

**Morrow County Board of Commissioners Meeting Minutes**  
**February 6, 2019**  
**Bartholomew Building**  
**Heppner, Oregon**

**Present**

Chair Jim Doherty	Kate Knop, Finance Director
Commissioner Melissa Lindsay	Karmen Carlson, Human Resources Director
Commissioner Don Russell	Justin Nelson, County Counsel
Darrell Green, Administrator	Roberta Lutcher, Executive Assistant

**Call to Order & Pledge of Allegiance:** 8:30 a.m.

**City & Citizen Comments:** No comments

**Open Agenda:** Remove the Purchase Pre-Authorization Request from the Veterans Services Office

**Consent Calendar**

*Commissioner Russell moved to approve the following items in the Consent Calendar:*

- 1. Two Accounts Payable – Jan. 31<sup>st</sup>, \$406,634.29 & Feb. 7<sup>th</sup>, \$35,046.98; Three Payroll Payables – Immediates & Electronic, Jan. 15<sup>th</sup>, \$160,434.62, Jan. 30<sup>th</sup>, \$164,508.71, and Monthlies, Statewide Transit Tax Quarter 4 2018, Jan. 17<sup>th</sup>, \$1,577.26*
- 2. Minutes: Dec. 12<sup>th</sup> and Jan. 3<sup>rd</sup>*
- 3. Purchase Pre-Authorization Request, Public Works, new welding system, \$6,961.20 from OXARC, Hermiston, and authorize Chair Doherty to sign on behalf of the County*

*Commissioner Lindsay seconded. Unanimous approval.*

**Independent Financial Audit Report – Follow-Up and Questions**

Cameron Anderson, Barnett & Moro (via telephone)

Kate Knop, Finance Director

Chair Doherty explained Commissioner Lindsay was unavailable for the January 23<sup>rd</sup> meeting when Mr. Anderson provided the Audit Report in-person, and after she listened to the audio recording of that meeting, she requested a follow-up with the auditor.

Commissioner Lindsay said she had questions regarding the Audit Report, particularly the significant deficiency that was noted (the need for bank and investment account reconciliations to be reviewed by an individual within management who did not prepare the reconciliation, also known as a double-reconciliation). She went on to ascertain from Mr. Anderson the number of accounts Barnett & Moro verified (four), and which account was not undergoing a double-reconciliation (the Local Government Investment Pool, or LGIP, account). After several other questions, Commissioner Lindsay said the County recently increased staff in the Finance Department by hiring a Staff Accountant, and is in the process of forming an Audit Committee. She then asked Mr. Anderson his opinion on both and how the County gets to the point of recognizing a deficiency and correcting it, in order to be fiscally responsible to constituents.

Mr. Anderson said the Audit Committee is a good thing in that it allows more oversight from the Board. He explained an Audit Committee would solely focus on the financial aspect and transactions and could meet with the auditor, Finance Director and Administrator on a regular basis. It is a matter of the time commitment for those on the committee, and the County needs to determine if that's feasible or not, he said. Regarding the additional staff, Mr. Anderson said any time an entity is looking at better controls over its financial processes, it becomes a matter of resources. He continued, if it's the County's wish to increase controls and better functionality, it can't fall on one or two people because it means additional work. More staff and training are a benefit toward moving in that direction, he said.

Commissioner Lindsay asked Mr. Anderson for any other ideas to address the deficiency.

Mr. Anderson replied he did not have any other ideas, adding it's resource-based to get the job duties to the right person and get the duties segregated.

### **Legislative Updates**

#### Weed Department – Oregon Invasive Species Council

Dave Pranger, Weed Coordinator/Inspector

Mr. Pranger provided updates on two pieces of proposed legislation:

- Senate Bill (SB) 445 – revises membership, leadership and reporting requirements of the Oregon Invasive Species Council and provides funding to accomplish baseline state-mandated responsibilities. Mr. Pranger said as a member of the OISC, he recommended supporting SB 445 and asked the Board to consider a letter of support.
- House Bill 2062 – requires OISC to report biennially to Interim Committee of the Legislative Assembly. Mr. Pranger recommended supporting, but added the hope is both bills will be merged together as they both include funding for OISC.

#### Community Choice Aggregation (CCA)

Commissioner Russell explained the evolution of CCA, which is described as a program that allows public entities to choose where to purchase electricity. He said he recently had an opportunity to ask a representative of Lean Energy US, which advocates for CCA, what the impact was to the net cost of electricity. Her reply was it hadn't reduced rates anywhere CCA had been implemented, he said. Commissioner Russell offered an example of how CCA could negatively impact Morrow County – The northern Willamette Valley is in PGE service territory and if they vote for CCA and purchase power elsewhere, PGE could become a poles and wires company only. This means Morrow County assets could become stranded and not worth as much. It puts the people who work here, as well as many other things at risk, he said.

