

Final Documents  
for  
**Dissolution** of

**Powell Valley Road Water District**

MU0707  
Ordinance: 2005-06  
DOR: 26-668-2007  
Secretary of State: SD 2007-0152

Office of the Secretary of State

BILL BRADBURY  
Secretary of State



Archives Division  
MARY BETH HERKERT  
Director

800 Summer St. NE  
Salem, Oregon 97310  
(503) 373-0701

Facsimile (503) 373-0953

October 11, 2007

Metro  
Linda Martin  
600 NE Grand Ave  
Portland, Oregon 97232-2736

Dear Ms. Martin:

Please be advised that we have received and filed, as of September 26, 2007, the following record of the dissolution of the Powell Valley Road Water District.

Ordinance/Resolution Number(s)

Our File Number

2005-06

SD 2007-0152

Our assigned file number(s) are included in the above information.

Sincerely,

Linda Bjornstad  
Official Public Documents

cc: County Clerk(s)  
Department of Revenue  
ODOT  
Population Research Center

# Notice to Taxing Districts

ORS 308.225



Cadastral Information Systems Unit  
 PO Box 14380  
 Salem, OR 97309-5075  
 (503) 945-8297, fax 945-8737

Metropolitan Service District  
 Budget Officer  
 600 NE Grand Ave  
 Portland, OR 97232-2736

**Description and Map Approved**  
**October 5, 2007**  
**As Per ORS 308.225**

Description     Map received from: METRO  
 On: 9/27/2007

This is to notify you that your boundary change in Multnomah County for

**DISSOLUTION OF POWELL VALLEY ROAD WATER DISTRICT**

RES. 2005-06

has been:     Approved            10/5/2007  
                    Disapproved

Notes:

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Department of Revenue File Number: 26-668-2007

Prepared by: Carolyn Sunderman, 503-945-8882

Boundary:     Change     Proposed Change  
 The change is for:

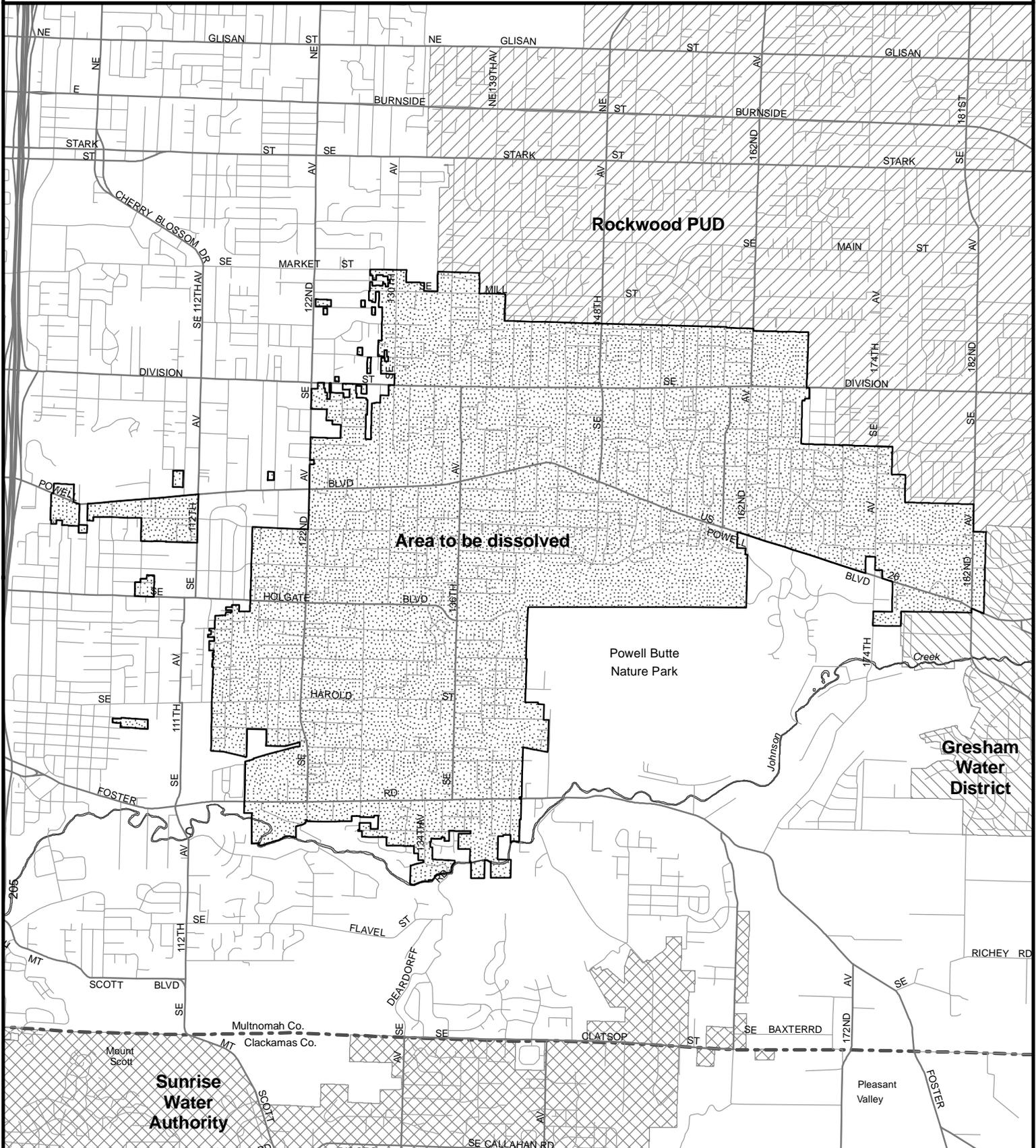
- Formation of a new district
- Annexation of a territory to a district
- Withdrawal of a territory from a district
- Dissolution of a district
- Transfer
- Merge

