**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS**

**REGULAR BOARD MEETING**

 **BOARD INDEX OF AUDIOTAPE**

 **November 13, 2014**

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| **COMMISSIONERS PRESENT:** | **STAFF PRESENT:** |
| Larry Sowa, President | Lee Moore, General Manager |
| Ken Humberston, Secretary | Carol Bryck, Chief Financial Officer |
| Dave Mc Neel  | Bob George, District Engineer |
|  | Adam Bjornstedt, Engineering Manager |
| *Absent: Hugh Kalani, Grafton Sterling* | Adora Campbell, Exec Asst. to the Board |
|  | CRW Employees: Rob Cummings, Karin Holzgang, Kham KeobounnamAFSCME Members: Damon Bailey, Steve Beach, Debra Branson, Jeremy Marchant, Shelley Matthews, Jed Peters, Kelly Payne, Mike Pearson, Kati Saindon, Shawn Sandberg, Jon Sleight, Kurt Sauvola, Tracy Triplett, Jeff Wink, Kyle Yancey. |

**VISITORS:**

Julie Desimone (Moss Adams), Keith Miller (SWA), Evan Wickersham (AFSCME Representative for Council 75)

**Call to Order**

The meeting was called to order at **6:00 pm** by President Sowa. The pledge of allegiance was recited.

**MOTION:** Ken Humberston moved to approve the agenda. Dave Mc Neel seconded the motion.

 **MOTION CARRIED 3-0**

 **Ayes:** Humberston, Mc Neel, Sowa

 **Nays:** None

 **Abstentions:** None

**Public Comment**

Jon Sleight & Tracy Triplett

[Taken from letter provided by Mr. Sleight and Ms. Triplett]

*“My name is Jon Sleight. I’m the Chapter Vice President and I’ve been with the district for nearly 14 years. In my current position as the Sr. Water Works Mechanic I coordinate the daily activities for the System Operations crews. I’m married to a very supportive wife and I’ve dedicated a large portion of my time to raising my two young children. I take great pride and ownership in ensuring that the public receives reliable safe drinking water from the distribution system.*

*My name is Tracy Triplett and I have been the Water Quality Laboratory Analyst here at CRW for nearly four years and I look forward to many more. My husband and I have a one year old daughter and are excitedly expecting twins early next year. Although my family keeps me busy, I thought it was important to serve on the bargaining team to maintain the level of wages and benefits that my family depends on.*

*We first took the opportunity to speak to this Board at your August meeting. We communicated to you that if the contract had not settled we would return to share our perspective.*

*Our benefit package remains the only unsettled piece of our contract. Our proposal only asks that our membership does not go backwards. Under our proposal, our wages will only be adjusted to keep up with the cost of living as measured by the local consumer price index. On the other hand, the District’s proposal puts our members in a position to earn less during this new contract then we did previously. Under the District’s proposal our members would pay more for their health insurance and we would receive a cost of living adjustment that is 25% lower than the actual cost of living. Over a three year period it is likely our earnings will be worth at least 5% less than at the beginning of our contract.*

*Not only will our wages not keep up with rising costs of inflation, but we are being asked to pay significantly more for a health benefit plan that is far inferior to what we have had previously. A committee comprised of management and union members was created to look at heath care options. The committee recommended that we move to this cheaper plan that has a higher deductible and much higher out of pocket maximums, but that the savings be used to increase the amount contributed to the employee’s HRA-VEBA accounts to offset higher out of pocket costs. However, we have been presented with an offer with no adjustment to our HRA-VEBA and an increase to the percentage of premium that our members pay. We would be paying more for a worse plan that pays for less of our health care costs. When you combine this with wages not keeping up with inflation it is a tough sell to our members.*

*Why has the District taken this position? We are left to wonder because after analyzing the financials it would be untruthful to say that the District is struggling. Employees have also worked recently to save the district money on benefits and wages by taking on additional duties for Sunrise Water Authority on top of all their responsibilities here at CRW.*

*This process began in early April. We are now into our seventh month. Our membership is growing impatient with the progress. Tonight we convened a meeting of our membership to discuss the next steps in the collective bargaining process.*

*At the meeting, we all discussed that we are committed to finding a settlement during mediation. However, we also discussed that we did not feel that our concerns were being understood or respected. So, this evening we took a strike authorization vote. Every member in attendance (more than 80% of our membership) voted yes.*

*The bargaining team has now been authorized by the membership to call a strike. To be clear, nobody on our team wants to call a strike. IT is the absolute last option for us. But we also want to be heard and taken seriously. It is not fair to ask our membership to go backwards over the next few years. Board members, please make an effort to ensure that a fair contract is settled with our membership.*

*Respectfully,*

*[Signed by] Tracy Triplett, Bargaining Team Member; Jon Sleight, Chapter Vice President*

**Report from Executive Session (Oct 16th)** *– Ken Humberston, Board Secretary*

 Four commissioners were present as well as the General Manager and CRW’s General Counsel. Discussion was on ongoing legal concerns and updates regarding “the civil case,” “the elections case,” “the court of appeals injunction” and “right of way fees.”

