

ROCKWOOD WATER P.U.D.
MINUTES, REGULAR MEETING OF THE BOARD
October 26th, 2005
Rockwood Water Boardroom

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

Staff present: Harvey Barnes, District Manager (DM); Michael Baker, District Superintendent (DS); Sabrina Walyer, Administrative Secretary (AS)

Guests present: Fran Hyson, Jeanne Orcutt

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

APPROVAL OF THE AGENDA

DM Barnes announced that Cingular Wireless had recanted their request to speak at the meeting that evening. He directed the attendees to subtract that item from the agenda.

Herb Brown moved to approve the agenda as amended. Don McCarthy seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE CONSENT AGENDA

President Ramaker asked **DM Barnes** if he had anything to include on the consent agenda. **DM Barnes** replied no, he did not.

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

APPROVAL OF THE MINUTES

President Ramaker commented that there should be an amendment of her statement regarding the change of the November board meeting. She explained that her remark about the 23rd was in reference to the original date of the *November* meeting, and that the December meeting should be noted as the 28th (vs. the 23rd as written). **AS Walyer** noted the corrections

Stephen McElroy moved to approve the October 26th minutes as amended. Herb Brown seconded the motion. The motion was approved; none opposed.

APPROVAL OF THE BILLS

Jeanne Orcutt asked for an explanation regarding payment to HDR Architecture. **DM Barnes** answered that it is for the design of our new shop building. **Orcutt** then asked about the payment to Integrated Info Solutions and about what they provided the district. **DM Barnes** replied that we had installed some upgrades for our main computer system, AS400. **Orcutt** then wanted to know if we in fact, pay \$98 per month for garbage service. **DM Barnes** responded that yes, we do, but that it also covers our recycling and removal of various materials.

Stephen McElroy questioned the payment of \$571 to Quill Corp. for what is documented as a “printer cartridge”. **DM Barnes** answered that it was for the purchase of a number of cartridges, not just one.

Herb Brown moved to approve the bills. Don McCarthy seconded the motion. The motion was approved; none opposed.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Fran Hyson asked for clarification about the Cascade Pump Station construction process, and if the CM/GC will be doing the inspections. **DM Barnes** responded that our engineer and construction manager will be conducting the inspections.

Jeanne Orcutt referred to a recent Gresham agenda. She said the agenda stated that there will be an increase in the time frame that you cannot cut into a street which has been taken on in a capital improvement district from 2 to 3 years. **DS Baker** replied that it is actually increasing to 5 years, because they are adding 2-3 years onto the existing required number of years.

PORTLAND WHOLESALE CONTRACT

DM Barnes explained that he wanted to get an idea of how the board members want to handle the discussion and approval of the Portland Wholesale Contract. He commented that we do have several months to consider it, but that they should think about whether they want to hold special meetings to make decisions, or to have discussions in regular meetings.

Jeanne Orcutt asked if the contract will limit us on our well water. **DM Barnes** replied no, we will not be limited. **Orcutt** asked why we would want to sell it to Wood Village or Gresham. **Barnes** explained that we will have about 3 million gallons of excess water that we can sell to bring money into the district.

Fran Hyson asked if there will be any discussion about whether we will consider selling to Wood Village. **DM Barnes** replied that the district has yet to hear anything further from Wood Village. **Hyson** then asked if there would be any conflict of interest or penalty if we are going to be water providers to other cities. **Barnes** answered that we have the right to sell our ground water (which amounts to 7.5 million gallons in excess of what we buy from Portland) to anyone we want, without conflict.

President Ramaker commented that she had a specific concern regarding the question of how Gresham will develop its' water rights. **DM Barnes** responded that currently Gresham can use *some* of our water rights to develop ground water wells, but not *any* of those rights they wish. **Ramaker** then referred to the notation of the workshops that will be offered by the water bureau and mentioned that the dates of those workshops are not provided in the document. **DM Barnes** said that he will provide those dates via mail to the board members.

