



M I N U T E S

A regular meeting of the Sunrise Water Authority Board of Commissioners was held on **Wednesday, January 26, 2021 at 6:00 pm**. The meeting was held remotely via Zoom.

Board Present: Chris Hawes, Chair; Andy Coate, Vice Chair; Kevin Bailey, Secretary; Kevin O'Meara, Diana Helm, Gary Barth, Tim Chairret

Board Absent: None

Staff Present: Wade Hathhorn, General Manager; Kim Anderson, Government Relations Manager; and Tyler Wubbena, Senior Engineer.

Visitors Present via remote: Sherry French, CRW; Paul Gornick, Oak Lodge Water Services, Jeff Griffin, WHA Insurance.

CALL MEETING TO ORDER

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

APPROVAL OF AGENDA

A motion to approve the agenda was made by O'Meara and seconded by Barth. Motion carried unanimously.

ROLL CALL - Anderson performed the voice roll call.

PUBLIC COMMENT – French noted that Paul Gornick is the liaison from Oak Lodge Water Services but that Susan Keil is now President.

0. WHA Presentation

Jeff Griffin of WHA Insurance reviewed the insurance policies and coverages that Sunrise maintains. He discussed the various practices that Sunrise takes advantage of to keep premiums as low as possible, including participating in the SDAO Best Practices Program and the Longevity Credit and Rate Lock program. He also praised Sunrise Staff for thoroughly reviewing and analyzing coverage needs to keep premiums low.

He noted that the efforts by Sunrise kept the 2022 premium increase to about 9% instead of the anticipated 12% average for special districts. He said that some fairly significant increases in property values and associated coverages did push the overall Sunrise premium increase back up to about 12%.

Griffin went on to discuss some of the issues that have posed increased risks for agencies over the past year or are anticipated to pose continued risks into 2022. Supply chain issues continue to be a problem on multiple fronts. Obtaining new and replacement equipment or parts is taking longer and is more expensive overall. It is not unusual to see bids with 30% increases over 2021. Manufacturers are anticipating that it will take at least 24 months for the supply chains to correct.

WHA is seeing additional risks to the health and safety of staff members. He reported that public employees have been getting physically accosted in the course of performing their work. Civil unrest is also a risk that is more prevalent, as is disruption of Board processes. He noted that recently the majority of lawsuits they see are related to Human Resources and civil discourse issues at the Board level.

Cyber liability is an ongoing and growing risk. They have seen a steady increase of unauthorized and illegal access to systems. There is also legal liability in relation to digital records retention. He noted that we should treat anything that is online as discoverable.

Griffin noted that an additional risk is that employees are being subjected to additional stress just trying to keep up with the pace of change in work environments, cyber security vulnerabilities, the threat of civil unrest, and public aggression.

Griffin noted that WHA is looking to provide additional resources where SDAO may not have been ahead of the need in some areas. He specifically referenced work that WHA has ongoing to provide additional resources related to cyber security.

He then presented the Board Member Duties and Responsibilities training eligible for credit with SDAO for the 2022 Best Practices program. Staff will forward the slides to Board members for their information.

1. CONSENT AGENDA

A motion to approve the consent agenda, consisting of the items listed below was made by Helm and seconded by Coate. Motion carried unanimously.

- 1.1 Approval of Minutes of December 14, 2021 Regular Meeting
- 1.2 SDIS Longevity Credit and Rate Lock Program

2. DISCUSSION ITEMS

2.1 Acceptance of FY 2020-21 Audit

Hathhorn directed the Boards attention to the Annual Comprehensive Financial Report and urged the commissioners to spend some time looking through the document. He said that it presents a consolidated, high level view of the fiducial health of the organization. He noted that this was a clean audit statement and read the auditors opinion into the record.

Hawes acknowledged receipt of the audit report and management letter.

Hathhorn informed the Board that Merina will no longer be offering municipal audit services and that Sunrise will need to engage another firm to perform that service. He is in the process of identifying other options. He pointed out that the auditing season starts in March, so we will need to identify a replacement quickly.

