



M I N U T E S

A regular meeting of the Sunrise Water Authority Board of Commissioners was held on Wednesday, March 23, 2022 at 6:00 pm. The meeting was a hybrid with attendees both in person and remote via Zoom.

Board Present: Chris Hawes, Chair; Andy Coate, Vice Chair (remote); Kevin Bailey, Secretary; Kevin O'Meara, Diana Helm, Gary Barth (remote) and Tim Chairet (remote)

Board Absent: None

Staff Present: Wade Hathhorn, General Manager; Jamey Pietzold, Finance Director; and Kim Anderson, Government Relations Manager.

Visitors Present via remote: Sherry French, CRW; Paul Gornick, OLWD; Randy Shannon, citizen; Mike Taylor, Kirby Naglehout; and, Ian Gelbrich, FFA Design.

CALL MEETING TO ORDER

Hawes called the meeting to order at 6:00 p.m.

ROLL CALL - Anderson performed the voice roll call.

APPROVAL OF AGENDA

Hawes moved agenda item 5.1 to after Agenda Item 1 for the convenience of guests present to address the issue.

A motion to approve the agenda was made by Helm and seconded by Bailey. Motion carried unanimously.

PUBLIC COMMENT – None

1. CONSENT AGENDA

A motion to approve the Consent Agenda, consisting of the items listed below was made by O'Meara and seconded by Bailey. Motion carried unanimously.

- 1.1 Approval of Minutes of February 23, 2022 Regular Meeting
- 1.2 Adopt Resolution 2022-02, Approval of Annexation of Territory
- 1.3 Acceptance of Water Mains and Related Facilities for Hunter's Meadows
- 1.4 Acceptance of Water Mains and Related Facilities for Pleasant Valley Villages 2 Roundabout Related Improvements
- 1.5 Acceptance of Water Mains and Related Facilities for Pleasant Valley Villages 3
- 1.6 Acceptance of Water Mains and Related Facilities for Pleasant Valley Villages 4
- 1.7 Acceptance of Water Mains and Related Facilities for Pleasant Valley Villages 5

5. CONVENE LOCAL CONTRACT REVIEW BOARD

The Board of Commissioners meeting recessed at 6:04 pm and the Local Contract Review Board convened.

5.1 Construction Contract for Armstrong Court Administration and Operations Facility

Hathhorn introduced Mike Taylor, the Vice President of Kirby Naglehout Construction. Hathhorn reported that staff has been working hard with Kirby and the design team to make reductions to the \$18.8 million project cost. He summarized some of the proposed adjustments to the project to reduce the cost, including significant decreases in landscaping and courtyard amenities, changing the structure of the shop to a prefab

steel frame building, and various other site changes. The team is confident that the changes considered to this point will reduce the project cost to close to \$17 million, but that it will take significant work to substantially reduce it further.

Hathhorn noted that time is not on our side in the process, as the subs that have submitted bids are not willing to hold their prices for an extended period. Taylor noted that subs would normally hold bids for no longer than 90 days at most, after which they would have to rebid. He also stated that a nice part of the bidding process that Sunrise used is that by prequalifying subs for so many services, the more reliable subs were selected, avoiding the situation of chasing the least cost option.

Hathhorn stated that if Sunrise tries to value engineer the whole proposal prior to signing a contract, those subcontractor bids will be expired and need to be rebid. Moving forward now means essentially issuing the \$18.8 million contract and then continuing value engineering as the process proceeds. Since there are no major changes anticipated in the administration building, construction could continue forward on that structure while changes to the site and shop are refined.

Hawes asked how confident Taylor was that it would be possible to get the project cost to \$17 million. Taylor stated that he had a fairly high confidence level, assuming Sunrise moves fast. He expressed that the longer a delay there is, the greater the question of savings becomes.

The board engaged in a discussion about the items proposed for reduction and the decisions that will need to be made in determining which proposed reductions to approve or reject.

