

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
January 10, 2008

Board Members Present: Norm King, West Linn Mayor, Chair
Alice Norris, Oregon City Mayor, Vice Chair
Damon Mabee, Oregon City Commissioner
Daphne Wuest, Oregon City Commissioner

Board Members Absent: Scott Burgess, West Linn Councilor
Mike Gates, West Linn Councilor

Staff Present: John Collins, SFWB General Manager
Kim Brown, SFWB Staff

Others Present: Laura Schroeder

Executive Session

- (A) 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 pursuant to ORS 192.660 (2)(h).
- (B) To review and evaluate, pursuant to standards, criteria, and policy directive adopted by the South Fork Water Board, the employment related performance of the General Manager pursuant to ORS 192.660 (2)(i).

Regular Board Meeting

(1) Call to Order

Chair King called the meeting of the South Fork Water Board to order at 7:30 p.m.

(2) Public Comments

Alice Richmond, 3939 Parker Road, West Linn, commented that after today's tornado (in Washington), Board members should consider that future incidents may impact this area and asked about the safety of South Fork's facilities.

Board Member Mabee responded that we do have protection because all City reservoirs are covered and South Fork reservoirs provide substantial back-up. Also, topography plays heavily into the formation of a tornado and the local topography is not favorable to tornado development.

Chair King added that the regional Water Providers Consortium is purchasing four portable water systems to provide water in cases of emergency.

- (3) **Consent Agenda** - Approval of minutes of the South Fork Water Board November 8, 2007 Meeting and the December 20, 2007 Special Meeting.

Board Member Mabee moved to approve the minutes of the November 8, 2007 Board meeting and the December 20, 2007 Special Board meeting. Vice Chair Norris seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, Norris, King; Nays: None.

- (4) **Election of Chair and Vice Chair for 2008**

Chair King opened the floor for the election of the South Fork Water Board Chair for 2008.

Chair King nominated Alice Norris for the position of Chair of the South Fork Water Board for 2008. Board Member Mabee seconded the motion. MOTION CARRIED 4-0. Ayes: West, Mabee, Norris, King; Nays: None.

Newly elected Chair Norris opened the floor to nominations for the position of South Fork Water Board Vice Chair for 2008.

Board Member Mabee nominated Norm King for the position of Vice Chair of the South Fork Water Board for 2008. Board Member Wuest seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

- (5) **Regional Water Providers IGA Amendment**

John Collins explained that the Regional Water Providers are made up of twenty-three entities. The group is working on solutions for interconnecting local water systems and in the process it became apparent that confidentiality language was needed in the IGA. Every entity involved in the group needs to adopt the same confidentiality language as presented in Section 17: *Disclosure of Sensitive Information*.

Board Member Wuest moved to adopt the IGA Amendment on Disclosure of Sensitive Information. Board Member Mabee seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

- (6) **Clackamas River Water Provider's Agreement By-Law Revision**

John Collins said this is another housekeeping measure. South Fork was the first group to approve the by-laws of the Clackamas River Water Providers. Since that time, there have been some non-substantive language changes requested by participating entities. Mr. Collins said that he recommends the Board approve the revised by-laws for the Clackamas River Water Providers.

Board Member Mabee moved to approve the revised By-Laws for the Clackamas River Water Providers. Vice Chair King seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

(7) South Fork Surplus Property

John Collins explained that the 2001 Chevrolet Venture van was purchased for South Fork's conservation program. South Fork has since joined the Clackamas River Water Providers (CRWP) for conservation services and CRWP have expressed an interest in owning the van. By declaring the van as surplus property, South Fork can relinquish liability and sell the van "as-is" for \$1.00 to CRWP. This is a reasonable arrangement because North Clackamas County Water Commission provides office space for the program at no charge

Vice-Chair King moved that the 2001 Chevrolet Venture van owned by South Fork Water Board be declared surplus property and sold to Clackamas River Water Providers "as-is" for the amount of \$1.00. Board Member Mabee seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

(8) Business From the Manager

John Collins said that in 2005, the South Fork Water Board did a financial plan looking at the water rates for Oregon City and West Linn. In his analysis, consultant Randy Goff made recommendations for a series of rate increases over three fiscal years. As a sound business practice, it would be good to revisit these calculations in 2008. Mr. Goff is willing to do another financial analysis for the same cost as before (a cost not to exceed \$20,000) since he already has the models created. The South Fork 'Local Contract Review Board Rules' allow the Board to authorize the General Manager to enter into a professional services contract for this amount without going out for competitive bid.

Board Member Mabee asked if this analysis will include a greater than two year's projection of rates. It should at least be a five-year projection.