**Agenda Item 1.0: Acknowledgement of FY 2014 Comprehensive Financial Report (CAFR) and Audit** *– Julie Desimone, Moss Adams LLC*

The audit was performed a month in advance from prior audits. They provided three documents: 1) the audit opinion on the financials; 2) the audit opinion based on Oregon statutes; and 3) the letter to the Board. CRW had received a modified, clean opinion. The audit went very well and information was received ahead of schedule. There was nothing of significance found in the financial statements. From the Oregon Minimum Standards, the second audit opinion, the auditors reviewed contracting and procurement processes. Prior to this, improvements to internal controls were suggested and these had been to procurements/contracting made to their satisfaction. There were no issues found in either area. The auditors performed tests such as internal controls, procedures, review of source documents, etc. per general auditing standards to determine if there was anything material. There were no rule changes this year. Under GASB, bond issuance costs were reviewed per the standards. A minimal amount needed to be written off rather than amortized. They received all requested information from management and answers were given timely. The overhead rates had not been updated in several years, but they had recommended an overhead rate study which the District was in process of completing. In response to the Board, the auditing procedures would catch material fraud activity. They did go further this year in the area of payroll. “Material” means anything found in the financial statements that would cause the Board, bondholders and the like to react differently to them. This was the concept of materiality included quantitative and qualitative methods. As an example, a material weakness would be no record for a water purchase. An example of a non-material weakness would be if an employee took $20.00 out of petty cash in a certain day.

 Next year, there was a change in pension reporting and auditing this reporting. Currently, CRW had a significant, unreported, unfunded PERS pension liability. Almost everyone was in this position. GASB was now requiring CRW to report this estimated liability. This was an estimate because it was unpredictable to determine when individuals would retire. By the time of the next audit, information would be available to provide a solid estimate of this liability. This would be an obligation on the books and would reset each year based on actuary reports. The estimated dollar amount CRW would be obligated to pay would be stated in the financial statements using the best information available measured as of Year 2014. This would be significant, but it would not change how the District conducted business. This may create volatility in the financials. The idea was to get these amounts on the books so people could see this liability. In response, the Board had no control over managing this amount. It was yet to be determined how this would impact bonding. For districts that borrowed to leverage their PERS, it may depend on side funds (legal restricted) would generally reduce the individual obligations. Not all of these funds have been legally segregated and they may decide reduce the entire obligation.

**MOTION:** Ken Humberston moved the Board acknowledge the FY 2013-2014 Comprehensive Annual Financial Report (CAFR) and Audit. Dave McNeel seconded the motion.

 **MOTION CARRIED 3-0**

 **Ayes:** Humberston, Mc Neel, Sowa

 **Nays:** None

 **Abstentions:** None

**Agenda Item 2.0: Resolution 05-2015: Amendment to Cooperative IGA with Sunrise Water Authority to Remove Indemnity Language in Sections 13.1 and 13.2**

 **MOTION:** Ken Humberston moved the Board approve Resolution 05-2015 Amending the Cooperative IGA with Sunrise Water Authority to Remove Indemnity Language in Sections 13.1 and 13.2. Dave McNeel seconded the motion.

 **MOTION CARRIED 3-0**

 **Ayes:** Humberston, Mc Neel, Sowa

 **Nays:** None

 **Abstentions:** None

**Consent Agenda**

 CA-3: Gross Payroll and Account Paid for October 2014

 CA-2: Donation of Asset and Waterline Easement for Kurt and Lisa Morris

 CA-3: Cash Position and Transfers – October 2014

 CA-4: Settlement Agreement with Ex-Commissioner Kami Kehoe

**MOTION:** Ken Humberston moved the Board approve the Consent Agenda. Dave McNeel seconded the motion.

 **MOTION CARRIED 3-0**

 **Ayes:** Humberston, Mc Neel, Sowa

 **Nays:** None

 **Abstentions:** None

**Agenda Item 3.0: Discussion to Consider Biennial Budget beginning July 1, 2015 for BN 2015-2017** *– Carol Bryck, CFO*

The intent was to streamline the budgeting process, save an estimated 1400 hours of staff time from budget development for other activities, save an estimated $3,125 in hard costs related to annual budgeting, ensure resources can be made available for ORS 190 integration activities, significant likelihood of improved bond ratings for CRW due to evidence of longer-term planning and reducing interests costs on future issuance.

