



MINUTES

A budget hearing and regular meeting of the Sunrise Water Authority Board of Commissioners were held on **Wednesday, May 24, 2023 at 6:00 p.m.** at Sunrise Water Authority's Administrative Office, 10602 SE 129th Ave, Happy Valley, OR 97086, and virtually via Zoom.

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

Commissioners Attending Remotely: none

Commissioners Absent: none

Staff Present: Wade Hathhorn, General Manager; Jamey Pietzold, Finance Director; Cindy Wolff, Administrative Manager

Visitors Present: Elaine Andrews, citizen; Joe Savage, citizen (remote); Paul Gornick, OLWS Board (remote); Sherry French, CRW Board (remote)

CALL REGULAR MEETING TO ORDER

Chair Hawes called the regular meeting to order at 6:02 p.m.

VOICE ROLL CALL

BUDGET HEARING

Open Public Hearing on FY2023-24 Approved Budget

Hawes opened the public hearing at 6:03 p.m.

Board Discussion & Public Comment

Hathhorn stated that there hadn't been any changes to the budget. Helm asked who administers the low-income assistance program. Pietzold answered, Clackamas County Social Services.

Close Public Hearing

Hawes closed the public hearing at 6:05 p.m.

APPROVAL OF AGENDA

Coate made a motion to approve the agenda as presented and Chaire seconded. The motion carried unanimously.

PUBLIC COMMENT

1. CONSENT AGENDA

Helm made a motion to approve the consent agenda consisting of the items listed below and Bailey seconded. The motion carried unanimously.

- 1.1 Approval of Minutes of April 26, 2023
- 1.2 Approval of a Waterline Easement for Cobalt Apartments
- 1.3 Acceptance of Water Mains and Related Facilities for Cobalt Apartments West Phase

2. DISCUSSION ITEMS

2.1 Renewal Andrews Ground Lease (for Communication Tower)

Hathhorn reviewed the terms of Andrews' lease and rates and that the Board asked at the last meeting for information about Andrews' finances and the tenants on her ground lease. Andrews said the lease is due to expire and she is asking the Board to renew it for five years and a set cost of \$900 a month. She commented on the importance of it to her family. She asked her accountants to

provide a Profit and Loss Statement as requested by the Board but the accountants told her for the cost it didn't make sense to provide one.

Savage stated that he was attending the meeting to represent Andrews as she's being taken advantage of. He commented that she has never breached her contract but the Sunrise hasn't held up to the terms. Hawes asked for clarification. Savage replied that the landscaping isn't kept up at the site, and that he didn't see what risk Andrews' lease was to the water authority, while not renewing it would have an impact on Andrews' finances and wellbeing. Andrews added that she had a letter from a former Sunrise accountant more than 10 years ago stating that Sunrise had made an error in Andrews' account billing. Hawes asked Andrews what length her leases are with her tenants and Barth asked if it was tied to her lease with Sunrise. She replied that it's usually five years and not tied to the lease with Sunrise. Barth commented that if the Board renewed Andrews' lease at five years, it would go beyond the lease with her tenants. Hawes noted that Andrews' leases with tenants were going beyond her lease with Sunrise, therefore she is issuing leases for a time when she technically would no longer have rights to the land through her own lease. Savage commented that in 70 years the lease has always been renewed.

Barth asked what Andrews' capital improvement costs for keeping up the site are. Savage said he keeps up with maintenance pro bono, including inspections and small improvements. Barth asked about material cost outside of Savage's labor. Savage said he gets used parts for free due to his employment in the industry. Barth stated that as a financial advisor he would ask about capital reserves. Helm replied that small businesses' capital reserves are the owners' personal checkbooks. Hawes commented that Andrews has lost tenants previously. Andrews replied that she lost two tenants who went out of business. Chairlet asked about potential future tenants. Savage said he is working with ham radio groups to get them on as Andrews' tenants.

Coate thanked Andrews for coming in. Hawes summarized Andrews' request and stated that the Board would consider the lease under executive session later tonight. Andrews shared photos before exiting. Savage logged off.

2.2 Resolution 2023-03, Adopting FY 2023-24 Budget and Making Appropriations

Pietzold summarized that this is for the Approved Budget which was just discussed, and this action is required by law. He asked for questions. Hathhorn commented that this will be the last time the Bond Reserve Fund will appear in the Budget as it is due to be retired this year.

Barth made a motion to adopt Resolution 2023-03, Adopting FY2023-24 Budget and authorizing appropriations. O'Meara seconded and the motion carried unanimously.

2.3 Resolution 2023-04, Reauthorizing Reserve Fund

Pietzold summarized that the Reserve Fund is used for dedicated revenue from cell tower and ground leases which are used for vehicles, equipment, computers and supplies. Oregon Statute requires that the fund be reviewed no less than every 10 years. Pietzold noted that it appears that the fund was last reviewed in December 2011. Coate asked about the budget at that time. Hathhorn provided estimates. There was a discussion about how it is handled when the fund reaches its maximum amount. Coate asked what the point of the fund is. Hathhorn said its purpose is to separate the cell tower lease revenue from the regular budget. Sunrise was not financially stable at the time and didn't want the Board to depend on those funds because they weren't guaranteed, and it offset funds that would go toward the general fund at that time. He noted that there have been a lot of fluctuations in the balance due to fleet purchases.