In addition, the Community Renewable Energy Association (CREA) is in favor of CCA, said Commissioner Russell. As the current Chair of CREA, he said he does not support the direction they've taken. CREA is nearly 100% supported by fees extracted in Strategic Investment Program (SIP) agreements from large energy projects in Sherman, Gilliam and Morrow Counties, he said. Morrow County pays just over \$70,000 a year to CREA from two SIP

agreements and after County Counsel reviewed those agreements, it appears we don't need to be paying on both, he said.

Chair Doherty commented he separately reached out to County Counsel about the same thing.

Commissioner Lindsay said she supported a closer look by County Counsel especially since money from a PGE SIP agreement is used to "go after" PGE via Community Choice Aggregation.

After additional discussion, the Commissioners decided to revisit the issue, possibly in September, to allow more time to see what stance the Association of Oregon Counties might take on CCA, and to schedule a meeting with PGE. Commissioner Russell also said he would contact CREA's Managing Director Brian Skeahan about Morrow County's position on CCA.

## **Department Reports**

### Treasurer's Monthly Report

Gayle Gutierrez, Treasurer

Ms. Gutierrez reviewed her report. She then asked to talk about the audit. She said the last few years the auditors have been coming to her office less and less. They used to ask to look at the statements from LGIP but they haven't done that in the last few years. She said she didn't know why and they never asked to look at the bank recs (reconciliations) before. She said if anyone wants to look at them, they can. She explained the Finance Department does them now and she checks them over after that.

Commissioner Lindsay asked if she'll be doing the second reconciliation. Ms. Gutierrez said she'll make sure before she hands it over that Encode balances with the State Pool.

Ms. Knop clarified by saying Finance does the second.

Ms. Gutierrez said she doesn't physically go into the computer and do the bank rec but she makes sure it balances so Finance doesn't have to come over and say she missed something.

For clarification, Commissioner Lindsay said the LGIP is done in reverse with Ms. Gutierrez doing a reconciliation and Finance doing the second look.

Ms. Gutierrez said the Finance Department goes into the Finance program and does the reconciliation and before she hands over the statements, she looks to make sure the Encode and State Pool balance.

Commissioner Lindsay asked other than this statement coming to the Board, is there a second review of all transactions reconciled somehow within LGIP with a second look, or is it still managed by Ms. Gutierrez with this basically being the only second look that happens? She continued, the LGIP account is like a checking account and should be reconciled to intended-use

so she assumed Ms. Gutierrez did that. But then is there a second look to that other than this report?

Ms. Gutierrez said the County receives a statement from LGIP every month and she hands that over plus the daily confirms, the print out, to the Finance Department.

Commissioner Lindsay said the second look reconciliation of the LGIP is completed by Finance.

Ms. Knop said Ms. Gutierrez does the transactions and at month end, they receive the statement and detail and reconcile it in the system.

Commissioner Lindsay said, in our system but Finance doesn't have access to the LGIP system.

Ms. Knop replied, correct.

Discussion then turned to the Audit Committee. Chair Doherty asked for a presentation from staff as to what an Audit Committee would look like and how it would function. Commissioner Lindsay said she believed it rises to the level of making a motion.

*Commissioner Lindsay moved to formally move forward with bringing what an Audit Committee would look like to the Board, and what an action plan is and present it to the Board by next week. Commissioner Russell seconded. Unanimous approval.*

## **Business Items**

### First Reading (Corrected) ORD-2019-2, Columbia Mill Site Rezone

Carla McLane, Planning Director

Ms. McLane explained the document associated with the original First Reading did not contain the necessary attached documents. Today's second attempt at a First Reading remedies that, she said. Ms. McLane proceeded to read the Ordinance by title: "An Ordinance amending the Morrow County Comprehensive Plan taking an exception to Goals 3, 11 and 14, changing the Comprehensive Plan designation from Agricultural to Industrial, and changing the Zoning Map from Resource Related Industrial to Port Industrial."

### Update on Gilliam-Bisbee Building final payment to Heppner Community Foundation

As background, Commissioner Lindsay said the County agreed to pay \$235,000 for code/safety repairs to the building but the funds have yet to be turned over. She said she verified work has been done in excess of \$235,000, such as a sprinkler system, elevator, and asbestos abatement. By consensus, the Board agreed to move forward with a Resolution to release the funds to the foundation.

