

SOUTH FORK WATER BOARD
MINUTES OF BOARD MEETING
January 15, 2015

Board Members Present: John Kovash, West Linn Mayor, Chair
 Dan Holladay, Oregon City Mayor, Vice Chair
 Rocky Smith, Oregon City Commissioner
 Jenni Tan, West Linn Councilor
 Brian Shaw, Oregon City Commissioner

Board Members Excused: Thomas Frank, West Linn Councilor

Staff Present: John Collins, SFWB General Manager
 Christopher Crean, SFWB Legal Counsel
 Wyatt Parno, OC/SFWB Finance Director
 Mark Cage, SFWB
 Kim Brown, SFWB

Others Present: Alice Richmond, West Linn Resident
 Ernie Platt, Sunrise Water Board

General Board Meeting

(1) **Call to Order**

Acting Chair Kovash called the meeting of the South Fork Water Board to order at 6:21 pm.

(2) **Public Comments**

 There were none.

(3) **Consent Agenda**

 (A) Approval of the Minutes of the December 11, 2014 Board Meeting.

Board Member Shaw moved to approve the Consent Agenda. Mayor Holladay seconded the motion, which passed unanimously.

(4) **Election of Chair and Vice Chair for 2015**

Mayor Holladay nominated Mayor John Kovash as Chair of the SFWB for 2015. Board Member Tan seconded the nomination. Mayor Kovash was unanimously elected as the 2015 SFWB Chair.

Chair Kovash nominated Mayor Dan Holladay as Vice Chair of the SFWB for 2015. Board Member Smith seconded the nomination. Mayor Holladay was unanimously elected as the 2015 SFWB Vice Chair.

(5) **SFWB Annual Financial Report – Wyatt Parno, OC/SFWB Finance Director**

John Collins, General Manager, briefly described Mr. Parno's role with regard to South Fork, noting that he and Mr. Parno always work together in a financial capacity, including strategizing on the best way to fund capital projects when the budget process began this year.

Wyatt Parno, OC/SFWB Finance Director, briefly described his professional experience and commended Mr. Collins for running a tight financial ship at South Fork. Oregon Revised Statutes require that public funds be audited annually by an independent firm with certified public accountants. This year, OC/SFWB contracted with a new audit company, Merina & Company LLC from West Linn, for the same fees charged in prior years. He presented the SFWB Annual Financial Report and the recent audit, highlighting key indicators regarding the financial stability and well-being of South Fork discussed in the memorandum from Merina & Company and in the financial report. The financial report and audit, including the memorandum, were distributed to the Board. The audit found nothing wrong with SFWB's financial statements and that South Fork complied with all Oregon State laws regulating financial procedures. He noted that under Assets on Page 8, Cash in Investments had increased about \$490,000 as a result of system development charge (Restricted Funds) and operational (Unrestricted Funds) increases. He directed the Board to Long Term Liabilities on Page 8 and explained that key factor for the increase in Unrestricted Funds was the wise decision made by Mr. Collins and the prior Board to refinance debt with a private bond issue early by borrowing funds at a better rate from one of the cities, saving South Fork a lot of money and providing a better investment than the City could get on the market. He commended Mr. Collins and those on the prior Board for an excellent decision. Additionally, this debt would be paid off in 2017 and as the debt service payments get smaller, Mr. Collins had directed that the payment differences be placed into the Cash Reserves, enabling South Fork to build up funds for a long list of future capital replacement projects. As always, Mr. Collins budgeted a bit conservatively and South Fork was also under budget on expenses, and revenues were about as expected.

Mr. Collins clarified that while several options were presented regarding the debt financing, the Board had directed the current course of action related to the refinancing and debt payment differences. The good news was that over the next three to four years, South Fork would be able to get about \$2.5 million in capital projects done while continuing to pay off debt. Although there would not be a lot of money in the SDC Fund, South Fork would be operating on a cash basis within four years, and he looked forward to managing a debt-free utility.

Board Member Tan noted the \$100,000 increase for Maintenance, Repairs, and Supplies and asked if the \$684,000 would be a consistent figure for that line item.

Mr. Collins replied Maintenance, Repairs, and Supplies was a dynamic, not a fixed figure, noting that after this next round of capital improvements, that figure would not be so large. Quite a few projects were listed in the current budget that required some expense. Approximately \$40 million in projects were identified in the Master Plan over the next 20 to 30 years.

