

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS  
REGULAR BOARD MEETING & RATE HEARING  
July 14, 2022**

**COMMISSIONERS PRESENT VIA ZOOM MEETING:**

Sherry French President  
Naomi Angier, Secretary  
Tessah Danel, Treasurer  
Rusty Garrison  
Bob Rubitschun (sworn in during first AG item)

**STAFF PRESENT:**

Todd Heidgerken, General Manager  
Karin Holzgang, Executive Assistant to the Board

**CRW Employees:** Chief Engineer, Adam Bjornstedt; Chief Financial Officer, Jason Kirkpatrick; IT Manager, Kham Keobounnam

**COMMISSIONERS ABSENT:0**

**VISITORS:** Bob Steringer, Kevin William, Chris Hawes, Dorothy Nicholson

**Call Regular Meeting to Order**

Commissioner French called the meeting to order at 6:35 pm. The pledge of allegiance was recited.

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

**MOTION CARRIED 4-0**

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

**Public Comment- none**

**Agenda Item 1.0** **Administer Oath of Office for Position #5.** Administered and Notarized by Karin Holzgang  
1) Robert "Bob" Rubitschun

**Agenda Item 2.0** **Election of Board Officers**

**MOTION:** Commissioner Garrison move to nominate Commissioner French for the office of President for FY 2022- 2023. Commissioner Angier seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**  
**Abstentions:** None

**MOTION:** Commissioner French move to nominate Commissioner Angier for Secretary for FY 2022-2023. Commissioner Danel seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun  
**Nays:**  
**Abstentions:** None

**MOTION:** Commissioner Garrison move to nominate Commissioner Danel for Treasurer for FY 2022-2023. Commissioner Angier seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun  
**Nays:**  
**Abstentions:** None

**Agenda Item 3.0 Conduct Rate Hearing (see the attached presentation)**

- Rates support District mission, vision, and strategic objectives
- Rates help with upgrades and maintenance of the system
- The previous 8-year rate plan has ended
- CRW staff have worked with the consultant FCS to develop a rate model to help maintain the functions of the district
- Water Rate Drivers- cost inflation, construction inflation, labor cost inflation, debt, capital projects and timing of new rate implementation (new rates begin after the higher summer usage period)
- Rates help fund capital projects/improvements/maintenance
- Rates for CRW include a base rate that is a flat rate and then also a component that is based on amount of water used
- Rates for fire serve and retail rates will both increase
- With the proposed 6% rate increase the increase to the customer would average about \$3 per month increase
- Residential customers would see the increase in November and Commercial Customers would see the increase in December

**Public Comment** - no comment at the meeting only one comment received ahead of the meeting and is included with the summary

**Agenda Item 4.0 Recurring Payments: Consider Approval of Recurring Payments for FY 2022-2023 Contracts in excess of General Manager's Approval limit**

Mr. Kirkpatrick provided a listing of recurring payments and contracts that exceed the GM signature authority over the Fiscal Year as a blanket approval for the FY.

**MOTION:** Commissioner Angier Move I move to approve recurring purchases for FY 2022-23 that are \$75,000 or over per the attached list. Commissioner Danel seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**

**Abstentions:** None

**Agenda Item 5.0 Consider Easement Approval: Approval of the waterline easement for the Greenspace Development Project**

Mr. Eskew shared with the Board that the Easement is for property that splits Clackamas and Multnomah Counties. The property in question is a storage facility that requires fire service. If the property received water from Multnomah County there would be a need to cross Johnson Creek, so the developer requested an exemption to receive water from CRW rather than Portland. This easement allows CRW to keep waterlines from having to be moved later in the event of changes to the Road bordering the property.

**MOTION:** Commissioner Angier Move that the Board approve the donation of a waterline easement to be granted by property owners GSD Luther Road, LLC and authorize the General Manager to sign the Easement document. Commissioner Danel seconded the motion

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**

**Abstentions:** None

**Agenda Item 6.0 Consider Contract Award: Construction Contract for Maplelane Rd. Waterline Project, CIP 21-5279**

Mr. Eskew shared that this CIP project is the next scheduled project for the year. The lowest responsible bid was only slightly higher than the Engineers estimate. The contractor has bid on other projects for CRW but has not been the successful bidder until this project. The lead time on getting Ductile Iron pipe is about 20 weeks which will impact the timeframe for completing this project.

