

**ROCKWOOD WATER P.U.D.**  
**MINUTES, REGULAR MEETING OF THE BOARD**  
**FEBRUARY 23, 2005**  
**Rockwood Water Boardroom**

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**Board members present:** Sandra Ramaker, Herb Brown, Stephen McElroy, Larry Dixon, Don McCarthy.

**Staff present:** Harvey Barnes, District Manager (DM); Mike Baker, District Superintendent (DS); Chris Shaw, Conservation & PR Coordinator (CPRC).

**Guests present:** Fran Hyson, Jeanne Orcutt, Pat Brown, Paul Matthews, Art Landis, Chris Uber, Maris Strautmanis.

President **Sandra Ramaker** called the meeting to order at 7:00 p.m.

**APPROVAL OF THE AGENDA**

**Herb Brown moved to approve the agenda. Stephen McElroy seconded the motion. The motion was approved; none opposed.**

**APPROVAL OF THE CONSENT AGENDA**

**Herb Brown moved to approve the consent agenda. Larry Dixon seconded the motion. The motion was approved; none opposed.**

**APPROVAL OF THE MINUTES**

**Jeanne Orcutt** referred to the 1/18 minutes and noted a name correction; Bob Bruce should be Bob Luce. **Fran Hyson** commented that a good job was done in preparing the minutes. She stated that she did not understand why the special meeting was called and commented on the change in direction of the CRW annexation with tonight's agenda. She questioned CRW not having more information for the February meeting. **Herb Brown** stated that not all comments on the meeting date discussion were included in the minutes

**Don McCarthy moved to approve the January 18<sup>th</sup> and February 2<sup>nd</sup> meeting minutes. Herb Brown seconded the motion. The motion was approved; none opposed.**

**APPROVAL OF THE BILLS**

**Jeanne Orcutt** asked about the following expenses: VISA bank fee, Gresham Chamber lunch, the number of AWWA membership renewals, sympathy card - CRW, business lunch, AWWA meeting lunch catering, AWWA charge for Cathy Middleton, S&B Inc., Secretary of State audit fee, ESRI, A&A Drilling, and high consumption door hangers. **DM Barnes** explained each expense in detail, with the exception of the VISA bank fee and business lunch items which he will research further and report back.

She also noted that the use of franchise tax is incorrect; the correct wording should be privilege tax. **DM Barnes** agreed and stated he would have the correction made.

**Fran Hyson** asked about the Wells Fargo bond interest payment. **Stephen McElroy** asked about the Multnomah Community Television video, Multnomah County elections, Ant Hill Marketing, and Where's Rosie charges. **Jeanne Orcutt** commented that she didn't see the privilege tax for

Portland. **Sandra Ramaker** asked about public official bonds. **DM Barnes** provided an explanation for each expense question.

**Don McCarthy** moved to approve the bills. **Larry Dixon** seconded the motion. The motion was approved; none opposed.

### **PUBLIC COMMENT ON NON-AGENDA ITEMS**

**Jeanne Orcutt** stated that the Rockwood Board should not go along with every recommendation that DM Barnes makes. She commented on the following: land given away to Gresham along Burnside now being developed resulting in lost water revenue; payments to CRW for operation of the treatment plant and water the District will never receive until a large water main is constructed; entering into an agreement with Gresham to share water rights and water from our newly constructed wells in return for paying one half of the cost to provide water treatment and construction of a joint water line; furnishing water to customers outside the District without the 50% surcharge; and furnishing crews to work on Interlachen infrastructure.

She added that sometimes it is in the best interest of Rockwood customers to say no to such endeavors and commented on the possibility of a rate increase as a result. She encouraged the Board to think about approving ideas that don't pan out and cost the District a lot of money.

**Fran Hyson** commented on the news coverage regarding a drought this year and expressed her concerns regarding the effect on the water table of drawing water out of the wells with Gresham. She noted the problems she has experienced with her own wells. **Ms. Hyson** urged the Board to consider the issue.

