

# Tualatin Valley Water District



BOARD OF COMMISSIONERS  
1850 SW 170th AVENUE  
JULY 14, 2010

## REGULAR MEETING & RATE HEARING

Present: Commissioners: Richard Burke, Jim Doane, Jim Duggan, Dick Schmidt, Marilyn McWilliams (arrived at 7:30 p.m.) (Commissioner Duggan participated via telephone).

Management

Staff: Greg DiLoreto, Patty Rupp, Bernice Bagnall, Stu Davis, Brenda Lennox, Todd Heidgerken, and Legal Counsel, Clark Balfour

Staff: Tod Burton

Public: Cathie Carlisle, Christina Lawton, Peg Wills, Jon McWilliams

Note: Unless otherwise indicated, the words “Motion carried” mean the action of the Board of Commissioners was unanimous.

President Burke called the meeting to order at 7:00 P.M. He then called a brief recess to allow technical preparations to be made allowing Commissioner McWilliams (delayed due to heavy traffic) to participate via telephone while on her way to the meeting. Arrangements had been made prior to the meeting to allow Commissioner Duggan to participate via telephone. President Burke reconvened the meeting at 7:05 P.M.

President Burke explained that he had enjoyed his three consecutive terms as Board President. He thanked his fellow Board members for working with him, and explained that it had been a pleasure and an honor to serve along side them. He said it had also been a pleasure to work with a fantastic staff, and others that he has interfaced with over the last three years.

### ELECTION OF BOARD OFFICERS

President Burke opened nominations for Board officers.

President:

It was moved by Commissioner Doane and seconded by Commissioner Duggan nominating Commissioner Schmidt to his first term as Board President. No other nominations were cast and nominations were then closed. Commissioner Schmidt accepted the office. The motion carried.

Expressing his congratulations, Commissioner Burke then passed the gavel to President Schmidt.

Vice President:

It was moved by Commissioner Burke and seconded by Commissioner Duggan nominating Commissioner McWilliams to her first term as Vice President. No other nominations were cast and the nominations were closed. Commissioner McWilliams accepted the office. The motion carried.

Treasurer:

It was moved by Commissioner Doane and seconded by Commissioner McWilliams nominating Commissioner Burke to his first term as Treasurer. No other nominations were cast and the nominations were closed. Commissioner Burke accepted the office. The motion carried.

Secretary:

It was moved by Commissioner Doane and seconded by Commissioner Burke nominating Commissioner Duggan to his first term as Secretary. No other nominations were cast and the nominations were closed. Commissioner Duggan accepted the office. The motion carried.

Acting Secretary: (no term limit)

It was moved by Commissioner Burke and seconded by Commissioner Doane to appoint Commissioner Doane as Acting Secretary. Commissioner Doane accepted the office. The motion carried.

BOARD APPOINTMENTS TO COMMITTEES

President Schmidt read the current positions held by each Board member. It was moved by Commissioner Doane and seconded by Commissioner Burke to retain the positions as status quo. The motion carried.

REPORTS BY GENERAL MANAGER AND MANAGEMENT STAFF

General Manager DiLoreto reported that the Financial System Conversion Project is fully underway. He pointed out that the process has gone exceptionally well. Many organizations have reported troubles with new systems. The project has come in on time and on budget.

General Manager DiLoreto provided an update on the Tualatin Basin Water Supply Project (TBWSP). He indicated that the Bureau of Reclamation has yet to provide further information regarding the project, although a timeline of the Corrective Action Study is expected this month.

There will not be a Board Work Session in August.

General Manager DiLoreto explained that the September 7 Work Session would cover Board Goal Setting.

The Tualatin Valley Water District's (TVWD) employee picnic is scheduled for Wednesday, July 21 at 5:00 P.M. The event will take place on the ball fields next to the TVWD Headquarters building.

Todd Heidgerken, Manager of the Office of Community and Intergovernmental Relations provided the staff report based upon his department's information included in the July agenda packet.

#### REPORTS OF MEETINGS ATTENDED AND COMMISSIONER TOPICS

A report was given by each Commissioner of the meetings they had attended for the month.

There were no topics raised.

#### PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

There were no comments from the public.

