

MULTNOMAH COUNTY DRAINAGE DISTRICT #1
MINUTES OF THE BOARD OF SUPERVISORS MEETING
March 12, 2009

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, March 12, 2009, at the District's administrative office, 1880 NE Elrod Drive, Portland, Oregon.

Chair Tim Warren called the meeting to order at 8:00 a.m. and requested that the secretary note the role. Eaton acknowledged that meeting announcements had been made.

Those present were:

Tim Warren, President
Larry Cooper, Supervisor
George Donnerberg, Supervisor
George Lingelbach, Supervisor
Bob Eaton, Executive Director, and Secretary/Treasurer
Dave Hendricks, Deputy Director
Janet Olson, District Accountant
Kim McRobbie, Secretary Pro Tem
Phil Ralston, Port of Portland Liaison

Excused Absence:

Bruce Holte, Supervisor had a previous training he needed to attend and asked to be excused.

APPROVAL OF MINUTES

Larry Cooper moved to approve the Board minutes from January 15, 2009 as written. George Donnerberg seconded and the motion passed unanimously.

The minutes from the January 15, 2009 Landowner meeting were presented for review only today, as they cannot be approved until the next landowner meeting. The Board agreed the minutes would be presented to the landowners as written.

BUSINESS

Review and Adopt FY 2007-2008 Audit Report – Eaton stated that he would like to change the agenda up a little bit. He has invited Robert Yingling to attend today and answer any questions the Board may have regarding the finances and the just completed audit. Therefore, he would like to move Mr. Yingling up on the roster so he does not have to sit through other business before he is to speak. All agreed and Eaton introduced Yingling. He began by stating the audit was accompanied with two letters. The first letter was the accounting practices. Yingling noted the District had changed its capitalization policy from \$250 to \$1,000 in the year ending June 30, 2008. He spoke to the second letter regarding internal control. He added the last couple of years the report has changed due to accounting frauds increasing throughout the state. He noted that there were several issues and areas that were incorrect. Yingling feels that these issues will resolve with the change of internal control steps that were recently put in place. Eaton added that because of Yingling's comments some changes have begun. Not all are done but he would say about 95% have been implemented. In addition to new changes, Eaton is now responsible for all banking needs. Yingling added that deposits are small as 75-90% of all deposits made to the District are done automatically. Warren thanked Yingling for taking time to come in and speak to the Board today. Eaton would like to know the difference he sees between Evie Moore, previous District Bookkeeper, and Janet Olson, the current District Bookkeeper.

Review and Adopt FY 2007-2008 Audit Report – Continued

He began by saying clearly there is a stronger knowledge base with Janet. Historically the audits for all four Districts have been completed and filed by October of each year. For the last few years he has been receiving the documents he needs later than normal. Not only that, but when he did get the information it was incorrect data. He feels currently there is a better understanding of the issues and are confident things will get a lot better now. Eaton thanked Yingling for his honesty and asked the Board for any questions of Mr. Yingling. With no further questions, Tim Warren asked for a motion to adopt the FY 2007-2008 Audit. Larry Cooper moved to adopt the FY 2007-2008 audit. Tim Warren seconded and the motion passed unanimously.

Resolution #0931 Approving Entering PERS Sick Leave Program – Eaton stated that at the last Board meeting in January, the resolution was tabled in order for Eaton to gather more information. He did some research for answers and found there are a number of options under which people can retire. This program would be beginning the date the resolution is adopted by the Board. The retired employee's total sick leave is entered into the state PERS system. The dollar value of one-half of the sick leave is added to one of the employee's three highest earning years. It then is averaged in to form an average year salary against which the PERS payments are determined. Eaton added that his research determined that there would be no significant financial difference to the District. George Donnerberg moved to adopt Resolution #0931 approving entering the PERS sick leave program Larry Cooper seconded and the motion passed unanimously.

Resolution #0932 approving a Voting Policy for District Landowners – Eaton began with the staff report included in the pre-meeting packet. He added he might be turning this one over to Hendricks to speak about. He stated that last year some landowners in the Bridgeton Neighborhood who engaged Oregon State Representative Tina Kotek about potential changes brought up the Districts' vote calculation process. Staff has reviewed statutes to see how votes are calculated. Staff decided to contact Andy Jordan, legal council for the District, to determine if the current policy should be changed. Jordan researched and put together Resolution #0932 that would adopt the current voting policy. Eaton added this policy protects voters' rights. With no further questions, Tim Warren called for a motion. George Lingelbach moved to adopt Resolution #0932 establishing a voting policy for District landowners. Larry Cooper seconded and the motion passed unanimously.