Helm asked about the reasons why Merina is ending provision of auditing services. Hathhorn noted that auditing provides limited financial return for the level of resources required, and that ending this service will allow Merina to expand their financial consultation services. He also pointed out that since there are fewer providers and high demand for the service, the costs will likely be going up.

3. STAFF REPORTS

3.1 Manager's Update

Hathhorn reviewed the current COVID situation at Sunrise. He noted that Sunrise had been without any verified cases among staff until the Omicron surge, at which time several staff members or family members of staff contracted COVID. He reported that to his knowledge no one has contracted it at through working at Sunrise. He stated that Sunrise has been able to continue normal operations throughout the surge even though we were down to three field staff at one point. Barth asked about infections at the NCCWC plant. Hathhorn stated that there have not been any so far.

Zone Adjustments – Hathhorn reported that PSU has started their work and shared the new initial zone population numbers with the Board. He suggested that staff bring forward proposed changes for the Board to review and comment on. The Board concurred that it would be easiest to have something to work from rather than having the discussion without something before them.

Snow Pack – Hathhorn shared a chart showing that snow pack has ramped up substantially in recent weeks, but cautioned that what happens in the spring has a major impact later in the season. For example, if the precipitation turns to rain it will cause an early melt versus spring precipitation coming as additional snow. Barth asked how the snow pack and precipitation impacts aquifers. Hathhorn stated that there really isn't very good data to establish that connection, since it hasn't been the subject of much study. He talked about the various water inflows to the Clackamas River, including tributaries and groundwater. Barth asked Hathhorn if he had any idea what such a study would cost. Hathhorn stated that ground water studies are typically very expensive to conduct. He indicated the best data available at the moment is from stream gauges and that it is possible to make some educated guesses based on that information.

Administration Facility – Hathhorn stated that the construction contract is out for bid. He reported that a mandatory pre-proposal meeting was held and 10 apparently qualified firms were represented. He said that bidder questions are due tomorrow and that, so far, there have been a lot of substitution requests. He told the Board that the proposals are due on February 11th and that he hopes to bring a notice of intent to award a contract to the February meeting. He stated that there may be a need for a special meeting the second Wednesday in March in order to be able to issue a notice to proceed in early April.

Barth asked about the selection process. Hathhorn said that it is a competitive proposal process and that a scoring criteria is being established with price being a portion of the criteria. The proposals will be scored on all of the other criteria and then prices will be opened and included in the scores. The selection team will be made up of select staff and FFA personnel.

Hathhorn reported that the site is pretty stable and there hasn't been significant erosion damage.

COVID update – As this was mentioned previously he didn't feel the need to add much here. Hathhorn mentioned that he had considered asking the Board to reinstate emergency powers, because he had so few staff that he was going to have to make some changes, but it seems the infection numbers are on a downward trend.

HR/Staffing Update – Hathhorn reported that we have been interviewing for GIS and Finance Director positions, and getting the IT services contractor on board. He is negotiating with a candidate for finance director and hoping to announce the new finance director by the next meeting. An offer has been made to a GIS candidate. The IT contractor is coming on board, starting with an inventory of equipment and other background evaluations.

Update on CRWSC – Heidergerken and Hathhorn have been passing the draft supply agreement back and forth and they feel that they are about 95% there.

TSDC Update – Hathhorn discussed how the initial SDC estimates were calculated based on character of use assigned to the two structures and how City staff assisted in identifying alternate character of use categories.

Hathhorn noted that another party has expressed interest in the remainder parcel and he will be initiating discussions with them shortly. Barth asked about how Happy Valley reacted to the termination of the sale. Hathhorn stated that his perception was Happy Valley felt that Sunrise should have made greater efforts to see the sale proceed. He made it clear to them that Sunrise has no need to sell the property unless the sale is advantageous to Sunrise.

SDC Updates – Hathhorn explained that in January of each year Sunrise indexes their SDC's against the Seattle Construction CPI. He stated that COVID impacts prevented staff from preventing it on time. He confirmed that it will be presented in February.

