

MULTNOMAH COUNTY DRAINAGE DISTRICT #1
MINUTES OF THE BOARD OF SUPERVISORS MEETING
May 29, 2008

Pursuant to advertised notice, the Board of Supervisors' meeting of Multnomah County Drainage District No. 1 was held at 8:00 a.m. on Thursday, May 29, 2008, at the District's administrative office, 1880 NE Elrod Drive, Portland, Oregon.

President Tim Warren called the meeting to order at 8:03 a.m. and requested that the secretary note the role. Eaton acknowledged that the proper meeting announcements had been made.

Those present were:

- Tim Warren, President
- Chuck Harrison, Supervisor
- George Lingelbach, Supervisor
- Larry Cooper, Supervisor
- Phil Ralston, Port of Portland Liaison
- Bob Eaton, Executive Director, and Secretary/Treasurer
- Dave Hendricks, Deputy Director
- Evie Moore, District Accountant
- Gloria Gallego, Secretary Pro Tem
- Adam Zucker, District Engineer
- Bob Yingling, guest auditor

Supervisor Bruce Holte had an excused absence.

Adam Zucker was introduced as the New District Engineer

APPROVAL OF MINUTES

Chuck Harrison noted the minutes, paragraph on page 4, needed to make clear that the demolished pump station was the Port's on Elrod Drive. Harrison moved to adopt the March 13, 2008 minutes as corrected. Larry Cooper seconded and the motion passed unanimously.

Review and Adopt Appendix B – Rate Schedule for FY 2008-2009 District IGA – Eaton presented the Appendix B included with the packet. He noted it was the wrong schedule and Dave Hendricks retrieved the proper one. Eaton said that Appendix B used some averages and several ranges on salaries to place an estimate on employee time. The actual salaries will be used for invoices. Eaton noted that other districts had already adopted Appendix B. Larry Cooper moved to accept Appendix B as a guideline. Chuck Harrison seconded and the motion passed unanimously.

Review and approval of FY 2006-2007 Financial Audit - Bob Yingling, District Auditor, handed out the FY 2006-2007 audit and explained some of the significant changes that have been made for auditors. It is now mandatory for the auditor to meet with the Board or audit committee to explain the financial audit. When asked how often he should meet, Yingling replied that he should meet with the board or audit committee twice. The first meeting is to talk about concerns; the second to report on audit. Yingling handed out two letters that go with the audit. The first was a general statement about his work on the audit. The second letter noted material weaknesses found during the audit. Noted here was the time it took district staff to get the financial information to Yingling. That is why the audit was completed so late in the year.

The Auditor pointed out the new standards includes his pointing out weaknesses within accounting controls. He explained that in smaller organizations, there is usually only one person to take care of accounting, but it is important to have checks and balances. The District should have a policy on this.

President Warren asked why the audit was so late. Yingling explained that the audit was not started until April of this year. There was a request for an extension in December which was granted, and then again in February which was not. Yingling explained that there was some sort of corruption with quick books and it seemed to take longer for the information to get to him. Chuck Harrison asked if there was a penalty for being late. Yingling answered there could be but in all likelihood, no. President Warren asked Yingling if there was any evidence of misappropriation of funds. The answer was no.

Larry Cooper moved to approve the FY 2006-2007 audit report. Chuck Harrison seconded and the motion passed unanimously.

After Bob Yingling left, Tim Warren said he was concerned at the length of time that it took to take care of the audit. He would like Eaton and Evie Moore to prepare a report to the board explaining why the information took so long to get to the auditor. Eaton said some changes are already being initiated and he would include those as well.

Review and Adopt Resolution #0851 – Adopting a Health Reimbursement Plan. Eaton explained that the Health Reimbursement Plan is district funding for the increased out of pocket costs for a new plan with same benefits, but a larger deductible and co-pay. The total amount of reimbursement is less than the reduced cost of the premium so the District will save money.

By passing the resolution, the structure is set and procedures will now need to be drafted. Following questions of understanding from the Board, Larry Cooper moved to adopt Resolution 0851, adopting a health reimbursement plan for the District. Chuck Harrison seconded and the motion passed unanimously.

FY 2008-2009 Budget workshop Budget. Eaton spoke to the budget draft spreadsheet included in the pre-meeting packet. He noted it does not balance by about \$7,000 since there are some Board decisions to be made. General discussions included a draft 7% assessment increase and a 6% County compression rate. Warren said he appreciated the work done but would like to see a format that focuses on the bottom line. A suggestion was made that the spreadsheets include one more column with year-to-date actual amounts. Eaton explained that column exists but is hidden since the draft year-end numbers have been estimated. A question asked are we balancing monthly. Eaton said the capability is within the software program, but the District is not there yet.

Phil Ralston commented the Port receives year-to-date. Anything with a 10% difference, or variances under or over \$20,000, are flagged and explanations are included in the budget. The board liked that idea.

Eaton says, in general, the District is in good shape. For the budget, Eaton will take information from the audit and work on the numbers. Hendricks noted that the Board had never adopted a capital improvement reserves goal. The board talked about CIP reserves in case of emergency projects.

Deadline for adopting Budget is June 26. Eaton will finalize a draft two and e-mail to Board by next week. President Warren stated that he would not be at the June 26 meeting but he and Eaton are working on a plan to patch him via phone.

STAFF UPDATES

PDX (Portland International Airport) Report – Phil Ralston reported that Port is starting to feel the pinch from the economy. Allowed by the airlines is a 6% increase per year, but the Port has been maintaining closer to a 2% increase over the last several years. Regarding revenue sources, airfield operations are paid 100% by the airlines. For terminal operations, the cost is shared approximately 60% for airlines and 40% for the Port. All public parking fees go to the port for administrative, planning and other overhead costs.

223rd Levee. Eaton reported that 223rd levee work is completed. It small pond at the base of the levee was filled, graded and hydro seeded. NACCO Material Handling will build a fence to keep vehicles off its property and off the levee.

FLPOA Presentation May 5th Eaton reported that he and Hendricks were invited to address the FLPOA annual meeting. They showed the 10 minutes 200790-year celebration video and answered questions. It was well received. MCDD offered a door prize.

4-MAT Roundtable: Phil Volker was the guest and he spoke about putting together weather predictions and his perspectives on global warming.

COP Storm Water IGA: Eaton and Hendricks met with Dan Vizzini from the City of Portland's BES to go over the initial work on doing a cost comparison. It was decided between the parties that MCDD would submit the District's operating budget, and present and future CIP bond payments, to the City. The City will use District cost while calculating what they feel is rate parity for the districts. President Warren said assumptions on day one should be the right ones since fundamentals are hard to agree on. Hendricks noted the City is backfilling their stormwater rate with other costs. If the City is allowed to do this, then the District should have the same right. For example, the City is now responsible for another one million square feet of roadway surface more than they had when the original IGA was negotiated in 2000.

ADJOURNMENT:

There being no further business to come before the Board, President Warren adjourned the meeting at 10:25 a.m.

APPROVAL:

These minutes were approved at a duly called meeting of the Multnomah County Drainage District #1 Board of Supervisors on June 26, 2008.

Attested: _____
Secretary