Commissioner Rubitschun asked that if we had not had any projects completed by ML Houck do we know what kind of work they do and have good references from other project owners. Commissioner Garrison asked about what would happen if CRW were to accept non-standard materials what would be expected for the life of the material.

**MOTION:** Commissioner Angier Move to award the Maplelane Waterline Construction contract to ML Houck Construction Co for the bid amount of \$790,232 and authorize the General manager to sign the completed contract. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**

**Abstentions:** None

**Agenda Item 7.0 Consider Easement Approval: Approval of the waterline easement for the Maplelane Rd Waterline Project**

Mr. Eskew shared that part of the Maplelane project runs between two properties where there is a current easement and to perform construction work there would need to be additional property as an easement to give the needed space for the work to be conducted.

**MOTION:** Commissioner Angier Move to that the Board approve the acquisition of a waterline easement to be provided by property owners William and Cathy Miller of 18010 S Anderson Rd and authorize the General Manager to sign the Easement document when landowner authorizing signatures are provided. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**

**Abstentions:** None

**Agenda Item 8.0 Consider approval of Intergovernmental Agreement (IGA) with Clackamas County: Water System relocations during the SE Linwood Improvement Project**

Mr. Eskew shared that this project is in Milwaukie that is on the CIP list and to have water system moved because of work on Linwood that the County is doing. The IGA allows CRW to utilize the engineer working for the County to design the plans to move services and hydrants increasing efficiencies. There will be a later IGA that Board will be asked to approve for the construction. CRW will still do the inspection on the work for the district. CRW will pay the contractor through the County.

**MOTION:** Commissioner Angier move to approve the IGA with Clackamas County for design services associated with Water System relocations during the SE Linwood Improvement Project. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun

**Nays:**

**Abstentions:** None

**Agenda Item 9.0 Consider Acknowledging Receipt of the Water Management and Conservation Plan**

Mr. Heidgerken shared that the final plan is completed and approved by the State. The Board had previously seen a draft plan and there were only a couple of changes requested by the State following their review before a final approval was issued. This document will define conservation and curtailment efforts. The Board is not approving the document but acknowledging that they have received the report. Commissioner Garrison appreciated the opportunity to acknowledge receipt of the plan

**MOTION:** Commissioner Angier Move the Board acknowledge receipt of the Water Management and Conservation Plan. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun  
**Nays:**  
**Abstentions:** None

**Agenda Item 10.0 Consider Purchase of New Front End Loader**

Mr. Bjornstedt shared this is a budgeted piece of equipment. This is a replacement for a 20-year-old loader. The loader was found on a lot in Idaho rather than having to wait to locate one through the manufacturer reducing the lead time. Commissioner Rubitschun asked about the old loader and was told that it was used as a trade-in for the backhoe purchased last year and the old backhoe will be used as a trade-in for the front-end loader. The price being approved reflects the trade in value.

**MOTION:** Commissioner Angier Move to approve the purchase of one 2022 John Deere 344L Model Front end Loader for a not-to-exceed amount of \$164,187.90. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun  
**Nays:**  
**Abstentions:** None

**Agenda Item 11.0 Consider exemption to Rules and Regulations Requiring Frontage to Main for Water Service to Tax Lot 22E17AB02900, adjacent to 16862 Gladjen Ave, Gladstone Oregon**

Mr. Bjornstedt shared that these types of situations occur periodically, and the Board is being asked to provide water service to the property owner who will install a private waterline to bring it to a point to connect to CRW. The County has already

granted the property owner a permit to install the private waterline to accomplish this.

**MOTION:** Commissioner Angier Move to approve a request for exemption to the requirement for frontage to main for water service, for the property at tax lot 22E17AB02900. Commissioner Danel seconded the motion.

