

Tualatin Valley Water District



BOARD OF COMMISSIONERS
1850 SW 170th AVENUE
JUNE 23, 2011
REGULAR MEETING

Present: Commissioners: President Dick Schmidt, Richard Burke, Jim Duggan, Marilyn McWilliams (Commissioner Jim Doane was absent)

Management

Staff: Greg DiLoreto, Patty Rupp, Clark Balfour, Todd Heidgerken, Mark Knudson, Bernice Bagnall, Brenda Lennox, Dale Fishback

Staff: Justin Carlton, Financial Analyst

Public: None

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

President Dick Schmidt called the Regular Meeting to order at 7:00 p.m.

REPORTS BY CHIEF EXECUTIVE OFFICER AND MANAGEMENT STAFF

Chief Executive Officer (CEO), Greg DiLoreto, announced that Chief Financial Officer, Bernice Bagnall, was awarded for her efforts on the American Water Works Association (AWWA) Rates and Charges committee at the recent (AWWA) conference.

CEO, DiLoreto indicated that he had received the renewal notice from Tualatin Valley Cable Television (TVCTV) for the videotaping and broadcast of District Board meetings for the next year. Based on the last discussion with the Board a few years ago on this topic, CEO, DiLoreto explained that he would sign the contract unless the Board directed him otherwise. Commissioner Burke pointed out that he would like to see the process made more easily accessible for the ratepayers and constituents. He spoke of the current cost of \$600+ per meeting and suggested that alternate technologies be considered by staff. Commissioner Burke explained, and the Board agreed, that this could be presented as an agenda item during a Regular Board meeting. CEO, DiLoreto responded by saying he would add this topic as an agenda item for the July 28 Board meeting.

There will not be a Board Work Session in July. There will be a Board Work Session on August 2.

Departmental Report

Cheryl Welch provided an update to the Board on the sustainability efforts of the District over the last ten years.

REPORTS OF MEETINGS ATTENDED AND COMMISSIONER TOPICS

A report was given by each Board member of the meetings they attended for the month.

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

No public testimony was heard.

CONSENT AGENDA

It was moved by Commissioner Burke and seconded by Commissioner McWilliams to approve the consent agenda consisting of the Regular Meeting minutes of May 18, 2011. The motion carried.

TUALATIN VALLEY WATER DISTRICT (TVWD) CUSTOMER ATTITUDE SURVEY RESULTS

TVWD has conducted a survey of its customers every two to three years since 1992. This information is used to determine overall customer satisfaction and impressions of District programs and activities. The survey consists of 400 phone interviews of TVWD customers with representative samples from the Metzger and Wolf Creek areas of the District. The survey questions include both closed (i.e. multiple choice) and open-ended questions. The survey builds on previous research and included questions regarding the District's performance, customer familiarity with the District, knowledge of water sources, opinions regarding fluoridation, and preference for methods of communication. This year's survey included new questions seeking input on the value customers place on various considerations associated with District projects.

Su Midghall, with Davis, Hibbitts and Midghall, presented the overall finding of the results of the recent survey. Results from the survey provided an overall rating of 98%. She touched on the highlights and the methodology of the survey. She indicated that one of the most significant areas of change worth noting over the last survey is visitors to the TVWD website. The average age is 18 to 34 years old. Ms. Midghall pointed out that according to the survey customers expressed that the most effective way of communication is the TVWD newsletter that is mailed to customers, followed by television, the website, and community newspapers.

In closing, Ms. Midghall complimented the Board and staff on the consistency of this survey as well as past surveys that have proven favorable. She answered questions and clarified information pertinent to the survey for the Board members. She indicated that customers were called via landline and cell phone.

PUBLIC HEARING FOR PROPOSED BIENNIAL BUDGET IN ACCORDANCE WITH ORS CHAPTER 294 FOR THE BIENNIUM PERIOD 2011-2013 (PowerPoint slides are attached for detail)

President Schmidt recessed the Regular meeting and opened the Budget Hearing in accordance with Oregon Revised Statutes 294 for the biennial period 2011-2013.

