

PACIFIC CITY JWSA BOARD OF DIRECTORS
SPECIAL MEETING MINUTES

November 21, 2006

Chairman Kellow called the meeting to order at 5:00 pm, in the Authority's meeting room and the purpose of the meeting was to discuss the Bond Levy election results.

Directors present were George Baumgardner, Doug Olson, Jack Brooks, Dick Carter and Doug Kellow.

Guests Present were Jack Doyle, Carolyn McVicker, Nancy Bush, Scott Culp and Betty Robinson.

Staff Present: Tony Owen and Ray Cloud

BOND LEVY ELECTION RESULTS

Mr. Owen stated the uncertified votes were 237 for and 242 against the bond levy and Ms. O'Neal of Tillamook County was confident that there would be no changes.

Mr. Owen said that the short term loan and capital improvement charge increases were tied together. Mr. Owen reported over the current and last fiscal year PCJWSA out of pocket water system expenses had been slightly under \$1,000,000.00 leaving the reserve at approximately \$380,000.00. Mr. Owen reported the anticipated route if the Bond Levy did not pass was PCJWSA obtain a short term loan to fund the 12" waterline project. Mr. Owen said that prior discussion was to fund it at the \$500,000.00 level. Mr. Owen stated that budgeted capital improvement charge increases could be \$6.50 per month for water and \$5.00 per month for sewer, either all, part or none effective immediately upon the bond not passing. Mr. Owen continued that if these rates were to be effective immediately PCJWSA would see a \$66,000.00 increase in water revenue by the end of the year and \$50,000.00 in sewer revenue.

Mr. Owen recommended at a minimum PCJWSA borrow enough to restore the funds that were used to lay the 12" waterline project but PCJWSA should look at \$750,000.00 which was approved by the Budget Committee and the Board of Directors so that the Beachy Bridge project could be completed. Mr. Owen also recommended increasing the water capital improvement charges immediately by a minimum of \$2.00 per month. Mr. Owen stated that when the estimates are completed for the replacement of water and sewer lines on the Beachy Bridge PCJWSA increase both the water and sewer CIC charges. Mr. Owen stated that there are no loans budgeted this year for sewer, but there is approximately \$1,200,000.00 set aside in the sewer reserves.

Director Olson said that there may be some other options that should be discussed. Director Olson stated he believed that PCJWSA could go back to the public in May or next November with the same bond levy doing a better job of educating. Director Olson said he heard some criticism about the Board not promoting or educating the community enough regarding the bond levy. Director Olson explained that in 2007 there would need to be a double majority for the levy to pass and in the past just to get the 50% was very difficult. Director Olson stated that if PCJWSA went with a revenue bond that the rates

would have to double or close to it. Discussion continued until Director Olson asked to hear from the Advisory Committee.

Ms. McVicker said that PCJWSA needs to remember that they are not asking the community for permission to do the projects, but asking how it wants to pay for them. Ms. McVicker conveyed that the votes state that the community is not sure how they wish to fund the projects and based on that a large increase in the CIC rates states that PCJWSA needs the \$5,000,000.00 and is going forward.

Discussion continued on different scenarios of raising funds for the projects short term and long term until a motion was made by Director Olson.

Motion

Director Olson moved to direct the Authority Manager to obtain a Flex Lease in the amount of \$750,000.00 and increase water CIC rates immediately with the November 2006 billing in an amount sufficient to cover the debt service and costs. Director Olson also moved to extend effort to engage the community after the Holidays, to review what PCJWSA has done and what PCJWSA foresees in the next five or six months. Director Carter seconded, and the motion carried with five ayes.

NEW BUSINESS

A. Pacific Sunset

Mr. Owen reported that last week PCJWSA received a letter from the developer's attorney proposing bonding the project, PCJWSA giving approval to Tillamook County so the property can be platted and lots could be sold. Mr. Owen said his initial reaction was negative but has since learned that if PCJWSA does not go through the bonding process further legal action will be taken. Mr. Owen described the bonding process with engineers arriving at a figure that is equal to the amount required to finish the project. Mr. Owen said that the initial figure is \$200,000.00 and Tillamook County would hold the bond. Mr. Owen said the bond would include what the requirements are and a timeframe in which they need to be finished. Mr. Owen continued that if the requirements are not met or are not done in the time specified then the bond can be attached and those items would be taken care of without the developer. Mr. Owen said that one of the items is the property on which the lift station sits and in a conversation with Bill Campbell the development can be platted and PCJWSA can require a partition in the plat for ownership. Mr. Owen stated that other requirements will include the pumps, generator, the size of the building and a punch list. Mr. Owen recommended the Board to allow Mr. Owen to go forward with the bonding process. Mr. Owen said that a letter will be issued to Tillamook County with the conditions listed, that PCJWSA cannot provide sewer service, and in turn Tillamook County will not issue any building permits until PCJWSA authorizes it.

Motion

Director Olson moved to authorize the Authority Manager move forward with the bonding of the completion of the Pacific Sunset Project in an amount sufficient to cover the completion of said project and contingencies included therein. Director Carter seconded, and the motion carried with five ayes.

GUEST QUESTIONS AND COMMENTS

None

Chairman Kellow adjourned the meeting at 6:26 pm.

The PCJWSA Board of Directors approved these minutes on December 5, 2006 by the following votes:

Aye_____ Nay_____ Abstain_____ Absent_____

ATTEST:

Doug Kellow, Chairman

Tony Owen, Authority Manager