Hathhorn responded to Coates earlier question about resources provided by SDAO. He commented that some of these tasks that require development of programs or manuals are a big lift for smaller districts and

can also be quite costly. He stated that he has been asking SDAO to provide a standard set of practices and program documents related to issues like cyber security and risk management which can be customized by individual districts. Since compliance with developing these programs is largely driven by SDIS and SDAO, he has been advocating for some time that SDIS and SDAO should be providing these resources. As an example, SDAO promoted a cyber-security consultant as a resource, but when he asked them if they had a cooperative contract established so individual districts could take advantage of those experts, SDAO indicated that they had not. Since the cost of the cyber security services required by Sunrise would exceed what could be procured by a direct appointment, we would have go to a competitive proposal anyways. He advocated that any Board members attending the SDAO find an opportunity to discuss this directly with SDAO staff.

Hathhorn noted that we are heading into budget season and we have a couple of open positions on the Budget Committee. He asked that if anyone has any suggestions to let him know. Wade reiterated that budget committee members can come from any location within Sunrise.

3.2 Engineering & Construction Reports

Hathhorn noted that Parr has agreed in principle to the cost number and proposal and that Sunrise has a contract in place with an engineering firm to do the pipeline design work. Helm stated that her understanding is that Parr hasn't engaged a contractor yet. Hathhorn noted that Sunrise is proceeding with the connection in any event and Parr remains responsible for their cost portion.

3.3 Operational Reports – No comments

3.4 Finance Report –

Barth endorsed sending a letter of recognition and thanks to Rigutto for her efforts.

4. BOARD BUSINESS

4.1 Board Calendar

Anderson noted that the SDAO conference has been converted to a remote only format due to the COVID surge.

4.2 Meeting Attendance and Liaison Reports

Commissioner	Meetings	Travel (T) or Remote (R)
Chris Hawes	(R) 1/13 CRW Accepted annual financial report, issued contract to K&D & resolution on some FEMA grants. (R) 1/18 Board position elections, update on possible incorporation of City of Oak Lodge. (R) 1/24 CRW work session future water rates and OC golf course development update. (R) 1/27 will be a NCCWC meeting	
Kevin Bailey	(R) January 4, discussed HB 2001/SB458 and how those rules will be applied in the City. City will be putting several levies or bonds that could cumulatively increase HV taxes by 20%. Police Station, law enforcement levy, community center, library, and Parks and Recs. (R) January 18, went over legislative priorities. They did go into executive session, presumably to discuss real estate transactions.	
Andy Coate	No meetings	

Gary Barth	(R) RWPC Exec Committee on 1/12. Annual work plan and budget. Staffing provided by Portland and payroll is increasing by 9%, so they discussed how to modify work plan, budget cuts and impacts on dues. The full Board will see proposal on Feb. 2. OEM will be presenting at that meeting and they keyed up some questions for them related to their work as it impacts water supply and distribution.
Kevin O’Meara	(R) Happy Valley – Armstrong Circle is now Armstrong Ct., there is a rumor that 3 warehouses will be going in on the east end of Armstrong Ct. and 20 members of the public showed up to comment, Cities are positioning themselves to get a chunk of the federal funding that was passed in November and he was interested in how funds were going to be allocated to water from those funds.
Diana Helm	No meetings
Tim Chairret	(R) Special CPO meeting on 1/24 on I-205 tolling and improvement. Phase 1 on the bridge in Gladstone will start in 2024. Variable rate tolls coming end of 2025.

4.3 NCCWC Budget Committee

Hawes noted that Markley Drake and Peter Kreft have both served as our citizen representatives on the NCCWC budget committee in the past and unless anyone has objections he would propose that we ask them to do so again. Anderson noted that Drake has already agreed that he would be willing to do so again.

4.4 Future Agenda Items

6. ADJOURN

The meeting adjourned at 7:51 pm.

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 CHRIS HAWES, CHAIR

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 KEVIN BAILEY, SECRETARY