Coate commented that it didn't seem relevant to keep them separated. Pietzold stated that it does

create more work but doing so helps to highlight the associated revenues and expenses. Barth asked if it could be a line item in the General Fund. Hathhorn recommended not adding it to the General Fund as a line item. Barth commented that he doesn't want raises and similar expenditures to be based on that revenue, and he would prefer putting it in capital. Pietzold said it goes toward computers and other non-capital items, too. There was discussion about various ways to handle the funds rather than having a separate Reserve fund. Pietzold suggested the Board not make a decision now and he can come back with more options. Barth commented that he is ok approving it as is. Coate asked if Hathhorn allocates time directly to the fund. Pietzold said no. Coate asked if Staff is considering outsourcing cell tower lease administration. Pietzold replied that it's a consideration. He added that the Board can review this fund whenever it wants, it doesn't have to wait 10 years. Helm commented that she would like to reauthorize the account now and reconsider it later. Pietzold said that's the recommendation as it already operates and is set up in the accounting system. Barth asked what is spent out of it. Hathhorn said it varies as equipment will take bigger chunks out of the balance while computers are only \$500. Pietzold noted that there is a \$30,000 contingency and summarized the budget appropriations.

Helm made a motion to adopt Resolution 2023-04, Reauthorizing the Reserve Fund, and Bailey seconded. The motion carried unanimously.

2.4 Resolution 2023-05, Adopting New Employee Handbook (Employment Policies)

Wolff and Hathhorn explained the need for a new employee handbook and summarized the work that has gone into the proposed handbook. O'Meara referred to page 50 and noted that the reference to Medi-Cal needed to be changed.

Barth made a motion to adopt Resolution 2023-05, Adopting the New Employee Handbook, and Coate seconded. The motion carried unanimously.

2.5 Contract Extension for New Facility Construction

Hathhorn explained that the contractor constructing the new administrative office and shop is requesting a contract extension. He recalled that the Board approved an initial contract with Kirby Naglehout Construction last April. The original contract called for a substantial completion date of not more than 365 days. Notice to proceed was issued on May 24, 2022 making the date of substantial completion May 24, 2023. Hathhorn explained that the contract allows up to 30 days for delays outside the contractor's control, plus there were four additional days due to severe weather events, and an additional 43-day delay due to redesigns or other factors attributed to the owner.

Hathhorn went on to explain that the contract extension request also includes a cost extension, but he wanted to discuss the time extension and the cost extension separately. Hawes commented that the extension seems reasonable considering the work that's been completed. Barth noted the 100 change orders mentioned in the staff report. Hathhorn commented that the number is typical and is a result of information that gets lost in the design process but picked up later. He provided an example and noted that the most substantial change was probably the redesign of the fire system. Coate asked for confirmation that the contractor is asking for 43 days. Hathhorn replied affirmatively.

Hathhorn shared that he is in support of the time extension request, but there's not enough information for him to recommend that the Board approve the cost extension yet. The contractor is requesting Sunrise pay for an added cost estimated at \$60,600 per month for two months. This is the result of the added time to substantial completion and additional value engineering throughout construction.

Hathhorn explained that he told the contractor he would bring it to the Board. Coate commented that the request is just a request and didn't have any teeth. Hathhorn added that before we would consider paying it, we would have to see timesheets and other documentation.

Hathhorn commented that, all things considered, these are minimal as far as change orders go. The Board discussed the request and agreed by consensus that they approved of the time extension but would need more information on the cost extension. Hathhorn noted that if this construction were taking place in 2017 you wouldn't see the lead times we're currently experiencing.

Chairet made a motion to approve the requested time extension as presented, bringing the amended date of substantial completion to August 9, 2023. Bailey seconded the motion and it carried unanimously.

Hawes reiterated that the contractor can bring the cost extension back to the Board for consideration.

3. STAFF REPORTS

3.1 Manager's Update

Hathhorn shared updates on the construction of the new building; weather fluctuations and river flows; the water rights appeal; and workforce/staffing issues.

3.2 Engineering Report

3.3 Construction Report

3.4 Operational Report

3.5 Financial Statements

Pietzold noted that the organization is on target for its water sales revenue goals and is coming under on the expense side. He offered to do a year-end review.

4. BOARD BUSINESS

4.1 Board Calendar

4.2 Meeting Attendance and Liaison Reports

Commissioner	Meeting	Remote/In Person
Tim Chairet	None	--
Kevin Bailey	Happy Valley City Council #1	In Person
	Happy Valley City Council #2	Remote
Diana Helm	Chamber Public Policy	In Person
Andy Coate	None	--
Kevin O'Meara	None	--
Gary Barth	None	--
Chris Hawes	CRW	In Person
	Oak Lodge	Remote
	Boring Water	In Person

Gornick shared that Oak Lodge's next meeting would be June 6.

4.3 Information Items

4.4 Future Agenda Items

5. EXECUTIVE SESSION

Hawes called for a five-minute break.

At 7:34 p.m. the Board entered an executive session, pursuant to ORS192.660(2)(e), to conduct deliberations with person(s) designated by the governing body to negotiate real property transactions; and ORS 192.660(2)(i), to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing.

6. RETURN TO REGULAR SESSION


Chair Hawes returned to regular session at 8:09 p.m.

O'Meara made a motion to renew the Andrews' ground lease for a five-year period at a payment of \$900 with an annual escalation of 3%. Helm seconded the motion and it carried unanimously.

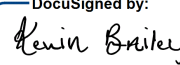
7. ADJOURN

Hawes noted that the Board began roll call when meetings moved remote during the pandemic and asked if the other commissioners were ok with disposing of it. They agreed by consensus.

Hawes adjourned the meeting at 8:12 p.m.

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CHRIS HAWES, CHAIR

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KEVIN BAILEY, SECRETARY