

**PENINSULA DRAINAGE DISTRICT #2**  
**BOARD OF SUPERVISOR'S MEETING**  
May 7, 2009

Pursuant to an advertised notice, the Board of Supervisors' meeting of Peninsula Drainage District No. 2 was held at 12:00 p.m. on Thursday, May 7, 2009 at the Jubitz Portlander Inn's Columbia Room, at 10210 N. Vancouver Way, Portland, Oregon 97217.

**CALL TO ORDER**

Chair Dick Shafer called the meeting to order at 12:12 p.m. Secretary Bob Eaton acknowledged that proper notification of the meeting had been done.

**ROLL CALL**

Those present were:

Dick Shafer, Supervisor  
Vic Stibolt, Supervisor  
Walter Valenta, Supervisor  
Karen Myers, Supervisor  
Bob Eaton, Executive Director  
Dave Hendricks, Deputy Director  
Janet Olson, District Bookkeeper  
Kim McRobbie, Secretary Pro Tem  
Val Humble, Guest  
Debbie Robertson, Guest

Members Not Present:

Jason Ashe, Supervisor

**DISCUSSION WITH PEN 2 AUDITOR BOB YINGLING** – Bob Eaton began by saying at the last Board meeting the audit was adopted by the Board and it was also requested that Mr. Yingling come to a future meeting to answer a few questions the Board has. Mr. Yingling was kind enough to come to today's PEN 2 Board meeting and is available for questions and discussions. With that, Eaton introduced Yingling and turned the floor over to him. Mr. Yingling began with some historical data stating he began preparing the PEN 2 audit back in 2000. Prior to that, he has been working with MCDD since about 1989 and now prepares the three Drainage Districts as well as the Sandy Drainage Improvement Company. Yingling added that out of 36 Special Districts in the state of Oregon he has prepared most of the audits for each. He explained the differences between the Districts and the Improvement Company being expenses based. Yingling said the standards have changed due to companies such as Enron. The first change is a letter that he must send along with the completed audit. This letter is simply a formality and is referred to as The Independence Auditors' Report, which outlines any Material Weaknesses.

**DISCUSSION WITH PEN 2 AUDITOR BOB YINGLING – Continued from Previous Page**

One area he had to note was segregation of duties, and he feels the District has this in place as best they can with the small amount of staff the District has. He also spoke to the new regulations requiring a lot more planning; with that, Yingling would like to meet with Board president, Dick Shafer, to see if there are any areas that the Board feels needs a closer look. Eaton asked Yingling to give a breakdown of the corporations' financial health as well as what the Board members could be held accountable for if anything. Yingling responded that in terms of Board member liability, the only topic that would be an issue is if there was a sexual harassment claim brought against the Board. In addition, if the Board were to be fined for non-payment of taxes they would be held accountable for that. He stated that as long as the Board is acting prudently there is no cause for liability. Vic Stibolt asked if this information was listed in the state statutes or if there was an indemnity clause within the by-laws. Walter Valenta spoke to the neighborhood association at Bridgeton and how that Board is volunteer based as well. He added he would speak to their Board to see if there are any statutes there that are similar. Shafer asked about the Districts overview, Mr. Yingling stated with the accuracy and methodology in place, the overview had been achieved.

**BONDING DISCUSSIONS WITH BOB YINGLING** – Yingling began by stating that if PEN 2 chooses to seek more than 5 million in bonds, most folks would run that through SDAO. He added there are a couple of risks that accompany such a large bond. The first is if the District does not spend the money quickly, there could be arbitrage issues. The other, he states, is if the District does not spend the money on what is what requested for there will be penalties associated. Shafer asked if taking out the bond would affect the audit process in any way. Yingling responded that it would really make no difference at all. Shaffer asked if any special documentation should be sent with the bond application. Yingling did not feel any extra material would be needed. Yingling responded that when approved, assessment necessary to repay the bond is locked in. The Board discussed the Districts' needs and questioned whether to raise, lower or keep rates the same. Staff spoke to how assessments are calculated after a guest inquired to the process. Hendricks concluded by saying that pure cost recovery is based on stormwater runoff and not how much property is owned. With no further questions for Mr. Yingling, the Board thanked him for his time and he was excused from the meeting.

Eaton stated the District has gone out for bids for auditors. Eaton added that four bids were received and reviewed and Robert Yingling came in the lowest. Therefore, with his history with the Districts and the bid he submitted he would continue to prepare the audits for all four Districts.

**MINUTES APPROVAL**

Eaton stated that there were a couple of changes found in the minutes prior to the meeting and a replacement page had been handed out to everyone. After review of the changes, Dick Shafer moved to adopt the revised minutes as written. Walter Valenta seconded and the motion passed unanimously.

