

ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
20, MAY 2003
Rockwood Water Boardroom

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

Staff present: Harvey Barnes, District Manager (DM); Mike Baker, District Superintendent (DS); Chris Shaw, Administrative Secretary (AS).

Guests present: Jeanne Orcutt, Fran Hyson, Maris Strautmanis, Robert Paine, Fern Patrick, Sandy Gillis, Gina Plaster, Chuck Chamberlen, Harold Booth, Ray McCracken, Bill VanBuren.

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.

CONSENT AGENDA

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

APPROVAL OF MINUTES

Sandra Ramaker asked for public comment.

DM Barnes clarified the statement on page 3 of the minutes regarding the Cleveland reservoir demolition by explaining that it is only the elevated reservoir that doesn't exist anymore; the ground reservoir is still there.

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

APPROVAL OF BILLS

Sandra Ramaker asked for public comment.

Herb Brown asked about payment to the Office of Cable Communications. **DM Barnes** explained that it's the office in the City of Portland that we send the 5% privilege tax to. Discussion followed regarding the privilege tax.

Jeanne Orcutt questioned the purchase of activity books. **DM Barnes** replied that they are educational materials used for school presentations and events; he noted that public education is an element of complying with new rules to extend the District's water rights.

Ms. Orcutt commented on groundwater rights permits. **DM Barnes** explained that the District has to extend its unperfected permits. This includes all water rights. She asked how long it extends them. **DM Barnes** replied that 50 years is being requested. **Ms. Orcutt** commented on the used computer and printer purchased from the City of Molalla. **DM Barnes** stated that the District is only interested in the printer; the computer will be sold to another agency. He explained the savings in purchasing the used printer.

Nancy Johnson commented on the following expenses: pipe trailer, professional services, vulnerability study, and Cleveland reservoir demolition. **DM Barnes** explained each of the expenses in detail. **Ms. Johnson** commented on the privilege tax being charged. **DM Barnes** replied that the Board opposed the tax. He explained that the City of Gresham Council approved the tax to be imposed on the District's Gresham customers.

Fran Hyson commented on the expense to install a trailer hitch. **DM Barnes** explained that a trailer hitch was installed on the dump truck so that it can pull an 18,000-pound trailer.

Ray McCracken commented on the trailer purchase. **DM Barnes** replied that the trailer built by the District in 1945 had to be replaced as it was unsafe. **Mr. McCracken** asked about the bid process. **DM Barnes** explained that generally anything over \$10,000 is bid out. Discussion followed regarding the bid and decision making process.

Chuck Chamberlen commented on school district budget issues, cutting costs, and Board members receiving payment for meetings. He also commented on PERS and asked if the District has looked into going in with a group and getting involved with the sale of a bond at less interest. **DM Barnes** explained that he doesn't recommend pursuing a sale of bonds until further information is received on what the unfunded amount will be. Discussion followed regarding bond rating.

Nancy Johnson asked about authority for determining the amount to spend. **DM Barnes** explained that he has authority to implement the budget that the Board approves. She asked how many signatures are required on checks. **DM Barnes** replied two.

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

PUBLIC COMMENT ON NON AGENDA ITEMS

Sandra Ramaker asked for public comment. No comments were made.

RATE ADJUSTMENT

DM Barnes explained that a few weeks ago he made the initial budget presentation. Since that time, the City of Portland has reduced its initially proposed rate increase reducing District expenses by \$65,000.

Herb Brown stated that we should try to eliminate or keep the rate increase as low as possible. He commented on the gradual reduction of operating costs as a result of the new well.

Stephen McElroy stated that he suggested this item be placed on the agenda and asked if a resolution has been prepared for approval tonight. **DM Barnes** replied no; he didn't want to prepare a resolution until the Board's stance on the rate adjustment is determined. **McElroy** commented on his campaign promise to vote no on rate increases and noted his vote in opposition to last year's rate increase. He commented on the combined effect of last year's 7.5% rate increase, Gresham's 5% privilege tax, and the proposed rate increase stressing his opposition to a rate increase this year.

