

**ROCKWOOD WATER P.U.D.**  
**MINUTES, SPECIAL MEETING OF THE BOARD**  
**16, AUGUST 2004**  
**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); Chris Shaw, Conservation & PR Coordinator (CPRC).

**Guests present:** Fran Hyson, Jeanne Orcutt, Frank Gearhart, Kim Anderson, Art Landis, Greg Drechsler.

President **Herb Brown** called the meeting to order at 7:05 p.m.

**APPROVAL OF THE AGENDA**

**Sandra Ramaker moved to approve the agenda. Don McCarthy seconded the motion. The motion was approved; none opposed.**

**RESOLUTION 04/05-001 TO ANNEX CLACKAMAS RIVER WATER DISTRICT**

**DM Barnes** reported that a minor change has been made to the resolution initially distributed in the packet. He outlined the changes made and referenced the new documents to be distributed: legal description, tax lot information and CRW boundary map. He explained the resolution proposes to the Clackamas County Board of Commissioners that the District will annex the entirety of Clackamas River Water District (CRW) into our PUD.

**Herb Brown** called for public comment. **Larry Dixon** referred to the map asking in which grid the CRW water treatment plant is located. **Greg Drechsler** explained.

**Jeanne Orcutt** stated she wants to know if this will go to a vote in our district as well as CRW. **Herb Brown** replied no. **Ms. Orcutt** commented that according to what the attorney wrote it would. She then read the information she referred to. **DM Barnes** replied that current ORS is very clear; you only have to hold an election in the area to be annexed. **Ms. Orcutt** commented further on the information noting that she received it at the CRW meeting. **DM Barnes** replied it's possible that the information she received is not the current statute.

**Jeanne Orcutt** commented that Rockwood patrons are not aware of what's going on. They should have been notified about this. She stated that we need a second opinion on whether CRW, if they decide to annex, can have representation on this board sooner than two years. She thinks this could be interpreted differently and should be by an attorney that is not tied to both districts. **DM Barnes** replied that CRW will probably have another review the issue. CRW will have representation during the transition period as the CRW Board will continue to exist. **Ms. Orcutt** commented that she doesn't see how it will exist other than in an advisory capacity as this Board will make the decisions according to the law.

**Herb Brown** commented that the formation of a PUD is different than an annexation. **Jeanne Orcutt** read from the ORS and stated that interpretation could be different from the one attorney Clark Balfour gave. She again stated that we need a second opinion. **DM Barnes** again noted the

redistricting requirement. **Ms. Orcutt** replied that she doesn't think you can take two years to divide it up. **DM Barnes** stated that if we can do it quicker we will. He noted that even after the Board was elected and the PUD formed, Rockwood Water District still existed. **Ms. Orcutt** replied that it shouldn't have.

**Herb Brown** replied that according to elections they had to. **Jeanne Orcutt** stated that the water district should have been dissolved when we voted in the PUD. **DM Barnes** stressed that the plan is to transition as quickly and smoothly as we can. **Ms. Orcutt** stated she would like this started on and done quickly after the election because that's not representative government if they don't have any representation here. It's very clear in the law that this board makes all the decisions. **Brown** noted that even after it's annexed and official by their vote, they have to live in that PUD for two years before they can run for PUD director. **Ms. Orcutt** expressed her disagreement stating that it could be interpreted differently.

**DM Barnes** stated if the resolution is passed tonight and there's a successful vote in November, we'll have plenty of time to obtain the opinions we need. **Jeanne Orcutt** suggested having a legislator ask the opinion of the Attorney General. She stated she would like to see the Rockwood customers notified by letter as CRW did their customers. **DM Barnes** replied that he plans to and added it was a little premature to send out letters before tonight, and especially before last Thursday, because we didn't know if there would be an election or not. **Ms. Orcutt** commented you could have stated that they were considering this rather than providing information after the fact.

**Jeanne Orcutt** indicated that she would have liked to have seen a more in depth study on other issues such as the cost of transition and start up fees; differences in labor contracts; growth projections and effect on water rates; the types of rates; condition of infrastructure, equipment and facilities; capital improvement programs for each district, diversity of the customer base, governance issues; effect on Rockwood PUD's bond rating, existing contracts or IGAS that CRW has with other entities; the cost to transfer all property and deed it over to Rockwood and the long-term stability.

**DM Barnes** addressed some of the concerns that were raised. He doesn't know down to the nth degree what the water rates will be in the next five or six years, but we don't expect any adverse impact on our bond rating. CRW has been well managed. It has very little debt for its size, about the same amount we have, and last he checked, they had 10-12 million in the bank. Our bond rating will probably improve. **Jeanne Orcutt** stated that she hopes it will benefit both districts. She stated that when they passed their resolution, they stated it would be for the provision of water only and noted that she doesn't see that provision in this resolution.

**Fran Hyson** stated that she has a lot of questions that this board could answer such as notifying the ratepayers of Rockwood, salaries, etc. She stressed that she has quite a list. Sometime, she doesn't know if it will be at the regular board meeting next week, she would like them answered.

