

ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
18, MAY 2004
Rockwood Water Boardroom

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

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

Guests present: Fran Hyson, Jeanne Orcutt, Scott Forrester, Ray Beach, Pat Brown, Frank Gearhart, Eulia Mishima, Lawrence Hudetz, Rose Marie Opp.

President **Herb Brown** called the meeting to order at 7:01 p.m.

APPROVAL OF THE AGENDA

Stephen McElroy asked that two guest speakers be added to the agenda for discussion regarding a power service feasibility study for the District. It was suggested that it be added as item 5a.

Larry Dixon moved to approve the agenda as amended. **Sandra Ramaker** seconded the motion. The motion was approved; none opposed.

CONSENT AGENDA

Sandra Ramaker moved to approve the consent agenda. **Stephen McElroy** seconded the motion. The motion was approved; none opposed.

APPROVAL OF MINUTES

Stephen McElroy moved to approve the minutes. **Larry Dixon** seconded the motion. The motion was approved; none opposed.

APPROVAL OF BILLS

Fran Hyson asked about the following expense items: Catherine Middleton (AWWA seminar); Conservation Meeting Refreshments; Food Service Department (CCWF), and Miscellaneous Board/Employee/Guest (AWWA& PNWS conferences). She commented on payment of guest expenses and then asked about additional expense items: City of Gresham (sewer/storm water); Amburgey & Rubin (legal services); AWWA meeting lunches; Complete Tree Service (tree removal). **DM Barnes** provided an explanation of each expense. He noted that a revenue report was previously provided showing payment to the District for guest expenses.

Ms. Hyson referred to page 1 of the Revenue/Expenditure report and asked if the minuses indicate being over budget. **DM Barnes** explained that a negative sign in the revenues section means the District collected more than expected. **Ms. Hyson** referred to the Directors Expense line item and commented that she thought a few board members were paid more than \$50.00 per month. **DM Barnes** replied that he doesn't think so, but will check to confirm.

Jeanne Orcutt asked about the following expenses: Multnomah County (ITAX); total Clean Water Festival expenses; Oregon Department of Revenue; and Salish Ponds Elementary (Water Education Grant). She commented on guest charges and asked that whenever they appear on the expense report that a statement also be provided showing who paid the District and on what date. **DM Barnes** explained each of the expenses she asked about.

Ms. Orcutt asked about additional expenses: Master Plan (MSA); CCWF campus charge (PCC); and AWWA lunches. She commented that the tree removal expense was too high. **DM Barnes** explained each expense. **Ms. Orcutt** also asked about the Share of IUG (TVWD) and Contract Services & Postage (Form Ideas) expenses. **DM Barnes** explained each. **Ms. Orcutt** asked if minuses in the expenditures section mean the District is over budget for those line items. **DM Barnes** replied yes. She asked if another budget meeting would have to be held to approve being over budget. **DM Barnes** replied that under current Oregon budget law, the District can exceed budgeted line items as long as the total category amount doesn't exceed a certain percentage.

Larry Dixon moved to approve the bills. Stephen McElroy seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Fran Hyson commented that property donated by the District to Gresham is being developed and she is upset about all the lost revenue to the District.

Herb Brown welcomed new attendees to the meeting and asked that guests sign in.

POWER FEASIBILITY STUDY

Frank Gearhart stated that he is representing the citizens interested in the Bull Run from Gresham and is proposing that the District have an electric service feasibility study prepared. He commented on the uncertainty of future electric service, the need for information, and the PUD's potential to greatly benefit the utility customers of East Multnomah County. He added that the feasibility study would help the Board in making decisions they will face in upcoming months. **Mr. Gearhart** strongly recommended the study and requested that the board take action tonight to place the study on next month's agenda as an action item. He stressed that this will not mean that the Board is voting to be an electric service provider.

Herb Brown commented that some members may prefer that the item not be on the June agenda which includes the budget hearing and suggested the July meeting. **Frank Gearhart** replied he would prefer June.

Scott Forrester provided two handouts to the Board, one single containing OPUC data and a copy of the Clackamas County PUD feasibility study. He stated that he represents the Friends of the Clackamas River, which has taken a position in favor of public power. He commented on Enron's bankruptcy; PGE being a wholly owned subsidiary; Texas Pacific Group; campaigns to create new PUDs; and the District's position as an established, well thought of, reputable PUD.

Mr. Forrester stated that the District has the ability under the Oregon constitution to provide electric service, something not to be taken lightly, and expressed that it would only be wise to prepare a feasibility study. He referred to a previous power feasibility study prepared by R.W. Beck in 1993 or 1994 for the District and noted that the same consultant authored the feasibility study for Clackamas County P.U.D. He added that the study was done for a little over \$13,000 for the entire Clackamas County, so the District's cost should be less.

Mr. Forrester indicated that the consultant will be available at the next meeting to answer questions and asked that the item be put on the agenda in June. He stressed that it's only a study;

it's not to say the District is going to get into the power business. He referred to the Clackamas County PUD feasibility study and the projected savings in the first year.

Herb Brown commented on electric PUD rates in Oregon being lower than those of PGE and the large amount of money spent by electric companies to battle PUDs. He asked for additional public comment.

Scott Forrester commented further that another good reason to have it on the June agenda is because it is budget time. He stated that it's his understanding based on discussions with individual commissioners that there would be no adverse financial impact to the current or next fiscal year budget, there are funds in excess available to cover the cost of the study. If this is not the case, it should be addressed during the budget process.

