

# Tualatin Valley Water District



This document represents the official meeting record of the August 19, 2015 regular meeting of the Tualatin Valley Water District (TVWD) Board of Commissioners held at 1850 SW 170<sup>th</sup> Ave., Beaverton, OR 97003. The video recording of this meeting can be found at: <http://www.tvwd.org/about-us/board-meetings-and-minutes.aspx>.

## 1. CALL TO ORDER AND ROLL CALL

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

Management Staff Present: Mark Knudson, P.E., Chief Executive Officer (CEO); Paul Matthews, Chief Financial Officer (CFO); Dave Kraska, P.E., Willamette Water Supply Director; Clark Balfour, Legal Counsel; Dale Fishback, Field Operations Manager; Brenda Lennox, Customer & Support Services Manager; Mike Britch, P.E., Chief Engineer

Staff Present: Todd Heidgerken, Water Supply Program Deputy Director; Tod Burton, Financial Planning Debt Project Manager; Neil Kennedy, Emergency Risk Security Coordinator; Frank Reed, Communication and Youth Education Coordinator; Bob Shields, Finance and Accounting Supervisor; Judi Tonks, Administrative Assistant; Cheri Maki, Administrative Assistant

Public Present: Phil Dufour, Matt & Marilyn Armony, Pat & Amelia Bushart, Dean Hutchins, Chris Brown, Harry Bodine, Amanda Keister, Eric Squires, Mona Ulrich, Charlotte Kent, Abbas Shafii, Ann Young, Kurt & Judy Lebbert (Enman), Barb Miller, Andrew Carlstrom, Eric Feeley, Ruth Ann Nicklen, William Worth, Shane Boyle, Lan Nguyen, Minh Le, Chris Stein, Matthew Mills, Wendell Cockrell, John Reiser, Mary Goldthorpe, Alex Cousins, Marva Webb, Jim Mijo

President McWilliams called the meeting to order at 7:00 p.m.

## 2. REPORTS BY THE CHIEF EXECUTIVE OFFICER AND MANAGEMENT STAFF

Dale Fishback provided the safety moment which included suggestions on staying hydrated during excessive heat.

CEO Knudson presented his Chief Executive's Report (attached). Topics included:

- Current Water Supply Status
- Differences between Conservation & Curtailment
- Explanation of why TVWD isn't currently requesting curtailment
- Supply Status Management of TVWD Supplies
- TVWD Conservation Program

Mr. Fishback presented the Department Report highlighting Field Operations (PowerPoint attached).

- Water Service Installations
- Fleet Vehicles
- Merlo/170<sup>th</sup> Road Project
- Hocken Road Pipe Project
- Road Overlays

### **3. COMMISSIONER COMMUNICATIONS**

#### **3.1 – Reports of Meetings Attended**

Commissioners Burke, Schmidt, Doane, Duggan, and McWilliams provided reports of meetings they attended during the month (see attached).

#### **3.2 – Topics to be raised by the Commissioners**

There were no topics raised.

### **4. PUBLIC COMMENT**

#### Kurt and Judy Lebbert – 520 SW Sutherland Way, Aloha

The Lebbert's discussed concerns regarding possible misuse of an unmetered fire hydrant (located at Baseline and 211<sup>th</sup>) by various contractors in their neighborhood.

Commissioner Burke said that the Board is currently looking into this issue and CEO Knudson assured them that someone would follow up on the matter.

### **5. CONSENT AGENDA**

Commissioner Doane requested that items 5.2 and 5.3 be removed for separate action.

#### **5.1 – Action Item: Approve the Work Session Minutes of July 7, 2015**

#### **5.4 – Action Item: Proposal to Establish and Make Appointments to Board Committees**

#### **5.5 – Action Item: Proposal to Modify Customer Welcome Kit Distribution**

President McWilliams called for the approval of items 5.1, 5.4, 5.5. Commissioner Schmidt moved and Commissioner Doane seconded. The motion carried 5-0-0.

