

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS
REGULAR BOARD MEETING
November 12, 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
Adora Campbell; HR Generalist

CRW Employees: Chief Financial Officer, Carol Bryck; IT Manager, Kham Keobounnam; Emergency Manager, Donn Bunyard; Chief Engineer, Adam Bjornstedt; Engineering Manager Joe Eskew; Water Resources Manager Rob Cummings; Sr. Finance and Accounting Specialist, Ted Ebor

COMMISSIONERS ABSENT: 0

VISITORS: Bob Steringer, Julie Desimone (Moss Adams)

Call Regular Meeting to Order

Commissioner French called the meeting to order at 6:00 pm and roll call taken

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

MOTION CARRIED 5-0

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

Public Comment- none

Presentation: Audit Procedure for FY 2020 by Julie Desimone

Will provide presentation/handout. Management is recording and transactions. Moss Adams – internal controls remotely due to virtual environment. No key changes that occurred in the past year that would cause damage the District. Remote environment not an issue – they do not need to be onsite. Can obtain sufficient information to provide an audit opinion. Looking at validity of documentation. Care about safety and health and won't put client at risk- virtual.

Internal controls is an important piece of the audit. Ensure check and balances. Ensuring documentation is available, sufficient and appropriate given this new environment. Look at trends, source documentation.

Materiality is both quantitative and qualitative. Look at risk assessment, what's really important – example cash flow, plant assets, procedures. Not just numbers, still carry about the transaction and how it moves through the system.

Majority of time of the audit is spent on cash, AR, revenue, making sure billing is appropriate, rate schedules, collections and how money comes in, and ensure what the customer pays gets to their account including payments going out per standards. Payroll transactions. Making sure bond payments occur appropriately.

State of OR has compliance requirements. Look at insurance internal controls, budgeting, contracting – these are most prevalent.

Also look at fraud, conduct interviews (not with staff) sometimes outside of accounting and finance staff.

Timing of the audit will be soon towards end of November with the planned *intention* to provide management letter (audit opinion and financial statements) by end of December with presentation in January.

Consent Agenda

CA-1: Gross Payroll and Account Paid for October 2020

CA-2: Cash Position and Transfers October 2020

CA-3: Project Acceptance: Accept Assets Constructed Under the South (Shellenberg) Campus Water Main Extension Project, CIP 19-5258

CA-4: Consider Approval of Surplus Vehicles

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 1.0 Quarterly Update (see attached presentation)

PowerPoint presentation from Carol: Highlights are 1st quarter update FY 2021, Second Year of the Biennium. Total revenue is 63% as of 9.30.2020. Water revenue is \$300,000. Revenue increases due to grant, COVID and miscellaneous operating revenue. Aging balances have increased beyond 90 days due to COVID impacts. Personnel Services is at 56.8% of biennial budget. Concern is customers not contacting District regarding payment. General Fund expense for materials and service is 54.7% and Capital Outlay is 27.9%.

SDC is at 38.5% actual to date. Actuals for FY 2020 and FY 2021. We are at about 40% on CIP projects. Phase 1 Backbone projects are completed and the associated funds have been spent.

French: Have we contacted customers regarding shutoff notices?

Carol – Yes, some have paid the District; some have not. Wildfires followed after staff contact with customers so Carol put a pause on payment and now they are sending letters to these customers for non-payment.

Garrison: Business expenses beyond expectation?

Carol: We see an increase in residential customers. Business not using a lot of water, reduction is revenue. Starting to tip back up.

Agenda Item 2.0 Management Report

September and October were favorable months for water sales. Perhaps this is motivated by wildfires. Rainfall has helped with river flows. Our own Donn Bunyard featured in CRWP newsletter. Donn has an extensive history in water and Todd thought his history was well captured in their article.

In addition to the management report, there are 2020 Board goals and their progress related to the four goals. There are fourteen actions identified and of these seven items are completed and the rest are in progress. COVID put a bit of wrench to the Water Facilities Plan and this plan won't be finished until 2021. Risk and Resiliency plan has progressed significantly and the District is ahead of schedule. We talked about future projects for bond funds. Recently met with the Board to obtain feedback and direction and staff was in the process of compiling this information. Recommendations would be forthcoming and how these projects would be funded.

