

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS  
REGULAR BOARD MEETING  
September 24, 2020**

**COMMISSIONERS PRESENT VIA ZOOM MEETING:**

Sherry French President  
Naomi Angier, Secretary  
Tessah Danel, Treasurer  
Rusty Garrison  
Hugh Kalani

**STAFF PRESENT:**

Todd Heidgerken, General Manager  
Karin Holzgang; Exec. Assistant to the Board

CRW Employees: Chief Financial Officer, Carol Bryck; IT Manager, Kham Keobounnam; Emergency Manager, Donn Bunyard; Chief Engineer, Adam Bjornstedt; Joe Eskew, Engineering Manager; Rob Cummings, Water Resources Manager

**COMMISSIONERS ABSENT: 0**

**VISITORS:** Bob Steringer

**Call Regular Meeting to Order**

Commissioner French called the meeting to order at 6:07 pm and roll call taken

**MOTION:** Commissioner Danel move to approve the agenda as presented. Commissioner Garrison seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:** None  
**Abstentions:** None

**Public Comment- none**

**Agenda Item 1.0 Consider Approval of Waterline Easement with Beaver Lake Homeowners Association**

Mr. Bjornstedt shared a brief background for the reason for the District purchasing the property from the Homeowners for a future pump station. The easement that is being requested of the Board to approve is for a permanent easement for a waterline and a temporary easement that will be used during construction of the waterline and pump station

Commissioner Garrison asked is the easement was part of the property area that the district is purchasing and it is not.

**MOTION:** Commissioner Danel move to approve the waterline easement with Beaver Lake Owners Association, on property TL ID 32E13A/07900, for the amount of \$34,800 and authorize the General Manager to sign the easement document. Commissioner Garrison seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:** None  
**Abstentions:** None

### **Consent Agenda**

- CA-1: Gross Payroll and Account Paid for August 2020
- CA-2: Cash Position and Transfers August 2020
- CA-3: Project Acceptance: Mather Control Valve Replacement, CIP 19-5250
- CA-4: Project Acceptance: Accept Assets Constructed Under the 90<sup>th</sup> St. Pump Station Control Valve Replacement, CIP 19-5248
- CA-5 Project Acceptance: Accept Assets Constructed Under the Orchid Ave. Meter Replacement Project, CIP 19-5260

**MOTION:** Commissioner Angier moved to approve the Consent Agenda as presented. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Kalani  
**Nays:**  
**Abstentions:**

### **Agenda Item 2.0 Debt Covenant Compliance Reporting for FY 2020- Including Analysis of the Year's Revenue and Expenditures**

Ms. Bryck shared that the district has an obligation to provide the Board with a debt covenant letter stating the district is meeting its debt ratio. (see attached presentation)

- This past year there was a reduction in Gross Revenues by 5.24% made up of a reduction in interest earnings and received SDC's
- There was an increase in operating expense of 20.59% some of this was made up of the PERS transitional liability payment authorized by the Board and in the materials and services category there was an increase in the reduction of overhead charged to projects, increased engineering cost for the WTP facilities plan and additional contract work

Commissioner Garrison asked about onetime costs in contract work and these are due to contracting consultants for studies.

