

1
2 **Recycling Operations**

3 Board Member Judith Norval reported on the recycling station located at the southwest corner of
4 the Hoodland Thriftway parking lot, across Welches Road from Stagestop Road. It was installed
5 on the 15th of October, emptied (brim-full) on November 3, 2007. It is already a quarter full
6 since that date. She thanked everyone for supporting this fund-raising project. She encouraged
7 everyone to recycle newspapers, magazines, catalogs, junk mail (no cardboard). Attendee Bob
8 du Biel noted that newspapers could be bagged and recycled in paper bags, but not plastic bags.
9 The Chair expressed her appreciation for the project leaders' efforts.

10
11 **Speaker, Mike Bowman, Salmon River Valley Water System**

12 The Chair introduced Mr. Bowman, explaining that this presentation was the first in a review of
13 all the water systems on the Mountain.

14
15 Salmon Valley Water was incorporated in 1968, but had roots clear back to 1940. The office is
16 at the corner of Welches Road and Stagestop Road. The company has limited office hours; Mike
17 Bowman is typically in the office on Wednesday mornings.

18
19 The company is the only privately owned water systems in the State of Oregon, and one of only
20 three regulated by the PUC, making it fairly unique. This creates some opportunities and
21 challenges. The system came under PUC regulations in 1989. It was granted an exclusive
22 service district in 1995. This means basically that the company has a monopoly on water service
23 within its service district boundaries.

24
25 The service district runs east up into Zigzag with a minor exception of the old USDA Forest
26 Service compound just up Lolo Pass Road. It runs up Salmon River Road, down Fairway
27 Avenue to its split at Welches Road. It includes Arrah Wanna, back up both sides of Highway
28 26. (It goes just a bit west past Arrah Wanna Road.)

29
30 Currently the system has 585 hookups (all with meters in the ground) that service just under
31 1,100 units. For example, The Resort at The Mountain is considered one hookup, yet there are
32 some three hundred apartments and hotel connection units. The serviced population base goes
33 from just a bit under 1,000 up to 3,000. This expresses lowest demand in winter months up to
34 the peak demand in the summertime. This is saying there is a 3:1 ratio for lowest demand to
35 highest. (For comparison, the City of Portland's ratio is 1:1.8.)

36
37 There are about 10 miles of transmission lines in the ground, which is nothing compared to a
38 large city. The system has 5.5 million gallons of storage (in three storage tanks). In the
39 summertime, this gives about 48 hours of service reserve; in the winter time it is more like four
40 weeks of service reserve.

41
42 The water is ground water; it is not treated in any way. Occasionally, in the summertime, if a
43 well gets quite a bit of iron a little bit of phosphate is added. The iron issue varies from year to
44 year. There are five wells, all drawing ground water. The biggest day of the year is almost
45 guaranteed to be the Fourth of July. On that day, there is only a 1-2% reserve.

1 The reserve issue put the company into a moratorium //for new hookups// for the past seven
2 years. There has been a very strict moratorium in the past three years on the number of hookups.
3 The only way that anyone can get a new hookup is if somebody else closes their account or there
4 is a dramatic change in demand. About three to four years ago, during a drought, Mike Bowman
5 went around talking to the fire department, schools, and larger clients and the water demand
6 dropped about 12%. Every year since then, however, the demand is back to normal. So the
7 company is still under a moratorium on new hookups. The service is growing about 5% a year
8 (based on demand).

9
10 The problem that the company faces at the moment is state and federal regulations, almost 100%
11 of which concern water rights. The Sandy River is the most-watched, most-regulated river,
12 possibly in the whole country. It has five or six logs of pretty much guaranteed flows, is a
13 designated as a scenic waterway, etc. It is by far one of the most difficult areas to get water
14 rights in the State, even more so than the Klamath area where federal regulations are involved.
15 With regard to the State of Oregon, all permits are given by the State; it is not interested in
16 giving any further water permits. They have already determined what the river flows are for the
17 optimum demand and water withdrawal. This has been evident the past five or six years and
18 Mike Bowman does not expect to see much improvement in that regard. He does not see any
19 way to change that short of a court case that would require a significant bank account to fund.

