

**SUNRIVER OWNERS ASSOCIATION
BOARD OF DIRECTORS WORK SESSION
SROA BOARD ROOM
SEPTEMBER 17, 2021**

DIRECTORS PRESENT: Keith Mobley, Gerhard Beenen, Mike Gocke, Clark Pederson, Scott Gillies, Mark Murray, Bill Burke, Tony De Alicante, and Paul Coughlin

STAFF: James Lewis, Keith Kessariss, Joe Healy, Leslie Knight, Patti Gentiluomo, Susan Berger, Steven Stanfield, Brad Olson & Mark Smith

The meeting was called to order at 9:00 A.M.

OWNERS IN ATTENDANCE: 3

OWNERS FORUM: Laura Bailey, 17 Witch Hazel Lane congratulated the newly elected Board members. Ms. Bailey referenced the letter that she and her husband sent to the Board containing information about Class 2 (low/power/low speed) ebikes and the rationale for allowing such on Sunriver pathways. This was Ms. Bailey's second appearance before the Board on the issue. She commented that she never received a response to her recently submitted letter that was sent to the Board, and she would like to see SROA align with the state definition for Class 1 and 2 ebikes and allow Class 2 bikes on the pathways in Sunriver. President Mobley responded and reiterated the process and discussions the Board conducted earlier in 2021, including the consideration of allowing Class 2 ebikes, the public input received that was predominantly against it, response of the proposal, and the previous decision by the Board.

GM Lewis read several letters into the record:

The first was from Claudia Evanson, 9 Hummingbird Lane, who does not agree with the Board's decision last month to require SROA employees to get the COVID-19 vaccine.

The second letter was from Mary Tarlow, 10 Holly Lane, writing in support of opening the Members Pool for a longer duration during the year. Further, Ms. Tarlow supports the pool being available during shoulder season times without a lifeguard on duty.

The last one is from John Ross, Meadow House 82 and as Chair of the Meadow House North AUO who wrote regarding their desire for SROA participate in the water rate increase process proposed by Sunriver Water/Environmental to the Public Utility Commission. He believes the proposed 40% increase is excessive.

SUNRIVER SERVICE DISTRICT (SSD) PROPOSED FACILITY PRESENTATION

SSD Managing Board Chair Bill Hepburn thanked the SROA Board for the opportunity to come and present their findings regarding a new facility for the fire and police departments. Mr. Hepburn expressed his appreciation to Administrator Baker and Administrative Assistant Mindy Holliday for their assistance in the preparation of today's presentation noting the team effort necessary to accomplish this and the team effort they hope to see between SROA and the SSD moving forward with their proposal. SSD Managing Board Director John Ralston as well as taskforce member Ron Schmid were also in attendance to assist with today's presentation along with Fire Chief Tim Moor, Police Chief Cory Darling, SSD Administrator Debra Baker and Administrative Assistant Mindy Holliday.

Providing some history, Mr. Hepburn noted the SSD was formed in 2002 and previous to that SROA provided police and fire services. The District, SROA and the Deschutes County Board of Commissioners have a management agreement in place for the District to provide police, fire suppression, emergency medical and security services to the community.

The SSD Managing Board is comprised of seven volunteer owners, two of whom are also required to be serving on the SROA Board of Directors.

The District is funded through the property taxes owners pay to Deschutes County on a yearly basis. The current tax rate of \$3.33 per \$1,000 assessed valuation has not been raised in ten years and every year the operational fund has come in under budget.

In 2020, the Strategic Plan for the District was reviewed and updated with the help of community stakeholders. One of the biggest challenges they found is that the current police and fire facilities have deficiencies which do not currently meet the standards for an essential public safety building. SROA owns the buildings that currently house the Fire and Police departments and the SSD pays a monthly lease amount to use those facilities.

A Public Safety Building Taskforce was formed with Sunriver owners to address issues such as building ownership, financial analysis, funding options, owner education/outreach, and the feasibility of moving forward with the project. Taskforce members include SSD Managing Board members Bill Hepburn, Dennis Dishaw & John Ralston, community members Doug Seator, Ron Schmid, Jim Fister and John Salzer, Harry Hamilton, SROA Board member Clark Pederson, Fire Chief Moor, Police Chief Darling and SROA GM James Lewis.

After looking at, and carefully considering alternative sites in Sunriver, the taskforce determined the best option would be to remodel/expand the existing fire station to become an integrated public safety building to house both the Police and Fire Departments and SSD Administration and which could serve the community for the next 50 years or longer. The community is fortunate that the police and fire departments in Sunriver get along and work well together which is not necessarily the norm in the industry and which allows the possibility of a project such as this to even happen.