President Ramaker also questioned a statement in the document that says that Rockwood Water PUD will have made a decision by early March 2006 and there will be a presentation of the contract at that time. **DM Barnes** replied that the date has changed, due to Tualatin Valley Water District's request that the finalities be extended past their May election. **Barnes** surmised that the contract should go to the council on May 22nd.

President Ramaker suggested that we hold a public meeting after the holidays and go over our individual concerns about the contract. **DM Barnes** continued by saying that he often gets asked if there is a page in the contract that states the water rates for Rockwood Water PUD and Gresham. He explained that no, there is no set rate in the contract, but that there is a formula provided that outlines how the rates are figured. **Barnes** went on to say that this contract requires us to pay for a particular amount of water per day.

Herb Brown asked if there was a way for the district to purchase *less* water than the current amount of 7.8 million gallons per day. **DM Barnes** replied that yes, he thinks we can, and once we figure out how we best use the water from each source, we can determine the purchase amount. **Don McCarthy** asked if we have ever exceeded the peak amount of water used. **DM Barnes** answered that no, not since we have installed the telemetry system, have we gone over our peak and incurred a charge.

DM Barnes commented that if the board has a lot of questions prior to future meetings [about the contract], then it would help him to see the questions in advance to prepare his answers. Another option, **Barnes** mentioned, would be to invite a bureau representative from the City of Portland to attend a meeting and aid in the discussion. **Jeanne Orcutt** inquired how it will affect us if Tualatin decides to buy its' water elsewhere. **DM Barnes** answered that he is not sure, but he doesn't think the east side will be effected, but rather the west side. **Orcutt** asked if it could raise our costs. **DM Barnes** replied that yes, it could.

President Ramaker asked if it is possible to have a contract passed before Tualatin's May elections? **DM Barnes** answered no, and he believes that as soon as Portland is prepared, they will probably sign whomever wants to sign. His concern, **Barnes** continued, is that he wants to know who all of the players are, and why some [districts] are not signing. He said that if Gresham or Tualatin decide not to buy from Portland, then it will have a serious effect on us.

GRESHAM IGA

DM Barnes reminded the board of the agreement to share the costs with Gresham of the pipeline construction from here to Bella Vista and Grant Butte, and reservoir improvements. **Barnes** said he is concerned that with all of the fluctuations in pricing of supplies. He added that Gresham may not have enough money to pay for the project in a timely manner. **Barnes** stated that he is asking for more flexibility to negotiate with the City of Gresham regarding how to make the progress payments and how Rockwood will be reimbursed. He said he does not want to see the project stalled due to not having the funds to make the progress payment on time.

Herb Brown asked if the price of \$7.3 million includes the portion from Bella Vista to Grant Butte. **DM Barnes** replied yes, it is included in the overall project price, but that Gresham and Rockwood are responsible for the sections of pipeline that feed into our respective reservoirs.

President Ramaker asked if the pipeline is absolutely necessary whether Gresham pays for its' section or not. **DM Barnes** answered that yes, it is necessary because we do not have a big enough piping system to get as much of our groundwater out as we would like. **Larry Dixon** asked if he [DM Barnes] is concerned that Gresham will not pay timely, or that they will not pay at all. **Barnes** answered that Gresham will pay, but he is worried that their cash flow will not be timely enough to end up in the right fiscal year, and in turn, that may slow the projects' completion. Ultimately, **Barnes** explained, it will end up being a good deal because we will get the pipeline project for half the cost, as will Gresham.

Fran Hyson stated that she prophesized that there would be trouble with Gresham. **Hyson** said that she knew before that Gresham was financially going down-hill. **Hyson** insisted that we shouldn't be stuck paying for the pipeline, and having our rates go up as a result. She said that she thinks we should back out of the IGA. **DM Barnes** replied that he doesn't believe that the pipe project is in any danger of being compromised, and he doesn't know of any of Gresham's water division projects being in trouble. **Barnes** continued by mentioning that part of the issue is that certain supplies, such as PVC pipe, are more expensive due to the recent storms, thus creating pricing issues across the board. He said that Rockwood will not end up financing this project by ourselves.