Barth asked if there was a sense of what the building would have cost to construct 18 months ago. Taylor indicated that the cost would have been maybe 10% lower. Barth pointed out that the proposed reductions in scope now are essentially to offset the extraordinary price increases that have occurred. He asked what the relationship is with the architecture firm in this process. Hathhorn stated that in this process, FFA will be making changes to the design and plans for the structures before Kirby gets started on the vertical construction of the administrative building. Once construction on the administrative building starts, the changes to the plan for the shop building will be completed. It was noted again that there is some level of urgency in progressing with construction in order to avoid losing subs and pricing. Barth asked if there will be additional design costs, to which Hathhorn replied that there would be some.

Coate asked if the redesign of the shop will hold up construction, and noted that holding Kirby on the site for additional time will also add to the costs. Hathhorn stated that the two buildings are permitted separately. The administrative building will not have changes that are likely to require design review, so work on the administrative building can start quickly, while changes to the shop will probably require additional design review. Taylor explained that in his experience, most jurisdictions prefer a plan revision rather than a new submittal, which is a faster process. Hathhorn noted that on the positive side, because of the property zoning and the building type for the shop, there are less stringent design standards.

Coate asked if cost savings realized in this process will all accrue to Sunrise or if they will be shared with the contractor. Taylor responded that the savings would all accrue to Sunrise, and that they would not want any part of the cost savings as that would be a weird incentive for them. Hathhorn noted that in this process the

contract would basically be issued as it is, but would have some sort of footnotes or addenda added to commit the parties to working together to find cost savings, but wouldn't include a guarantee of the amount of savings anticipated.

Helm questioned the cost per square foot and the overall square footage of the building in relation to the number of employees. She stated that she is viewing this from the ratepayers perspective and that the building itself seems somewhat grand and more than is what is needed. She freely admits that she is new to this process and has not had the benefit of the history of what was involved in selecting this plan. Hathhorn discussed the multiple revisions and reductions to the original plan that had occurred during the design process. Taylor commented that the design is for a good, solid, durable 50-year building and is in keeping with other public facilities. Helm commented specifically about the volume of windows on the building. Ian noted that the number of windows had been scaled back significantly from the original design and were energy balanced. Helm asked if green energy was considered. Hathhorn stated that it was included in the plans with installation of 50% of the total planned photovoltaic array included in construction costs and the remainder to be installed later. Once fully installed the building should be near net zero on energy consumption.

Bailey asked who was going to be responsible for making the decisions about which reductions to accept or reject as the process proceeds, as it seems that it would be inefficient to come back to the Board for these. Hathhorn stated that he would continue to represent the board's interests in making these decisions. Hathhorn noted that it had been his hope that when we got to construction the project could be turned over to an owner's representative, but that this process will keep him very busy until all of the change orders are finalized.

O'Meara noted that according to the Federal Reserve, inflation is expected to last at least three more years. That being the case, he is not inclined to go out for additional bids. Hathhorn commented that the bid process was slightly more complex than the usual, making this somewhat like a CMGC process. Taylor said that the process may not have saved Sunrise money in the short run but that it did result in engaging better subcontractors.

Barth stated that he appreciated Helm's perspective, however the reality is that the basic model is that everything costs more than it used to. He asked if we don't do this now, then when, and how much more will it cost to do it later. He noted that prices never really come all the way back down, they just even off. Hawes commented that there are uncertainties with moving forward, but that waiting just trades those for other uncertainties.

Barth asked if we had secured the low interest financing with the state. Hathhorn stated that he would need to double check. Barth commented that the cost of capital is only going to go up. He asked if rates were going to need to increase to pay for this. Hathhorn indicated that it is not anticipated. Barth expressed his opinion that the bid price needs to be a ceiling for the project.

Coate explained to Helm that he shared some of the concerns that she expressed and that Hathhorn and the designer had made changes that addressed that for him. He stated that he feels a 50-year building is a good investment.