AYES: McWilliams, Schmidt, Duggan, Doane, Burke

NAYS: None

ABSTENTIONS: None

#### **5.2 – Action Item: Approve the Executive Session Minutes of July 15, 2015**

#### **5.3 – Action Item: Approve the Regular Board Meeting Minutes of July 15, 2015**

Commissioner Burke moved to approve items 5.2 and 5.3. Commissioner Schmidt seconded. The motion carried 3-0-2.

AYES: McWilliams, Schmidt, Burke

NAYS: None

ABSTENTIONS: Duggan, Doane

### **6. BUSINESS AGENDA ITEMS**

#### **6.1 – Resolution 10-15**

### 6.1.1 – Staff Report

CEO Knudson presented the first half of the Staff Report (slides attached.)

- Summary of Services Provided by TVWD
- Rates and Financial Process
- The Budget Process

CFO Matthews delivered the second half of the Staff Report which covered the following topics:

- Long Term 30 Year Financial Plan
- Key Financial Results for 2013-15
- Key Assumptions
- Capital Financing Scenario
- Projected Reserves and Fund Balances
- Customer Impact
- Risks to the Forecast
- Opportunities/Affordability
- Proposed Rates/Monthly Comparisons

CEO Knudson summarized what the proposed rate increase will pay for and recommended that the Board adopt Resolution 10-15 with an effective date of November 1, 2015.

### 6.1.2 – Rate Hearing & Public Testimony

President McWilliams recessed the regular meeting and opened the rate hearing.

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

**\*\*RECESS REGULAR MEETING\*\***

**\*\*OPEN PUBLIC RATE HEARING\*\***

**\*\*CALL PUBLIC COMMENTS\*\***

Andrew Carlstrom – 9580 SW Washington Place, Portland, stated that he supported the District's proposed rate increase based on the overall confidence he has in the Board and Staff's track record of thorough planning, fairness in rates, transparency, timely public notice, outreach and affordability.

Phil Dufour - 1620 Wynwood, Portland, asked for clarification on why fixed rates would involve a rate increase. CEO Knudson explained that TVWD has a minimum purchase agreement with the City of Portland and that cost can vary depending on the wholesale rate that the City charges TVWD. CFO Matthews provided examples to further illustrate how variable costs affect fixed costs.

Wendell Cockrell – 7430 SW 163<sup>rd</sup> Place, Beaverton, had suggestions regarding reducing rates and limiting liability to the District by eliminating the addition of fluoride treatment to the water. President McWilliams reminded Mr. Cockrell that this is a rate hearing and Commissioner Burke added that this is not the appropriate platform for his concern regarding fluoride. President McWilliams also responded that the cost of adding fluoride is minimal and that there is not a concern regarding liability to the District since this matter was voted in by the public.

John Reiser – 9975 SW Hawthorne Lane, Portland, stated that the Board should reconsider the rate increase because his income has not increased at the same percentage. He added that the Willamette River should not be used as a water source because he believes that it is polluted and will likely lead to lawsuits being filed against the District. President McWilliams thanked Mr. Reiser for his testimony. Commissioner Burke said that while he sympathizes with Mr. Reiser's concerns regarding inflation, acquiring our own water supply source is vital in gaining control over future rate increases.

Mary Goldthorpe – 18460 NW Snowden Court, Portland, thanked the Board for inviting the public to the hearing. Ms. Goldthrope asked the Board for a brief definition of "gainsharing" and how it relates to public works projects such as the WWSP. She also inquired whether or not corporate entities had rate increases that were commensurate to residential communities. CEO Knudson responded that commercial rate increases are at the same proportion as residential. He stated that as a ballpark estimate, 30% of the District's revenue comes from commercial customers, even though they make up only 10% of the customer base. Commissioner Burke asked Staff if the commercial customers subsidize residential rates. CFO Matthews explained that they do not and that they are proportionate to the Cost-of-Service study that determines the rates. Clark Balfour explained how the gain-share program method works. He said that gain share does not impact municipal utilities like TVWD because we are not real property tax dependent. TVWD's revenue comes solely from water sales.