DM Barnes asked Scott Forrester about the estimated cost of a study for the District. **Mr. Forrester** replied that given the District's size compared to Clackamas County and the amount of work that has already been done, the cost should be less; he commented on the possibility of partnering with Interlachen on the study.

Rose Marie Opp commented that a feasibility study would be a positive sign to the community that a local group such as the PUD would be taking a leadership role. She noted her position as Chair of the Mill Park Neighborhood Association and frequent citizen discussion on increasing rates. She encouraged the District to consider the feasibility study.

Eulia Mishima stated that she hadn't planned to speak tonight, but was encouraged to participate in the discussion. She commented on her involvement in the Oregon Public Power Coalition and the information she has collected on what's happening with private electric companies and PUDs across the nation. She stated she would be glad to provide any information she has. She encouraged the board to consider becoming an electric PUD. DM Barnes noted that his e-mail address is available on the District's website: www.rwpud.org.

Lawrence Hudetz stated that he has been following discussions about forming a PUD in Portland. He commented on the District being an existing PUD with a positive track record. He commented on the potential for rate savings, the complexity of electrical distribution, the need for careful study, and the weight the District would carry compared to a group trying to start a new PUD.

Fran Hyson expressed support for a feasibility study but stated that a cap should be put on the cost of having the study done. She commented on big companies making profits and citizens paying higher rates. She suggested placing the item on the June agenda to increase citizen attendance for the budget hearing.

Jeanne Orcutt commented on people that don't live in the District trying to influence what goes on in the District. She stated that when Rockwood Water PUD was formed citizens were told it was for a water only PUD and noted that a proposal to add electric service was soundly opposed by Rockwood Water PUD ratepayers. She commented that there is no reliable information as to the cost to acquire PGE's transmission or generation system, there's no guarantee that a PUD can provide electric service at a more favorable rate than a private company, and there's no assurance that low cost power would be available from Bonneville Power Administration to serve a new PUD.

Ms. Orcutt commented further that litigation could take years and be very costly, breaking up PGE into several entities will never be cost effective, a small PUD could not provide reliable service and restore service quickly after a large outage, the loss of income (taxes) to local government would be considerable, and efforts to form PUDs in Multnomah and Yamhill counties have been rejected. She expressed concern regarding the assumption of liabilities for the Trojan plant. She stated that the District shouldn't take this on.

Fran Hyson noted that there was a letter to the editor in the Oregonian from the retired manager of the Columbia PUD.

Eulia Mishima commented that the issue is very complicated and there are so many things that need to be studied. She stated that ratepayers are going to pay for electricity whether it is a private company or one owned by the public. The cost will be the same and the ratepayers will pay for it; the difference is that the PUD is non-profit whereas the others are profit-oriented. She encouraged the Board to do the study.

Herb Brown asked for board discussion. There being no additional comments, he stated that the item will be placed on the June meeting agenda for board discussion.

PROJECT UPDATES

DM Barnes stated that all projects are going well. He reported on the District's Spring Water Festival. Last Thursday about 240 2nd graders from schools within the district participated. He noted that the event went very well and the weather was great. He reported that the reservoir project out back is winding down towards completion. The earth anchors are taking a little longer than expected, but should be finished by early June. The pump house is moving along rapidly, the concrete floor and detention basins are in, and the brick has been delivered so the building will start going up this week.

DM Barnes noted that DS Baker is still off work recovering from surgery. He commented on the number of calls DS Baker receives a day and stated that he hopes he will come back at least part time in the next week or two. He reported on negotiations with the City of Portland; some headway is being made but they are still not in agreement on the contract. They have agreed on what the key concepts of the contract are and are working on the language to identify each component of the rate making process. He stated that the District continues to work on the joint operations agreement with Gresham to be presented at the August Board of Directors and Gresham City Council meetings.

DM Barnes reported that the District is also working in conjunction with the City of Gresham on an emergency recovery plan to comply with antiterrorism laws. The design of the District's operations center will begin in the next month or so. Design information will be provided to the Board. He noted that there are several federal rules to comply with on this project.

Sandra Ramaker asked that the Board be advised of the date that the operations agreement will be on the Gresham City Council meeting agenda. **DM Barnes** noted that the District's August Board meeting date may have to be adjusted if board members would like to attend the council meeting.

FOR THE GOOD OF THE ORDER

Herb Brown asked AS Shaw about the water festival. **AS Shaw** commented that it was very successful; District staff worked hard to put on the event and a number of positive comments were

received. She noted that latest policy manual amendments were distributed to each board member. **DM Barnes** reported that three new replacement employees have been hired. He noted the general activities report he provided the Board. He added that the crew has been phenomenal in working with him to understand what his duties are while DS Baker has been out.

Sandra Ramaker reported that she attended the AWWA Pacific NW Section Conference. She commented on the outstanding keynote speaker on the topic of customer service and outlined the public official's forum sessions she participated in. She also attended the tri-state utility council meeting which was very informative. **Ramaker** stated that it was a great conference and she appreciated the opportunity to attend.

Herb Brown reported that he also attended the AWWA-PNWS conference and participated in the public official's caucus at which he provided a presentation on the DC Fly-in. He indicated that the DC Fly-in was very worthwhile and reported on appointments with legislators and the issues discussed.

ADJOURNMENT

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

The next meeting is scheduled for June 29th at 7:00 p.m. at the District office.

The meeting was adjourned at 8:14 p.m.

Secretary