

Tualatin Valley Water District



BOARD OF COMMISSIONERS

1850 SW 170th AVENUE

BOARD WORK SESSION

JANUARY 8, 2013

6 PM

Present: Commissioners: President Dick Schmidt, Richard Burke, Jim Doane, Jim Duggan, Marilyn McWilliams

Management

Staff: Mark Knudson, Paul Matthews, Todd Heidgerken, Patty Rupp

Staff: Mike Britch

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

WATER SUPPLY STRATEGY UPDATE (PowerPoint presentation attached)

Chief Engineer, Mark Knudson, provided opening comments and an overview of the material to be presented.

Economic & Financial Evaluation Updated Findings

Chief Financial Officer, Paul Matthews, summarized the Economic & Financial Evaluation Process.

- The Economic Analysis
 - Present Value Analysis
- Risk Analysis
 - Monte Carlo
- Rate Impact
 - Long-term Financial Forecast

Mr. Matthews pointed out that a new option was added to the Net Present Values of Options/Scenarios called Mid-Willamette at Wilsonville, Metzger from Willamette. The Net Present Value (NPV) for this option is substantially less than the other options. He explained the reasoning behind the lower cost of the Mid-Willamette at Wilsonville, Metzger served from the Willamette vs. Mid-Willamette at Wilsonville, served from Portland Water Bureau.

Mr. Matthews reviewed the Rate and Financial Analyses for each option. He indicated that the next steps are to evaluate the timing of the options. He explained that the challenge would be to optimize the CIP to be consistent with all options.

A general discussion took place between the Board and staff. Mr. Knudson indicated that a decision would be made in April 2013 to proceed with implementation of the chosen option. Mr. Matthews added that another important factor is the partnership equation. Mr. Knudson stated that a partnership with Hillsboro is assumed for all options with the exception of the Portland option.

Non-Financial Evaluation and Decision Making Framework Proposal

Mr. Knudson reviewed updates to the non-financial evaluation. He stated that the financial, the non-financial and public information as presented would be used to create a framework for the Board's consideration.

- Decision Making Framework
 - Summary of Non-Financial Evaluation from 11-8-12 Work Session
 - Narrowing the Decision Space
 - ~ Community Impacts and Metzger Fluoride criteria removed
 - Incorporating Economic & Financial Factors and Customer Feedback
 - Updated Decision Space
 - ~ Relative NPV and 2036 Rate Over Base added
 - ~ Customer Feedback added
 - Further Narrowing of Options
 - Updated Decision Space
 - Further Narrowing of Decision Space
 - Finalizing the Decision

Mr. Knudson stated the review is to get feedback from the board on the general approach of the narrowed-down criteria and options, and to focus on the solution and ultimate recommendation and decision.

A discussion was held between the Board and staff.

Mr. Knudson reiterated that all of the demand numbers and all the flows used in this analysis assume that Tualatin Valley Water District (TVWD) would continue to retain an existing ownership and take up to the 12.5 million gallons per day (mgd) as needed from the Joint Water Commission (JWC).

The Board requested the addition of Willamette at Wilsonville serving Metzger option to the decision-making framework and a revision of the cost to reflect that restructure. The Board asked staff to explain what the risks and opportunities are involved for each criteria.

Mr. Knudson commented that the staff would continue to update and refine the numbers presented. He noted that staff would add the Willamette with Metzger option as requested.

Public Communications Plan

Manager of the Office of Community and Intergovernmental Relations, Todd Heidgerken, provided a summary of outreach efforts, communication materials, a to-do list for Board members and next steps.

- The November/December Water Words carried an article on the six things you need to know
- The January/February Water Words discussed the specific water supply options available and the planned open houses
- Updated information added to TVWD website with links to further information
- In the process of building a repository for materials being used and any public documents
- Business Industry Government (BIG) newsletter focused on the drinking water issue
- Mailed invitations to 74 different associations, organizations, groups and companies

Mr. Heidgerken explained that internal communications are as important as the outreach communications. He stated a final meeting would be held with all work groups at TVWD to inform them of the communications plan.

He provided a calendar of events noting that four events are currently scheduled: two open houses, one business breakfast, and a presentation for the Tualatin River Watershed Council (TRWC) on March 6. He explained that updates would be sent to the Board in the Thursday memo.

Mr. Heidgerken reviewed next steps that include: A press release advertising the open houses on January 23 and March 2 and a paid Oregonian advertisement for the January 23 open house. He reported that the presentation to be used at the TRWC event was being reviewed. He noted that TVWD and Barney & Worth are working on the media strategy and the public comment form is being finalized.

Mr. Heidgerken asked the Board to advise staff if there are businesses, groups or organizations that they feel need to be targeted and to advise staff if they plan to attend an upcoming event.

Pipeline Alignment Evaluation

Mr. Knudson described an opportunity that Washington County Department of Land Use and Transportation submitted to TVWD.

Mr. Knudson explained that the Board has yet to adopt a new long-term supply option; however 124th is an interesting opportunity, and he would appreciate feedback from the Board. Mr. Knudson reported that Senior Engineer, Mike Britch, would review and evaluate the proposed 124th segment.

A discussion amongst the Board and staff was held. The Board concluded this is a contingency plan and agreed that TVWD should investigate further. Mr. Knudson stated that TVWD would move forward with the pipeline alignment evaluation. He explained that there is sensitivity to this issue in terms of not prejudicing the decision or making it look like the Willamette is a done deal.

Mr. Knudson concluded by indicating that for the next two months there would be public outreach activities and other scheduled events with input received from them reviewed. The next update of the Water Supply Strategy would be at the March work session, at which Mr. Matthews would report on the timing issue.

Mr. Knudson reported there would be an update on 124th technical, geotechnical and cost factors with an informational matrix, and a draft report of the conclusions reached. He said the goal is to be able to present this information to the Board for a decision at the April Regular Board meeting.

ADJOURNMENT

Without objection, President Schmidt adjourned the meeting at 7:45 p.m.

BOARD OF COMMISSIONERS
TUALATIN VALLEY WATER DISTRICT

BY: _____
Dick Schmidt, President

BY: _____
James Doane, Secretary

Date Approved: February 20, 2013