A motion to approve the contract with Kirby Nagelhout Construction for the construction of an administration and operations facility for \$18,830,000, with the inclusion of addenda to specify continued value engineering efforts, was made by Coate and seconded by O'Meara. Motion carried unanimously.

The Contract Review Board adjourned and the Sunrise Water Authority Board reconvened at 6:58 pm.

2. DISCUSSION ITEMS

2.1 Board Representation Zone Potential Adjustments

Hathhorn commented that in considering adjusting board zone representation, it seemed reasonable to make accommodation for the aggressive growth occurring in the service territory, specifically in zones 1, 5, and 6. The board viewed three maps of options to consider. Hathhorn discussed the restrictions on how zones could be structured and noted that the differences were subtle in the maps because of the need to for the zones to retain the current board members.

A motion to accept Option 1 as the representation zone map was made by Helm and seconded by Bailey. Motion carried unanimously.

2.2 Budget Committee Appointments

Hathhorn explained that the budget committee is equal in number to the board. Four budget committee members are returning, and two new ones have committed to serve, leaving one vacancy. Hathhorn noted that there are calls out for others, but if anyone has another recommendation that would be welcome.

A motion to appoint Randy Shannon and Josh Callahan to the budget committee was made by Helm and seconded by Barth. Motion carried unanimously.

3. STAFF REPORTS

3.1 Manager's Update

Hathhorn stated that under current circumstances it appears likely that there will be less snowpack than average going into the warm season. The weather has been really unpredictable though.

The auditor is still on board and we are waiting for the contract to come back.

The water supply agreement will be reviewed and pre-approved by all of the parties in preparation for final approval. This will set up the dissolution of the CRWSC by the end of the fiscal year. He noted that the attorneys have started work on the dissolution documents. He stated the dissolution should be easy since there are no employees and no assets. Hawes asked about the 152nd reservoir. Hathhorn explained that it was constructed under a separate agreement.

He stated that Sunrise is migrating technology to the Clackamas ESD, which will move the last piece of our IT system into the Cloud. He commented that it is a wonderful facility and provides better resiliency.

Hathhorn reported that the banking services RFP will be released later this fiscal year.

He reminded the board that the budget committee meeting will be next month.

Hathhorn noted that at the last meeting he recognized the contributions of Lin Rigutto but that he has a formal letter of recognition that he asks that the Board to sign before they leave.

Paul Gornick commented that Trent Wilson had asked if there was someone willing to step in and fill the water representative position on the C-4 committee, and it seemed to him that due to all of the growth and construction in the Sunrise area that it would be appropriate for one of our board members to fill that role. Hathhorn noted that the committee has evolved to focus primarily on transportation. Barth expressed a willingness to fill that role.

3.2 Engineering Report – No comments

3.3 Construction Report – The board commented that they appreciated the new format and found the photos informative. Hathhorn stated that there will be additional changes to include items like budget and schedule.

3.4 Operational Report – No comments

3.5 Finance Report – O’Meara commented that he really likes the notes in the finance report.


4. BOARD BUSINESS

4.1 Board Calendar


4.2 MEETING ATTENDANCE & LIAISON REPORTS	
Commissioner	Meetings Travel (T) or Remote (R)
Chris Hawes	(R) 3/8 Boring (R) 3/15 Oak Lodge Water Services
Kevin Bailey	None
Andy Coate	None
Gary Barth	None
Kevin O’Meara	None
Diana Helm	(R) 3/7 North Clack. Chamber of Commerce Public Policy. JL Wilson from Oregon State Chamber provided legislative summary. The big take away is that the short session needs to get back to being used for the purpose it was designed for.
Tim Chairet	3/7 CPO – Report from Sheriff on crime in area, Mayor Tom Ellis stated that only annexations by request, and CPRD report

6. ADJOURN

The meeting adjourned at 7:37 pm.

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CHRIS HAWES, CHAIR

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KEVIN BAILEY, SECRETARY