Board approved the MOU with Oregon City to clean up boundary issues.

Lastly, the collective bargaining agreement is planned for 2021 and the Board approved the 1-year extension. The plan was to have a contract approved for the June 10, 2020 board meeting.

To bring his contract to the attention Board, it said the Board would discuss and develop goals for the GM for November and December. Strategic Planning was part of the goals and may help develop future goals. The thought at a prior meeting was to postpone goal development until the process had proceeded further. The plan was to present further objectives at the March Board meeting.

French: Until we can complete the strategic plan, she suggested looking at March to discuss the General Manager contract, specifically Section 2.3, if Commissioners wanted to take a different approach this would be placed on the December agenda to discuss how to proceed.. Goals and plan seem to her to be one and the same. Then, if we needed to add to GM goals later, we could.

Public Comment- None

Agenda Item 4.0 Commissioner Reports and Reimbursement Requests

No meetings were attended by Angier, Kalani, Danel and Garrison.

French attended the OLWS meeting – they are working on water tie prelim design, completed the new park called Boardmen Wetland, working on water master plan – there were concerns that it was completed without Board or citizen input. Looking at longer-term FEMA loans requiring a disaster mitigation plan.

Sunrise – Reservoir #11 completed, discussed delinquent accounts from 24 to 100; average payment due falls with \$100-200 dollars.. Applied for Oregon Business loan for \$10M for rebuilding. Working with community to install new hydrants.

Commissioners had 60 days to turn in reimbursements; however it is helpful if not dragged out to long to support timely, actual budgeted numbers

Open meeting is adjourned at 7:01pm



Clackamas River Water

Clackamas River Water

Board Meeting – November 12, 2020



1st Quarterly Update – FY 2021 Agenda Item #1

Carol Bryck, CPFO, CTP

1st Quarter Update – FY 2021

- 1st Quarter – Second year of Biennium – July 1, 2020 through September 30, 2020
- Showing costs through 15 of 24 periods for the Biennium – 62.5%
- This is also 25% of the new fiscal year – but for budgetary purposes we compare actual costs to the two-year budget.
- Sharing impact of decisions related to COVID

1st Quarter Update – FY 2021 Revenue

Through the first quarter (July 1, 2020 through September 30, 2020) of Fiscal Year 2021- year two of the biennium BN 2019-2021 we are 62.5% through the budget.

Total Revenue is 63% of the biennial budget.

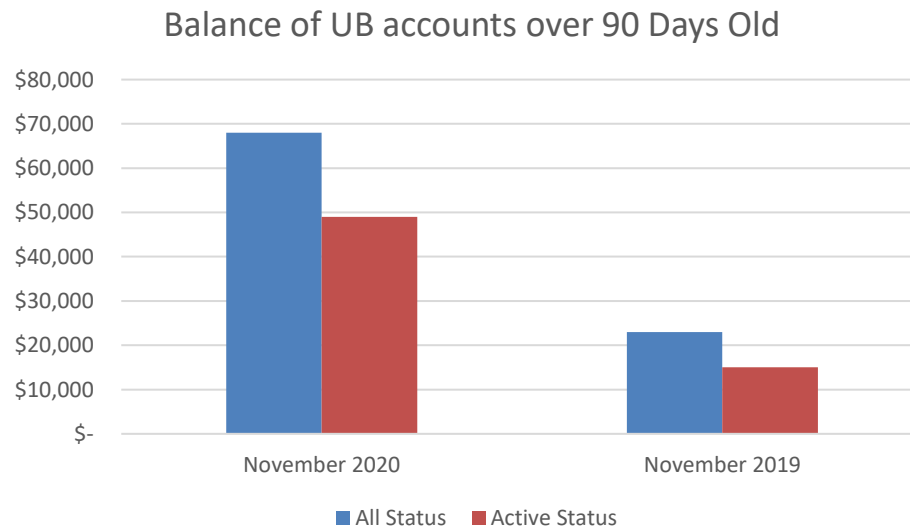
Water sales budget is \$24,880,000 for the biennium and we have recorded \$15,915,937 through September. Water sales are 64% of the biennial budget.