# Proposal No. MU0707

1s2e, 1s3e

Dissolution of Powell Valley Road Water District

Multnomah Co.



Data Resource Center  
 600 NE Grand Ave  
 Portland, OR 97232-2736  
 (503) 797-1742  
<http://www.metro-region.org/drc>

- County boundary
- ▨ Area to be dissolved
- ▨ Gresham Water District
- ▨ Rockwood PUD
- ▨ Sunrise Water Authority

**Figure 1**  
 1:37,000

**POWELL VALLEY ROAD WATER DISTRICT  
DISSOLUTION PLAN AND  
RESOLUTION 2005-06**

**RECITALS:**

**WHEREAS**, in 1991 the City of Portland and Powell Valley Road Water District (District) entered into an Intergovernmental Agreement pursuant to ORS Chapter 190 concerning the division of responsibility for water service between the District and the City and for the transfer of responsibility for water services from the District to the City, and to establish for affected City and District personnel certain rights, benefits and privileges as mandated by ORS 236.610 et seq;

**WHEREAS**, the City and the District amended the 1991 Intergovernmental Agreement in 1993 in order to adapt to changed conditions and to provide for the continued operation of the District, without dissolution by operation of law, during the term of the agreement;

**WHEREAS**, pursuant to the 1993 amendments to the 1991 Intergovernmental Agreement, the term of the Intergovernmental Agreement (hereinafter referred to as "Agreement") (Exhibit A) concludes and the District shall dissolve on June 30, 2005, unless extended by the parties or earlier terminated according to the terms of the Agreement;

**WHEREAS**, the District requested an extension to the Agreement but the City did not agree to extend the term of the Agreement. The final denial of the District's request occurred at a City/District workshop on June 25, 2003 (Exhibit B);

**WHEREAS**, because the City did not agree to extend the term of the Agreement, the District has determined that it is in the best interests of the District's inhabitants that

the City take over service to the District's customers and the District be dissolved and liquidated,

**WHEREAS**, pursuant to ORS 198.925 and 198.930 and the Agreement, the District is required to prepare findings of fact and a dissolution plan for approval and adoption by the District's Board of Commissioners.

**WHEREAS**, Section 6 of the Agreement requires the City and District to meet beginning no later than June 30, 2002 to resolve issues related to the orderly transfer of service, customers, operations, assets, liabilities, and staff.