**MOTION CARRIED 5-0**

**Ayes:** Angier, Danel, French, Garrison, Rubitschun  
**Nays:**  
**Abstentions:** None

### **Consent Agenda**

CA-1: Gross Payroll and Account Paid for June 2022

CA-2: Cash Position and Transfers June 2022

CA-3: Project Acceptance: Accept assets constructed under the “Heirloom Apartments” project, CIP 19-5252

**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, Rubitschun  
**Nays:**  
**Abstentions:** None

### **Agenda Item 12.0 Management Report**

- Monthly Report was provided to the Board and will be posted on the CRW website
- When Oak Lodge was completing their process to become an Authority they were required to present mapping and Oregon Department of Revenue suggested that Oak Lodge use the mapping completed and submitted by CRW relating to the work done to complete the annexation and withdrawal process with Oregon City as an example of what to provide. Mr. Heidgerken appreciated the efforts of Mr. Bjornstedt and Ms. Johnson to assist Oak Lodge in completing the mapping in a very short time frame
- The District is utilizing the P-Card system to gain rebates and efficiencies for purchasing
- Rob Cummings has officially retired but is contracting with the district to continue his role until the position of Water Resources Manager

### **Agenda Item 14.0 Commissioner Reports and Reimbursements**

Commissioner Garrison attended the NCCWC June meeting and provided a written summary of the meeting. The 20-year water supply agreement with CRW and NCCWC was approved, and a new logo was approved.

Commissioner French attended the Oak Lodge meeting which included a rate hearing. Passed the IGA with CRW and Oak Lodge. Approved the transfer of assets to the new Authority. Attended the C-4 meeting where the tolling is I-205 was discussed and the group was not in favor of the project.

**Open meeting is adjourned 7:58pm**

Public Comment- Rate Hearing July 14, 2022

From: **za** <[redtech116@yahoo.com](mailto:redtech116@yahoo.com)>

Date: Mon, Jul 4, 2022 at 6:28 PM

Subject: Rating hearing on 7/14/22

To: [jkirkpatrick@crwater.com](mailto:jkirkpatrick@crwater.com) <[jkirkpatrick@crwater.com](mailto:jkirkpatrick@crwater.com)>

I think it will cheaper to have water delivered in bulk truck then get it from crwater these day.

I would like to see the eliminations of service charges..All billing should be based on how much you actually use.

I will be leaving the service area asap due to these increase rate of county services.

thanks for nothing

Glenn





*Clackamas River Water*

# Proposed Water Rates

## Rate Hearing

Jason Kirkpatrick, CFO

July 14, 2022



# Presentation Outline

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- Water Rates Overview
- Rate Drivers
- Rates and Water System Improvements
  - Capital Projects
- Components of Rates, Proposed Rate Increase
- Impacts and Value Recap

# Water Rates Overview

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- Rates support District Vision, Mission and Strategic Objectives
- To maintain, upgrade and operate the water system, CRW's only source is rates
- Recent CRW rate history:
  - 2013-14 rate planning & 8-year plan
  - 2018-21 Master Planning set stage for defining current needs, current factors impacting, etc.

# Water Rates Overview

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- CRW worked with FCS Group to update the rate model with the most current information available
- In order to meet near term needs, CRW is proposing a two-year rate plan which informs the development of the biennial budget starting in 2023



Impacts On Forecast

# Rate Drivers

# Water Rate Drivers

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- General Cost Inflation
  - Impacts Materials and Services used in operations and maintenance
- Construction Cost Inflation
  - Any construction projects undertaken by CRW are impacted by construction materials and labor cost for projects
  - As part of construction cost budget development, CRW estimates cost projections based on historical inflation averages but in the current environment those averages may not be sufficient to reflect the current costs
- System improvement needs recommended from District master planning





# Water Rate Drivers

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- Labor Cost Inflation
  - Impact of inflation factors in Union contracts and in the job market at large
  - Benefit Cost Inflation
  - Impact of inflation in benefit costs
    - Insurance coverage
    - Retirement



# Water Rate Drivers

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- Debt
  - Timing and amount of debt issuance
- Capital projects
  - Timing and number of projects to make progress on needed system improvements
- Timing of new rate implementation
  - By delaying new rates until the Fall, CRW is holding current rates through the “high usage” summer season