FY 2009-2010 Proposed Staff Goals – Eaton referred to the two pages included in the pre-meeting packet. The first being the adopted FY 2008-2009 goals which are color-coded to show updated status. He went over those with the Board and answered questions. They discussed Capital Improvement Goals #4 as well as Administrative goals #6 and #7. Eaton expressed that some items listed in red have not been started and that is due to the District spending money wisely at this time. Eaton stated the District has issued a modest contract for a consultant to interview employees about their individual job descriptions as part of the succession planning work. The District has a few employees who will be looking to retire in the next four to five years. Regarding the 500-year levee goal, Hendricks does not think we should focus on a 500 year; but rather stick to the 100-year certification. Warren asked the value of having a 500-year certification. Hendricks responded that a reduction in flood insurance premiums would be what folks would see if anything. Hendricks feels that the District should focus on the deficiencies in the 100-year system rather than seeking a 500-year designation. He feels that federal funding will be more likely approved if you have deficiencies in the 100-year certification process. The Board thanked Eaton and Hendricks for a great job. Eaton then asked everyone to turn to the second page, proposed FY 2009-2010 goals.

FY 2009-2010 Proposed Staff Goals - Continued

Eaton added that all things the District does is public and these goals are a public document. If someone should call and want to know what the District is planning to do this year, we can simply give them the adopted goals. Eaton stated that staff has added a couple of new goals and did not list the day-to-day items on this list. Eaton briefly discussed the goals that are not currently relevant or have been completed already. The Board also talked about the throwing facility on NE 33rd and explained how the District is working with the Concordia University on the building of the facility. With no further discussions, Larry Cooper moved to adopt the proposed goals for FY 2009-2010. George Donnerberg seconded, and the motion passed unanimously

STAFF UPDATES

02/29/09 YTD Report – District Bookkeeper Janet Olson presented handouts reflecting financials through February 28, 2008. She stated that at the last meeting it was requested that she run reports that show a year-to-year comparison. This is difficult she states as things are still being cleaned up and it is like comparing apples to oranges. She did however, run a condensed version to present to the Board today. Olson noted that she is being more aggressive with the IGA billings. She is not waiting until the end of the year to bill as in the past. Cooper asked about property taxes and if the District was feeling any impact on those who were not paying. Hendricks responded that things are looking good right now and he does not foresee that being an issue. Olson said she is keeping accurate records and is currently working on the assessment refunds. Back in 2005, checks were sent to landowners that were due an assessment refund totaling \$4,157. Olson stated some of the refunds sent back to landowners have gone unclaimed after two attempted mailings. She is now gathering the data, assuring accuracy and is ready to turn it over to the State of Oregon with a list of payees. The Port may lay claim to about half the proposed total.

Olson also talked about a few in house policy changes that are now taking place Eaton will now get all Bank of America bank statements unopened. After he has reviewed them, Olson will complete the bank reconciliation and then give back to Eaton for a second review. Little things like this will make a big difference in checks and balances.

Olson then asked folks to turn to the profit and loss statement as of February 28, 2009. She began saying she still has some revenue to book, adding this year the District received an additional \$80,000 in additional revenue. She has billed the City of Portland for stormwater fees as well as billing the Port of Portland for de-icing costs. She also added the District has received an additional \$28,000 for a workers compensation refund. The Board is expressing confusion on how to read the reports and is questioning why the budget reflects as off balance. Olson explained the reasons why and how it would show in balance after she transfers the reserves over. The Board worked with Olson to determine what reports would work best for breaking down the financials. Warren feels that until the system can be cleaned up of previous incorrect entries the comparisons are misleading. The group spoke to the capabilities of QuickBooks. They talked about the possibilities of electronic banking and electronic authorizations. Eaton added that he and Olson have been discussion these and more topics. They plan to hold a meeting with Bank of America to discuss the different options available to the District to keep with the standards.

FY 2008-2009 Budget Discussion – Eaton began with stating he has both good news and not so good news. When Robert Yingling completed the audit a couple of months ago he noticed the cash carry over was incorrectly logged. To find the reason staff went back to 2004 when the bond was refinanced from 1997. The money collected for the bond payment was not categorized as restricted funds leaving a \$345,000 difference so was included in the 2008-2009 estimated cash available. The cash available was actually about \$17,000. Eaton proposed a few options that would dissolve the discrepancy.