1st Quarter Update – FY 2021 Revenue

- Due to the delay in implementation of the scheduled rate increase we estimate (based on known consumption through September) that our water revenue is \$300,000 lower. We have also forgone late fees and the impact there is more difficult to measure (would customers have paid to avoid negative consequences?) is approximately \$30,000.
- There are increases in some revenues:
 - Miscellaneous Operating Revenue
 - Earnings from Investments
 - Grant Revenue (CRW share of CARES funding reimbursement for COVID related costs).

1st Quarter Update – FY 2021 Revenue

- Impacts (of COVID) on outstanding balances. Revenue is recorded when we bill but cash isn't received until customers pay.
- Aging Balance over 90 days has increased significantly (still just over half a percent of annual water sales).
 - All Status is active, closed, collections
 - Active Status – currently active customers



1st Quarterly Update – FY 2021

General Fund Expenses

- Personnel Services
 - 56.8% of biennial budget
 - Total costs Fiscal Year 2020 and 1st Quarter Fiscal Year 2021 - \$6.5 million
 - 62.5% of budgeted amount - \$7.2 million
 - Things to Watch – Health insurance costs for Fiscal Year 2021 higher than originally estimated in the budget process in 2019
 - Reasons we are below 62.5%
 - Vacancies that have not yet been filled
 - Retirement payouts – anticipated in budget process that have not yet occurred
 - Modification to health plan that lowered premiums in first year of biennial budget





1st Quarterly Update

– FY 2021

General Fund Expenses

- Materials & Services – 54.7%
 - Analysis of categories that are greater than 62.5% reveal that these are items where payments are made annually, semi-annually or that have seasonal components
- Capital Outlay – 27.9%
 - Sneak preview – additional budgeted Capital Outlay has been procured and as of November 6, 2020 we are 53.8% of the biennial budget
 - Reminder that Capital Outlay items come in larger chunks and can move up quickly

Other Funds

SDC Revenue, CIP and CIP Bond
Construction expenditures

1st Quarterly Update – FY 2021

new demand

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 growth
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 revenues
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 capacity
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 extension
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 equity
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 new customers
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SDC Revenues

- Biennial Budget - \$1,655,800
- Actual to Date - \$637,814 – 38.5%



New Construction

1st Quarterly Update – FY 2021

Capital Improvements Project Fund

Project #	Description	BN 19-21 Budget	FY 2020 Actual	FY 2021 Actual	Total	% of Budget
5249	ODOT/City/County DTD Adj	\$ 286,000	\$ 65,395	\$ 7,040	\$ 72,435	54.29%
5243	CRC Mobility (see 5249 budget)*	-	50,772	26,740	77,512	N/A
5241	Sunnybrook & 93rd Loop Waterline (see 5249 budget)	-	5,320	-	5,320	N/A
5239	Edgewood Neighborhood Waterline	1,045,000	907,777	12,204	919,981	88.04%
5251	Forsythe Rd Waterline - Phase 1	572,000	40,223	11,990	52,213	9.13%
TBD	Leland Rd Master Meter & Waterline	480,000	-	-	-	0.00%
5253	82nd Dr Waterline - Phase 1	814,000	840	26,578	27,418	3.37%
5260	Orchid Waterline & Meter	74,000	35,297	317	35,614	48.13%
5250	Mather Reservoir Control Valve	210,000	50,897	37,442	88,339	42.07%
5248	90th Ave Pump Station Valve Replacement	150,000	13,474	118,859	132,333	88.22%
		<u>\$ 3,631,000</u>	<u>\$ 1,169,994</u>	<u>\$ 241,170</u>	<u>\$ 1,411,164</u>	<u>38.86%</u>

*5243 Prior Period (FY 2019) expense - \$6,309

*5239 Prior Period (FY 2019) expense - \$91,467

*5241 Prior Period (FY 2019) expense - \$14,694

1st Quarterly Update – FY 2021

- **Backbone Projects**

- All project have been closed except for 152nd Ave Reservoir as of June 30, 2020 (end of Fiscal Year 2020)
- BN 2019-2021 Budget for Fund 08 – CIP Backbone was \$3,139,000
- Spend through September 30, 2020 (1st Quarter of Fiscal Year 2021) is \$3,118,643
- 99.35% of budget has been expended
- Minor additional charges – primarily CRW Staff time may be charged against this budget.
- Backbone Phase 1 completed!



Questions or comments ?