**THEREFORE**, the District's Board of Commissioners hereby approves the following findings of fact and dissolution plan:

**A. FINDINGS OF FACT**

1. As of June 30, 2005, the District does not anticipate any outstanding bonds or other indebtedness. The District's bonds and loans which would have been outstanding after June 30, 2005 have been dealt with in the following manner:
  - a. The Oregon State OECDD loan detailed in Exhibit C will be paid off on or about June 28, 2005 from resources provided by the City of Portland and wired directly to the Bank of New York as trustee for the Oregon Special Public Works Program for immediate payoff of the OECDD loan program.
  - b. On or about June 28, 2005, the District will defease the bonds detailed in Exhibit D. The District and City have established an escrow account with Wells Fargo Bank to pay off the bonds as they come due (See Exhibit E).

On behalf of the district, the City will wire monies to Wells Fargo Bank on or about June 28, 2005, sufficient to fully fund the escrow account. The source of these monies will be City resources. The District adopted a supplemental budget (Exhibit F) reflecting the defeasance activity and associated transactions in its financial records. Based on a preliminary financial analysis performed by the City (Exhibit V) the resources transferred are sufficient to meet the bonds obligations. In accordance with the Escrow Agreement, Grant Thornton LLP will issue an opinion that the resources in the escrow account are sufficient to meet all future obligations associated with the District's bonds. The Grant Thornton opinion once issued will become Exhibit G.

c. Other indebtedness – The District has dealt with other indebtedness in the following manner:

- i. Sick Leave - According to the latest District Audit (Exhibit O, Page 17), the District had a liability of approximately \$67,000 for sick leave accrual by its employees as of June 30, 2004. According to the District's most recent calculations, the total sick leave obligation is \$136,570 (See Exhibit H). The District expects that some employees may request a portion of their sick leave to be paid at the time of transfer to the City. The District estimates employee requested payouts to be approximately \$50,783. According to Section 8.F of the Agreement, the employees will carry over the remainder of

their accrued sick leave when transferring to the City. Thus, this remaining liability is liquidated at the time of employee transfer.

- ii. Vacation Leave - The District has agreed to pay either the City or employee for accrued vacation time (Section 8.F of the Agreement). The total of vacation benefits owed to employees not yet transferred is \$57,825 (See Exhibit H). The District has set aside sufficient cash to pay either the employee or City for the accrued vacation time. The employees will decide, at time of transfer, how much of their accrued vacation time is transferred to the City. The City will allow District employees to transfer all of their accrued vacation time to the City.

However, the employee must use any excess vacation time over two years of accrual prior to the end of the first pay period in January (Exhibit W). Thus, it is anticipated that some employees will request the District pay for all or a portion of the accumulated vacation time at time of transfer. The District estimates the payout to employees at approximately \$29,597.

- iii. PERS - The District also contributes to PERS which provides retirement and disability benefits to District employees. The District's unfunded liability, if any, will be transferred to the City with the transfer of employees.

- d. The District's ownership of real property, none of which was acquired for delinquent taxes or assessments, is shown in Exhibit I.
2. The District has no uncollected taxes or assessments levied on properties. The District charges customers on a bi-monthly or monthly basis (depending on the size of customers). Such charges will continue until dissolution. Unpaid billings will be transferred to the City. The City has agreed to accept accounts with less than "0" balances and reduce the City's next water bill for these customers by the credit amount.
3. The District's personal property and other assets as of June 30, 2004 are shown in Exhibit J. The District's auditors will update the asset file during its close out audit. (See Section on Close Out Audit below) and provide adjusted asset schedules to the City when they become available.
4. The estimated cost of dissolution is \$25,000.
5. Because the City did not extend the term of the Agreement, this dissolution is in the best interest of the people of the District.