Larry Dixon stated that he doesn't think we have a choice on the rate increase. He added that when District costs go up, we have to pass some of it on to customers. He expressed his concern and opposition regarding the privilege tax imposed on Gresham customers.

DM Barnes explained that we don't need a 5.5% rate increase now that Portland has reduced its proposed rate increase; the District's proposed rate increase could be reduced by at least 1-1.5%. He

added that by staggering certain projects and goals, we could further reduce the increase. He stressed that a 3% increase would only cover the \$185,000 increase in the cost of water from Portland. **DM Barnes** commented on the well and the long-term potential to sharply reduce the District's cost for water.

Sandra Ramaker expressed that it is very difficult to approve a rate increase. She stated that the District doesn't have a choice on the 5% privilege tax imposed by Gresham. She suggested that DM Barnes rework the budget for tomorrow night's meeting to not exceed a 3% rate increase.

Larry Dixon asked about peaking charges. **DM Barnes** replied that the 3% would cover the rate increase including the new peaking fee Portland will be imposing.

Bill VanBuren commented on fixed senior incomes, paying for water system updates, and charging a larger service fee when new apartments are built. He suggested that the District absorb the Gresham privilege tax and work with other agencies to meet equipment needs.

DM Barnes replied to the comments regarding SDCs for new customers noting that apartment developers do pay a fair amount. He added that we will be looking at those rates next year to determine if they need to be higher.

Fran Hyson explained how Portland's utility tax came about and expressed opposition to a 5.5% rate increase. She commented on the Board's opposition to the Gresham privilege tax, inclusion of a rate increase last year without Board approval, and bringing the rate increase up prior to the April Budget committee meeting. She commented on the money put into the well and added that its production isn't being considered. **Ms. Hyson** commented on the economic situation and expressed that the Budget committee approved a number of expenses that could have been cut back: new paint and carpet for the boardroom, the District Manager's salary, and Director attendance of AWWA meetings.

Sandra Ramaker stated that part of the budget process is the manager putting together a budget that meets District needs; a decision is not made until everything is done. She suggested that DM Barnes present what the District needs and what it would cost without a rate increase and also at two different rate increase levels.

DM Barnes responded that he will rework the budget in whatever direction the Board wants, but would like parameters to work with. He explained that in the past a proposed budget was presented and changes were made by the budget committee with the Board having final approval. He stated that the proposed budget meets the goals and objectives set by the Board.

Pat Brown commented on the effect of a 5.5% rate increase on a household of four, stressed the importance of meeting federal mandates, and added that in the past the Board didn't spend money to update the system. She commended the Board for investing money in the District and the decisions that they have made. She expressed opposition to a wage reduction for employees, noted DM Barnes' after hours efforts to monitor the system to avoid peaking charges, and commented on equipment, OSHA and safety issues.

Jeanne Orcutt commented on the monthly dollar amount resulting from a 5.5% increase and suggested ways to cut the budget. She asked if we provide any water outside the District at a higher rate. **DM Barnes** yes and explained the rates. She expressed her understanding that the well water could not be used until 2005. **DM Barnes** replied that we are asking the City of Portland to release us from our minimum purchase contract so that we can use it at the end of this summer and next

summer. **Ms. Orcutt** commented further on ways to cut the budget and urged everyone to attend the Budget Committee meeting tomorrow night.

Sandy Gillis commented that the District's rate increase isn't that much, but combined with other rate increases and increased expenses, it makes it difficult for those on limited incomes.

A citizen asked if District employees receive a discount on their water bills. **DM Barnes** replied no. The citizen also commented on limited incomes and asked if assistance is available. **DM Barnes** explained that the District offers a customer assistance program.

Fern Patrick commented on the cost of keeping her grass green, bark dust fires and limited senior incomes.