Mr. Parno added the capital outlay would be the major infrastructure project and the unique part of SFWB's operations was in one year a piece of equipment might need major maintenance and the next year, it might not.

Chair Kovash encouraged Board members to ask any questions about the audit or financial report, adding that meeting with Mr. Collins to better understand SFWB's system and infrastructure was well worth the new Board members' time.

Mr. Collins confirmed he had met with Vice Chair Holladay, as well as Board Members Tan and Shaw. He was pleased with everyone's approach to getting up to speed.

(6) **Representatives for Regional Water Providers Consortium**

John Collins, General Manager, noted SFWB represents Oregon City, West Linn and South Fork in the Regional Water Providers Consortium and that primary and alternate representatives needed to be appointed. He described responsibilities of the representatives, noting that the Consortium's quarterly meeting schedule had been distributed to the Board. He noted that former SFWB Member Jody Carson, SFWB's primary representative, had been elected as an Executive Committee member of the Consortium, so the primary representative appointed tonight would also participate at the Executive level. He hoped South Fork would be able to retain an at-large position on the Executive Committee when Ms. Carson's term expires at the end of June. As a small entity compared to the City of Portland and Tualatin Valley Water District (TVWD), retaining SFWB's position is important to have a voice at the table where decisions are made for the entire region. South Fork has contributed greatly to the Consortium over the years having held the chair and vice-chair positions as well as having served on the Executive Committee, so the primary should be energetic and actively engaged in the position. He confirmed that he had talked with the Consortium about changing the date of the quarterly meetings which conflicted with Oregon City Commission meetings, but changing the date was not an option. He noted the primary representative was typically from one city and the alternate from the other city, and that the Board could change the appointments at any time.

Following discussion, Vice Chair Holladay agreed to be the primary representative and Chair Kovash agreed to be the alternate.

Board Member Tan moved that Vice Chair Holladay be the primary representative and Chair Kovash the alternate representative for the Regional Water Providers Consortium. Board Member Smith seconded the motion, which passed unanimously.

(7) **Business from the Manager**

1) PGE Filming Request for Commercial

John Collins, General Manager, briefly reviewed the energy reduction program SFWB was involved in with PGE and ENERNOC, noting South Fork was projected to make a minimum of \$100,000 in cash and savings over the next five years by reducing its power demands upon request during hot and cold weather. SFWB was the only water utility participating in the program and PGE would like to do a commercial featuring South Fork as a water utility as well as a wood products company and another company within that umbrella that are involved in the program. A professional film crew would come to film South Fork's infrastructure as well as a spokesman for South Fork talking about the project. He believed this was a good opportunity for one or two Board members to be the face of South Fork. The commercial would be sponsored by PGE and would highlight the success of SFWB partnering in the energy

reduction program. He was not certain of time period for filming because he wanted to seek the Board's approval of doing a commercial first. Concept of doing the commercial was a good. Should the Board want to proceed, PGE would schedule a meeting with the production crew, provide a calendar, and let him know when SFWB should be available.

The Board confirmed they liked the concept of doing such a commercial. Chair Kovash, Vice Chair Holladay, and Board Member Tan volunteered to be in the commercial. Those actually involved would be finalized once the production schedule was confirmed.

(8) **Business from the Board**

Chair Kovash noted the article in today's *The West Linn Tidings* about WaterWatch and the water rights on the Clackamas River. He asked if South Fork should be concerned about any issues, adding he understood the court had already rendered a decision.

Chris Crean, SFWB Attorney, confirmed the decision was argued in November of 2013, and the decision came out between Christmas and the 2015 New Year. Tonight's Executive Session was scheduled to discuss pending litigation.

(9) **Executive Session –Adjourn regular meeting and convene Executive Session if needed.**

The January 15, 2015 regular meeting of the South Fork Water Board adjourned at 6:51 pm

- A. To consider information or records that are exempt by law from public inspection pursuant to ORS 192.660 (2)(f).
- B. 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).

(10) **Reconvene Regular Meeting if needed to take any action necessary as determined in Executive Session.** Regular meeting did not reconvene.

Respectfully Submitted,

By Paula Pinyerd, ABC Transcription Services, Inc.
for John Collins, SFWB General Manager