## **BUSINESS**

### **Review and Adoption of FY 2009-2010 PEN 2/MCDD IGA**

Eaton spoke to the staff report included in the pre-meeting packet. He noted there are two changes in the Appendix B section. The personnel and equipment fee schedule included as Appendix B has been revised using the most recent information. A market rate analysis and an update was completed back in January 2007 and noted for this rate schedule. Stibolt asked about the workers compensation requirements and if they have changed. Eaton stated the District had the question clarified by legal counsel. Stibolt stated that he would like it stated on the record that he is skeptical about removing the workers compensation verbiage from the document. Shafer agreed with Stibolt, stating he feels that even though council approved it he would rather have it left in if it does not hurt anything to do so. He added the other changes made to the document are ok and will ask for a vote at this time. Vic Stibolt made a motion to adopt the PEN 2/MCDD IGA. Karen Myers seconded and the motion passed unanimously.

Walter Valenta inquired to the rates and wanted to know why we are showing an increase of 2.5% on the equipment from last year when the economy is tanking. Hendricks responded that whatever the costs run the District that is what is billed. He added the District is required by law to look at market rates every 5 years. Valenta also questioned the employee increases and wanted to know what the percentages were. Eaton stated over all it came in about 3.5%. He added that staff performs a wage compensation analysis every two years with the last one completed in 2008. Valenta asked if we charge any mark up on our invoices or if the District just passes on straight costs. Hendricks replied that all billings are on a straight cost basis. The Drainage Districts are non-profit and it is illegal to make a profit. Karen Myers reminded everyone that those rates are both direct and indirect costs and include items such as insurance rates.

### **Review and Approve Consultant Contracts**

Hendricks spoke the District contracting with two Engineers. Lance Ludwick, a Civil Engineer and Brit Gentry, a Geotechnical Engineer. He added that at the last Board meeting it was approved to do that to complete the CIP project in PEN 2. The District first decided to do a request for proposals to check costs. They came back in ranging from \$350,000 to \$360,000, which is too high. With a cost of \$200,000 to \$250,000 and a savings of over \$100,000 it was decided to contract with the outsource company. Hendricks stated that the two projects that he would like them to focus on are Bridgeton and LCSL. He added they are billing the District at an hourly rate of \$80 and the outsource company will carry the insurance. Hendricks added that along with the rate, PEN 2 would also pay office rental fees and fees associated with office supplies and equipment. Valenta asked if the expected timeline was still 6 months. Hendricks added that the District budgeted for 9 months, but feels the job should be done in 6 months. Hendricks added that the District would also be renting a jeep for the engineers to use on their associated projects. He added that Adam is so overwhelmed with other projects Hendricks needed to keep him focused on the other pending projects. Lance and Brit will be working exclusively for PEN 2. With no further questions or comments, Vic Stibolt made a motion to approve the consultant contracts. Walter Valenta seconded and the motion passed unanimously.

### **Budget Workshop – FY 2009-2010 Draft Budget**

Hendricks began with the proposed amended budget for FY 2008-2009. He stated his goal is for the Board to adopt the amended budget. He added there are two areas behind the reasoning for the amended budget one is the rising costs in administrative management and the other is the ditch maintenance has doubled. With this, Hendricks is still proposing no increase the assessment. He added the bond company is sending the new debt payment schedule and that will give him a good idea in the next couple of weeks. He also said that in order for the Bond to be approved we would need to have 51% approval. There must be a quorum or it will not happen. Shafer suggested that it would be helpful if the landowners had a detailed PowerPoint presentation at the meeting in December. With no further questions, Vic Stibolt made a motion to accept the FY 2008-2009 amended budget. Walter Valenta seconded and the motion passed unanimously.

Hendricks asked if the Board could turn their focus to the drafted FY 2009-2010 budget. Stibolt began by saying that he sees a 1.9% increase on the table and he feels that to be a little too skinny. Hendricks stated he would graph out the methodology for the Board. Hendricks spoke to what is currently on the budget and compared to historical budgets. He spoke to the cross levee being his largest concern as well as the growing beaver problem. Val Humble asked if any kind of metal-mesh wire would help to keep the beaver out of the levee. Hendricks stated that is not a good material fit for the side of the levee.