The current fire station was built in 1995 and the current police department is housed in office space connected to the SROA Administration Building which was built in 2000. The District Managing Board hired architectural consultants for a Phase 1 analysis of a combined public safety building to house both departments.

That analysis found that the structural integrity of the fire apparatus bay in the fire station is compromised from previous heavy snow loads. There are inadequate back-up generators to maintain operations during an emergency and decontamination facilities are lacking and yet critically important for the health and safety of staff when they come into contact with cancer causing carcinogens and infectious body fluids as well as the mud and water encountered in everyday duties. Electrical systems need updating, the HVAC system is inadequately zoned and there is a definite lack of storage requiring firefighters to keep their turnout gear in gear bags.

Currently the fire station hose tower does not meet National Fire Protection Association (NFPA) safety regulation requirements, the kitchen is inadequate in terms of heights and clearances and separate laundry facilities are needed for the living quarters and contaminated uniforms in the decontamination area in the bay.

The Police Department lacks a secure front lobby which could pose a clear threat to staff. There are no security cameras for the exterior of the police department and no parking lot barriers. Additionally, there is no secure and/or covered parking for police vehicles to protect them from inclement weather which can slow response time during the winter months if a vehicle has to be cleared of snow before an officer can respond.

There is also the need to have the ability to secure suspects during interviews and prior to transport to the Deschutes County jail. There is not currently a secure holding room which creates logistical issues for officers.

There is no monitored electronic locking mechanism at the entrance of the police department or for the evidence room or records storage. There should also be the ability to remotely lock down the facility.

In addition, the Police need sound proofed interview rooms for victims, children, and suspects, none of which currently exist. Currently all DUII arrests have to be processed in Bend or at the Deschutes County Sheriff's Office substation in La Pine due to the lack of booking and intoxilyzer rooms. Interviews are often conducted in the employee lunchroom. There is currently not a briefing or conference room, there is also a lack of space for report writing as well as a lack of storage for uniforms, equipment, bicycles, training supplies, firearms, and ammunition. The Police Department also needs a modern evidence room with appropriate ventilation (occupational safety need) and additional security measures including a vault to secure drugs, firearms, and money. Back up generator power is also needed for refrigerated evidence items.

Both the Fire and Police Departments have more female employees than at any time in department history, but currently there are not adequate gender-specific showers, locker rooms and sleeping areas to accommodate the need. They also currently lack a lactation room as required by law.

Remodeling and expanding the current fire station would also allow for the addition of a Community Room that would serve as a training and meeting room for both departments, as well as be available for public use. Additionally, the Emergency Operations Center (EOC) which offers a coordinated response in the event of a significant incident could easily be accommodated in this plan. A Conference room with built-in remote communication capabilities is also included in the plan as is a shared work-out area to maintain physical fitness standards required for the job and which could also be used for yoga/mindfulness to enhance mental fitness. Another advantage would be a shared reception area to ensure staff coverage to adequately meet the public needs.

SROA would also benefit by recapturing the space currently being utilized by the Police Department for their own Administrative space and office needs. A common campus for SROA and the SSD would also illustrate the continued collaboration efforts between the entities to meet owner needs.

The estimated cost to remodel the existing structure is \$16-18 million dollars plus any acquisition costs. The District plans to secure upfront funds to offset the cost through working capital, potential contributions from Deschutes County via Transient Room Tax (TRT) funds and possible contributions from other sources.

The balance of what can't be obtained from working capital and/or other contributions will have to be borrowed. Consultations have been held with the County Treasurer and County legal counsel, Special Districts Association of Oregon (SDAO) and bankers to determine financing options. As bonds and borrowing from a governmental agency are not feasible options, borrowing from a financial institution on a tax-exempt basis with low interest rates and a 10-20-year repayment plan is currently the best option

available, banks appear willing to lend, and the District is in a good position to borrow the money necessary to complete the proposed project.

These monies would then be repaid by owners via their Deschutes County property taxes. If the borrowing need is \$5 million or less, then there is the option to increase the current millage rate of \$3.33 by 0.13 per \$1,000 assessed valuation to repay the loan. If the debt is between \$5 and \$12 million dollars, then voters could be asked to approve a ten-year capital improvement levy. It was however noted that only owners who are registered to vote in Deschutes County would be able to vote on such a measure. If the debt ends up being over \$12 million dollars, then it is likely that more extreme measures of reforming the District to allow for an increased permanent levy may be necessary.

As the SSD does not own the building, they are restricted from applying for grant opportunities or non-profit loans that require ownership of the impacted dwelling. The SSD would very much like for SROA to give them the building for a nominal fee of perhaps one dollar, citing the financial impact to common constituents as the driving force behind their request. Also noted was that the improvements to address the deficiencies in both the Fire & Police Department facilities would fall to SROA if SROA retains ownership of the facilities.