### **Agenda Item 3.0 Management Report**

- The monthly report provided to the Board is the first month of the new fiscal year. One item of note is that July was a three-pay period month which reflects as a larger number than usual in personnel services. Since the Backbone projects are all complete this is the last month that includes the accounting on those projects.
- Fitch rating for the District changed to a positive
- September is emergency preparedness month- Donn Bunyard has been teaming with Clackamas Fire to gather and distribute emergency preparedness messages
- Mr. Heidgerken thanked the Board for their participation in the strategic planning retreat and being flexible with the virtual format. In October, the Board will be asked to accept the refreshed mission, vision, values and identified goals that came out of the retreat. Each of the identified goals will have a staff Champion leading the move forward of the goal along with a task force of staff and managers assisting in developing the tactics and strategies, and measurements to meet the goals.
- There was no CRWSC meeting this quarter. However, there is still activity and work on the staff side regarding the beginning steps of developing a water sales agreement.
- Staff and the district are getting back to “normal” operations after the impacts of the recent wildfires in Clackamas County. CRW had 20% of staff impacted by the evacuations as a result of the fire. During the initial weeks of the fire there were power outages/interruptions at all three of the district buildings and two pump stations but there was never loss of service of water from the plant.
- Staff and other water providers in the Basin are looking at what if any impacts there are on the watershed as a result of the fire.
- There were three main breaks within 36 hours in the rural areas of the district as a result of the demands on the system to fight the fire and the distribution staff responded to these extremely well in difficult conditions with the smoke and current COVID work condition restrictions. As a result of this hard work there were never customers without service.

No Public Comment

### **Agenda Item 8.0 Commissioner Reports and Reimbursement Requests**

Commissioner French was unable to attend the SWA September meeting due to not being able to access the meeting and will be working on a solution for next month to access the meeting

Commissioner French emphasized that CRW has great staff by the way they have stepped up during COVID and the changing work conditions and the conditions staff worked in during the fires to repair the several main breaks.

Open meeting is adjourned at 6:58pm



*Clackamas River Water*

# Debt Covenant Compliance

## Series 2009 and Series 2016 Bonds

Presented by Carol Bryck, CPFO, CTP

September 10, 2020



# Comparison year over year

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	FY 2019	FY 2020
Gross Revenue	\$ 15,149,922	\$ 14,355,414
Operating Expense	7,774,872	9,375,721
Stabilized Net Revenue	<u>\$ 7,375,050</u>	<u>\$ 4,979,693</u>
SDC's & SDC Interest	\$ 970,387	\$ 536,250
Debt Series 2009 bonds	\$ 458,500	\$ 456,600
Debt Series 2016 bonds	\$ 1,238,875	\$ 1,238,675
Calculation - 125% requirement	434%	294%
Calculation - 100% requirement	377%	262%

# Analysis

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- Reduction in Gross Revenues – 5.24%
  - Significant changes – 88% of reduction
    - Interest Earnings down \$276,000 due to reduction in interest earning rates and reduction in investment balances due to spending down of bond proceeds.
    - SDC's reduction in fiscal year 2020 \$419,000. In fiscal year 2019 we collected significant SDC's from the Abernathy Landing development. Project is nearly complete with few remaining lots. Service connection fees are also down for the same reason.

# Analysis

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- Increase in Operating Expenses – 20.59%
  - Significant changes
    - Personnel Services increased by \$818,000
      - PERS Transitional Liability of \$626,832 is the majority of the increase. Removing the transitional liability payment from Personnel Services we experienced a 4.19% increase made up of increases in PERS rates, salary and benefit costs.
    - Materials & Services increased by \$478,000 or 14%.
      - Most significant increase due to reduction in OH charged to Capital project funds - \$343,000.
      - Increase in Engineering costs – primarily WTP Facilities - \$371,000
      - Contract Work for resilience project moved into this fiscal year instead of FY 2021 - \$63,000

# Summary

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- Including SDC revenues the coverage requirement is 125%
  - FY 2019 was 434%
  - FY 2020 is 294% - which is still excellent coverage and is reduced because:
    - SDC revenues are down from the prior year (Abernathy development primarily in FY 2019)
    - Operating Expenses are up due to large one-time costs and due to reduction in overhead costs charged to capital projects.



# Summary

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- Excluding SDC revenues the coverage requirement is 100%
  - FY 2019 was 377%
  - FY 2020 is 262% - which is still excellent coverage and is reduced for two reasons
    - Interest earnings are down due to use of bond proceeds in prior periods and reduction in interest rates
    - Operating Expenses are up due to large one-time costs and due to reduction in overhead costs charged to capital projects.