



## MINUTES

A meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, May 23, 2018 at 6:00 p.m.** at Sunrise Water Authority 10602 SE 129<sup>th</sup> Avenue, Happy Valley, Oregon 97086.

**Board Present:** Ron Blake, Vice Chair; Kevin Bailey, Secretary; Chris Hawes; Stan Tempchin; Eric Hofeld; Ron Henson

**Board Absent:** Ernie Platt, Chair

**Staff Present:** Wade Hathhorn, General Manager; Tim Jannsen, Engineering Manager; Denise Bergstrom, Finance Director; Kim Anderson, Government Relations Manager

**Visitors Present:** Jim Martin, OLWSD Board and Bill Blanas, CRW Board

### CALL MEETING TO ORDER

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

### APPROVAL OF AGENDA

Hofeld asked to add agenda Item 2.4.

The agenda was approved by voice vote unanimously.

### OATH OF OFFICE: STAN TEMPCHIN

Blake administered the Oath of Office.

### PUBLIC COMMENT

A letter from Elaine Andrews was provided to the Board in relation to her financial information that was requested and Hathhorn stated that the issue would be on the next agenda for Board consideration

### BUDGET HEARING

#### Open Budget Hearing

Blake opened the Budget Hearing at 6:02 p.m.

#### Public Comment

Blake opened the floor for public comment. There was no public comment.

#### Discussion

Tempchin commented that it was a very thorough report. Hathhorn commended Bergstrom for her work.

#### Close Budget Hearing

Blake closed the Budget Hearing at 6:03 p.m.

### 1. CONSENT AGENDA

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

- 1.1 Approval of Minutes of April 25, 2018
- 1.2 Acceptance of Water Mains and Related Facilities for Misty Drive Apartments

## **2. DISCUSSION ITEMS**

### **2.1 Financial Statements – April 2018**

Hofeld asked for elaboration on check 40713 to CRWP. Staff explained that the CRWP is an ORS 190 organization to which Sunrise belongs and that the check is for annual dues. Hofeld asked if the Board reviews the budget and their activities. Hathhorn explained the kind of work that the organization does, including watershed activities that improve or maintain drinking water quality, community outreach and youth education, and conservation that are laid out in 5 year work plans. He commented that there is a board and that they have a budget and are audited. They also provide an annual report to our Board as well.

### **2.2 Resolution to Adopt FY2018-19 Budget and Authorize Appropriations**

A motion to adopt Resolution 2018-03, Adopting the FY2018-19 Budget and Authorizing Appropriations was made by Hofeld and seconded by Hawes. The motion carried unanimously.

Every member of the Board commented on how well the budget was put together.

### **2.3 152<sup>nd</sup> Avenue Reservoir Cost-Share Recap**

Jannsen stated that it is the first recap of the costs associated with the 152nd Reservoir that SWA has agreed to share in. He noted that in general we pay 1/3 but that in cases where improvements are made specifically for our benefit, such as piping that serve primarily our needs, we pay up to 2/3s and for some pump station work we derive the full benefit and pay the full cost. He reiterated that the IGA clearly identifies the levels of cost sharing to occur on this project.

Hathhorn stated that the IGA was set up with the stated intent of sharing ownership on a 2/3 to 1/3 basis, but it appears that under current law that is not a viable option. He explained that in order for ownership to be distributed in that manner, the asset would need to be transferred into a separate entity. That wasn't anticipated in the IGA, so the question becomes how that distribution can occur properly. He noted that there's a lot of details yet to be sorted through. Blake stated that the CRWSC was originally set up to address issues like this. Hathhorn discussed the complexities of booking the value and mentioned that recent changes in law have affected this as well. Hathhorn stated that he, Bergstrom, Todd Heidgerken (General Manager of CRW), and Carol Bryck (CRW CFO) were going to sit down and sort through the information and come back with suggestions on how to resolve the situation, hopefully before the 14th and the CRW meeting. Hofeld queried whether we would be paying our attorney for amending the IGA, since he should have advised us appropriately when he crafted the document. Hathhorn reiterated that the rules changed in April, specifically to bring consistency in addressing this type of situation as it has been handled in multiple ways in the past.

### **2.4 Adopt Resolution 2018-05, Authorizing the General Manager to Issue a Financial Guarantee to the City of Happy Valley for Reservoir 11 Project**

Hathhorn recapped the situation with the City of Happy Valley and their quest to secure a performance guarantee from Sunrise, initially through a bond or a cash deposit.

Hathhorn commented that the intent was to issue a notice to proceed on June 11, which is already two months behind schedule. He noted that the delay creates a risk is not having enough good weather to get the project done before the wet weather hits and creates a serious erosion issue. Hathhorn summarized the timeframe and process we've gone through to date for the benefit of Tempchin. Hawes commented that this has been the most disconnected permitting process he's ever seen, and he's seen a lot. He said it was like going shopping for a car with the checklist you would use to buy a refrigerator. Hathhorn noted that the result of not completing the project timely will be a moratorium on issuance of new water meters.