### **MASTER PLAN UPDATE**

**DM Barnes** explained that Chris Uber and Paul Matthews are present tonight to answer any questions. **Chris Uber** commented that a lot of information was covered last time and indicated that they could further discuss the presentation or go through specific document details if needed.

**Herb Brown** commented that he thought it was a well prepared plan. **DM Barnes** stated he would like to cover any comments about the plan itself as well as comments on the financial plan. **Paul Matthews** reviewed the four financial scenarios presented at the last meeting noting that each had a different impact on rates. **Chris Huber** added that from the engineering side those are looking at the recommended capital improvement program mixed with debt and no debt source, specifically the CRW supply implementation. Discussion followed regarding the timeline for finalizing and approving the plan, debt and finance options, rate increases, and capital improvements.

**Sandra Ramaker** stated she would prefer to wait on approving the financial part due to some issues. **DM Barnes** asked if there were any concerns about the plan. **Larry Dixon** commented that he is not real excited about a rate increase, adding that we're not sure how much water we'll be pumping out of the wells or what we'll do with the 6 MGD from the Clackamas. **DM Barnes** clarified that the Board is not being asked to vote on a rate increase tonight. We're just trying to eliminate some of the possibilities so we can refine any acceptable options.

**Paul Matthews** noted a typo in the materials distributed last time on page 33, scenario D; it should have been 33.2 million for total uninflated CIP.

**DM Barnes** asked for confirmation that there are no concerns regarding the plan but that the Board just needs time to look at the financing. The Board agreed. **Matthews** and **Uber** offered their assistance should there be something they can do to help.

**Sandra Ramaker** asked for public comment. **Fran Hyson** asked if DM Barnes stated the next meeting will be March 4<sup>th</sup>. It was clarified that the next meeting will be held March 23<sup>rd</sup>.

#### **DETERMINE CRITERIA FOR DISTRICT MANAGER EVALUATION**

**DM Barnes** explained that the format presented is the same used last year. **Sandra Ramaker** commented that she likes the format and suggested that DM Barnes prepare a progress report for the Board on what has happened in the past year. **Herb Brown** and **Stephen McElroy** expressed their approval of the format.

**Stephen McElroy** moved to approve the criteria as presented. **Herb Brown** seconded the motion. The motion was approved; none opposed.

#### **CRW ANNEXATION - RESOLUTION 04/05-008 TO REPEAL RESOLUTION 04/05-007**

**DM Barnes** reported on the status of the annexation. He explained that at the February Special Meeting the Board passed a resolution restating our interest in annexing CRW. There is now a resolution to rescind that resolution and move away from annexing CRW.

**DM Barnes** stated that as he explained at the February Special Meeting, time was getting short to get everything to the County and get it set up for the May ballot. A special meeting was required to obtain Board approval to submit the required documents. Following submittal to the County, CRW held a meeting to discuss the annexation issue and the transfer of assets as requested by RWPUD, at which time CRW determined that it was in the best interest of their district to form a water authority.

**DM Barnes** added that the question is: could we have had that information from CRW earlier? His guess is that we couldn't have as they were agonizing over the decisions they had to make. They think it will be easier to form an authority there rather than a PUD. CRW's decision does not mean that RWPUD has to revoke the resolution to annex, but since CRW has withdrawn its support to form a PUD, there's really no point in pushing the annexation election forward. He noted that we didn't get into agreeing to annex CRW to force them to do anything, rather to help them protect their boundaries. Forming an authority will accomplish the same thing - protecting boundaries.

**DM Barnes** asked Art Landis if his explanation characterized the situation correctly. **Art Landis**, replied yes - it really came down to the wire deciding what they were going to do. He added that the County is making the initiative for forming an authority and explained the process. He expressed his appreciation to RWPUD and from a personal standpoint (not a CRW board position), suggested that RWPUD approach CRW regarding some remuneration for the money spent on this endeavor. He stressed that this is not an official statement. **DM Barnes** indicated he is working on this.