Robert Paine commented on raising fees between 3% and 5.5% and stated that he'd rather see it on the low end or not at all. He expressed that we need to take into consideration the combined effects of the Multnomah County's school levy, the District's rate increase and high unemployment; however, it is unrealistic to think that there doesn't have to be some increases. **Paine** encouraged the Board to look at all issues and consider holding off on some things. He commented on Portland's rate increase and the well's potential to reduce dependence on Portland.

Fran Hyson commended the Board for opposing the Gresham privilege tax. She stated that the rate increase should have been brought up sooner and customers should have been more informed.

Stephen McElroy commented on the medical issues and limited incomes of patrons. He expressed opposition for a rate increase.

Herb Brown commented on senior citizen income and stressed the importance of a business being able to meet expenses. A business should not run on a negative cash flow. He noted that we don't have control over the Gresham privilege tax, Portland privilege tax, Multnomah County levy, etc. He commented on potential budget cuts and stressed that no cuts should be made without discussion by the entire committee.

DM Barnes stated that a decision needs to be reached to provide direction for preparing a new budget if needed.

Sandra Ramaker commented that at the last few meetings the Board provided a forecast of the things that need to be done; she added that some of the things need to be changed. She stressed that having a negative cash flow is not a good situation, commented on the well's potential, and stated that she would like to see a lower rate increase.

DM Barnes stated he could prepare budgets and rate projections for 0%, 1%, 2% and 3% rate increases. He cautioned the Board about negative cash flow and depletion of reserves.

It was agreed that DM Barnes will prepare proposed budgets with different rate options not to exceed a 3% increase for tomorrow night's meeting.

SERVICES PROVIDED TO CITY OF GRESHAM

DM Barnes stated that this agenda item was requested by Larry Dixon. He explained that the District provides services to Gresham just as we do for Portland. For the past several years, Gresham did not charge a tax to our customers. It has been proposed that we charge for services such as meter

reads, reports, etc. He outlined the services Portland pays for. A fee for services has never been negotiated for Gresham. Discussion followed.

Larry Dixon moved that DM Barnes notify the City of Gresham and negotiate a fee for meter reads, reports and other services provided to the City. Herb Brown seconded the motion.

Fran Hyson expressed support for charging Gresham. **Jeanne Orcutt** stated that charges should be uniform for Portland, Gresham and Fairview.

The motion was approved; none opposed.

VOLUNTARY WATER-EFFICIENT PRODUCT LABELING PROGRAM

DM Barnes explained the program being sponsored by Friends of the Earth. The voluntary labeling program will help customers understand which products actually save water. He noted that manufacturer participation is voluntary and the general consensus among water providers is that it would be a good program.

Following discussion, **Herb Brown moved to implement the project. Stephen McElroy seconded the motion. The motion was approved; none opposed.**

WELL PROJECT UPDATE AND OPTIONS

DM Barnes reported on the well. He indicated that he hoped it would produce about 1000 gallons per minute. The pump test and spinner test have been completed; the well pump tested at 3000 gallons per minute. The pump maxed out at 3500 gallons per minute with about 60 feet of draw down.

DM Barnes stated that the downside is that we cannot attain 6.5 million gallons of water rights with one well. An additional well on the property would allow us to max out our 6.5 million gallons of water here. He reported that current indications are that pumping and treatment costs would be approximately \$.15 per cubic feet. He suggested that the District max out the 6.5 million gallons here and contract with Geo-Tech to drill another well. Discussion followed.

DM Barnes explained that the reason for developing this property is because the water rights are senior to most in this area. He added that negotiating a change order with Geo-Tech to have them drill the second well would save time and costs.

Sandra Ramaker asked for public comment.

Ray McCracken commented on project bidding and noted that contractors often bid lower on the initial project and then make money on change orders. **DM Barnes** replied that he is very conservative and careful on how he approaches contracting and explained that we have bid unit prices. Further discussion followed regarding the bid process, costs and public input.

