

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

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

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

Guests present: Fran Hyson, Jeanne Orcutt, Ray Beach, John Thomas, Tom Collins, Barbara Kemper.

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

APPROVAL OF THE AGENDA

DM Barnes stated that it has been called to his attention that board members wish to attend the Gresham City Council at which discussion of the IGA is scheduled. If the entire board wants to attend and discuss the issue as a group, a special meeting needs to be called and noticed. Discussion followed regarding meeting arrangements. It was agreed to add this as agenda item 1a.

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

SPECIAL MEETING

Herb Brown noted that the Gresham City Council meeting is scheduled for August 17th. Discussion followed regarding the time of the meeting.

Fran Hyson stated that their meetings usually start at 6:30 p.m. She commented that she can't believe that the Board is asking for a special meeting, adding that the Council should be able to discuss it without any input from Rockwood. Calling a special meeting is just totally out of the picture.

Jeanne Orcutt stated that if you do need a special meeting, it shouldn't be scheduled on the same night as Gresham's. She suggested looking into the law about holding special meetings outside the District. She stressed that we need to try to avoid a lot of extra special meetings due to the cost to the District. **Ms. Orcutt** commented that any meeting the Board has should be held here.

DM Barnes stated 1) it is legal to hold a special meeting outside district as this has been looked into before 2) we would not be holding a special meeting here on the night of the Gresham City Council meeting as it would be held at their location in case the Board heard something in the discussion it needed to address. For certain, we will have more than a quorum of board members. He noted his concern that if the Board even casually discusses the IGA or other District business, it would be in violation of public meeting law if the meeting was not noticed as a public meeting. If the Board intends on discussing the issue, it needs to notify the public accordingly. Discussion followed.

Jeanne Orcutt commented that it doesn't appear that Gresham is here tonight to comment on the District's meeting. She added that the Board should be able to sit and listen to their meeting without commenting. The Board can then make up its mind. If it has to have a special meeting then afterwards, have it here. She added that it doesn't have to be on the same night.

DM Barnes stated that is another option and explained again the issues of not calling a special meeting. He noted that the document presented to the Board tonight is the same document going before the City Council.

Fran Hyson asked, did you not do the same thing at CRW? Other boards were there listening, but didn't speak. **Herb Brown** explained that there were only two quorums – RWPUD and CRW. **Ms. Hyson** clarified - not the last meeting but the one before that. **Brown** replied that a couple of times we did sit in and listen as an audience; there was no quorum.

Larry Dixon stated that we should use it as a special meeting in case we do need to have public input. **Sandra Ramaker** agreed, not necessarily for public comment, but because an important issue may come up that the Board wants to discuss.

Larry Dixon moved to call a special meeting on August 17 at the Gresham City Council meeting for discussing the IGA. Sandra Ramaker seconded the motion. The motion was approved; Stephen McElroy voted no.

Jeanne Orcutt asked if the meeting would be held where Rockwood patrons can hear board member discussion. **DM Barnes and board members** replied yes. She asked if it would be in front of the Gresham Council. **DM Barnes** replied that the arrangements will have to be determined.

CONSENT AGENDA

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

APPROVAL OF MINUTES

Jeanne Orcutt referred to page 6 of the minutes and requested two corrections providing the exact wording to be included.

Don McCarthy moved to approve the minutes as amended. Larry Dixon seconded the motion. The motion was approved; none opposed.

APPROVAL OF BILLS

Jeanne Orcutt commented that the landscaping charges seem too high. **DM Barnes** explained what all is involved in maintaining two sites. **Ms. Orcutt** asked about the following: CDL license, excavation rental versus equipment purchase, specific line items over budget, the need to display expense reimbursement, and obtaining board approval for going over budget line items. **DM Barnes** responded to each with a detailed explanation.

Sandra Ramaker asked about the Gresham Utility Tax. Didn't we estimate how much we thought was going to be collected? What we received was over that amount; it wasn't money out of our pockets. **DM Barnes** replied yes.

Fran Hyson commented that in all the time she's been here with the District, she's never seen so much over budget. She asked is there something wrong that you're not budgeting enough?

Sandra Ramaker commented that page one on the revenues is very confusing with all the minuses noting that she called the Senior Accountant for an explanation. **DM Barnes** explained that its double entry accounting; if you exceed what's budgeted on the revenue, it appears as a minus. He added that we have exceeded some line items, but are within 1% on cash carryover projections, within a few percent on revenue projects and under on our overall expenses.

Ramaker referred to the conservation kits expense on page 4 and stated that its great that many people read the newsletter information and requested kits as well as dye tablets.

Larry Dixon asked if the two front tires for JD 2 were so expensive because they're sodium filled. **DM Barnes** replied that it's a combination of being calcium filled and the size of the tire. Discussion followed regarding how often the tires need to be replaced and safety issues.