**DM Barnes** replied that since he doesn't know what all of the questions are, he can't answer all of them. **Ms. Hyson** posed additional questions regarding meeting locations, salaries, unions, etc. **DM Barnes** replied that those are all details that will have to be worked out after the election. A transition plan will be put together. **Ms. Hyson** commented that if the vote is to join the PUD, it will be a partnership, but when it comes to making final decisions only this board will have the say.

**DM Barnes** replied that while we do have a partnership agreement with CRW, this is not a new partnership; it's a full annexation of CRW into Rockwood Water PUD. After the transition, CRW will cease to exist and become Rockwood Water PUD. **Ms. Hyson** attempted to clarify her statement. She referred to having to wait two years before they can vote to become a board member. In the meantime, both boards will be meeting separately - right? **DM Barnes** replied yes. He added that we have seen a positive vote by CRW; if we have a positive vote here tonight then we'll have an election. If there's a positive vote in the election, we'll then work on the transition plan and answer questions.

**Fran Hyson** replied that within that time in my opinion it would be like a partnership. If Rockwood was voting on an issue, CRW would have input because they can't vote. **DM Barnes** replied that Rockwood would make all the final decisions about Rockwood issues. It would depend on how the transition plan is written describing what decisions CRW would make in the interim until it's fully integrated into Rockwood. He added that we don't expect to stop all the projects they are working on; their board would make those decisions with some input from us.

**Ms. Hyson** asked what input CRW would have if for example they didn't particularly care for a project such as the IGA with Gresham. **DM Barnes** replied that would be Rockwood business and this Board would have the final decision. She referred to a specific paragraph in the IGA that states Gresham and Rockwood would make decisions, but Gresham would have the final say on how it turned out. **DM Barnes** stressed that it refers to one pipeline project and should not be applied to the entire agreement. He explained in detail what it does refer to. **Ms. Hyson and DM Barnes** discussed further the decision making process between CRW and Rockwood. She then commented further on the questions she has. **DM Barnes** suggested that she provide him with a written list of her questions. **Ms. Hyson** stated that Rockwood patrons need to hear the answers and that she would like the Board to hear them also.

**Frank Gearhart** stated that from his perspective many citizens of Oregon would welcome the opportunity that District patrons have in this significant move to annex more territory. This is a historic meeting and from his perspective probably about as historic as the original initiative to form the District because we now have an opportunity to expand the District territory wise. This is a significant move for the citizens of Oregon; we've always had our troubles trying to form PUDs. He's at a loss to know why people would knock adding on to the current PUD. He appreciates the Board and what they've done and the leadership they've shown. Our good neighbors to the south have come to request that we initiate an annexation which he whole-heartedly supports.

**Dean Funk** stated that there is a certain irony in what you're proposing tonight and what CRW is proposing to have you do and that is basically to protect your territory from being broken up. As you know, PUDs ironically act as something of a threat to PGE and we had the same kinds of concerns that you do. I'd hope that we'd see in a resolution tonight some historical note that you did indeed plan to make this water only. He commented on PGE's concerns and the threat that PUDs pose. He concluded his comments by stating that it would be a nice gesture that the Board make some declaration in the resolution that it intends this to be water only.

**Herb Brown** stated that he has attended at least 5-6 meetings. We've had this discussion; papers have been drawn up to show the possibilities of the various types of mergers, consolidations and annexations; and we've studied them in detail. He has a feeling for Rockwood, but feels like it is in

the best interest of both districts to proceed with annexation. If the people vote for it, we'll secure the boundaries of CRW. Our intention is for water. It's a very good venture.

**Stephen McElroy** asked if the merger is passed by the voters, is there anyplace that it's written down that the assets be transferred to RWPUD. Also, would any contract that we have with CRW be void at that point? **DM Barnes** replied we do not currently have a transition plan today that states that will happen on a specific date, but if you look at the law you cannot protect yourself and your boundaries if you don't transfer the assets to a PUD. Regarding the contract with CRW, if the annexation takes place we wouldn't be required to purchase what we already own. The money would then be available for projects for the entire district.

**McElroy** asked if any money has been paid out to CRW. **DM Barnes** replied yes. **McElroy** asked if it would be refunded. **DM Barnes** replied that in short we would assume all of their liabilities and assets. **Larry Dixon** asked if we will continue to pursue the pipeline from here to there. **DM Barnes** replied yes and explained why it makes sense. **Dixon** asked the price range between the cost to CRW customers and to ours. **DM Barnes** replied that in the north part of CRW rates are less expensive than ours and in the south part higher; he doesn't have the exact numbers in front of him. **Dixon** asked if the price difference is due to elevation. **Greg Drechsler** replied yes; it's due to pumping.

**Sandra Ramaker** moved to approve resolution 04/05-001 to annex CRW. **Don McCarthy** seconded the motion. The motion was approved; none opposed.

#### ADJOURNMENT

**Sandra Ramaker** moved that the meeting be adjourned. **Stephen McElroy** seconded the motion. The motion was approved; none opposed.

The meeting was adjourned at 7:45 p.m.

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Secretary