20
21 In trying to grow an area, there are some huge challenges to be overcome. Mike Bowman noted
22 that water availability drives the value of land. Without water rights, the value of any property is
23 questionable. Something will need to be done in the region to secure the water rights. He stated
24 that one of the reasons he was making a presentation today regarding the system and its
25 opportunities and challenges was that change will come from the community, not a single
26 company. This is especially true for the type of growth that everyone wants managed for the
27 region. Change will need to come from the public sector, not the private.

28
29 The company is looking at the impact of the imminent sale of The Resort at The Mountain. The
30 new owners have come to Salmon Valley Water and asked for the right to develop the water
31 sources on their water rights and they have done that. That will lead to 100% increase in the
32 number of hookups. Salmon Valley Water is looking at major growth. Board member Bob
33 Reeves asked if that growth would be part of Salomon Valley Water's system? Mike Bowman
34 affirmed that it would be because they have the monopoly on water service within their
35 boundaries.

36
37 Attendee Bob du Biel asked, with the monopoly and the moratorium for a number of years, how
38 many houses are being built in the area? Mike Bowman responded that on the average about 3.5
39 hookups change every year and about 20 more with drops in demand. Bob du Biel said he felt
40 that was critical information for people looking to buy property in the area and needing to know
41 water availability. Mike Bowman noted that he speaks to people about once a week about this
42 issue. Many sites have water rights already developed to serve the land. And there are some
43 grandfathered sites; so far Salmon Valley Water has tried to honor them.

44
45 An attendee inquired about The Resort at The Mountain's future; if Salmon Valley Water is
46 down to maximum operations now, how will it meet the demands of an additional 100 hookups

1 for The Resort? Mike Bowman said that additional wells would need to be developed for the
2 system. While they are not on line now, but the process for developing additional wells is
3 already in progress. There are some confidentiality agreements that constrain Mike Bowman
4 from discussing this too deeply at this time. He felt he could say that this is essentially corporate
5 America venturing into this arena; they are well funded to handle the costs.
6

7 Another attendee asked if the company alerted land buyers of the water issues relative to their
8 proposed purchase. Mike Bowman responded that most banks now cover that as part of closing
9 on funding. They will not even consider lending on properties that don't have water. Where a
10 few years ago there would be people coming to Salmon Valley Water regarding discoveries that
11 they had no water rights, that does not happen now; it is part of the permit process at Clackamas
12 County.
13

14 An attendee asked about office hours. Mike Bowman responded that the company has a 24-hour
15 call line; Mike Bowman himself is there Wednesday mornings about 9:00 am for a few hours.
16 Information on the company is also available on-line through the State.
17

18 Chair Nancy Dougherty asked Mike Bowman to address the issue of why Salmon Valley Water
19 was under PUC jurisdiction. Mike Bowman responded that it related to number of hookups, type
20 of water, body of land served...really, a combination of those types of parameters. It is mostly
21 based on number of hookups.
22

23 Board Member Bob Reeves asked if the water service being developed for The Resort project
24 would be sufficient for The Resort only or for additional parcels of land within the Salmon
25 Valley Water district. Mike Bowman responded that The Resort would be developing their
26 water rights to their needs. Board Member Rick Applegate asked for further clarification.
27 Within the service district, a property such as The Resort petitions Salmon Valley Water to put
28 wells in? Mike Bowman said that such properties would "materially participate" in getting the
29 wells in; they have the right to the water. Salmon Valley Water could purchase surplus from
30 them for re-sale. That would be negotiated.
31

32 Board Member Rick Applegate asked if Salmon Valley Water foresaw a time where there would
33 be interconnectivity to other water systems so that water could be bought or sold or traded across
34 district boundaries. Mike Bowman said he would make this public statement: Salmon Valley
35 Water has no plans for making mergers or acquisitions at this time. The main reason for that is
36 that Salmon Valley Water is held to higher standards because of its size. Thus system
37 certification requirements for Salmon Valley Water are much higher than any of the systems
38 around it. For Salmon Valley Water to consider neighboring systems, they would have to bring
39 those systems up to its standards.
40

41 Rick Applegate asked what the interest would be in expanding the service district. Mike
42 Bowman noted that his company could not go into any area already claimed by someone else.
43 Rick Applegate asked if that meant Salmon Valley Water would be more likely, then, to increase
44 their number of wells within their existing district. Mike Bowman said the district was nearing
45 capacity in that regard. Some options would involve very expensive transmission costs. Salmon

1 Valley Water is most focused on water rights; they have looked at water rights in the entire
2 valley trying to figure out how to increase them.