#### CONSENT AGENDA

It was moved by Commissioner Doane and seconded by Commissioner Burke to approve the consent agenda consisting of the Regular Meeting minutes of June 16, 2010. The motion carried.

*Commissioner McWilliams arrived at 7:30 P.M.*

#### PUBLIC HEARING FOR PROPOSED RATES IN ACCORDANCE WITH ORS, CHAPTER 264.312, FOR THE PURPOSE OF CONSIDERING RATES AND CHARGES TO CUSTOMERS FOR WATER SERVICES PROVIDED

\*\*\* Recess Regular Meeting \*\*\*

President Schmidt recessed the Regular Meeting and opened the public rate hearing.

General Manager DiLoreto provided a PowerPoint presentation covering the following:  
(PowerPoint slides attached for clarification)

- What water rates pay for and how the District operates
- Why staff is recommending a rate increase (cover fixed costs and maintain purchasing power, support capital improvement plan, support Board policies, secure future water supply)
- What the District is doing to keep costs down – saving over \$1.3 million dollars last year (see page 3 of slides, TVWD makes every dollar count)
- How the changes would affect District customers
- How Tualatin Valley Water District's (TVWD) rates compare to other water providers
- Rate recommendation and other fees and charges
- TVWD is a Special District Water Utility (receives no tax dollars)
- Population serves is 203,100 (also provide contract services for other water utilities)
- The greater majority of costs are fixed (existing infrastructure must be maintained and replaced, debt service must be paid, Federal and State regulatory requirements must be met, contract terms (e.g. purchased water) must be met, meters must be read)
- Meters must be read and accounts maintained
- TVWD makes every dollar count (cutting costs, maximizing revenues, long term planning)

General Manager DiLoreto explained that staff recommends a rate increase of 1.7% overall for 2010-2011.

Chief Financial Officer, Bernice Bagnall continued with the presentation and covered the following:

- 2010-2011 expenditures (pie chart page 4 of slides)
- Balanced water purchases
- Rate Pattern Comparison (annual price per ccf)
- Capital Improvement Program
  - Replacements, upgrades and new construction for 4 reservoirs
  - Five pump station upgrade projects
  - 16 pipeline upgrade or replacement projects
  - Joint Water Commission (JWC) Master Plan Projects
  - TBWSP delayed (partnership to raise the dam at Hagg Lake)
    - Bureau of Reclamation (BOR) study seismic implications – 18 months
    - BOR Corrective Action Study – 18 months
    - Congressional approval for design – 2014
    - Congressional approval for construction – 2017
    - Construction begins - 2018
- Staff Recommendation:
  - Increase of 1.7% overall for 2010-11 effective November 1, 2010 (last year a 9.25% increase was anticipated for 2010-11)
  - Operational cost savings and delay of TBWSP allow a much smaller rate increase (address revenue shortfalls, cover fixed costs, continue to plan for future supply)

Ms. Bagnall provided a chart demonstrating how TVWD customers could be affected by the rate increase based on the typical household user using a bi-monthly average at 18 ccf with a 5/8 inch meter:

	Current	Recommended	Change	Annual % Change
Commodity	\$44.10	\$44.46	\$0.36	0.8%
Fixed	12.98	13.56	0.58	4.5%
Total (rounded)	\$57.08	\$58.02	\$0.94	1.7%

Approximately 95% of residential customers compare closely or are lower than the “typical household” user. Proposed effective date is November 1, 2010.

Ms. Bagnall explained a comparison chart (page 9 of slides) showing rates or proposed rates of other water providers in the region. TVWD is the least at 1.7% with West Slope Water District (Portland wholesale customer) being the largest at 16.1%.

Ms. Bagnall pointed out that in a typical household, monthly utilities run approximately 9% for water as compared to electricity (29%), natural gas (26%), sewer/surface water management (12%), telephone (11%) and garbage (13%).

