

# Tualatin Valley Water District



BOARD OF COMMISSIONERS  
1850 SW 170th AVENUE  
BOARD WORK SESSION  
NOVEMBER 8, 2012  
6 PM

Present: Commissioners: President Dick Schmidt, Jim Doane, Jim Duggan,  
Marilyn McWilliams  
Absent: Commissioner Richard Burke  
Management Staff: Greg DiLoreto, Mark Knudson, Paul Matthews, Todd Heidgerken, Dale Fishback,  
Brenda Lennox, Patty Rupp  
Staff: Jim Meierotto, Frank Reed  
Other: Libby Barg and Clark Worth of Barney and Worth

President Schmidt called the Work Session to order at 6:00 p.m.

## **UPDATE BUDGET COMMITTEE PROCESS**

Commissioner McWilliams reported that she, Commissioner Burke, Chief Financial Officer, Paul Matthews, and Financial Planning and Debt Project Manager, Tod Burton, interviewed four qualified candidates for the vacant position on the Tualatin Valley Water District (TVWD) Budget Committee. Once approved by the Board, the candidate will fill an unexpired term ending January 2015. Commissioner McWilliams reported that Andrew Carlstrom would be the recommended candidate that will be forwarded to the Board for consideration. The Board will consider the appointment at the November 20, 2012 Board meeting.

## **WATER SUPPLY STRATEGY UPDATE** (PowerPoint slides attached)

### **Public Communications Plan:**

Mr. Heidgerken provided an overview of the agenda for the water supply workshop. First, Mr. Heidgerken wanted to explain the roles of TVWD staff in the water supply communications effort so he introduced Communications Coordinator, Frank Reed, who will be responsible for printed material and maintaining the District's website, and Conservation Coordinator, Jim Meierotto, who is scheduling outreach efforts. Mr. Heidgerken went on to introduce Mr. Clark Worth and Ms. Libby Barg with Barney and Worth. Barney and Worth was hired to help develop the water supply communication strategy, messages and materials. In addition, Barney and Worth has been tasked with providing training to the Board and management staff on the communications information.

Mr. Worth reviewed a handout (attached) with the Board noting that the purpose of the workshop is to support Tualatin Valley Water District's (TVWD) goal to educate and involve customers in water supply planning.

Ms. Barg explained three phases of the Communications Plan.

- Customer Education
- Future Investment Options – inform the public of the process TVWD is going through to analyze each supply option and ask the public for feedback
- Ongoing Customer Education

Commissioner Doane stated he believes that Board participation in the outreach events is important.

Commissioner Doane stated that the “6 Things” you need to know (business card handout) focuses on an economic theme and he felt that by the time it gets to the public they would be tired of hearing the word economic. Commissioner Doane suggested the word “investment” be replaced with a different word so it does not read as a cost-driven process.

Ms. Barg explained the typical Communications Team roles:

- Board – Initiates the process to go to the public
- Management – Subject-area experts – Serves as the District spokesperson with media and other concerned parties
- Communication Staff – creation of materials for customers, updates to the website, works on communication outreach, media relations, and compiles results from these efforts

Ms. Barg and Mr. Worth conducted an exercise to help familiarize the Board and managers with communication tools and processes to be used to encourage effective dialogue with the public.

Mr. Worth gave several tips for answering questions from the public that included:

- Know your audience
- Most people want a simple answer
- Listen to the question
- Clarify your answer, if needed

The Board read and answered random sample questions.

A discussion was held amongst the Board and staff regarding the roles at outreach meetings:

- Who is the key audience at each meeting
- Changes to wording in the materials provided by Barney and Worth

Mr. Heidgerken defined next steps as finalizing the communication tools, updating the website, and launching a media strategy. The Board concluded its discussion of the communications and outreach efforts.

#### Economic Evaluation Updated Findings:

Chief Financial Officer, Paul Matthews, then discussed the updated results of the economic analyses reflecting revised assumptions for the supply options. He reviewed the preliminary results of the risk evaluation, based on Monte Carlo simulations.