# Rates and Capital Projects

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- Capital improvements to CRW's Water Treatment Plant, Piping, Reservoirs, and Pump Stations are needed to sustain District mission and strategic goals
- Key improvements to treatment and distribution systems identified in recent capital planning
  - Needs outweigh resources (common theme), so need a balanced strategy
- A dynamic yet realistic rate plan is the foundation of a CIP program that addresses system improvement drivers: **Capacity, Water Quality, Age, Resilience (all hazards)**

# Capital Improvement Drivers

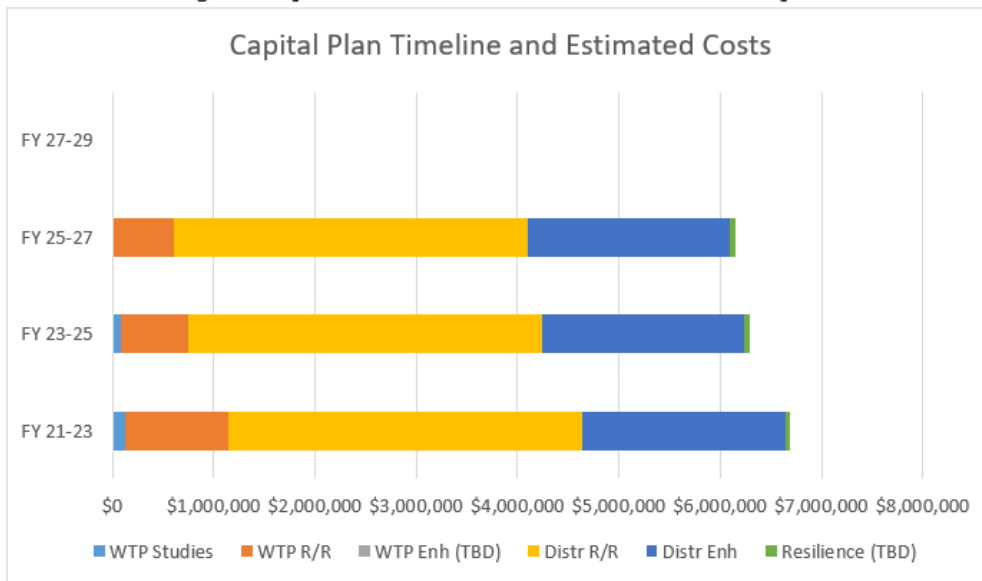
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- *Age*- How does the age of our water system components affect their ability to contribute to long-term system health and function?
- *Capacity*- How will the system be able to meet current and future demands?
- *Water Quality*- How will the system be able to meet current and future water quality goals and requirements?
- *Resilience*- How will the system be able to meet hazard resilience goals and requirements?

# Capital Improvement Strategy

- ❖ 6-year plan allows time to address some immediate needs while planning for future
- ❖ Ongoing prioritization effort (annually-concurrent with budgeting efforts and guided by District drivers)

Figure 1. Capital Plan Short-term Timeline and Estimated Costs per Biennium



Category	Example Project Type(s)	Total Cost (Estimated Range)	Timeline
Treatment- R/R	Detailed Treatment Process Studies	\$200K-\$210K	FY 21-27 (phased over several budget cycles)
Treatment- R/R	Treatment Process Renovations	\$2.2M-\$2.7M	FY 21-27 (phased over several budget cycles)
Treatment- Enhancement	Facility Plan “Alternative 2b”- Phases 1&2, New process additions	\$50M-\$70M	TBD
Distribution- R/R	Waterline replacements (replace substandard, aged, non-resilient lines)	\$9.0M-\$12.0M	FY 21-27 (phased over several budget cycles)
Distribution- Enhancement	Upsize existing waterlines, pumping and transmission upgrades to distribute CRW water to other zones; enhance and build upon seismic transmission systems	\$5.0M-\$6.0M	FY 21-27 (phased over several budget cycles)
Resilience	General facility site/security improvements	\$100K-\$250K	FY 21-27 (phased over several budget cycles)
<b>Totals</b>	6-year Total Estimated Cost Range: \$16.5M-\$21.16M (Annual average \$2.75M-\$3.53M)		