3
4 Rick Applegate asked what the community could do and what does the community need to do in
5 terms of protecting its existing water rights. What is important? Mike Bowman clarified that
6 there are two things. First there is the issue of protecting existing water rights. A lot of people
7 think because you have a permit you have water rights; nothing could be further from the truth.
8 First you have a permit to access water, then you have to prove it, then you have to have a
9 certificate. In this area, Mike Bowman believes his company is the only water system that has a
10 certificate. Everyone with drilled wells are pretty well grandfathered under State law; but the
11 minute there is change, everything is opened to scrutiny, debate, etc. It is not a very efficient
12 system. What would need to happen is a community water system. Mike Bowman continued by
13 noting he would go out on a limb a bit by saying he is not sure that the State of Oregon would
14 want that to happen. They are less inclined to look local community efforts in this regard and he
15 does not expect that to change.

16
17 Mike Bowman circled back to the finishing the answer to the question about what the
18 community should do. In addition to protecting its existing water rights, it should also be
19 developing more water rights. The latter requires a significant investment to be successful.

20
21 Board Member Judith Norval asked about criteria for Salmon Valley Water to add territory to its
22 district. Mike Bowman responded the criteria comes from the PUC. The company must prove
23 its service ability both for quality and quantity to fit the majority of the users in its area.

24
25 An attendee asked if, in drilling the new wells for The Resort area, there was a way for the
26 company to know if it was tapping into the same aquifer it was currently using? Mike Bowman
27 answered that they were tapping into different aquifers...they were not drawing on neighboring
28 area water. Mike Bowman added that the State is changing the way it looks at aquifers, which
29 adds challenges to the process. There is sometimes a question that the valley has one big
30 underground river flowing to the sea. It is not like that at all.

31
32 Running out of land for drilling is one issue; another challenge is the iron content that comes
33 from drilling into ancient petrified forests under the valleys up here.

34
35 Rick Applegate noted that his family had lived in Asia for 10 years, Europe for 3 years and this
36 is the first place that they drink the tap water. He believes it to be of fantastic quality.

37
38 Attendee Bob du Biel asked if there was any indication that the ground water levels were
39 dropping in general. Mike Bowman said that four or five years ago he would have said yes.
40 Now he would say no. The State looks at things in 100-year cycles, not 10. So far, if they drill,
41 the water is there.

42
43 An attendee asked about the City of Sandy drawing water that impacts the region. Mike
44 Bowman addressed the reality of that (speaking of the trade off of water rights for the dams
45 being decommissioned, etc.). The City of Sandy has water rights for 27 cubic feet of water on
46 the Salmon River (the demarcation being about where Welches Road comes into Salmon River

1 Road). By comparison, Salmon Valley Water pulls about 1.5 cubic feet of water. This means
2 that the City of Sandy has about 13 times more water rights than Salmon Valley Water. Can
3 they take it? It would probably cost them \$100 million or more to take it, transmit it to their
4 needs, etc.

5
6 Board Member Rick Applegate asked if they could take it and sell it to our region as it passed
7 through? Mike Bowman asked how the community would feel if the City of Sandy took water
8 out of this region's back yard. If Salmon Valley had those water rights, Mike Bowman noted his
9 company would not be challenged as it is today with lack of sufficient rights for real growth.