### **Capital Project Discussion**

Hendricks began by saying he took the landowner list and broke it down into neighborhoods and non-neighborhoods. He handed out a spreadsheet he created reflecting the different neighborhoods in the District. He added that 40% of voting is done in the specific neighborhoods and he spoke to the upcoming meetings. He began with the first meeting in July, this will be an introduction with the what, why, and the photos associated. The next meeting would be in October and he would like to show a PowerPoint presentation at this meeting. The final meeting would be the December 10 Landowner meeting with an additional 30 minute PowerPoint. Hendricks would like to begin to handout the proxy cards at the first meeting in October. Debbie stated she would talk to Kim at the Bridgeton Coffee Shop. All agree that Hendricks has a great idea with the series of meetings and getting proxy cards out early. Hendricks stated he would like to take the proxy cards to Jordan Schrader hoping to use Board of Supervisors and volunteers. Stibolt told Hendricks that Jubitz would be holding a trucking industry meeting and Stibolt thought that to be a good place to start the meeting notifications. Hendricks agreed that would work. He concluded stating he has contacted Tim for a 30-year Bond and if approved in December, the District can have funds in place by July 2010. After discussions and review, The Board agreed on the drafted budget presented today. Karen Myers made a motion to adopt the proposed budget. Vic Stibolt seconded and the motion passed unanimously.

## **STAFF UPDATES**

### **Quarterly Financial Status**

Janet Olson presented a Balance Sheet as of January 31, 2009 as well as a Profit and Loss, and Budget vs. Actual Summary, July 2008 through March 2009. Olson stated the budget to actual looks good. She added the LGIP interest is coming in short about \$6,200 as interest rates are way down from a year ago. April May and June will be a bigger flux of payments in. Olson spoke to the overages in levee recertification as well as ditch and culvert maintenance. She added there are several items under budget and this report does not include March. She spoke to the \$6,900 that will be booked this year for the Children's Arboretum. Olson said they are continuing to monitor the expenses very closely. Olson stated at the next meeting she would have the engineering expenses broken out to show more specifics. Olson stated the Board asked her to run year to date comparisons, which she did attempt to do. The numbers from the previous years are not accurate and it would be like comparing apples to oranges. She did conclude by stating that she ran reports and everything looks comparable. Shafer thanked Olson for getting the reports together for the Board today. Stibolt asked if assessments were coming in any slower with the economy in its current state. Olson responded it is pretty on target compared to years past.

## **PROJECTS**

### **Children's Arboretum – Moat Clean Up**

Hendricks spoke to the Moat clean up project. He stated there should be money reserved, about \$76,000 should have been last year, but will be done this year. He added there is an issue on Moat drainage being plugged. He stated the District went in and spent about \$13,000 to clean up a 3' back up at Jubitz. He added the District is working with METRO and looking at grants to improve paths and explore different things. Currently the ground is too wet so the crew will go back in when the ground dries out a more.

### **Peterson's Ditch Clean Up**

Hendricks spoke to the Peterson ditch cleanup saying it is the first ditch on the right side of 13<sup>th</sup>. It is currently backed up with weeds and it is causing other ditches and culverts to back up as well.

### **Levee Trails Project**

Hendricks reported that he has spoken with the City of Portland Parks Department and has given them the District standards to review. The current trail plans are from NE Marine Drive & Bridgeton Road to Portland Yacht Club. He added the other improvements on the table are trails in Bridgeton Neighborhood as well as Portland Yacht Club receiving additional parking.

## **PROGRAM/POLICIES**

### **Portland Yacht Club Appeal for Tree Removal**

Hendricks spoke to the Portland Yacht Club submitted for a tree removal permit and it was denied. They may appeal the decision, but the District is not and will not be involved. Hendricks stated that unless the Board directs staff to step in the District would stay out of it. Hendricks spoke to the trees in question stating about four out of the eight trees are dead or dying. The main concern is if a high wind comes through it could cause damage to the yachts if the trees come down.

## **PROGRAM/POLICIES**

### **4MAT Roundtable, April 30 PEN 2 Hosted**

Eaton spoke of the roundtable session held on April 30, hosted by PEN 2. He stated there were a couple of things to share. The first being a list of potential training topics to cover for next year. Eaton also spoke with Derek Itinarelli, manger of Columbia Edgewater Golf Club. Over the years Derek has compiled some great surveys and Eaton thought it might be a good idea to work with him on a landowner survey for PEN 2. Eaton concluded by saying the 4MAT on the 30 was a great session and thanked those who attended.

## **PLANNING**

### **City of Portland Tree Ordinance Changes**

Eaton and Hendricks met with agencies and talked about a number of issues. Hendricks stated they are proposing a pragmatic approach with up front consultation, mitigation and identifiable issues. It was asked by Myers why it is set up on a tree for a tree basis. She asked why not do something else when there are not to be trees planted on the levees in the first place. Hendricks agreed stating that the levees need to remain in compliance. Eaton added that at the July 30 4MAT roundtable he has invited the city of Portland tree folks to come and speak about these very issues.

## **MEETING ADJOURNMENT**

There being no further business to come before the Board, President Shafer adjourned the meeting at 2:20 p.m.

## **APPROVAL**

These minutes were approved at a duly held Board meeting on June 18, 2009

## **ATTEST:**

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Secretary