CEO, DiLoreto provided opening comments and reviewed the agenda for the Budget Hearing. He indicated that the Budget Committee held two Budget Work Sessions prior to the Public Hearing of May 10, where the Budget Committee unanimously adopted the budget.

CEO, DiLoreto continued with a PowerPoint presentation identifying the many achievements of the District in terms of cost savings, District goals, and major initiatives that are in place. In closing, he indicated that staff presented a balanced budget. The total 2011-13 approved budget is \$152.2 million dollars. Staff recommended adoption of Resolution 06-11, adopting the budget and making appropriations for the 2011-13 biennial period.

Budget Officer, Tod Burton, provided a review of the 2011-13 proposed Budget in summary and by fund. He indicated that the District is on track in terms of Board goals, major initiatives, and financial policies. Mr. Burton covered Capital Improvement Projects (CIP) in relation to the proposed budget as well as the six-year CIP highlights. Mr. Burton pointed out that the proposed budget includes \$300,000 that was added after the budget workshops for repair of a leak in the Washington County Supply Line that had come to the attention of the District staff after the draft budget had been prepared.

There were no written comments from customers to be read for the record.

President Schmidt then opened the Budget hearing for public comment.

John Velehradsky – TVWD Budget Committee Chair, Aloha, OR

Mr. Velehradsky explained that he is a citizen member of the TVWD Budget Committee, and has been since 2003. He described the budget process as thorough in terms of staff's presentations to the Budget Committee, as well as answering questions of the budget committee members. As a citizen, he described the staff to be customer service oriented and professional. He recommended that the TVWD Board adopt the approved budget for 2011-13 biennium as presented.

Craig Hopkins – TVWD Budget Committee Member, Tigard, OR

Mr. Hopkins thanked the Board for the opportunity to serve on the Budget Committee as a representative of the customers in the Metzger area of the District. He complimented leadership staff on their excellent job of preparing the budget so that it was sufficient in detail and easily understood, thereby making the process efficient. Mr. Hopkins stated that as a Budget Committee member and a citizen of the District, he encouraged the Board to adopt the approved budget for biennium period of 2011-13.

Hearing no other public testimony, President Schmidt then closed the Budget Hearing and reconvened the Regular meeting.

It was moved by Commissioner Duggan and seconded by Commissioner McWilliams to adopt Resolution 06-11, adopting budget and making appropriations for TVWD for the biennium period 2011-13. The motion carried.

CONSIDERATION OF WITHDRAWAL FROM TVWD SERVICE AREA BY THE CITY OF BEAVERTON

CEO, DiLoreto provided the history behind this agenda item. He indicated that in the late 1990s the Oregon Legislature approved Senate Bill 122 (SB122), which became codified in ORS 195. The bill required counties to develop service boundaries for the various providers. Only Washington County undertook the effort.

In 2001, SB 122 service boundaries were reached with the cities of Hillsboro and Tigard. A boundary was reached with the City of Beaverton (Beaverton) however, for reasons other than water service they declined to sign the agreement. In lieu of a boundary agreement, in 2002 Beaverton and TVWD entered into a five-year Intergovernmental Agreement (IGA) defining the

provisions of a domestic water service area. The IGA has a term of 5 years, renewable every 5 years, unless either party gives notice of intent to reopen. The agreement is set to roll over July 1, 2012. The Mayor of Beaverton has given notice to reopen and has expressed to District staff that they would like to make changes to that IGA.

In the interim, Beaverton has asked that TVWD allow for early withdrawal of property located at the NE corner of Jenkins Rd. and Murray Blvd. CEO, DiLoreto explained that this property, known as Murray Village and once a mobile home park, is in the TVWD service boundary and is served by TVWD. The property is currently being redeveloped and the developer wishes to take advantage of Beaverton's lower system development charge (SDC), and wishes to be served by Beaverton. The post development would consist of 300 units. Beaverton initially told the developer it would require a water line extension of their system, as they do not have any water facilities in this area. This would create duplicate water lines with TVWD in Jenkins Rd. Beaverton has annexed the Murray Village property and after July 1, 2012, Beaverton is free to withdraw the property, provided they could provide water service. Beaverton was going to require the developer to install a water line to serve the development. TVWD believes that it is not wise to have two services lines within the same street, as this would be a waste of community resources.