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

PUBLIC COMMENT ON NON-AGENDA ITEMS

No comments were made.

ANNUAL POLICY MANUAL REVIEW

DM Barnes explained that each July we have our annual policy review to see if we need to change or amend any policies. He asked if there are any policies the Board wants to visit.

Jeanne Orcutt commented that in light of what happened at the budget committee meetings with regard to the citizen members that were selected and didn't show up, I think they were going to discuss some policy change on that. She noted that this problem has occurred year after year. She commented that the law was put in place so that there would be an equal number of citizen and board members.

The Board and DM Barnes discussed the following: a committee member can't be forced to attend, but can be removed from the committee after the fact; adding something to the budget committee application that states the expectation to be committed and attend meetings; requesting that candidates attend a board meeting and state their commitment; sometimes people do have to miss meetings; there are others that would be willing to fill the position and attend; and not providing notice when unable to attend meetings.

Fran Hyson commented that was the point - when they didn't show up and the committee had convened, they couldn't do anything about it. When can you replace them if the meeting has already convened? There should be a clause that another candidate can be asked. **DM Barnes** replied that unless the Board meets in a board meeting, another budget committee member cannot be appointed.

Ms. Hyson commented further about not being able to do anything once the meetings have started and a committee member doesn't show up. There should be a clause in there and when they fill out the form they should be required to attend meetings. If not, they are responsible for letting us know before meetings start so that the position can be filled. It's ridiculous to not have people attend.

DM Barnes explained that the District has adopted budget law that states how budget committee members can be appointed. He stressed that we have to follow statute. **Fran Hyson** commented that in the past, when a person didn't show up for the first meeting, they appointed someone else to fill the position. **DM Barnes** replied that today, that practice is unlawful.

Ms. Hyson commented that you have to have five committee members. **DM Barnes** clarified that you do not have to have five appointed members – you just have to have a combined quorum of 6 between board and appointed members. **Ms. Hyson** stated that if people signed up and accepted, but don't show up for the first meeting, their position should be eliminated and filled.

Larry Dixon commented that he doesn't know of any law that says we couldn't in addition to the five appointed members, appoint two alternates to step in if a committee member doesn't attend. **DM Barnes** replied he would have to research the law, adding that the District would have to change its policy. He will report back at the August meeting.

MEET AS CONTRACT REVIEW BOARD – VEHICLE PURCHASE

DM Barnes asked the Board to consider excluding the vehicle purchase from the bid process so he can look for a used vehicle that meets our requirements and save the District money.

Following discussion, **Sandra Ramaker moved that the Board finds it in the best interest of the District to remove the purchase of a van from the bid process. Larry Dixon seconded the motion. The motion was approved; none opposed.**

DM Barnes noted that he's assuming that we are going to surplus the existing van and it will be sold. We are not going to keep it. The Board agreed.

JOINT OPERATIONS AGREEMENT WITH CITY OF GRESHAM

DM Barnes reported that a copy of the joint operations agreement with Gresham was sent out. He commented that it's pretty straight forward and outlined the key parts of the agreement. He referred to and explained the calculation sheet also included in the packet.

Fran Hyson commented that she believes the Board is making a big, horrible mistake by doing this. She commented that from what **DM Barnes** said, if it doesn't work out we'll transfer some of the water rights to them? She expressed concern about letting them drill wells and the effect on the water table and our wells. **Ms. Hyson** suggested that Gresham join the PUD, rather than transferring water permits to them. She stated that if Gresham wants these wells, they should pay for all of it. She expressed concern about Rockwood patrons having to bear the brunt of the expense.

Jeanne Orcutt commented that the District is throwing away its trump card to get Gresham to join the PUD. She stated that she is upset that we're giving away Rockwood Water PUD assets and doesn't think this is allowed by PUD law. She commented that the agreement states we would jointly own the reservoir then clarified it refers to treatment facilities. Anything that's jointly owned, you're going to have problems with it. We have constructed and paid for two new wells and according to this, pretty soon that water will be flowing through the pipes to Gresham. They haven't even constructed one well yet. We've got an estimate of how much water they're going to get out of

that well – who knows? She expressed that she doesn't like something we've paid for going to someone else. It's our water and should be used to reduce our own rates here.

Ms. Orcutt asked DM Barnes where it says he has the last say on approval of all wells constructed and the locations of all wells. **DM Barnes** referred to page 2, paragraph 3, and read the appropriate section. Discussion followed regarding capacity and hydrologist studies on water availability. **Ms. Orcutt** stated that she understood that the wells were being put in to save us some money. If we're going to be letting it flow to Gresham, then they're going to get the benefit.