10
11 Attendee Bob du Biel asked about the new well developed for The Resort. Would Salmon
12 Valley Water's right for emergency water be honored or grandfathered in with the agreement
13 with the new owners? Mike Bowman said yes, noting, however, that well was producing about
14 3.8 parts per million of iron. In short it is like soup and probably would never ever be used by
15 Salmon Valley Water. He emphasized that Salmon Valley Water does not provide any of the
16 water used to irrigate The Resort's golf course; that water comes from The Resort's own wells.
17 Rick Applegate asked if The Resort could sell any of their water rights? Mike Bowman said no,
18 they have to use them.

19
20 An attendee asked if the property north of Highway 26, known as the Cedar Ridge Property, was
21 serviced by Salmon Valley Water. Mike Bowman confirmed it was not.

22
23 An attendee asked about fire suppression capabilities. Mike Bowman said there is insufficient
24 capacity to fight a major Resort fire. Hoodland Fire Department is well aware of that. The water
25 developed at The Resort was meant to supply condominiums there. It was never planned to be
26 drawn on for emergency purposes, such as a forest fire running down Welches Road area. This
27 has less to do with the size of the pipes running along the roads than it does the reserve capacity.

28
29 Board Member Bob Reeves asked if there were plans to upgrade the service, such as the size of
30 pipes? Mike Bowman said that the company is not doing any retrofitting. The company is
31 required to provide the PUC a water configuration plan and a water usage plan which includes
32 fire suppression plans. In that plan, Salmon Valley is required to show that is operating a stable
33 plan. It will probably never be required to retrofit. Nonetheless, when anything new is added,
34 everything is given full consideration.

35
36 An attendee asked for clarification between hookups and units served. Mike Bowman responded
37 with the example of Whispering Woods, it was considered one hookup but it serves about 122
38 condominiums (units). Board Member Rick Applegate asked for clarification regarding annual
39 retirement of hookups. Mike Bowman responded there were about 20 per year and that they
40 were residential hookups; Salmon Valley Water has not had a commercial hookup retire in the
41 last five years.

42
43 An attendee asked if all hookups were metered. Mike Bowman affirmed metering.

44
45 Attendee Don Mench asked if there was any loss found when comparing what is in storage and
46 what is metered; is Salmon Valley Water accounting for all the water that it is pumping? Mike

1 Bowman said there was almost no loss of water, especially when compared to peer groups. He
2 confirmed that the system has fairly sophisticated measuring systems that allows system
3 managers to know almost immediately when a leak happens and where. At this time, the 75% of
4 the clients are getting billed a basic rate. Individual residential meters are not read due to reading
5 costs; Salmon Valley is anticipating a possible move to wireless readers.
6

7 Board Member Bob Reeves asked about number of employees. Mike Bowman responded there
8 were two, himself and a system maintenance person. All the major work is done by
9 subcontractors.
10

11 Board Member Rick Applegate asked what Mike Bowman saw as water rates in five years. He
12 responded that the company is applying for a rate increase. There has been no rate increase since
13 the company was regulated in 1995. They will be asking for an 18-21% increase. There has
14 been some indication that the PUC will want an annual review schedule thereafter. The financial
15 reports are available on-line. Mike Bowman added he has never taken a dividend.
16

17 Chair Nancy Dougherty thanked Mike Bowman for his presentation. She announced that next
18 month the presentation would come from Chairman of the Rhododendron Summer Homes
19 Association Board Steve Graeper and that systems' water system engineer.
20

21 **Correction to Rack Card of Town Hall Meeting Schedule/History of Villages at Mt. Hood**

22 Board Member Rick Applegate announced a correction to the blue card listing of Town Hall
23 Meeting schedules and history of the Villages. In the history section, the date of May 24, 2006;
24 should be changed to May 25, 2006. Chair Nancy Dougherty noted this card was a draft of one
25 that would be printed and circulated widely.
26

27 **Review of Agenda for Town Hall Meeting, November 17, 2007**

28 Chair Nancy Dougherty asked that everyone review the agenda for the Town Hall Meeting for
29 corrections, adjustments. Board Member Rick Applegate suggested that Dave Lythgoe's
30 presence be confirmed for the plaque presentation. Chair Nancy Dougherty affirmed she had the
31 plaque.
32