Jeanne Orcutt asked if the two wells will compete with each other. **DM Barnes** explained that with the transivity of the soil, spacing the wells 400 feet apart and drilling the second well around 630 feet, we shouldn't see significant interference.

Fran Hyson asked if the contractor is from out of state. **DM Barnes** replied no, from Tualatin. **Ms. Hyson** expressed concern about depleting the water table. **DM Barnes** addressed her concerns by explaining that the District is only interested in deeper water that is not as susceptible to water level changes and that the District's water rights in the area are junior only to Interlachen.

Larry Dixon asked for confirmation on the cost of \$.15 per cubic feet. **DM Barnes** replied yes. **Dixon** asked about treatment. **DM Barnes** explained the treatment and blending process. He indicated that the District will need to do some pipe work to get the water out of here. The inlet in the bottom of the reservoir will also have to be changed. Discussion followed regarding the production timeframe. **Stephen McElroy** expressed support for the wells and lowering the price of water.

DM Barnes asked the Board for direction: do they want to maximize the 6.5 million gallons of water rights here and authorize him to amend the contract with Geo-Tech?

Larry Dixon expressed support for pursuing the project. **Herb Brown** stated he would like to hold off on a decision regarding the second well. **DM Barnes** explained that if the decision is delayed, it will delay the projects that need to be completed to utilize the well water. Discussion followed regarding upsizing the lines.

Sandra Ramaker stated that she would like to see us go ahead. **Stephen McElroy** asked about the effect on the budget. **DM Barnes** replied that we would change our priorities from the CRW project to the well project; it would be faster and less expensive to get the water online.

Larry Dixon moved to proceed with the second well and authorize DM Barnes to select Geo-Tech if that is who he thinks will offer the best price. Stephen McElroy seconded the motion. The motion was approved with Herb Brown voting no.

GRESHAM PRIVILEGE TAX UPDATE

DM Barnes explained that the District does have some options and indicated that information prepared by the District's attorney will be presented to the Board in executive session.

EXECUTIVE SESSION ORS 192.660

(h) To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

The meeting recessed at 9:05 p.m. for executive session. The meeting reconvened at 9:17 p.m.

ACTION ON EXECUTIVE SESSION ITEMS

Sandra Ramaker reported that no action will be taken. **DM Barnes** explained that the District's attorney looked at the legality of the fee passed by Gresham and advised the Board against filing a lawsuit.

Sandra Ramaker asked for public comment. No comments were made.

FOR THE GOOD OF THE ORDER

DM Barnes reported that the tapping team placed first in the competition held at the AWWA Pacific Northwest Conference in Boise and displayed the award. **Sandra Ramaker** added that the women's team took first place also. The teams will proceed to the national competition in Anaheim.

Herb Brown reported on today's meeting on the initiative to annex Powell Valley Road Water District into Rockwood. He indicated that a meeting will be held downtown tomorrow.

AS Shaw reported that the National Drinking Water Week student event at the District office went very well. She expressed appreciation for the staff's efforts and added that a number of positive

comments were received. She noted that a revised cable viewing schedule for board meetings was included in the packet.

Sandra Ramaker stated that she attended the event and was amazed at the interest and knowledge of the students. She commented on the various activities. She then presented the awards that she accepted at the AWWA PNWS conference on behalf of the Regional Water Providers Consortium (RWPC). Achievement awards were received for the stage show performance “As the Faucet Turns” and for the Water Works Map. She commended the projects and AS Shaw for her involvement. **DM Barnes** noted that the Consortium Youth Education Committee is working on a project to display the map on the web.

ADJOURNMENT

Sandra Ramaker moved that the meeting be adjourned. Herb Brown seconded the motion. The motion was approved; none opposed.

The meeting was adjourned at 9:28 p.m.

Secretary