**B. PLAN FOR DISSOLUTION**

1. The District shall dissolve on June 30, 2005, the date of conclusion of the Agreement.
2. Pursuant to paragraph 11.A. of the Agreement, the City shall begin to furnish water to all of District's customers on July 1, 2005, whether they are located inside or outside the District;
3. Pursuant to paragraph 11.A. of the Agreement, the City shall assume all outstanding liabilities of the District on July 1, 2005;

4. Pursuant to paragraph 11.A. of the Agreement, the City shall accept title to all remaining assets of the District on July 1, 2005. The President of the Board of Commissioners and the District's staff are hereby authorized to execute all documents, including deeds, bills of sale, and other documents of transfer, needed to achieve a clear and effective chain of title to all remaining District assets;
5. The District and City have agreed to make the District's dissolution as seamless as possible to its customers. In this regard, the District and City have developed and executed transition plans constituting the foundation of this dissolution plan. In accordance with Section 5.B. of the Agreement, the City and District established an Executive Transition Team comprised of three District and three City members. The Executive Transition Team created subcommittees to identify and resolve specific transition related issues in finance, human resources, engineering, operations, legal and customer relations. Since August 12, 2003, the Executive Transition Team has met almost monthly (See Exhibit S for meeting minutes). The Executive Transition Team assessed the progress of the subcommittees and addressed major policy issues. As a result of this process, the City and District have agreed to the following:
  - a. Personnel Transition - Under a revised agreement with the City (See Exhibit K), the District is allowed to transfer a total of 16 people to the City on or before June 30, 2005. In accordance with Section 8.K of the Agreement, the City and District have agreed on the early

transition of the District employees whenever a position vacancy occurs in the City's Bureau of Water, the District's personnel are qualified to fill such a vacancy, the person wishes an early transfer to the City and the District's operations are not impaired by such a transfer. To facilitate the transition of District personnel, the City classified each of the District's employees. The District positions and the City positions to which they are assigned are shown in Exhibit L. Further, to assure that the conditions of early transfer are addressed expeditiously, the City and District agreed to a formal notification and response process shown in Exhibit M. To date, the District has transitioned three of its employees using this process.

- b. Personnel Transfer - During the transition period, two of the District's employees retired, quit or otherwise left the employ of the District. Thus, the District will transfer eleven employees to the City on June 30, 2005. For each employee, the District will provide the City with the employee's files (medical, payroll and personnel) attached to a completed Transfer Confirmation form (Exhibit M). Prior to employee transfer, each employee's information will be verified and signed by the District, employee and City. The Transfer Confirmation form and attached documents will become part of the City's permanent personnel record for that employee.
- c. Salary Redline – The Agreement Section 8.J obligates the City to freeze a District employee's wages at the District's rate until the City's

salary exceeds the District's rate. The City and District have had numerous discussions on the implementation of this provision. The City has or will redline the salaries of the employees shown in Exhibit N. The City has indicated that an employee's redline will continue in the event of involuntary employee demotion arising from work force reduction or reorganization. However, the employee's redline will be eliminated with voluntary changes in position status or disciplinary demotions. The City and District, however did not reach an agreement on the proposed treatment of redlining of employees' salaries in the event of voluntary or involuntary changes in position.

d. Employee Layoff/Recall List – The District's Utility Billing

Administrator has been classified by the City as a Customer Service Supervisor. However, the City does not have a vacant Customer Service Supervisor position. Thus, as of June 30, 2005, the City, District and Employee have agreed to transfer the employee into a Customer Accounts Specialist II City position. At the time of the transfer, the City agrees to place the employee on the recall list for Customer Service Supervisor in accordance with Exhibit AC.

e. Billing System Transition – The District has agreed to transition the billing system to the City prior to June 30, 2005 to ensure the City/District merger is seamless to District customers and efficient for both City and District. The process for transitioning the billing system is shown in the Memorandum of Understanding between District and

City (Exhibit AB). The City will assume responsibility for each zone following the last complete District billing cycle for the zone prior to June 30, 2005. The City has agreed to charge customers at the District's rates if any of the customers' service is received prior to June 30, 2005. Further, the City shall credit the District with earnings during the City's assumption of billing responsibilities and June 30, 2005.

- f. Customer Notification – No formal agreement exists between the City and District regarding the notification of District customers.

