

Tualatin Valley Water District



Delivering the Best Water  Service  Value

Board Work Session Minutes

March 6, 2018

WORK SESSION – 6:00 PM

CALL TO ORDER

Commissioners Present: Bernice Bagnall; Richard Burke; Jim Doane, PE; Jim Duggan, PE; Dick Schmidt

Staff Present: Mark Knudson, PE, Chief Executive Officer; Clark Balfour, General Counsel; Dave Kraska, PE, Water Supply Program Director; Paul Matthews, Chief Financial Officer; Andrew Carlstrom, Customer Service Manager; Tod Burton, Financial Planning Debt Project Manager; Steve Carper, Conservation Technician; Kristi Kernal, Administrative Assistant; Debbie Werner, District Recorder

ANNOUNCEMENTS

Mr. Balfour presented the Safety Minute on anger.

Mr. Knudson gave updates on Portland's *Cryptosporidium* detections and preliminary wholesale rate forecast, the upcoming joint meeting with the West Slope Water District Board and the delay in the Willamette Intake Facilities intergovernmental agreement execution (see attached memo). He pointed out the anticipated activation timing of the new Washington Park reservoir as the catalyst for the increased westside pumped and gravity rates in Portland's rate forecast in Fiscal Year 2021-22 and beyond. He also noted the rates do not reflect Portland's proposed filtration plant and corrosion control treatment that are planned to go into service in about 2027. In response to a question, he said Valley View Water District does not currently appear interested in consolidation. He also requested Board feedback on scheduling a work session topic on Public Employee Retirement System funding. In response to Board input, he said staff will schedule the topic for the April work session.

1. DISCUSSION ITEMS

A. Sustainability Program Review

Mr. Knudson summarized the current program, addressed challenges in maintaining the status quo, described staff's proposal for modifications and asked for Board input (see attached presentation).

Commissioner feedback included:

- Commending staff’s proposal in that it captures the most cost-effective and worthwhile, core sustainability pursuits
- The desire to continue to be an example to the state and other local governments in terms of pursuing financially sustainable objectives and to be explicit about consideration of financial sustainability
- The need for a sustainable organization through succession planning

B. Supplemental Budget for the Willamette Intake Facilities Commission

Mr. Burton described the Willamette Intake Facilities (WIF) Commission, TVWD’s role regarding the WIF Commission, the need for a supplemental budget and the resulting objectives and request (see attached presentation).

Commissioners expressed concern in having a Commission composed of an even number of members, but Mr. Knudson pointed out the supermajority requirement for action by the WIF Commission Board.

C. Board Policies Annual Review

Mr. Knudson asked for feedback on the current version of the policies.

Commissioners wanted to make the following changes:

- Update the meeting absence provisions to focus on absences where Commissioners have not notified staff (other than in emergency/health situations) and to remove the Board President role in determining whether absences are excused or unexcused
- Adding language that Commissioners will be notified if state or federal law nullifies a Board policy
- Allowing greater time flexibility in recruiting a new Chief Executive Officer
- Clarifying Commissioner requests for “written informational materials” includes email
- Letting a prohibition of Commissioners “directing” employees negate the need to also explicitly prohibit “influencing” employees

ADJOURNMENT

There being no further business, President Burke adjourned the meeting at 7:37 p.m.

Richard Burke, President

Dick Schmidt, Secretary



MEMO

Date: March 6, 2018
To: TVWD Board of Commissioners
From: Mark Knudson, CEO
Re: CEO Announcements

I will cover the following items during the CEO's Announcements at the work session:

1. **Be Sure to Use Microphones** – Just a reminder to please be sure to use your microphone whenever you are speaking during the work session this evening. Also, please be sure to turn off your microphone when you are not speaking.
2. **Safety Minute** – Clark Balfour will present the safety minute this evening.
3. ***Cryptosporidium* Update** – Portland had yet another *Cryptosporidium* positive sample. One *Cryptosporidium* oocyst was detected in a 50-liter sample collected on Monday, February 19. Prior to that, *Cryptosporidium* was last detected from the Bull Run Watershed intake on January 30, 2018, when one oocyst was detected in a 50-liter sample. Portland continues to provide routine updates and has posted all *Cryptosporidium* results on their website.
4. **Portland Issues Preliminary Wholesale Rate Forecast** – Last month, the Portland Water Bureau released preliminary wholesale rates for the next few years. A table of Portland's rate projections is attached. It is especially notable that Portland's projected rates do not include implementation of filtration and additional corrosion control treatment.
5. **Joint Meeting with West Slope Water District Board Scheduled** – A joint meeting with the West Slope Water District Board is scheduled for Monday, April 2, at 6:00 p.m. at the TVWD office. TVWD staff's goals for that meeting are to provide a brief overview of TVWD, what we have been working on recently and the nature of the recent agreement with the City of Beaverton. West Slope is especially interested in learning more about TVWD's decision process to proceed with the Willamette water supply.
6. **Execution of Willamette Intake Facilities Intergovernmental Agreement (WIF IGA) Delayed** – As you know, both TVWD and Wilsonville approved the WIF IGA the week of February 19. The City of Wilsonville has decided to not execute the final WIF IGA until one additional matter is resolved. The unresolved matter involves the use of pump ports in the intake structure. The structure has spaces for 10 pumps, and Wilsonville/Sherwood currently has pumps in four of the 10 positions. To date, Willamette Water Supply Program's plan for expansion of the intake assumed the Willamette Water Supply System (WWSS) would occupy six pump spaces, the Willamette River Water Treatment Plant

would occupy three pump spaces and one space would be shared with a pump that could deliver water to either plant. Wilsonville contends that loss of exclusive use of the fourth pump port will adversely impact Wilsonville's operation, and they are unwilling to execute the agreement until TVWD and WWSS partners relinquish the fourth pump port. Clark Balfour, Dave Kraska and I are working with Wilsonville and the other WIF partners to find an acceptable resolution to this matter so that all parties can complete execution of the IGA as soon as possible.

7. **Board Communications Log** – There are no updates to the Board communications log this month.



Preliminary* Five-Year Rate Forecast

Customer	Portland Supply Subsystem	FY 2017-18	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
		Current Rate (\$/ccf)	New Rate (\$/ccf)	Y-Y Increase (%)	New Rate (\$/ccf)	Y-Y Increase (%)	New Rate (\$/ccf)	Y-Y Increase (%)	New Rate (\$/ccf)	Y-Y Increase (%)	New Rate (\$/ccf)	Y-Y Increase (%)
City of Greasham	Eastside Gravity	\$ 0.725	\$ 0.742	2.34%	\$ 0.766	3.23%	\$ 0.782	2.09%	\$ 0.833	6.52%	\$ 0.885	6.24%
Rockwood PUD	Eastside Gravity	\$ 0.712	\$ 0.733	2.95%	\$ 0.755	3.00%	\$ 0.771	2.12%	\$ 0.822	6.61%	\$ 0.874	6.33%
Valley View WD	Westside Pumped	\$ 2.227	\$ 2.377	6.74%	\$ 2.509	5.55%	\$ 2.561	2.07%	\$ 4.415	72.39%	\$ 8.583	94.41%
West Slope WD	Westside Pumped	\$ 1.757	\$ 1.782	1.42%	\$ 1.878	5.39%	\$ 1.919	2.18%	\$ 3.327	73.37%	\$ 6.491	95.10%
Tualatin Valley WD	Westside Gravity	\$ 1.189	\$ 1.226	3.11%	\$ 1.264	3.10%	\$ 1.295	2.45%	\$ 1.400	8.11%	\$ 1.557	11.21%
City of Tualatin	Westside Gravity	\$ 1.061	\$ 1.091	2.83%	\$ 1.123	2.93%	\$ 1.150	2.40%	\$ 1.218	5.91%	\$ 1.296	6.40%