Jeanne Orcutt commented that Gresham did not enter into this contract in good-faith because they have had financial problems for years. She said Gresham has also failed to begin drilling a well. **DM Barnes** replied that he knows of a \$90 million urban renewal bond that was passed, which gives them some money to work with. Ultimately, **Barnes** said, he is not concerned about Gresham not paying their share, and that he simply wants to be prepared in case something unexpected should happen.

Stephen McElroy asked what the short-term effects would be, and if that means we would need to raise rates. **DM Barnes** answered no we will not need to raise rates. **Barnes** stated that we will not be paying more for the project now, but he wants the ability to determine if there is any *savings* in paying for elements of it sooner, rather than later.

Herb Brown moved for **DM Barnes** to have the right to continue to work with the City of Gresham, and to manipulate some of the terms in the IGA in order to complete the project on time, given that Rockwood is guaranteed reimbursement for Gresham's portion of those costs. **Don McCarthy** seconded the motion. The motion was approved; **Stephen McElroy** voted nay.

PROJECT UPDATE

DM Barnes mentioned that the CM/GC Cascade Pump Station project is moving along, and we are receiving proposals from contractors for the job. **Barnes** also provided an update on well number three, which has been down since August, stating that there is a dispute with the suppliers regarding whose fault it was that the motor blew up. He said that Rockwood's attorney has sent a demand letter for a functioning pump and motor, giving a reasonable amount of time for one to be reinstalled. **Barnes** assured the board that the other well is working flawlessly.

DS Baker mentioned that the architect is drafting the new design for the shop building. **DM Barnes** added that permits will be issued soon for its construction. **DS Baker** said that the current focus is on the revision of the Cleveland reservoir and the oversized control valves. He said they are in the process of obtaining the proper fittings. **Baker** also commented that they are nearly finished with 192nd and are in the process of coordinating next week's overlay of the street, and getting funding from the city of Gresham to complete it. He concluded by saying that they will not begin the subdivision replacement on 142nd and Stephens until February.

FOR THE GOOD OF THE ORDER

DM Barnes said that we have our accounting staff at a training seminar. He also announced that financially, after concern with the low sales during the summer, revenue numbers have evened out this month and we are where we are supposed to be for this time of year.

DS Baker commented that three employees completed their certification tests last week, and they are waiting on the results. He also mentioned that we have hired another meter reader, and his addition to the team seems to be working out. **DM Barnes** agreed, and mentioned that our new engineer, Jeremy Hudson, is also doing well.

AS Walyer announced that she had spoken to George Simno from the Water and Sewerage Board of New Orleans, and he and his staff sincerely appreciate our donation. **Stephen McElroy** asked if there was a plan to do anything special for the employees around Christmas time. **DM Barnes** asked if he had any particular ideas. **McElroy** mentioned that he liked the idea of the drawing for one employee to attend the National Conference.

Jeanne Orcutt asked why there were two suppliers for well number three's pump motor. **DS Baker** answered that one supplies the pump, and one supplies the motor. **Fran Hyson** asked if the pump and motor were being used when it blew. **DM Barnes** replied yes, they were. **Don McCarthy** thanked his next door neighbor for noticing a service leak that he did not see. **Herb Brown** wished everyone a Happy Halloween.

President Ramaker asked the board if they want to move the December meeting, and it might be something to think about before the next meeting. **Ramaker** added that she had volunteered DM Barnes to give a presentation about his relationship with the board at an SDAO roundtable session. She concluded by saying that the next meeting will be Wednesday, November 16, 2005 at 7pm.

ADJOURNMENT

Don McCarthy moved to adjourn the meeting. **Herb Brown** seconded the motion. **The motion was approved; none opposed.**

The meeting was adjourned at 8:19 p.m.

Secretary