Over \$4 million dollars per year are generated from TRT revenues paid by owners and visitors to Sunriver. Due to some budget anomalies the County has some excess TRT revenues on hand at present. They suggested the SSD make an appeal to the County illustrating the integral and important part of law enforcement and public safety the SR Police & Fire play in Sunriver and Deschutes County and request some of the TRT dollars be designated to this proposed public safety building. The District will need to illustrate that the community and community stakeholders are on board with and in support of the project. This request need will need to go to the county in November/December of 2021 prior to them beginning work on their 2022/23 budget.

SSD Chair Hepburn stressed the importance of the support of the SROA Board in this endeavor noting that we both serve the same clientele, the Sunriver owners. One major hurdle for the SSD currently is that due to the fact that they don't currently own the building, they are not eligible to apply for grants or borrow money on a tax-exempt basis. Additionally, County staff has indicated it would be much more palatable for them to contribute TRT dollars if those monies were going towards the construction of the building not the purchase of the building.

As the current cost estimate of \$16-18 million does not include any acquisition costs, the SSD is proposing that SROA transfer the fire station building and land to the District for the cost of \$1. Their rationale is that it would not be prudent to ask the owners to sell the building then turn around and ask them to pay for improving it. Should the building be given to the District for said nominal fee, an agreement can be made to ensure SROA interests are secure in the event the District disbands at any time in the future.

Time is of the essence due to election timeline requirements with SROA and Deschutes County. The SSD would like a decision of agreeable terms from the SROA Board of Directors by October 2021. Any transfer of ownership requires a vote of the owners which is at least a four-month project. Additionally, to be on the ballot for November of 2022, the submission to the County would need to be complete by July 2022.

Chair Hepburn noted the level of skill and training the chief's and their staff members at both the police and fire departments possess and how lucky the owners and visitors to the community are. The SSD hopes to retain those staff members for many years and having a facility that meets the needs for their everyday job will make Sunriver an even more attractive place to work.

The SSD Managing Board, Administrator, staff, and taskforce realize this is an important and significant project and obviously there are numerous conversations that will need to take place going forward but again, time is of the essence for them. Chair Hepburn thanked the SROA Board for the opportunity to come and present this information and he looks forward to the Board's response.

Director Pederson thanked the SSD for a very concise and informative presentation today but felt it important to note that unlike the regular maintenance fees that SROA charges owners, and which are the same for all owners, it is different with the SSD as it is tied directly to property taxes and the valuation of one's property. If an asset is given away, the cost to some properties is going to be much higher than for others and he feels that will need to be addressed in some way moving forward.

Director Burke added he would be appreciative of a walk-through of the facilities at some time in the near future. Director Ralston responded they would be happy to provide that opportunity for Director Burke as well as any of the other Board members who would like a tour.

2022 STAFF BUDGET PRESENTATIONS

GM Lewis led the SROA Department Heads in a presentation to address and identify future financial impacts to SROA, long-range planning as well as opportunities, challenges, and visionary proposals. GM Lewis noted that COVID-19 once again has impacted our budget this year and will no doubt continue to do so in 2022 but there are still many unknowns as to how things will unfold in the coming months.

The department heads detailed their individual departments and expanded on different aspects of their departmental budgets. Department heads also provided a recap of what has occurred in this second year of a pandemic, what is expected next year, and for two years beyond that. The Board had numerous questions throughout the presentation that staff addressed. The Board expressed their appreciation for the continued efforts of the department heads in dealing with the challenges of a full year of the pandemic as well as for this most informative presentation today.

ADMISSIONS MODEL WORKGROUP UPDATE

Assistant GM Kessariss provided a breakdown of current recreation statistics through the end of August.

A total of 6,455 Member Preference Program (MPP) cards were issued through the end of August 2021. This is approximately 1,480 more cards than this same time in 2020 but is a bit of an anomaly since SHARC was closed due to the pandemic in 2020. Of these, 5,448 were renewals and 1,007 were new cards. Previously the highest number of new cards issued in one season was 647. This can be attributed to both the significant number of properties that have changed hands in the past year and the increase in the number of owners purchasing their cards to take advantage of the new Member pool as well as the other amenities that come with having the MPP card. Member Preference Revenue is currently at \$450,239 or 113% of budget.

There has also been an uptick in the number of extended family passes purchased and when the total number of extended family passes issued this year are combined with the 6,455 MPP cards issued, the total number of cards issued through the end of August sits at 7,215, which is not the 10,000 Director Beenen was hoping for but is definitely closer than we were last month. Director Beenen commended the staff on their efforts but noted we need to continue the push in 2022 for more owners to purchase their MPP cards.