1. Withhold the \$126,000 scheduled for transfer to reserves this year, and defer the COP Stormwater payment from June to the next fiscal year beginning in July.
2. Have \$126,000 withheld from reserves for this year. The remaining balance would be backed by reserves. He noted this was the auditor's suggestion
3. Withhold \$126,000 and the remainder be borrowed against the bond and pay back within the next 2 or 3 years.

Eaton checked with Mr. Yingling and the Bond administrators to learn if bonds can be borrowed against. The answer is maybe yes.

Larry Cooper inquired into Evie Moore working part time and was concerned the District had signed some large checks for her. Eaton stated that contract was completed on December 31 and she is no longer a consultant to the District. The Board should also note there were no lawsuits or other legal issues that came out of the separation agreement.

Tim Warren feels option number 2 is the best choice and most agree. Eaton said there is not a motion needed at this time. If option number 2 is the consensus he will bring back a revised budget for the end of the year allocating what is needed from reserves to balance the budget. In the interim staff will work hard to maximize revenues and minimize expenditures. Eaton concluded stating this is an embarrassing oversight and he apologizes for the error.

PDX REPORT

PDX (Portland International Airport) Report with Phil Ralston – Ralston began by stating the airport operation revenue is down about 15% and equal amount has been lost on the Marine side. He added the Port of Portland is currently facing an approximate \$8-\$10 million shortfall. Ralston added it is very important the District and the Port work together to assure all are on same track and no one inadvertently leave gaps. Ralston stated that the Port will be getting some stimulus dollars but he has no specifics at this time.

Ralston gave an update on the North Runway project, stating it will be closed May to October at which time all air traffic will be using the South runway.

Ralston talked briefly about the de-icing permitting process. He also spoke to the open house that will be held on March 26 and invited folks to attend. He stated there might be some press releases coming out regarding slough and water flows associated with the de-icing program. Warren asked Ralston what the Port pays on average for fines related to the de-icing. Ralston responded about \$85,000. The budgeted amount for the de-icing project is at \$2 million for the new system.

Ralston stated for the next two summers the rehab on the north runway will be going on and all air traffic will be diverted to the south runway. Then after that project is completed in about 3 years, PDX will shut down the south runway to being its rehabilitation phase.

Ralston spoke to the parking structure being done and at the new administration offices, the steel has been erected. They are looking at moving into the new offices in one year.

Pump and Motor #3 in Pump Station #1 Rebuild – Hendricks talked about the vibration analysis that was done on the pump. A high level of harmonics was detected while performing the testing. Staff pulled the pump out and rebuilt the entire motor and it is currently back in operation.

Airtrans Trash Rake – Hendricks spoke to pump station number 6, and how it currently pumps to the de-icing pond at PDX. District Engineer Adam Zucker has been asked to design and construct a trash rake for the pump station and the Port of Portland will pay for the project.

SCADA Update – Hendricks stated that with more towers going up in the area comes more chatter in the system. The District plans to go to a direct service line or wireless system in the pump stations. There are currently a couple of pump stations that have been switched to wireless and they are working really well. He added the cost associated with each system is about \$400 a year, but staff feels it is very much worth it.

PROGRAMS/POLICIES:

4MAT Roundtable – January 29, PEN 1 Hosted – Eaton spoke briefly on the 4MAT Roundtable that was held on January 24 with PEN 1 hosting. He stated guests were two engineers - one to cover CRC and another to discuss I-5 widening. They spoke about the projects and how they affect stormwater issues.

Board Training in March – Eaton spoke to the annual all Board training that will be held on March 19. He added that SDAO is good to work with and provides great material. He is looking forward to seeing everyone on the 19th.

4MAT Roundtable, April 30, PEN 2 Hosting – Eaton spoke briefly to the 4MAT Roundtable scheduled for April 30. He will be working with Dick Shafer on topic discussions and will have an agenda out in the next couple of weeks.

PLANNING

Strategic Planning for 2009 – Eaton spoke to the 10-page document that was included in the pre-meeting packet. He added that the document was implemented back in January following about two months of staff work. He would like the Board to review at their convenience and to call with any questions.

ADJOURNMENT:

There being no further business to come before the Board, President Tim Warren adjourned the meeting at 10:10 am.

APPROVAL:

These minutes were approved at a duly called meeting of the Multnomah County Drainage District #1 Board of Supervisors on April 16, 2009.

Attested: _____
Secretary