**Jeanne Orcutt** stated that rather than wait for their water district to be gobbled up as neighboring cities annex into Clackamas River Water District, the CRW board considered all their options and voted to approve the option to annex to Rockwood Water PUD. At that time, they could have talked to the County about this water authority and decided on that then, but they didn't. Then the Rockwood Water PUD Board approved a resolution to annex CRW and proceeded to schedule an election in the Clackamas River Water District. Now, after Rockwood has incurred considerable

expense in an attempt to follow through on annexation of CRW, the CRW board has voted to form a water authority and withdrawn their support for annexation into Rockwood Water PUD. Since it was Clackamas River Water that backed out of the annexation option – not Rockwood – CRW should reimburse Rockwood for at least half of the cost Rockwood has incurred relative to the annexation of CRW, if not all of the cost.

**Ms. Orcutt** added that tonight’s resolution misrepresents the facts and should not be approved until it is reworded to reflect the truth. She stated that the present wording is in direct conflict with the information DM Barnes presented in his memo to the Board dated February 17<sup>th</sup>. She then read his statement. She requested that the resolution be reworded before the Board approves it.

**Sandra Ramaker** asked for clarification on what she wants added to the resolution. **Ms. Orcutt** replied that it should state that CRW backed out of the deal. She commented on the way the District was treated and the money wasted.

**Fran Hyson** commented that she is very upset about all of this and added that in the beginning when it all came about, she recommended that another attorney represent Rockwood - not Balfour - for both Rockwood and CRW. She stated that his input surely cost us money for no reason. Had the District had another attorney as she suggested, she thinks it would have been a different situation.

**Ms. Hyson** stressed that she is very upset that the Board went ahead with this noting that she had a number of questions when this issue first came up. She noted that legally there should have been things done like going to the Clackamas County Commissioners. She commented on her attendance of the CRW meetings and the questions she raised there.

**Ms. Hyson** commented on information presented by Director Stephen McElroy, the debt that has been incurred by the District, alienating citizens as a result of the contract with CRW, and not undermining ratepayers. She commented on the change in direction with the CRW annexation. She noted that she doesn’t blame CRW for all of it; she blames Rockwood too because she and Jeanne Orcutt tried to tell the Board to slow down and do it right.

**Ms. Hyson** commented on the territory that was traded that Jeanne Orcutt referred to, noting the big exercise club located there and lost revenue to the District. She urged the Board to do their homework before jumping into something and wasting ratepayer money.

**Sandra Ramaker** replied that she understands the concerns. She explained that we did hire another attorney to work on this. When we first took this to the county commissioners, CRW engineers and others working on it believed all the lines were there. There was no indication or thoughts that it wouldn’t go through until the county commissioners’ meeting. She commented on problems that arose, including opposition by Sunrise Water Authority.

**Ramaker** added that the District held back and let them discuss things before proceeding. She attended both of the last meetings and the indications given were that it would go through; she had no idea that they were going to change except that she knew the County was putting pressure on them to do something different because they didn’t want a PUD in that area. She replied to comments about some of the people being against it. It wasn’t that everyone was hostile about the CRW capacity; some expressed support for the PUD. She agreed that a lot of time and money were spent on both sides. **Ramaker** stated that per past discussions, she believes that CRW will help offset the District’s expenses.

**Fran Hyson** asked for clarification about when they decided they didn't want a PUD. Why wasn't it found out in the beginning? **Sandra Ramaker** replied that it was that County that put the option of an authority out there once they realized the PUD option was going forward. **Ms. Hyson** expressed that the attorney should have gone to the County to look into the feasibility of a PUD.

**DM Barnes** commented on the past situation with Multnomah County and the City of Portland having an opinion that RWPUD should not exist. The people didn't care what they thought. He questioned going to the County for approval in forming a PUD when the law states that the people have a right to vote on it.