33 Board Member asked if there would be time to do the round-table discussions that happened at
34 the last meeting; it was popular.
35

36 Chair Nancy Dougherty reviewed the agenda in detail. She announced that Brigette Romeo's
37 application for a Board position has been approved by the County Commissioners.
38

39 The Chair asked Steve Graeper, Chairman of the Rhododendron CPO, if he had any comments
40 about the upcoming agenda item. Steve Graeper said he had not prepared any comments for this
41 meeting. In fact he was uncertain how the Board wanted to proceed as it may be that the Board
42 would be presenting the request to the citizenry, not the CPO. Basically, about two weeks ago
43 the Rhododendron CPO had a meeting. It was determined at that meeting that it might be good
44 to revisit the bylaws and suggest an amendment to the Villages bylaws that guarantees
45 representation on the Villages Board by someone from Rhododendron. That was one of the
46 paramount issues when Rhododendron decided to become a part of the Villages. The Strategic

1 Planning Organization at that time said, yes, Rhododendron could have a guaranteed
2 representation on the Villages Board. The recent bylaws changes reversed that. Rhododendron
3 CPO feels this important, that this could be revisited in the bylaws, whether a CPO
4 representative or a citizen at large. The motion was made at that meeting by Rick Applegate
5 which was seconded and approved at the CPO meeting that an amendment be presented at the
6 Town Hall Meeting. Steve Graeper is open to direction on how the Board wants to go about this.

7
8 Board Member Rick Applegate confirmed what the issue was: from the recent change in the
9 County ordinance that required a change in the Villages' bylaws, the two CPO chairperson-
10 specific seats on the Villages Board were eliminated. This loss of representation on the Villages
11 Board led to citizen angst in Rhododendron area. Rick Applegate cautioned people to be careful
12 when saying Rhododendron...it is a little town and it is also a CPO region. His motion at the
13 Rhododendron CPO meeting was that they ask for an amendment to the bylaws that would say
14 something as simple as "There will be nine directors. Not all nine directors will be from one
15 single CPO area." That protects the Hoodland CPO as well as Rhododendron CPO. The
16 wording must be careful to avoid the little town names because that leads to debate on what is
17 Wildwood, what is Rhododendron. That would be difficult. Rick Applegate's recommendation
18 is that the Board look at some simple wording and send it to the Strategic Planning Organization
19 to craft the verbiage for the bylaws change; but be very careful that the town(s) are not named.
20 This is a fair and safe request.

21
22 Board Member Judith Norval noted as a point of information that the Strategic Planning
23 Organization was not meeting until January 2008. Chair Nancy Dougherty asked for Steve
24 Graeper's perspective. He responded it seemed fine. He did anticipate that it would be a topic of
25 discussion at the Town Hall Meeting. He felt that there was importance expressed for diversity
26 of representatives from the region. It could even be as complex as districting. Chair Nancy
27 Dougherty countered that would be too sticky. Rick Applegate said he felt his motion had given
28 Rhododendron citizens a sense of relief with regard to representation on the Villages at Mt. Hood
29 Board. He thinks that what scares the Board is the fact that it is coming out of eighteen months
30 of fractious debates about bylaws. This can be a very simple "macro-measure" solution. He
31 could see it being processed by a motion at the Board level, a presentation at the next Town Hall
32 Meeting clarifying that it is not districting but making sure that CPO's regions have a member-
33 at-large from the community. Then it goes to the Strategic Planning Organization to work on
34 verbiage. Steve Graeper added that by taking it to the Town Hall Meeting, the Board was
35 allowing a larger group of people have communication on that issue and know that is going to
36 Strategic Planning Organization.

37
38 Board candidate Brigitte Romeo asked if that meant someone on the Board was going to
39 designate a resident representing the CPOs. That was countered by the Board as not the intent at
40 all.

41
42 Board Member Bob Baker stated that he felt the Board was opening a can of worms. Everyone
43 has an opportunity to run for the Board. Who is saying that the Board is going to be stacked?
44 That is not going to happen. Rhododendron has plenty of representation on the Board now.
45 Should that change in the future, the same scenario applies...everyone has an opportunity to run

1 for the Board. The alternative is to district. That would not work effectively. Everyone has the
2 opportunity to put their name on the ballot.