# Rates and Capital Projects

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- Planning and prioritization must fit funding availability and constraints, including rates and SDCs
- Future rates must add sufficient revenue to capital reserves to provide for debt covenants and reserve policy
- Current and future projects are affected by:
  - Difficulty with cost estimating
  - Supply chain issues, lead times, delays
  - Future interest rates are uncertain
  - Timing of debt issuance and projects may have an impact on future rates





# Proposed Rates

# Components of Rates

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- **What are service charges?**

Service charges are fixed charges applied to all customers regardless of consumption. These charges help maintain basic functions of water treatment, water distribution, customer service, infrastructure maintenance and fire prevention. These costs are also fixed for the district regardless of water production.

- **What are commodity charges?**

Commodity charges reflect the amount of water actually used by a customer over the billing period. Revenue generated from water usage also supports fixed charges. However, the rate structure is designed to promote conservation and responsible water usage by charging customers who use smaller amounts of water less money.

# Proposed Volume Rates (\$/CCF) (Commodity Charges)

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Rate Per 100 Cubic Feet (1-CCF) --> 1 CCF = 748 Gallons Single Family Dwelling (3/4 or 1"):		Proposed 2022-2023 Rate	Proposed 2023-2024 Rate
Volume (CCF)	Rate		
Block 1 = 1 - 4 CCF	\$2.44	\$2.59	\$2.74
Block 2 = 5 - 8 CCF	\$2.71	\$2.87	\$3.04
Block 3 = 9 - 24 CCF	\$3.23	\$3.42	\$3.63
Block 4 = 25 CCF & up	\$4.11	\$4.36	\$4.62

Multi-Family, Commercial & Industrial (all sizes & billings)		Proposed 2022-2023 Rate	Proposed 2022-2023 Rate
Volume	Rate		
Block 1 = c	\$2.99	\$3.17	\$3.36
Block 2 = d	\$3.74	\$3.96	\$4.20

c - Volume up to 1.5 times average winter consumption

d - Volume above 1.5 times average winter consumption

Average Winter Consumption: Total consumption (volume) recorded on a customer's December and February bills divided by two for bi-monthly billing.



# Proposed Fixed Rates

## (Bi-Monthly Service Charge)

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Bi-Monthly Service Charge for All Direct Service Customers		Proposed 2022-2023 Service Charge	Proposed 2023-2024 Service Charge
Meter Size (Inches)	Domestic Service Current Charge		
Full 3/4	\$57.18	\$60.61	\$64.25
1	\$78.67	\$83.39	\$88.39
1 1/2	\$112.41	\$119.15	\$126.30
2	\$155.01	\$164.31	\$174.17
3	\$242.38	\$256.92	\$272.34
4	\$372.86	\$395.23	\$418.95
6	\$698.82	\$740.75	\$785.19
8	\$1,579.44	\$1,674.21	\$1,774.66
10	\$2,484.74	\$2,633.82	\$2,791.85
12	\$3,002.04	\$3,182.16	\$3,373.09



# Proposed Fire Service Rates

## (Bi-Monthly Fire Service Charge)

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Bi-Monthly Service Charge		Proposed	Proposed
Meter Size (Inches)	Fire Service Current Charge	2022-2023 Fire Service	2023-2024 Fire Service
Full 3/4	\$59.85	\$63.44	\$67.25
1	\$59.85	\$63.44	\$67.25
1 1/2	\$71.59	\$75.89	\$80.44
2	\$85.29	\$90.41	\$95.83
3	\$121.25	\$128.53	\$136.24
4	\$193.23	\$204.82	\$217.11
6	\$337.20	\$357.43	\$378.88
8	\$481.52	\$510.41	\$541.04
10	\$769.81	\$816.00	\$864.96
12	\$949.76	\$1,006.75	\$1,067.15

# Revenue Impact of rate increases on Retail Customer with Average use

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Forecasted Revenue (in thousands) \*