DM Barnes replied that Gresham will get the benefit of the asset they build, but he can't understand where she thinks we are giving away assets when Gresham's agreed to pay over 1.4 million dollars to acquire assets. In addition, they have to drill their own well at 192nd. He stressed that they are not going to get free water from us out of our groundwater wells here.

Jeanne Orcutt stated that somewhere in here she read that all the water goes into one pipe from our two wells and their one well. **DM Barnes** replied that's right. **Ms. Orcutt** asked how do you figure that's equal? – we've got two, they've got one. **DM Barnes** explained that every single well in the state of Oregon now has to have a totalizing flow meter. We know how many gallons come out of each well and into the pipeline and system. **Ms. Orcutt** stated that how many gallons go into each system is what we're concerned about.

DM Barnes explained that we have about 7 MGD capacity in our two wells here and will reserve that for Rockwood. The capacity that they get out of their well down the street is what they'll be entitled to get through the pipeline. **Ms. Orcutt** stated that she doesn't think it's going to work out.

Jeanne Orcutt referred to page 5, #15, and asked shouldn't the word be addressed instead of addresses? She referred to page 6, under the top paragraph, item B and asked shouldn't it be when delivered by instead of to the postal service? **DM Barnes** replied that the standard is that it's deemed delivered when deposited with the postal service. **Ms. Orcutt** referred to #21 on the same page and stated that the word "be" was left out before deemed expedient. She stated that she hopes that Gresham doesn't approve this and that the Board rethinks this.

DM Barnes replied to concerns raised about people not being able to afford high water prices stating that this project will keep rates lower because we don't have to pay the entire cost of treatment and transmission facilities or maintenance. In addition, over the years ahead when we get the wells into production, we can blend the water with Bull Run water and substantially reduce our revenue needs for the future. He noted that Gresham folks need inexpensive water as well.

Larry Dixon commented on the reference to a conservation and water management plan on the front page noting that he didn't see anything about conservation elsewhere in the agreement. **DM Barnes** replied that the reason we put it in that line is that we want to be up front with the City of Gresham that we're required to do a conservation program based on the Division 86 rules that pertain to how you extend and maintain your water rights. We wanted to make sure that they understood that they have to have a conservation program that meets those standards. We don't really need to get into a detailed discussion of the conservation plan here because it's included as part of our master plan.

Dixon asked if we're going to put together a conservation plan independent of their conservation plan or are we going to blend, for the sake of the wells, a conservation plan out of the two – will it become an entity of its own? **DM Barnes** stated he hadn't planned for a separate entity; we will probably both develop conservation plans on our own to meet the requirements of Division 86 rules.

Herb Brown commented on attending the Gresham City Council meeting and the opportunity to express any objections. **DM Barnes** stated that if the board approves the agreement tonight, this is the agreement that must be presented to the City Council. If they deviate from it, it will take further board action to approve the changes.

Larry Dixon moved to approve the intergovernmental agreement between Rockwood Water PUD and the City of Gresham pertaining to our well fields. Sandra Ramaker seconded the motion. The motion was approved; Stephen McElroy voted no.

DISCUSSIONS WITH CLACKAMAS RIVER WATER

DM Barnes reported on the July 15th special meeting held at Clackamas River Water (CRW) where the financial analysis was presented regarding different scenarios for combination. Fortunately, for Rockwood it panned out as we expected with no concerns regarding the financial analysis. All three of our curves look fairly similar. With some real fine tuning on which projects we move forward, those curves could change places pretty easily. He stated that he still doesn't see a problem with CRW annexing into the District.

Herb Brown commented that with the input of our wells online, he thinks those rates could be adjusted down slightly. **DM Barnes** agreed adding that anything that reduces the capital needs in the future is going to improve the rate curve. CRW will hold a special meeting on August 4th to discuss the annexation issue specifically and hopes to make a decision by August 12th. The question was asked at the special joint meeting whether this Board would initiate annexation by resolution and this answer was yes. Based on what we hear from CRW, we may need to call a special meeting.

Fran Hyson stated that she is quite concerned about this project with CRW. The concern is if they join the PUD, what about the rates? Rockwood is almost at a point where there's no more development where CRW has so much property to improve and develop. She commented on the meeting and hearing board members there state that over time things can change. She addressed **DM Barnes'** comment about giving Gresham cheaper water. The wells won't supply all the water for this so we'll still have to get water from Portland. Portland is raising its rates so our rates will go up also. If things falter with this agreement with Gresham, it could be even more so. She commended CRW Board members for their concern for their ratepayers. This Board is more concerned about Gresham's customers than its own ratepayers. If CRW joins the PUD, is there any guarantee that Rockwood ratepayers won't have to pay? This Board should focus on its ratepayers. If wells run dry, we'll have to rely more and more on Portland.

Herb Brown replied that every board member here is concerned about the ratepayers. That's why they perform the work that they do.