Member preference revenue is currently at \$450,239 or 113% of budget. Mr. Kessariss noted the significant uptick in the number of extended family passes either purchased or renewed illustrating those

owners and their families wanted to utilize the amenities available to them, especially the new Member Pool.

Owners can purchase or update their Member Preference Program (MPP) cards in person at SHARC, at the Member Pool if they just need to renew, over the phone, 541-585-5000 and online at sunriversharc.com > Programs > SROA Member Preference Program. Reservations are no longer necessary at the Member Services office.

In terms of the Recreation Plus Program, as of August 31st, there are a total of 837 properties signed up for the program. Revenue currently stands at \$2,004,240 which is 103% of the 2021 budget.

SHARC hosted a total of 17,719 attendees to the facility in the month of August. This lower-than-expected number is due to the closure of SHARC for a week in August due to a COVID-19 outbreak affecting staff and heavy smoke in the area that closed the facility for three days. Additionally, staffing challenges, particularly with lifeguards, continued to force the facility to be closed two days per week. Year to date, 85,558 people have utilized the SHARC facility.

There are still many unknowns about how the rest of the summer will play out and staff will continue to monitor and follow the guidelines put out by the state and adjust accordingly.

Through the end of August 2021, 57,750 paper guest passes had been issued and of those 6,183 have been redeemed at SHARC and 4,477 have been redeemed at the Member Pool.

Mr. Kessarar also reminded the Board that there have been over 300 property sales recorded in Sunriver this year resulting in more new owners obtaining their Member Preference Cards and picking up their guest passes.

TELECOMMUNICATIONS TASKFORCE UPDATE

Director Beenen reported the taskforce continues work on the future of telecommunications in Sunriver whether and under what conditions may we renew with TDS/Bend BroadBand (BBB) or build our own network instead that will allow multiple providers the opportunity to offer their products and services.

GM Lewis reported that BBB did respond to SROA's request to consider a bulk agreement for Sunriver. The way a bulk agreement would work is that every property would be connected to BBB internet service and ultimately SROA would be the sole customer. SROA would act as the customer on behalf of the owners at a basic level of internet service. A fee would be added to the maintenance fees for base service to their property, whether they choose to use it or not, and paid to SROA instead of BBB and SROA in turn would pay BBB. Theoretically some of the advantages to a bulk agreement are the owners have a base level of service they can count on and reduced fees as BBB would be getting a guaranteed set amount of money. BBB's response is that they would be interested in considering this option. They currently do have some bulk agreements but none with a community the size of Sunriver. Their conditions to consider a bulk agreement include that all properties, whether residential or commercial, would have to participate plus they want some assurance that SROA is financially equipped to enter into this type of agreement.

Director Beenen believes we will need to go to the owners in the not-too-distant future with the available options and let them decide. The taskforce will be meeting again soon, and the Board will be kept updated on their progress going forward.

COMMITTEE MEMBER REMOVAL PROCESS

GM Lewis directed the Board to the information included in their binders from the Consolidated Plan and the SROA Committee Policy in relation to the process for removal of a committee member. Mr. Lewis reviewed the information as well as the current committee member issue and is on the agenda for action at tomorrow's meeting.

EMPLOYEE VACCINE MANDATE UPDATE

GM Lewis reminded the Board of the policy the Board adopted at their August meeting mandating that all SROA employees be vaccinated by October 18, 2021, or receive an exemption. Out of the 14 unvaccinated individuals, we've had one employee who resigned immediately and one whose last day was yesterday. Three employees have received their first dose of the vaccine, some that plan to get it and some who remain undecided. There have been four requests for religious exemptions which are currently being vetted by legal counsel.

Additionally, since last month the Federal Government has mandated that for any company with 100 or more employees, they must either get a vaccine or if they are granted an exemption must get weekly testing which begs the question as to who is responsible for the cost of the weekly testing. Staff expects to receive more information in the coming weeks, but the Board should expect to see an amendment to the policy on the agenda for action at the October meeting.

REVIEW OF 9/18/21 AGENDA

The Board reviewed the agenda for tomorrow's meeting.

MEETING DEBRIEF

The Board held their meeting debrief.

There being no other business, President Mobley asked for a motion to adjourn to Executive Session.

Director Murray moved to recess the public meeting and adjourn into Executive Session under the authority given in the Sunriver Bylaws, Article IV, Section 10 to discuss contractual, personnel and legal matters that may be subject to a claim of privilege. Seconded by Director Beenen, motion passed unanimously.

The public meeting recessed at 2:40 P.M.

The public meeting resumed at 2:45 P.M.

There being no other business, President Mobley asked for a motion to adjourn to the meeting.

Director Pederson moved to adjourn the meeting. Seconded by Director Murray, motion passed unanimously.

The meeting adjourned at 2:46 P.M.

Respectfully submitted,

Mark Murray, SROA Secretary