### Compensation Board Discussion

Karmen Carlson, Human Resources Director

The Compensation Board meets annually to review the compensation of elected officials. Ms. Carlson asked the Board for feedback regarding the information provided to that Board for its meeting on February 12<sup>th</sup>. The Commissioners suggested the following:

- Ask Finance to provide something about the “unknowns relative to Cost of Living Adjustments.”
- Include job descriptions for each of the elected official positions.
- In the future, move up the timeline for distributing the books for the Compensation Board meeting.

#### Road Maintenance Agreement – Olson Road

Matt Scrivner, Public Works Director

Carla McLane

Mr. Scrivner’s written report outlined the sequence of events regarding a Road Use Agreement being drafted between the County and Amazon for the use of Olson Road:

- A meeting took place on January 16<sup>th</sup> to discuss access permitting and the requirement of a road agreement before using Olson Road. In attendance were representatives from the County, Amazon, the Port of Morrow, Windwave Communications and Gray Construction. Mr. Scrivner provided Amazon with a hard copy of the access permit and explained the process. He also discussed the need for a road agreement prior to approving the access permit due to safety concerns from the increased construction traffic.
- January 24<sup>th</sup> – a phone conference was held to discuss the access permit that was submitted and the need for Public Works to have the original document. Mr. Scrivner explained that he would attempt to provide a draft road agreement to Amazon by January 29<sup>th</sup> and after he received a signed road agreement, he would approve the access permit.
- January 28<sup>th</sup> – Mr. Scrivner and Mr. Green determined the County needed adequate time for input from the Planning Department and County Counsel, and to provide an update to the Board of Commissioners on February 6<sup>th</sup>. This information was relayed to Amazon on January 29<sup>th</sup>.

Mr. Scrivner discussed the draft Road Use Agreement, which was also reviewed by Planning, County Counsel and Administrator Darrell Green.

He explained the sequence of events that must be followed by the County:

1. Approval of an access permit from Public Works
2. Planning Department issues an address
3. Application for building permits can then be made to City of Boardman/Morrow County Building Official, Brett Cook

Commissioner Lindsay said she thought an address had been issued.

Ms. McLane said the City of Boardman issued an address but she was not sure it’s correct since it’s a County road.

Commissioner Russell said Amazon already started earth work. He explained access from Olson Road was chosen over Front Street because that would have triggered ODOT's Interchange Area Management Plan, which the City of Boardman did not want.

Suspended discussion for scheduled video conference.

**Break:** 10:21 a.m.-10:32 a.m.

### **Methods of Construction Project Management by Day CPM (via video conference)**

Mike Day, President

Thomas Nielsen, Vice President

Mr. Day and Mr. Nielsen discussed aspects of various construction management options.

Design-Bid-Build:

- A tried and proven process that has worked for many decades, but there are other alternatives.
- Works well on simple projects.
- More prone to claims and can be adversarial.
- A flow chart would show the owner as having separate relationships with the contractor and designer.
- Owner ends up owning all the risk.

Construction Manager/General Contractor (CMGC):

- Owner procures contractor and architect separately. Design team is hired first, followed by bringing in the CMGC for budget certainty and clarity.
- Higher level of team work and collaboration.
- Risk is transferred when the parties with the right information are brought in. They understand the project better and don't need to carry contingencies within their pricing structure.

Design-Build:

- Many parallels with CMGC except the owner works with one firm, the Design-Builder.
- Typically led by a contractor who forms a partnership with the design team and consultants to form a Design-Build entity.
- Allows a project to move faster.
- Risk is transferred to the Design-Build contractor.
- Design-Build works toward a guaranteed maximum price. If an owner feels the process isn't going well, there is an "out" for the owner to revert to a traditional method, if necessary. This can be a powerful tool to keep the contracting party focused, and a reassurance to the owner trying to procure services.
- The industry and the Design-Build Institute of America (DBIA) have evolved to a more progressive approach so there isn't a disconnect between the owner and the Design-Builder. The owner is at the table and has a strong understanding of what the Design-Build partner is doing.

A brief question and answer exchange took place.