Charlotte Kent – 5010 SW 158<sup>th</sup> Ave., Beaverton, testified that she was forced into early retirement and is on a fixed income. She lives on a large lot with excessive watering needs and the proposed rate increase will severely impact her. She said that she is also concerned about volcanic activity affecting the water supply. Commissioner Burke responded that TVWD is subject to rate increases imposed by the City of Portland because we do not own our own water supply. CEO Knudson stated that the rate increase includes getting our own source of supply plus ongoing funding for replacing existing pipes and upgrading pump stations.

Abbas Shafii – 5010 SW 158<sup>th</sup> Ave., Aloha asked how often the Board denies Staff's proposals. President McWilliams replied that it doesn't happen often because the Board works closely with the Staff throughout the process to develop the budget; and, therefore, understands the reasons behind the proposals. Mr. Shafii asked why TVWD does not receive tax dollars. President McWilliams responded that it was because customers chose not to. Commissioner Burke explained that the District does not require tax dollars in order to provide service because TVWD has an actual product (water) to sell. Commissioner Burke also stated that if customers were imposed a new tax to offset rates, they would still be paying more money. Lastly, Mr. Shafii commented that the water doesn't taste good and there is sediment in his water. Commissioner Duggan said that the reason for the sediment is because the Bull Run Reservoir is not filtered. Commissioner Duggan added that no water provider is perfect, but TVWD provides high quality water.

Harry Bodine – 2130 SW Burbank Pl, Portland, OR stated that the District is well managed and he is excited about the WWSP. He said that the treatment plant tests for many contaminants. He understands that water rates must go up to support this project.

Chris Brown – 5405 SW 160<sup>th</sup> Ave, Aloha stated that "debt is bad" and that rate increases need to stop. He also is concerned about volcanic activity affecting the water supply. Commissioner Burke encouraged him to also testify his rate increase concerns with the City of Portland and the Joint Water Commission. Commissioner Burke stated that WWSP would be much more resilient in case of volcanic activity than our current situation. Commissioner Doane added that recently the City of Portland formed a rate setting commission and that not one wholesale customer was invited to be a part of it.

Commissioner Burked moved to close rate hearing. Commissioner Duggan seconded.

**\*\*CLOSE PUBLIC RATE HEARING\*\***

**\*\*RECONVENE REGULAR BOARD MEETING\*\***

**6.1.3 – Board Action**

Commissioner Doane moved to adopt Resolution 10-15. Commissioner Burke seconded. The motion carried 5-0-0.

AYES: McWilliams, Doane, Duggan, Burke, Schmidt

NAYS: None

ABSTENTIONS: None

**6.2 – Proposal to Participate in the Joint Water Commission Water Treatment Plant Expansion**

CEO Knudson presented an overview of the proposal (slides attached), which included the following:

- Background – JWC Agreement
- Options for TVWD to Participate in the Plant Expansion
- Analysis
- Staff Recommendation

CEO Knudson recommended the Board adopt the proposal.

Commissioner Burke moved to direct CEO Knudson to issue a letter to the JWC expressing TVWD's intent to participate in the water treatment plant expansion with a 20% share (2 MGD) of the proposed 10 MGD expansion. Duggan seconded. The motion carried 5-0-0.

AYES: McWilliams, Doane, Duggan, Burke, Schmidt

NAYS: None

ABSTENTIONS: None

**ADJOURNMENT**

There being no further business, President McWilliams adjourned the meeting at 9.32 p.m.

Approved by the Tualatin Valley Water District on Sept 16, 2015.

BY: Marilyn McWilliams  
Marilyn McWilliams, President

BY: James Duggan  
James Duggan, Secretary