

Tualatin Valley Water District



BOARD OF COMMISSIONERS
1850 SW 170th AVENUE
BOARD WORK SESSION
APRIL 2, 2013
6:00 PM

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

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

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

WATER SUPPLY STRATEGY UPDATE (PowerPoint attached)

Chief Engineer, Mark Knudson, provided an overview of the handout entitled, “Water Supply Strategy Update”. He explained that all information presented had previously been reviewed by the Board.

- Review and comment on Tech Memos 1-6
- Additional Considerations: Risks and Uncertainties
- Board expectations for April 24, 2013 Board Meeting

Mr. Knudson explained Tech Memos 1 and 2.

- Tech Memo 1 – Introduction & Supply Options
- Tech Memo 2 – Population & Demand Projections

Mr. Matthews reviewed Tech Memo No. 3 - Economic & Financial Evaluation indicating that three types of analysis were done:

- Economic Analysis- reviewed the least cost options by using traditional present value analysis
- Risk Analysis – a “Monte Carlo” analysis was used
- Rate Impacts – the long-term financial forecast was used to estimate customer rate impacts over a thirty-year period

He stated that to make a meaningful comparison of the options, consistent assumptions were applied to all options:

- Non-supply Capital Improvement Projects (CIP) – the entire capital program will need to be financed, both supplies as well as all other projects, such as storage reservoirs, to maintain a consistent CIP among the options

- Debt funding criteria – kept constant among the options
- Operations and Maintenance (O&M) – those that were in common were kept status quo; however, the O&M assumptions were varied such as buying water from Portland, cost of water from Portland

Mr. Matthews reviewed Findings from Economic and Rate Analyses

- Economic Analyses
 - Results dependent on non-economic assumptions
 - Availability of federal funding for Tualatin Basin Water Supply Project
 - Continued availability of Portland supply
 - Certainty of costs for all options
- Rate Analyses
 - Delaying improvements lowers the immediate rate requirements
 - Implementation will require overall capital funding strategy
 - Metzger may be less expensive to serve from alternative supply

Mr. Knudson provided a review of Tech Memo 4 - Non-Financial Evaluation reiterating that the information presented has previously been reviewed with the Board.

- Step 1 – Identify appropriate criteria
- Step 2 – Evaluate the options according to the criteria
- Step 3 – Use evaluations to support decision making

He explained that during meetings in September, October and November, 2012 the final scores for each option were made. He asked the Board if any of the ratings needed to be adjusted, now would be the time to step forward and make changes.

Mr. Heidgerken reviewed Tech Memo 5 - Public Outreach & Feedback. He indicated that all comments received at public meeting are in Appendix 1 together with summaries of meetings attended. Appendix 2 includes comment forms from District employees. He indicated that all information is on the District's website and is available to the public.

Mr. Heidgerken pointed out that at the Washington County Public Affairs Forum, a video was produced of Mr. Knudson's presentation that has become a useful tool at subsequent meetings.

Mr. Heidgerken summarized for Commissioner Doane the comments received indicating that there was a range of feedback that spanned from "are we crazy to go to the Willamette", to people recognizing the importance of having multiple sources, redundancy, reliability issues, and some comments that reflected public concern with the Portland supply and the fluoride discussion.

Mr. Knudson gave an overview of Tech Memo 6 – Decision and Recommendations. He clarified each of the nine steps taken to arrive at two water supply options (see charts on pages 16-20).

Mr. Knudson discussed Factors Favoring both the Portland Option and the Mid-Willamette Option (slides on pages 21 – 22).

Mr. Knudson spoke to the Additional Observations Risks & Uncertainties (slides located on pages 23-26), culminating in the Summary of Risks & Uncertainties which indicate that Mid-Willamette is a more resilient option.

A general discussion was held between the Board and staff.

President Schmidt commented that if the Mid-Willamette is the chosen option, it will be a large step in interconnecting all sources in the area. Commissioner Duggan commented that the 1996 Regional Water Supply Plan would take one more step toward becoming a reality. Mr. Knudson asked the Board if that information should be added to Tech Memo 6. The Board concurred that this should be written into Tech Memo 6.

Mr. Knudson asked the Board if they agreed with his presentation. The consensus was that they agreed with the Summary of Risks and Uncertainties. Commissioner Doane suggested adding overall costs to the chart. Commissioner McWilliams commented that the political relationship with the Willamette River Water Coalition has improved; and that the District is working closely with Hillsboro in creating a strong partnership.

Mr. Knudson indicated “political” would be kept on the Summary of Risks & Uncertainties chart (page 26) with a change to equal; and a “total cost” line would be added to the chart.

Mr. Knudson discussed next steps and what is expected for the April 24 Board meeting.

- Staff Report
- Recommendations
- Public Comments/Public Hearing
- Board Discussion
- Decision

Commissioner Doane congratulated staff for presenting all the information needed to make a decision.

Mr. Knudson accepted the Board’s comments and spoke of the team nature of this effort. He stated that a motion to move forward would be prepared for Board approval and an Ordinance that will address how we can move forward with implementation of the chosen supply option for the May 15 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: May 15, 2013