the CRW Board and Hawes will be the alternate.

4.3 Information Items

4.4 Future Agenda Items

Platt adjourned the meeting at 7:50 p.m.

ERNIE PLATT, CHAIR

KEVIN BAILEY, SECRETARY