Jeanne Orcutt commented that so far the consultant has only addressed financial analysis. He admitted that they haven't taken into consideration the diversity of the customer base, labor contracts and their cost, growth rate effects in the future, management, governance issues, and the

fact that CRW would have no representation for two years. She added that she would like that researched because it would be against our democratic system. **Brown** replied that CRW would have its own board for that time. **Ms. Orcutt** commented further on the issue. She then stated that we need to look at long term stability – she doesn't know what their debt is versus our debt. What about the difficulty of managing a district so far away – would there be two managers?

DM Barnes explained that there is some transition period. Would there be a board at CRW until they were in the District for two years? Yes. We would effectively transfer most of their operations to us, but we would have to keep a board active there until after the election and redistricting occurs.

Jeanne Orcutt commented that PUD law requires 5 directors – period. **DM Barnes** replied that the law also says you have to look at the new district and redistrict according to populations. **Ms. Orcutt** asked if it would be redistricted soon. **DM Barnes** replied we would move with that as quickly as we could, but it would have to be done by the next biannual election. The law also states that to hold a PUD board seat, you have to live in the district for at least two years. **Ms. Orcutt** commented that doesn't apply to annexation. **DM Barnes** replied that the same rules still apply. Regarding management, it would only require one manager and would be managed from here.

Ms. Orcutt asked if there would be a field supervisor there. **DM Barnes** replies yes; it would be a position similar to DS Baker's. He pointed out the long-term benefits of acquiring CRW assets and customer base. **Ms. Orcutt** commented that a few more studies should be done on these other things. **DM Barnes** replied that the consultant was only asked to look at finances; the next step is to look at other issues. Labor wouldn't be an issue because they have the same union.

Ms. Orcutt commented that if they negotiated their own contract, which may be different from ours. **DM Barnes** replied that it's only a 2-year contract. He noted that the District will continue to do well whether it annexes CRW or not. **Ms. Orcutt** commented that we need to look at the same thing with Gresham – getting them to join the PUD.

Sandra Ramaker referred to **Ms. Orcutt's** question regarding CRW debt. **DM Barnes** explained that financially CRW is a good match. He compared the two districts' reserves and debt. Discussion followed regarding maintenance of infrastructure.

It was noted that the next joint special meeting is scheduled for August 19, 2004, 6:30 p.m. at CRW.

SPORTS FIELD WATER REQUEST

DM Barnes reported on a joint effort in Multnomah County to build a sports field, primarily for soccer use. He explained that we've been asked to provide water for irrigation (about 1.5 million gallons per year); he provided the Board with the estimated cost to the District. Discussion followed whether District policy would allow this.

Fran Hyson commented that she's opposed to giving water away. She pointed out the \$2500 donation for the park on 181st adding that she still doesn't see anyone there. **Jeanne Orcutt** commented that she doesn't think that Rockwood Water PUD is a charitable organization. It shouldn't give water away at the expense of its patrons. She asked the location of the field. **DM Barnes** replied Woodland Elementary School.

Following further Board discussion, **Larry Dixon moved to deny the request for water for the athletic field. Don McCarthy seconded the motion. The motion was approved; none opposed.**

PROJECT UPDATES

DM Barnes reported that the reservoir retrofit is complete. We will be closing that project this week sometime and doing the final inspection soon. The chlorinator building project is running behind schedule for a number of reasons - design issues and delays in permits, wiring, and pump delivery. The pump arrived yesterday and will be installed in the next week or so.

DM Barnes reported on the power feasibility study. Four consultants were considered to do the work; D Hittle & Associates was selected for the project. We are aiming to have the study completed by the August 24th Board meeting. Contract negotiations with Portland have been dragging on for some time; however, they have narrowed down the group of representatives from each side that are working on the negotiations. He noted that they have gotten through some important issues and are getting close to an agreement they can all live with.

DS Baker reported that we are currently working on the connection to the existing 42" T out back at our pump house and will be running a 30" line out to Halsey in the next few days.

FOR THE GOOD OF THE ORDER

Herb Brown noted the next regular meeting is scheduled here for August 24th. **DM Barnes** stated that things are going well; **DS Baker** is back.

Sandra Ramaker stated that she will be on the conference committee for SDAO again. The event will be in Portland this year. She has also received information on the AWWA Summit scheduled for October and would like to see this item on the next agenda. She thanked staff and board members for the flowers and cards and patrons for their thoughts.

Herb Brown commented that he's glad to see she's doing well. He stated that this Board continues to represent the citizens. It's the foremost thought in their minds in keeping the District healthy. He commended employees for the good work they do.

ADJOURNMENT

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

The next regular board meeting is scheduled for August 24th at 7:00 p.m. at the District office.

The meeting was adjourned at 8:45 p.m.

Secretary