John Collins responded that one of the things the Board will do is listen to a presentation by Mr. Goff explaining his expectations and assumptions in the analysis. The Board will have the opportunity to weigh in on these assumptions and talk to Mr. Goff about any other considerations in the analysis.

Vice Chair King asked if South Fork had the model, could staff do the financial analysis.

John Collins said that while it could be possible to get an AWWA guidance manual and have staff do the work, there is an advantage to having third party representation and validation when negotiating rates for another utility (Clackamas River Water).

Vice Chair King said he agreed with that reasoning, but from past experience when rate studies were done, part of the deal was to provide the model to the entity and the entity could then plug in the numbers every year. However, the models were complicated and persons skilled in working with these models were needed to plug in the numbers.

John Collins explained this analysis will allow us to look at our capital improvement plan and make adjustments to rates. For example, South Fork is building a reservoir that was originally predicted to cost between \$2.2 and \$2.5 million, and is now predicted to be around \$3.5 million due to increased construction and materials costs. We can ask Mr. Goff for a five-year projection, but a driving factor to revisit our rates is the result of changes in different economic factors. Randy Goff will make certain assumptions in recommending future rates and if the economy falls out of the range of the assumptions, then would need to revisit.

Board Member Wuest moved approve the General Manager to enter into an agreement with the consulting firm of HDR to perform a financial analysis for the South Fork Water Board at a cost not to exceed \$20,000. Board Member Mabee seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

John Collins said South Fork first series bonds are currently at 4.75%. These bonds are now reaching their call date and according to our consultant's (Kieu-Oanh Nguyen of Western Financial Group) projections, we may be able to realize a net savings of approximately \$90,000 and up to \$120,000 if opt for an early pay-off. The potential down side to this is that the bond market is not real stable at this time. Kieu-Oanh Nguyen has gone through South Fork's financial information and her advice is that we get an underrating from Mooney's to validate our good credit standing, and then go to a bond company for insurance. South Fork would get a AAA rating which will go very well in today's market. Mr. Collins said that he is asking for approval to more forward with this. The downside to this is if the market goes south, South Fork would be out \$3 to \$5 thousand, but we would at least have validation of our credit worthiness.

Board Member Mabee moved authorize the General Manager to proceed with the refunding. Board Member Wuest seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

John Collins said that he would like to put together a proposal for the Board to consider for an apprenticeship program at South Fork. Mr. Collins explained the water industry is facing a huge labor shortage within the next 10 years as up to 60% of the rank and file workforce reaches retirement. Mr. Collins said this would be a way for South Fork to contribute to the future of this industry through a trained labor force. It can be done without great cost to South Fork and involves the development of a two-year paid apprenticeship program.

Chair Norris asked about the Clackamas Community College program and how this would fits with that program.

John Collins said this program would be a paid alternative to the college program and in some way it will compete with the college program since it would be a paid apprenticeship.

Chair Norris said the community college may be able to create a program that would take care of this need and work in conjunction with water providers.

Board Member Mabee gave an example of a program (wastewater mechanics) that utilized a partnership between industry and college to train and offer some level of pay.

Vice Chair King agreed there may be something that could be worked out with Clackamas Community College where they would work in partnership with the water industry.

John Collins said South Fork could offer a two-year training program that would pay the candidate and offer South Fork and the industry a pool of highly trained professionals. Another advantage of an in-house apprenticeship program is that after two years of working with someone, their strengths and abilities are known. Mr. Collins said that with Board permission he would like to work on this program and come back and discuss it with the Board.

John Collins mentioned that at the Board's request, he nominated Kim Swan, three citizen volunteers and himself for the Special Districts Association of Oregon award program. Each person nominated will be recognized by a certificate and Kim Swan won in the category of conservation.

Chair Norris asked if can get some press on this.

(9) Business From the Board

Chair Norris said that in executive session it was agreed that Mr. Collins has met the goals the Board set for his employment.

Chair Norris moved to extend Mr. Collins contract for five years beginning January 1, 2008, and within that contract he is to receive a 5 % salary increase beginning Jan 1, 2008, and that the contract also include a change in his severance package to 6 months. This is pending a successful drug screening and review of the contract by South Fork's attorney. Vice Chair King seconded the motion. MOTION CARRIED 4-0. Ayes: Wuest, Mabee, King, Norris; Nays: None.

Chair Norris mentioned that she would like to put goal setting on a future agenda and to also look at the notes from last year's effort. It is important to talk about the type of process that would work best.

(10) Adjourn Meeting

The December 20, 2007 meeting of the South Fork Water Board adjourned at 8:30 p.m.