In order to prevent having two water lines in the same area, District staff has developed a concept. The new development would be a Beaverton customer and would pay Beaverton water rates and system development charges. The development would be served off TVWD facilities by wheeling water, therefore no duplicative facility would be built. Additionally, an IGA would be in place, and Beaverton would pay a wheeling charge to TVWD. CEO, DiLoreto reported that District staff is asking for Board direction as to how to proceed.

Commissioner Duggan respectfully abstained from any discussion and decisions and declared a conflict of interest since the subject matter pertains to his employer.

Commissioner Burke, on behalf of the Board, indicated that further discussion should be conducted with the TVWD Board and Beaverton's elected officials in a joint meeting. He explained that the issue at hand relates to the relationship between the two agencies. Commissioner Burke pointed out that the annual meeting (required by the IGA) is overdue. He suggested that the Board refrain from taking any strong direction until after the annual meeting and the opportunity to refresh the relationship has taken place. He described the relationship between the two agencies as a good beneficial partnership.

CEO, DiLoreto responded by saying staff will work to schedule the joint meeting and proceed accordingly.

TVWD WATER SUPPLY DECISION PROCESS UPDATE (PowerPoint slides are attached)

Chief Engineer, Mark Knudson, provided a PowerPoint presentation to the Board on the topic. He briefed the Board on the Portland Wholesale Water Supply Agreement, effective July 1, 2006 to June 30, 2016. If neither party provides notice, the contract automatically renews for an additional 10 years beginning July 1, 2016. He indicated that non-renewal requires a five-year notice. The first five-year notice window closes June 30, 2011.

Mr. Knudson covered the following topics in terms of the Interim Supply Strategy:

- Tualatin Basin Water Supply Project (TBWSP) update
- Hillsboro Master Plan (TVWD has been asked to participate)

- TVWD Supply Decision Making Process
 - TBWSP remains TVWD’s preferred source
 - Significant new information available this fall from the Bureau of Reclamation (BOR)
 - Significant uncertainties will remain

- Decision Making Process – Need for collaborative decision-making
 - Partner’s decisions will affect other partners
 - Each partner will have their own processes
 - Need for strong and effective public information
 - Opportunities for public input

- TVWD Supply Decision (Interim & Long-term Regional Supply Strategies)
 - TBWSP (BOR findings, intake requirements & costs)
 - Joint Water Commission Interim Expansion (capacity & costs of options)
 - Aquifer Storage and Recovery (ASR) (feasibility, capacity & costs)
 - Hillsboro Master Plan (feasibility & costs of options)

Mr. Knudson clarified for President Schmidt that winter water capacity from the Tualatin River would provide enough water for ASR peak production. Test drilling would determine the capacity of each ASR well. Currently water rights on the Tualatin River are in place.

Commissioner McWilliams mentioned that the District is currently committed to bring Portland water to the Metzger area of the District. She asked what amount of water would be needed to supply Metzger. Mr. Knudson indicated that currently the Metzger area is using around 2-1/2 to 3 million gallons per day (mgd) however by 2050, supply could be around 5 mgd. CEO, DiLoreto clarified that it is not a commitment, however it is a part of the District’s water supply strategy to provide Portland water to Metzger.

ADJOURNMENT

There being no further business, it was moved by Commissioner Burke and seconded by Commissioner Duggan to adjourn the Regular Meeting at 9:00 p.m. The motion carried.

BOARD OF COMMISSIONERS
TUALATIN VALLEY WATER DISTRICT

BY _____ BY _____
 President, _____ Secretary, _____

Date Approved: July 28, 2011