Informally, the District and City have reviewed each others information distributed to customers in anticipation of the merger. The District's efforts to notify customers of the impending merger include a notice to each District customer rebating excess funds in anticipation of merger, a newsletter describing the progress made in transitioning the District to the City and a notice in the last District billing thanking its patrons and advising them that they will be City customers after July 1, 2005 (See Exhibit P). The District has received many written and verbal customer responses to its notification efforts. The written customer responses are included in Exhibit AD.

- g. Control System Transfer – The District controls its supply and pumping facilities using a SCADA system which has been maintained by Electronic Technologies. The Operations and Maintenance Subcommittee to the Executive Transition Team has been actively

involved in assuring that all aspects of the District's operations are transitioned or transferred to the City in a manner which will minimize customer service disruptions. To demonstrate the extraordinary care taken in transitioning or transferring responsibilities to the City by District, some of the most recent minutes of the Operations and Maintenance Subcommittee are included in Exhibit Q. To further assure that the control system operation transfer occurs smoothly, the District has extended the Contract with Electronic Technologies for two months beyond June 30, 2005 (Exhibit R).

- h. Close Out Audit – To assure the District finances being transferred to the City are accurate and conform to generally accepted accounting standards, the District has contracted with certified public accountants to audit the District's books as of June 30, 2005 (Exhibit T). The District has prepaid the expense of this audit. The contract also includes the preparation of W-2s for wages received between January 1 and June 30, 2005 by District employees and the preparation of 1099s during January of 2006.
- i. Charges to Extraterritorial Customers – Section 10.A of the Agreement provides for the City to provide extraterritorial water service within the territory of the former District after dissolution at an agreed upon rate. The City has demonstrated to the District's satisfaction that the City's usual rate computation for its extraterritorial customers is more advantageous to the District's former customers than the rate method

specified in Section 10.A of the Agreement. Consequently, the District has accepted a change in the method used for charging these extraterritorial customers (Exhibit U).

- j. District Offices and Operations Center – Section 4 of the Agreement provides for the City to make reasonable efforts to utilize the District's Headquarter Building for water related purposes. The City and District spent considerable time and effort investigating various alternatives for achieving this objective. In the end, the City decided that it would not currently use the District's Headquarter Building for water related purposes. However, it was able to find a semi-public organization (Human Solutions) to provide other services to the community.
- k. Mid-county Service Installation – Section 19 of the Agreement provides that the City and District shall develop plans for a mid-county service installation, to provide maintenance and other services to the region of the District, upon future dissolution of the District. Notwithstanding frequent requests by the District to begin for the planning for such a facility, the City has consistently refused to work with the District to develop the required plans. Consequently, no progress was made toward the planning for the mid-county service installation.
- l. Pay Stations – Section 9.B of the Intergovernmental Agreement requires the City to maintain one or more pay stations within the area of the District for the convenience of its customers. However, such

contractors must be reasonably available to the City. The City has investigated the possibility of locating a pay station within the District's area (See Exhibit X) and was unable to find a business willing to perform this function.

6. Upon dissolution, the District's Board of Commissioners shall constitute a Board of Trustees pursuant to the paragraph 11.D. of the Agreement and ORS 198.945.

- a. The Board of Trustees is entrusted with winding up and settling the affairs of the District.
- b. On June 30, 2005, all remaining books and records of the District shall be transferred to the City and a copy of this Dissolution Plan and Resolution shall be filed with the county clerk of Multnomah County.
- c. The Board of Trustees shall continue to meet as they deem necessary to wind up the affairs of the District and enforce the terms of the Agreement for the benefit of the beneficiaries of the Agreement as set forth in the Amended and Fully Restated Powell Valley Road Water District Trust Agreement, and to direct the distribution of the principal and income of the Powell Valley Road Water District Trust according to the terms of the Amended and Fully Restated Powell Valley Road Water District Trust Agreement.

7. All inquiries relating this Dissolution Plan and Resolution should be directed to:

Susan T. Felstiner  
Cable Huston Benedict Haagensen & Lloyd, LLP