

MINUTES
PENINSULA DRAINAGE DISTRICT #1
BOARD OF SUPERVISOR'S MEETING
April 12, 2007

Pursuant to advertised notice the Board of Supervisors' meeting of Peninsula Drainage District No. 1 was held at noon on Thursday, April 12, 2007 at the office of the Multnomah County Drainage District #1 at 1880 NE Elrod Drive, Portland, Oregon.

CALL TO ORDER

Board President Chris Bailey called the meeting to order at 12:10 p.m.

ATTENDANCE

Those present were:

Chris Bailey, President
Bill Briggs, Supervisor
David Ernst, Supervisor
Kurt Redd, Supervisor
Bob Eaton, Executive Director
Dave Hendricks, MCDD Deputy Director
Evie Moore, District Accountant

Excused absence:

Mark Wigginton, Supervisor

Eaton explained that Wigginton was out of town and had asked to be excused. Kim McRobbie is in day one of a two day class she is taking and unable to attend. Eaton will serve as recorder for the meeting and prepare the minutes.

MINUTES APPROVAL

Bill Briggs moved to approve the minutes of July 27, 2006 and January 11, 2007 as presented. David Ernst seconded and the motion passed unanimously.

There were no edits deemed necessary to the draft minutes of the July 27, 2006 Landowner Meeting. They will be up for approval at the 2007 Landowner Meeting.

President Bailey requested that minutes be presented to the board in a timelier manner. Eaton apologized saying he was responsible for the delay but now that staff member McRobbie is doing the minutes, the goal is to have them done within ten days after the meeting and available for approval at the next meeting.

BUSINESS

City of Portland (COP) Stormwater Intergovernmental Agreement (IGA)

Bob Eaton reported this issue had come up in the last few days and requires Board input. He asked that it be placed on the agenda. There was a consensus to do so.

Eaton distributed a staff report explaining that he and Dave Hendricks, accompanied by Tim Warren of MCDD and Dick Shafer of PEN 2 (the Districts' negotiation team), met with COP staff members Jim Hagerman and Dan Vizzini to discuss the proposed COP termination of the agreement. The purpose of the meeting was to explore how that termination might progress, the role of the City Council, the role of the Districts and District landowners, and any strategic alternatives agreeable to both parties.

The meeting was fruitful and a new negotiation strategy was developed that requires Board input. In lieu of terminating the agreement, what is on the table is a proposed Memo of Understanding (MOU) that would basically say:

- 1) the agreement will not be terminated, but the parties will utilize language in the agreement that allows the parties to negotiate new provisions at any time;
- 2) both parties agree that the termination date to the current agreement, if no new agreement is reached, will be June 30, 2012;
- 3) both parties agree to take the next year to mutually explore cost/fee alternatives;
- 4) there would be two deadlines:
 - a) spring of 2008 to determine if FY 08-09 budgets for all parties needed to reflect any changes;
 - b) sometime before June 30, 2008, ratification by all parties to any new agreement that would go into effect July 1, 2008.
- 5) the automatic escalators remain in place until a new agreement is reached.

The Team recommends this strategy and the following Board actions:

- 1) The Board approve the Team recommendation to enter into a MOU related to the status of the COP IGA including the five provisions noted in the staff report.
- 2) The Board authorize the Team to negotiate the COP IGA on behalf of the PEN 1 Board and landowners.

Following a brief discussion, David Ernst moved to adopt the two negotiating team recommendations as found in the staff report. Bill Briggs seconded and the motion passed unanimously.

BUDGET WORKSHOP

As a prelude to the budget workshop, Evie Moore presented the quarterly financials which showed revenues to date of \$226,416, which is right on target, and expenses of \$172,286, also very close to estimates. Current cash on hand is \$148,733, of which \$108,753 represents Board approved reserves.

Eaton provided an overview of the current FY 2006-2007 budget, highlighting several areas of interest for the Board. He also gave an overview of the proposed FY 2007-2008 draft budget, and then explained that Hendricks had taken the point on preparing the budget details and asked Hendricks to continue with the presentation. He did so noting a balanced budget at \$200,903, down some \$71,000 from the FY 2006-2007 budget. He pointed out the assessment to balance of \$187,804, an \$18,981 increase over assessment from the previous year.

The primary changes are that 1) only about \$12,000 in capital projects are anticipated in the budget rather than the \$80,000 found in the FY 2006-2007 budget; 2) the debt service is up by \$10,000; and 3) cash carry-over is expected to be about \$8,000 less than FY 2006-2007. The remainder of the budget remains about the same with a City of Portland Stormwater fee estimated at \$55,000, which represents a little over 25% of the overall budget. With this budget the assessment would go up by just over eleven percent when compared to the previous year.

A discussion ensued about the budget numbers, especially as they related to the future capital improvement needs. Hendricks provided a staff report that summarized the capital needs over the next 15-20 years totalling about \$4M, including the highest priority, an estimated \$1M for rebuilding the PIR pump Station. The capital projects were discussed as well, with the Board expressing their understanding of the need, although they were not being asked to adopt the list as a plan. Hendricks spoke briefly about the five funding options identified in the report. Board members were interested but made no declaration as to a preference. All understood this needed a more detailed discussion to be held at a later time.

Hendricks explained that budget revenues were figured conservatively and expenses on the liberal side of the range. He noted that Board-determined reserve goals were met by this budget. Staff asked if there was concern about an eleven percent increase and offered a matrix showing assessment decrease to budget reduction. President Bailey expressed some concern about a double-digit increase. Other Board members were less concerned pointing out that eleven percent only amounted to an \$18,000 increase distributed over all of the District land.

Ultimately, the Board directed staff to fine tune the numbers based on any updated revenue/expense information and prepare for approval a FY 2007-2008 budget of \$209,903. Staff offered to hold a budget briefing with absent Board member Mark Wigginton as soon as he was available and incorporate his input.

STAFF UPDATES

Contaminated Sediment Cost Allocation and Recovery – Hendricks provided a staff report outlining the issues surrounding sediments to be dredged from District ditches in the future. Of special concern is when sediments are found to be contaminated and will require special, costly handling as a result. He noted that a District-proposed sediment management plan has been approved by the Oregon Department of Environmental Quality. The next steps are to develop a cost allocation and recovery policy, and a sampling plan.

These would serve to answer two key questions: 1) who is financially responsible for contaminated sediment, and 2) under what conditions should adjacent property owners or an upstream polluter be financially responsible for the cost to clean up and dispose of the contaminated sediments? The report included financial impact estimates and proposed four policy options for Board consideration.

A brief discussion was held but because of lack of time Board members agreed to take the report with them as homework. The topic will be an agenda item for a future meeting.

Private vs. Public Ownership of Culverts - Hendricks distributed copies of a staff report that summarized a response from counsel on the legal advantages and disadvantages of District ownership of culverts. Counsel's statement is "that it would not serve the best interests of the District to take title to (culverts)". Hendricks stated that many culverts are 40-50 year old deteriorating corrugated metal pipes. The staff report offered five questions for the Board to consider, the answers to which would form the basis for a District policy. A brief discussion was held but because of lack of time Board members agreed to take the report with them as homework. The topic will be an agenda item for a future meeting.

ADJOURNMENT

The meeting having gone over time, President Bailey requested that remaining reports with time sensitive information be sent to the Board by e-mail and adjourned the meeting at 2:20 p.m.

APPROVAL

These minutes were approved at a Board meeting duly held on May 24, 2007.

Signed: _____
Supervisor

Attest: _____
Secretary