**Art Landis** clarified that he doesn't think anything was done illegally; everything was done above board. He noted that CRW did initially try to form an authority that required cooperation of at least one neighboring district. It was not known until recently that the County would initiate the option of forming an authority. He explained that CRW was fully committed to the process with RWPUD, but noted that he also stated many times they would keep their options open and do what's best for customers.

As far as not getting on the November ballot, it was not the fault of Rockwood, Rockwood's attorneys, or CRW. It was because the County's maps were way behind the times and had to be updated. As far as pushing things through, there was always a need for haste to protect CRW's boundaries.

**Herb Brown** commented on being the chief petitioner to form a PUD and the process involved. He noted one difference in forming a water authority - no election by the people is required. He added that he feels the people should decide what they want to do and expressed opposition to rescinding the resolution to annex.

**Fran Hyson** stated she thinks she's being misunderstood clarifying that she was all for the PUD. Her point is that had we had different attorneys, maybe they would have found what this would have been and saved all of this.

**Sandra Ramaker** noted suggestions to changing the wording as well as opposition expressed to doing so. She asked if the board wants to change the wording. **Larry Dixon** stated he doesn't think it necessary to state we're not the ones backing out. **Stephen McElroy** commented he thinks they should go ahead and pass the resolution although he agrees with Herb Brown's statement about the people's right to vote. He added that the County has already made its decision; it would be foolish to spend money on an election that will probably never happen. **Don McCarthy** expressed agreement with Brown and McElroy.

**Jeanne Orcutt** again expressed her disagreement with the resolution wording. **DM Barnes** suggested alternative wording that he thought might address her concern.

**Don McCarthy** moved to approve the resolution as is. **Larry Dixon** seconded the motion. **The motion was approved with Herb Brown voting no.**

#### **BOARD TRAVEL REQUEST – DC FLY-IN**

**DM Barnes** explained that Herb Brown requested he be able to attend adding that board approval is required for reimbursement. **Herb Brown** commented on the outcome of last year's attendance and

issues regarding MTBE that are appearing again. He stated that he cannot attend this year. **DM Barnes** apologized for bringing the issue up noting that he was under the impression that Herb Brown was interested in attending. **Sandra Ramaker** explained that AWWA representatives will be attending. She asked if any others were interested in attending. There being none, no action was taken.

#### **EXECUTIVE SESSION - ORS 192.660 (2)**

(b) To consider the dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent who does not request an open hearing.

(d) To conduct deliberations with persons designated by the governing body to carry on labor negotiations.

(e) To conduct deliberations with persons designated by the governing body to negotiate real property transactions.

**Sandra Ramaker** noted that she would excuse herself from discussion regarding item (d) due to a conflict of interest. The meeting recessed at 8:24 p.m. for a short break followed by the executive session at 8:30 p.m. The meeting reconvened at 9:30 p.m.

#### **ACTION ON EXECUTIVE SESSION ITEMS**

**Sandra Ramaker** reported that no action would be taken on executive session items. She indicated that the Board will discuss a policy amendment at the next board meeting.

#### **PROJECT UPDATE**

**DM Barnes** reported the well projects are near completion. The well # 4 pump has been installed. It is not performing exactly how it should be, but they think they have found the problem. Well #3 and the chlorine building are fully functional. The pipeline project with Gresham is moving along, but has been slowed down a bit to address some issues with the restraining glands that were going to be used.

#### **FOR THE GOOD OF THE ORDER**

**Don McCarthy** thanked the Board for the opportunity to attend the SDAO Conference, noting that it was very informational. **Sandra Ramaker** also thanked the Board for the opportunity to attend, adding that there were great sessions on building a special district board, ethics, and legislation. In addition, she attended a regional water emergency tabletop exercise provided through the Regional Water Provider's Consortium.

#### **ADJOURNMENT**

**Herb Brown** moved that the meeting be adjourned. **Don McCarthy** seconded the motion. **The motion was approved; none opposed.**

The meeting was adjourned at 9:35 p.m.

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Secretary