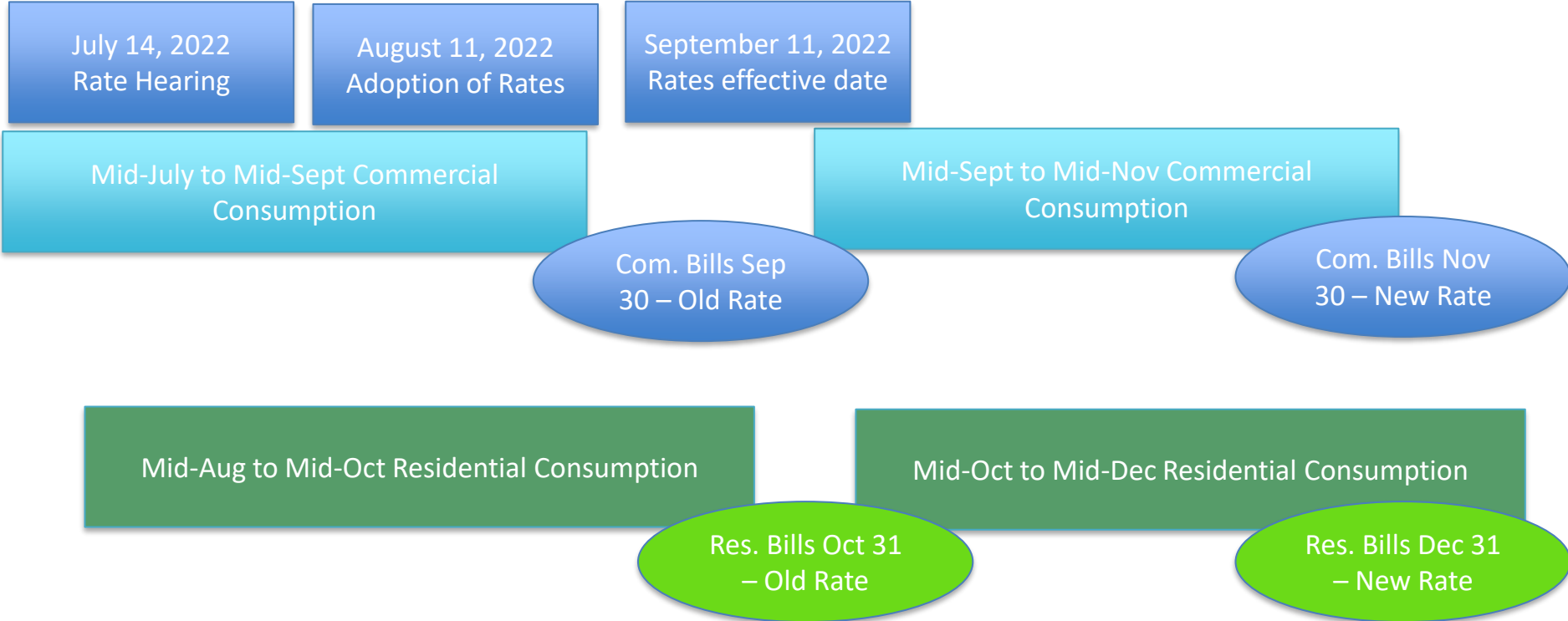
	FY 2022	FY 2023	FY 2024	FY 2025
Current Budget	\$ 12,739	\$ 12,830	N/A	N/A
New Forecast with 6.0% Rate Increase in November	\$ 12,739	\$ 13,343	\$ 14,331	\$ 15,191

Bi-Monthly Average Customer Bill Increase (\$) (16 CCF)	\$ 6.22	\$ 6.59
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\* Assumes consumption remains consistent with prior years.

\* Based on current billed accounts.

# Rate Increase Effective Beginning With the November Billing Cycle



# Impacts and Value

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- ❑ Estimated Average Bi-Month bill increase (\$6.22 & \$6.59)
- ❑ Recommended rate supports CRW mission, responsible planning, strategic objectives
- ❑ Balances needs for operating costs, capital improvements, recognizing some maintenance will be deferred.
  - ❑ Within CRW financial, staffing, and other resource limitations
- ❑ Proactive rate planning promotes long term system reliability and resilience.
- ❑ Balanced approach allows CRW to:
  - ✓ Meet fluctuating operating costs
  - ✓ Progress in addressing identified needs
  - ✓ Define details for future improvements
  - ✓ Implement improvements necessary for larger-scale future projects