3
4 Board Member Bob Reeves said that being on the Board means you have an obligation,
5 regardless of where we live, to serve all the citizens within the boundaries of the district. As an
6 example, he said there are only five members on the fire board and yet each member represent
7 the whole fire district and doesn't lose sight of that. Most Board members work hard to do that.
8 I think the right thing to do is to refer this to the Strategic Planning Organization and let them
9 come up with any amendments. We don't want this at every Town Hall Meeting. It should be
10 covered once a year.

11
12 Board Member Judith Norval noted that at the //Rhododendron// CPO meeting, one of the main
13 points mentioned was the citizen concern that Rhododendron was not being represented by the
14 Villages or on the Village Board. Nothing could be further from the truth. We have Nancy
15 Dougherty, we have Rick Applegate. So what is the problem? Steve Graeper responded that
16 there is no problem. People are looking down the line to insure the diversity on the Board is
17 maintained. Judith Norval countered with the question of how you could guarantee where
18 someone is going to live when they decide to volunteer. You cannot legislate that. Until
19 Brigitte Romeo volunteered for the Board there was no one from the Brightwood area on the
20 Board.

21
22 Board Member Rick Applegate said he understood Robert's concerns. He said he did not feel
23 this effort was one for creating districts. However, the CPO boundaries are well-defined; there is
24 no fighting in the community or misunderstanding regarding boundaries. He suggests that if
25 there were a bylaws amendment it could be as simple as eight words... "at no time will all
26 members be from one single CPO jurisdiction." It is not about districts. This should be pushed
27 forward to the Town Hall Meeting, maybe even with a survey of the attendees.

28
29 Chair Nancy Dougherty noted that the agenda was full and that doing a survey was a bit too
30 much for the meeting.

31
32 ***The Motion***

33 Bob Reeves moved and Rick Applegate seconded a motion to refer this issue to the
34 Strategic Planning Organization to look at amending the bylaws to include representation
35 from both CPOs jurisdictions and report back to the Board by May 2008 so it can get on
36 August 2008.

37
38 ***Discussion***

39 Chris Roth reminded the Board that they have a year for elections. The next time this
40 proposed action is relevant will be the next election. This is not something that has to
41 addressed today.

42
43 ***The Vote***

44 Ayes: Rick Applegate, Pat Buckley, Nancy Dougherty, Shirley Deuber, Bob Reeves,

45 Nays: Robert Baker, Judith Norval

46 Abstentions: None.

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Action

The motion passed.

Donation

Chair Nancy Dougherty announced that Board Member Barbara Saldivar’s husband was retiring from his job and is donating flip charts, papers, pens, etc. to the Villages at Mt. Hood. A note of appreciation will go to him.

County Commissioner Meeting

The Chair announced that the County Commissioners are coming up to meet with the Board. The audience may be present but will not likely be able to say anything. It will be like an annual report to the County Commissioners. The Board will be sharing what they have achieved and what they will be doing in the next year. This will be held at 11 am to Noon, December 5, 2007, in the Community Room, Hoodland Fire Department.

Board Member Judith Norval said it had been suggested that the meeting be held at the Dorman Center for more space and for the Commissioners’ understanding of the importance of the community center project.

Board Member Rick Applegate gave a suggestion to Steve Graeper. He noted that the Commissioners’ were going to do a driving tour through the community. It would be a great opportunity for them to see the issues that town has (particularly with regard to what happens when there is no provision for community input when special use permits are approved and how those decisions can affect the community).

Adjournment

There being no further business before the Board, the meeting was adjourned at 5:40 pm.

Respectfully submitted,

Marilyn Peterson
Mountain Quail Business Services, Inc.

Attachments:

- Sign-in Sheet for Attendees
- Agenda
- Minutes of the October 6, 2007 Board of Directors Meeting
- Treasurer’s Report
- Draft of Rack Card

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