The Board discussed appearing at the June 5 City Council meeting. Hathhorn indicated that he doesn't believe that the City Council is positioned to take action at that meeting in a manner timely enough to meet the June 11 deadline. Bailey indicated that he felt that appearing would publicly bring to light some issues that they should address.

Hawes stated that their processes need to be changed to accommodate industrial type development because we can't go through this again and again when we have more projects to be done.

A discussion ensued about the timeline for the permitting and approval processes at the City.

Bailey commented that the discussion with the City Council is separate from the security issue. He views it as more of an opportunity to make sure that they do know that there's a serious problem and that it needs to be hammered out before the next project.

The Board discussed how the additional costs created by the City may be most appropriately covered by those rate payers that reside within the city and will directly benefit by the improvement. Hathhorn stated that it is becoming a substantial amount. Hawes commented that it is annoying that while the entire project is bonded via the contractor, the City is then asking Sunrise for an additional bond as if we are somehow going to abandon the project.

Hathhorn commented that based on the options available he may have to have authorization to issue up to \$475,763.

Hawes/Bailey moved under serious duress to approve Resolution 2018-05. Henson abstained due to a potential conflict of interest. The motion carried.

Hathhorn stated that the other issue on the table is organizing to approach the Council on June 5. He cautioned the Board that if four of them are in the same room it can constitute a meeting that would have to be properly noticed if they discuss Sunrise at all, so he would recommend fewer than four Board members attend. The Board by consensus agreed that a special meeting to address the issue should occur. Shooting for May 30 possibly, Blake has a conflict in the evening of that day but available earlier.

### **3. STAFF REPORTS**

#### **3.1 Manager's Update**

Hathhorn indicated that there is a proposed calendar for the process to replace Henson.

A new operations supervisor, Robb Simpson, has been hired. He lives in the service area and was formerly with the City of Troutdale.

Hathhorn ruefully described the difficulties that have been encountered in getting Reservoir 2 removed. The presence of lead paint has substantially complicated the process.

He noted that work is ongoing on a new customer satisfaction survey. Hofeld asked that the last survey be sent to them for reference.

#### **3.2 Engineering & Construction Reports**

Hofeld asked if there were numbers for April for the Subdivision report. Jannsen stated that the numbers are actually through April, but the footer didn't get changed and still says March.

Hofeld asked if Pump Station 7, shown on page 1 of 3, is completed. Jannsen responded affirmatively. He asked that the report indicate that it is and that the same would apply to Lincoln Heights. Hofeld asked if Reservoir 2 is the one with the lead paint. This was confirmed. Hathhorn stated that since the pipeline assessment produced inaccurate results, the funds should be removed from the list since we aren't going to pay them. Hofeld commented that the construction progress

sheet needs to be updated, as the start and complete bars don't seem to match the percentage of completion. Hawes noted that there's a ton of variables in the multiple projections so he doesn't think there needs to be a great deal of time expended on the sheet.

### **3.3 Operational Reports**

Hathhorn commented that we budgeted for 200 ERUs and that, assuming continued meter sales at the same rate, we are on track to reach 250. He noted that water sales is on the way to 10 million MGD by the end of the year. Hofeld noted that the unaccounted for water has dropped further. Hathhorn stated that part of that can be attributed to aggressively testing the large meters.

## **4. BOARD BUSINESS**

### **4.1 Board Calendar**

Blake presented Henson with a token of appreciation for his service.

Blake noted that we will address liaison assignments for Tempchin at the next meeting

### **4.2 Liaison Reports**

Hawes reported that Boring has abandoned the idea of differential rates for high water users as being too complicated to administer. They also discovered a very large chronic leak at the intersection by the gas station.

Hawes noted that Shirley French is the newly appointed CRW Board member. He commented that the price of steel has jumped about 50% which is impacting the efforts to work on steel water structures.

Hofeld stated that Oak Lodge Water Services District has adopted their budget and made appropriations. Jim Martin resigned effective the night of the meeting, so they'll be going through the search process for a new board member.

Blake shared that CRBC had 97 attendees at their annual banquet, which featured salmon cooked three ways. \$5,000 was raised to support CRBC programs.

Bailey reported that Happy Valley City Council minimized setbacks from 20 to 15 feet for Pioneer Highlands. He noted they didn't hold the regularly scheduled second meeting.

Henson said that the CRW Board discussed rate changes that were preapproved, approved the CRWSC budget, authorized the purchase of property for Hattan Rd pump station and secured an easement and a transmission main easement, and considered approval of an IGA with Oregon City for a remuneration agreement. Hathhorn commented that the last item is a rather a big deal, as it is the first agreement of its kind in the state.

Blake asked about the property acquisition for Reservoir 12 out on Sunnyside Road. Hathhorn stated that we should have something in the next couple of weeks.

### **4.4 Future Agenda Items**

Adjourned 7:33 p.m.

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RON BLAKE, VICE CHAIR

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KEVIN BAILEY, SECRETARY