**Lunch break:** 11:56 a.m.-1:02 p.m.

### **Business Items, continued**

#### Road Maintenance Agreement – Olson Road

Additional discussion took place on the following topics:

- The City of Boardman’s 2009 Interchange Area Management Plan.
- The zone change undertaken by the City of Boardman and the lack of notification to the County as an adjacent landowner. Chair Doherty said he received multiple calls from people who said they received no notification.
- Chair Doherty and Commissioner Russell both expressed a desire to “get to yes,” but emphasized County processes need to be followed.
- During a public meeting of the Columbia River Enterprise Zone (CREZ) II Board, Amazon agreed to bring Olson Road up to a standard approved by the County’s Public Works Director. However, the Amazon representative who agreed to that, has taken a job elsewhere.
- Substantial utility permits for fiber are pending and Mr. Scrivner said he will be back next week to discuss them with the Board. He said Public Works has been playing “catch-up” on this entire process and Amazon has not provided contact information or its permit applications and they are already asking for oversize permits.

### **Progressive Design-Build Method of Construction Project Management**

Darrin Sweeney, Project Manager, City of Richland

In discussing his background, Mr. Sweeney said he studied construction management in college and then started his own company in southeast Idaho. He sold his company and in 2013, and said he moved to Washington where he now works for the City of Richland. He explained the City followed traditional Design-Bid-Build practices and “went through some rough construction projects” by going way over budget. He cited examples of bringing in projects for the City ahead of schedule and under budget while using Progressive Design-Build.

Progressive Design-Build involves bringing a team together from the very beginning, he said. The contractor is first on-board, and then the architect. The next step is the owner telling them how much they want to spend. Mr. Sweeney said the owner cannot be too prescriptive or it limits the creativity of the group the owner just hired. Staff and contractors are then brought around the table to start designing. Real-time data comes back to the owner on costs, which also cuts down the timeline. Once that process is completed, the guaranteed maximum price is signed. The front-end process goes much faster because the group is not designing to full build with the architect. Mr. Sweeney said there are no change-orders and everyone agrees on a contingency amount.

Mr. Sweeney said if there is not a single point of contact, a Progressive Design-Build can go bad very quickly. The owner and the group need to embrace having one person in front who can make decisions quickly. That person can be someone in-house or hired out. Again, he stressed

the key is one point of contact who can open the books for transparency. He said this method is the best use of taxpayer funds and provides an opportunity to truly save money, if done properly.

Chair Doherty asked about downsides associated with this method.

Mr. Sweeney discussed three things that lead to problems - when an organization doesn't embrace the concept; when the owner starts adding things that push the amount above the guaranteed maximum price; and when decisions aren't made quickly. He also cautioned against allowing people to be too prescriptive. In other words, someone who wants to have a say about every decision down to the type of hinges or doors or hardware, he said. Discussion.

### **Business Items, continued**

#### **Road Maintenance Agreement – Olson Road**

Discussion continued. It was agreed the draft Road Use Agreement will be forwarded to Vadata (Amazon) for review, and Ms. McLane and Mr. Scrivner will meet with Boardman City Manager, Karen Pettigrew and Community Development Director Barry Beyeler.

### **Department Reports**

The Board heard reports from Mr. Green, Ms. Knop, and Assessor/Tax Collector Mike Gorman. A written report from the Sheriff's Office was also reviewed.

### **Correspondence**

- Email from Jeff Maffuccio, Idaho Power, regarding recent Navy actions with respect to the Boardman to Hemingway Transmission Line Project.
- Western Governors' Association survey entitled, "Reimagining the Rural West."

### **Commissioner Reports**

- Commissioner Lindsay said Representative Greg Smith convened a committee to look at additional funding for county fairs. She said she received an email about testifying on behalf of that prospect. In addition, she and Wallowa County Commissioner Todd Nash are working on a letter to the Association of Oregon Counties to sign-off on supporting the additional funds for fairs. If there is new funding for fairs, it could free-up county funds for use elsewhere, she said.
- Commissioner Russell said the CREZ II Board met to disburse about \$3,000,000. However, due to a miscalculation, there is still \$175,000 left to disburse. The Board will meet again soon to take care of the remainder, he said. Commissioner Russell said he will attend the Special District Association of Oregon Annual Conference. Port of Morrow Commissioner Larry Lindsay will be recognized for his 52 years as a Commissioner and Gary Neal will be recognized for his 30 years as General Manager of the Port.
- Chair Doherty will attend the North East Area Commission on Transportation meeting on Thursday in La Grande and will fill-in for Commissioner Russell at the CREA meeting on Friday in The Dalles.



**Executive Session:** Suspended until after the scheduled Work Session

As there was a Work Session scheduled for 3:30, the Board opted to suspend the regular meeting and move into the Work Session. The regular meeting was resumed at 3:40 p.m.

**3:43 p.m. Executive Session:** Pursuant to ORS 192.660(2)(h) – To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed

**Closed Executive Session:** 4:40 p.m.

**Resumed regular meeting**

**Signing of documents**

**Adjourned:** 4:45 p.m.