At the October work session, the Board had concerns about the potential for limited public input due to “every two year cycle” for project planning and prioritization and the possibility of limiting the District’s ability to respond to environmental changes like County and ODOT projects, annexations, project development, regulatory changes and major, unanticipated infrastructure failures. CRW is now using the website to provide real-time data and information about District operations and activities with budget documents and financial statements ready available. Proposed documents are also uploaded on the site. As result, the District has experienced fewer requests for information. Appropriation levels and adjustments can be made under biennial budgeting. Transfers can be made through resolution at any regular Board meeting and the notification procedure for supplemental budgets remains unchanged.

**The Board directed Staff to contact and poll budget committee members to solicit their input and report back to the Board. The decision was to “hold off” until this report was received.**

**Agenda Item 4.0 Engineering Report: Carver Bridge Transmission Main (Phase 2) – Status Update**

This project provides an 18-inch waterline across the new Carver Bridge being constructed by the County. The waterline will connect to CRW’s existing North Intertie with SWA’s 12-inch transmission main (Phase 1) and will provide a future source of supply to the CRW customers south of the Clackamas River at Carver. Due to project delays the completion of the waterline is behind schedule.

Bjornstedt provided pictures showing the project issues. The contractor is disputing the waterline design and their attempt to provide waterline piping materials not in compliance with those required by the project design. This claim has been rejected by the County and CRW on the basis it had no merit. Due to the season, the County has directed the contractor to complete temporary winterization of the jobsite to address remaining work including waterline completion scheduled next spring.

**Agenda Item 5.0 General Manager’s Report**

* CRWSC Meeting – Oct 13th: Two items were discussed – the resolution relating to the indemnity language allowing CRW to self-insure and the General Manager’s report on the progress to date for combining resources.
* Meeting with Commissioner Humberston: This meeting was to discuss issues related to CRW’s south service area and Oregon City.
* HP Trim – Records Management Software: Staff met with the subcontractor from the Secretary of State’s office to review a records management and document storage system. This was the software they were encouraging agencies to use. Thus far, the responses received are positive about the system’s performance. An advantage to using this software is that it is directly connected to the State Secretary’s records storage and archival system which would significantly enhance CRW’s ability to manage and store records. The IT Manager and CFO are still concluding their analysis prior to a decision.
* CRW-SWA Procurements Meeting: The meeting was to explore beyond materials and services purchases to capital construction contracting. The discussion is to determine how both process and systems can be compatible.
* CRW-City of Milwaukie Meeting: Discussion is to develop an updated resource-sharing IGA. The objective is to address modifications to our billing processes to accommodate the northern area that resides in the City. Also under consideration is sharing CRW’s water quality laboratory and engineering services as well as boundary realignment concerns.
* Meeting with CRW’s Labor Attorney: Discussion was to explore the development of alternatives to prior proposals. The recent status is that both sides mutually agreed to proceed to mediation. CRW’s team objective is to continue to maintain a positive and constructive work environment for employees.
* CRW-SWA Administration Meeting: Administrative staff and the General Managers met to review the status of the integration. Realignment was proposed to allow the Human Resources Manager to provide full time HR services to both organizations. By this action, the Executive Assistants/Contract Coordinators will fully assume CRW Board support duties as well as provide backup to SWA’s Board support as needed. The reverse would also be true if CRW should require backup.
* Chamber Luncheon Meeting: The Chamber held a luncheon to hear a presentation by County Commissioner Savas who presented an overview of the County’s strategic plan for economic development. Clackamas has unique challenges related to increasing pockets of poverty and lack of supportable infrastructure to support industry for family-wage jobs. County plans should be completed within three years.
* Emergency Manager Activities: Equipment sharing and emergency training are ongoing. Meetings with both agencies met to discuss the EPIC (Emergency Preparedness and Incident Command) team. A joint team would be established representing both agencies to develop an integrated emergency plan that facilitates a mutually supportive structure under the Commission. Mr. Bunyard and Tim Jannsen (SWA) would lead a joint Vulnerability Assessment and draw resources from each agency as needed.

**Agenda Item 6.0 Public Comment**

None

**Agenda Item 7.0/8.0 Commissioner Business – Reports and Reimbursements**

 **Schedule Work Session**

The Board meeting would hold an executive session after the scheduled work session on November 17, 2014.

The next work session would be held in January.

A reminder was given to submit expense reports.

**Meeting adjourned at 7:56 pm**