Recommended changes to other charges based on Analysis of Actual Costs (no changes to most charges):

- Testing meter at customer's request based on labor, travel, notification costs of labor and materials and removal of the meter would increase \$5.00 to \$255
- Removal of meter during construction (reduced fee from \$150 to \$80, increase loss of meter fee to a range of \$235-\$550 based on replacement and installation cost)
- Flow testing of Fire Hydrants increase from \$170 to \$185
- Meter and service installations from \$40 to \$125 to cover costs of Automated Meter Reading (AMR) devices and installation
- Service installations and Dig-Ins are adjusted upward an average of 2.6% to cover labor and materials

Ms. Bagnall explained that the staff recommendation would be:

- Approve Resolution 07-10
- Water rate increase of 1.7% overall
- Increase of 0.8% on commodity charges
- Scaled increases on fixed charges (4.5 – 57%)
  - Large meter sizes may see bill increase of 1.7% to 4.6% overall
  - Adjustments to other District fees for services
  - Changes effective November 1, 2010 after the summer water season

Ms. Bagnall then gave the floor to President Schmidt to conduct the Rate Hearing.

President Schmidt began the hearing by reading written comments from customers who were unable to attend the rate hearing and asked that their comments be heard.

**Larry Larsen**

4460 NW 187<sup>th</sup> Ave. Portland, 97229

Mr. Larsen did not plan to attend the July 14 rate hearing, but requested his comment be read for the record.

Mr. Larsen called on July 2 regarding the rate hearing notice he received. Mr. Larsen's concern is having a water rate increase during these difficult economic times. He works for a "huge corporation and received no cost of living adjustment". "During these hard times people need a break." Mr. Larsen said he has maintained and improved his property for years but is "losing incentive to do so during these lean times". We all need to "help each other because incomes are going down."

**Noel Franz (did not provide an address)**

Mr. Franz called on July 1 regarding the rate hearing notice. He mentioned the increase was not justified especially given our current economic problems.

Mr. Franz said he would communicate with the Commissioners directly.

Public Comment:

Ms. Wills began speaking from the back of the room and was asked by President Schmidt to proceed to the podium and state her name and address for the record.

Peg Wills – 16225 SW Ellersen St., Aloha 97007

Ms. Wills was concerned with the status of the District's long-term water source. She indicated that the explanation given during the presentation by Ms. Bagnall answered her question. She also inquired as to the calculations used to arrive at the 70% increase in costs for the project, according to the charts presented.

President Schmidt indicated that the economy is a "moving target".

Commissioner Burke pointed out that no one has a "crystal ball".

Commissioner McWilliams reported that she had spoken to staff of other water utilities around the country that have put off projects and maintaining their systems due to the economic crisis. Now they are not able to ask for a rate increase. She applauded District staff for their foresight and staying on track with the Capital Improvement Program.

Seeing no further discussion, President Schmidt then closed the Rate Hearing and reconvened the Regular meeting.

RESOLUTION 07-10, ESTABLISHING RATES, FEES, AND OTHER CHARGES FOR THE TUALATIN VALLEY WATER DISTRICT; DECLARING EFFECTIVE DATE AND OTHER MATTERS RELATING THERETO

It was moved by Commissioner Burke and seconded by Commissioner Doane to adopt Resolution 07-10.

Commissioner Doane indicated that circumstances had drastically changed over the last year. The thought in 2009 was to possibly raise rates in 2010 anywhere from 8 or 9%. He indicated that he was pleased with the way staff had come up with an increase of only 1.7% without sacrificing service to the District's ratepayers.

Commissioner Burke pointed out that with a population of 203,000 people living in the District, and only a few of them providing public testimony at this meeting, TVWD ratepayers must be satisfied and trusting of the way the District is operated.

Commissioner McWilliams provided comments regarding jobs and the ability to attract new businesses to the area says a lot about the stability and the sound financial basis of the area. She stressed the importance of keeping the District running well for the ratepayers as well as any newcomers.

President Schmidt then called for the vote on Resolution 07-10, establishing rates, fees and other charges for the Tualatin Valley Water District; declaring effective date of November 1, 2010 and other matters relating thereto. The motion carried.

ADJOURNMENT

There being no further business, it was moved by Commissioner Burke and seconded by Commissioner McWilliams to adjourn the Regular Meeting at 8:10 p.m. The motion carried.

BOARD OF COMMISSIONERS  
TUALATIN VALLEY WATER DISTRICT

BY \_\_\_\_\_ BY \_\_\_\_\_  
President, Dick Schmidt Secretary, James Duggan

Date Approved: \_\_\_\_\_