- Economical Evaluations – Updated Options/Assumptions
  - ✓ **Portland Option**
    - Cost sharing with Hillsboro (no treatment)
    - TVWD go-it-alone (no treatment) (new scenario)
    - TVWD go-it-alone with UV treatment (new scenario)
  - ✓ **Willamette at Wilsonville**
  - ✓ **Tualatin Basis Water Supply Project (TBWSP)**
    - With 85% federal share for seismic upgrade
    - Without federal cost sharing (new scenario)
  - ✓ **Northern Groundwater**

Mr. Matthews provided an overview of Monte Carlo Simulation and Technique. He explained the development of risk distributions and showed the evaluation of risks by the experts. He provided a comparison of the options, and a detailed comparison of the options within the Portland and TBWSP Options. Mr. Matthews explained the comparison of options, using cumulative probability.

Mr. Knudson explained that the current analysis assumes that the Metzger Area would continue to receive water from the Portland water supply. The fluoridation referendum in Portland suggests that another set of options could that looks at how the Willamette at Wilsonville, TBWSP, or Northern Groundwater would provide water to Metzger. He stated there is a significant cost component to serving Metzger of approximately \$300 million in present worth. He noted that serving Metzger is expensive because with any of the alternative supplies, the cost of water rises quickly because of how the Portland wholesale contract operates. He noted the primary difference is eliminating the Portland cost and adding in a small operating cost for the alternative supply and the capital cost for the pipeline to serve water from Wolf Creek back to Metzger.

Commissioner Doane said he thought this option was worth looking into.

Mr. Knudson commented that TVWD would need to do this in such a way that we do not lose the back-up connection with Portland. Any of these combinations presents the opportunity to have three very reliable sources. Understanding the cost and the economics of that solution are valuable to TVWD as a cost-effective package.

Mr. Knudson explained another question identified earlier. How do we proceed with implementing this process. TVWD has assumed 2026 for each of the options, but if we had the opportunity to say what if we wanted to move it up, spend the money sooner and make the commitment earlier, we could conceivably do it as early as 2021. This process could be slowed down and go through another Portland contract cycle and make it 2036. The question then becomes should TVWD look at different implementation dates to get a sense of the importance of timing of the capital investment.

Commissioner Doane asked how much work would it be look at different implementation dates, or will a huge matrix be created that is unwieldy.

Mr. Knudson indicated the way we would present it is from the standpoint of looking at one option and getting a sense of whether it makes a difference in timing.

Commissioner Doane suggested picking one or two options and see what the results look like. He stated his take on it is that TVWD has a great opportunity now with interest rates, if we can get the bonds sold, then we are that much ahead and the future generations will thank us for locking in low rates. He indicated a preference to move sooner rather than later. He especially wants to keep in mind the importance of taking action on pieces that we may lose the opportunity to do in the future.

President Schmidt asked if right of way acquisitions were included in the figure.

Mr. Knudson indicated that yes there is an allocation of costs for right of way, just as there is with pump stations and pipelines, and others.

#### Non-Financial Evaluation Updated Ratings:

Mr. Knudson provided a review of the Non-financial Evaluation Updated Ratings. He reported he reviewed each commissioner's evaluation scores on the ten criteria for each of the four options and created the chart (page 14) that represents score changes from the previous draft Summary of Updated Evaluation Draft. Scores highlighted in red depict a decreased score. He explained that Criteria #4 for Willamette-Wilsonville decreased from a + to 0 and for Northern Groundwater decreased from a 0 to a minus. Mr. Knudson further explained that Criteria # 6 for TBWSP decreased from a + to a 0 and Criteria #8 for Northern Groundwater decreased from + to a 0. The green highlighted score for Criteria #7 for Portland was changed from minus to a 0. A general discussion took place between the Board and

staff regarding the scoring. Mr. Knudson asked the Board to let him know of any concerns they may have.

Work Plan – Next Steps:

Mr. Knudson reviewed the updated Work Plan (page 15) stating that goals scheduled for November had been accomplished.

Mr. Knudson reviewed the upcoming Board meetings and the public communications plan.

ADJOURNMENT

Without objection, President Schmidt adjourned the meeting at 8:04 p.m.

BOARD OF COMMISSIONERS  
TUALATIN VALLEY WATER DISTRICT

BY: \_\_\_\_\_  
Dick Schmidt, President

BY: \_\_\_\_\_  
James Doane, Secretary

Date Approved: December 19, 2012