* Rates are preliminary and may change due to City Council decisions

Customer	Five-Year Total Rate Increase (%)	Five-Year Average Annual Rate Increase (%)
City of Greasham	22.1%	4.1%
Rockwood PUD	22.8%	4.2%
Valley View WD	285.4%	31.0%
West Slope WD	269.4%	29.9%
Tualatin Valley WD	31.0%	5.5%
City of Tualatin	22.1%	4.1%

Portland Wholesale Rate Forecast

Preliminary* Five-Year Rate Forecast

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TVWD Sustainability Program Review

TVWD Work Session

March 6, 2018

TVWD Sustainability Program *Overview*

- Program Summary
- The Challenge
- Staff Proposal
- Board Discussion



TVWD Sustainability Program Overview

A Comprehensive, Award-Winning Triple Bottom Line Program

Water Conservation

- Water Management and Conservation Plan and Regional Water Providers Consortium

Sustainability Committee

- Employee awareness

PSWCC

- Partnerships for Sustainable Washington County Communities; ideas and tools

Energy Savings Projects

- Incentives and resources through Energy Trust of Oregon



Strategic Energy Management

- Tracking, reporting and follow-up

TVWD Sustainability Program Overview

A Comprehensive, Award-Winning Triple Bottom Line Program

- Greenhouse Gas (GHG) Emissions Tracking**
 - Renewable Energy Credit (REC) offsets
- Alternative Energy Sources**
 - Solar installations
 - Micro-hydro installation
- Alternative Fuels**
 - Biofuels and electric vehicles
- CIP Projects for Resiliency and Community Benefits**
 - TBL prioritization criteria

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TVWD Sustainability Program Overview

A Comprehensive, Award-Winning Triple Bottom Line Program

- Eco Biz Certification**
 - Fleet and yard facilities
- Financial Planning**
 - 30-year financial forecast and business case evaluations
- Customer Emergency Assistance Program**
 - Rate affordability programs for community needs and social equity
- Sustainable Purchasing and Procurement**
 - Preference to renewables, recycled content and locally produced products


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TVWD Sustainability Program Overview

A Comprehensive, Award-Winning Triple Bottom Line Program

- Recycling**
 - TVWD materials and employee benefit
- Sustainability Program Reporting**
 - Month-In-Review
- Employee Safety, Health and Wellness**
 - Commitment to employees
- Awards Programs**
 - LEED (Leadership in Energy and Environmental Design), Envision and AMWA (Association of Metropolitan Water Agencies)



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TVWD Sustainability Program

The Challenge

- High Expectations**
 - Customers
 - Board
 - Employees
- Demands Exceed Resources**
 - Competing Priorities
 - Budget Constraints
 - Loss of Key Staff and Reorganization

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TVWD Sustainability Program *Staff Proposal*

	Activity	Core Business	Discretionary / Limited	Discontinue
1	Water Conservation Program	●		
2	Sustainability Committee	●		
3	Partnership for Sustainable Washington County Communities		● ①	
4	Strategic Energy Management Energy Trust of Oregon Projects		● ②	

NOTES:

1. PSWCC – continue to pay membership dues but limit staffing to essential meetings; discontinue evaluation of assessment tool
2. ETO Incentive Projects – redirect staffing to Engineering/Operations with participation limited to available resources

TVWD Sustainability Program *Staff Proposal*

	Activity	Core Business	Discretionary / Limited	Discontinue
5	Strategic Energy Management		● ③	
6	Greenhouse Gas Emissions Tracking and Renewable Energy Credits			● ④
7	Alternative/Renewable Energy Sources – Solar & Micro-Hydro		● ⑤	
8	Alternative/Renewable Fuels – Bio-fuels and Fleet Electric Vehicles	●		

NOTES:

3. Strategic Energy Management – redirect staffing to Engineering/Operations; discontinue use of tracking and reporting service
4. GHG Emissions Tracking (REC)- will require reconsideration of Board goal (August 2006) to offset 100% GHG
5. Solar and Micro-Hydroelectricity Generation – maintain solar and micro-hydro facilities, do not actively pursue new installations

TVWD Sustainability Program *Staff Proposal*

Activity		Core Business	Discretionary / Limited	Discontinue
9	CIP Investments Focused on Resiliency and Community Benefits		●	
10	EcoBiz Certification – Shop and Yard		● ^⑥	
11	Financial Planning	●		
12	Customer Emergency Assistance Programs, Rate Affordability Plans	●		

NOTES:

6. Eco-Biz Certification – may discontinue membership but implement principles where applicable and cost effective

TVWD Sustainability Program *Staff Proposal*

Activity		Core Business	Discretionary / Limited	Discontinue
13	Sustainable Purchasing/Procurement	●		
14	Recycling	●		
15	Sustainability Program Reporting			●
16	Employee Safety, Health and Wellness Programs	●		
17	Awards Programs		● ^⑦	

NOTES:

7. Awards – participation limited to available resources

Questions and Board Discussion



Supplemental Budget for the Willamette Intake Facilities Commission

Board Work Session

March 6, 2018



Overview of Presentation

- Willamette Intake Facilities Commission
- Supplemental Budget Process
- Key Budget Objectives
- Supplemental Budget Request
- Next Steps

Willamette Intake Facilities (WIF) Commission

- February 21, 2018 Board adoption of WIF intergovernmental agreement (Ordinance No. 01-18)
- TVWD and five partner cities in process of adopting agreement
- Governed by a six-member Board
- TVWD is Managing Agency

TVWD's Role with the WIF

Member of WIF

- Pay dues
- Participate in the governance
- Execute projects

Manage Financial Affairs

- Adopt and manage budget consistent with Oregon Local Budget Law
- Provide accounting and financial reporting services
- Manage audit

Supplemental Budget Process

Oregon Local Budget Law

- Requires public notice in newspaper of general circulation
- Creates new District fund
- Resources and requirements must balance
- Passing a resolution implements the supplemental budget

Key Budget Objectives

- Establish a new WIF Fund within the District's Budget
- Effective during current 2017-19 biennium
- Two-step Board process
 1. March 2018 – Supplemental Budget: Establish WIF fund and appropriate resources for WIF administration
 2. Fall 2018 – Supplemental Budget: Appropriate capital outlay resources for WIF projects
 - ✓ Complete preliminary design of intake upgrades
 - ✓ Complete project agreements with partners

Key Budget Objectives

2017-19 Budget for Administration

- ✓ General administration
- ✓ Records management
- ✓ Communications and public outreach
- ✓ Annual work plan and budget development
- ✓ Insurance
- ✓ WIF Board and Committee support

Key Budget Objectives

2017-19 Budget for Capital Outlay

- Intake upgrades
 - ✓ Permitting
 - ✓ Capital projects management
 - ✓ Intake screens
 - ✓ Seismic
- Projects will continue in future budgets

Supplemental Budget Request

Create New District Fund

- Willamette Intake Facilities Fund (Fund 44)
- Tracks WIF partners' ownership in joint venture

Resources

- WIF Fund – Recognize partner dues
- General Fund – Sales to other funds. Reimburse District for staff time and overhead

Requirements

- WIF Fund – Materials and Services for administrative expenses
- General Fund – WIF dues paid by District

Supplemental Budget Request

Description	2017-19 Biennium Total
WIF Fund (Fund 44)	
Resources	
Partner Dues	\$ 109,607
Total Resources	<u>\$ 109,607</u>
Requirements	
Materials & Services	\$ 109,607
Total Requirements	<u>\$ 109,607</u>

Supplemental Budget Request

Description	2017-19 Biennium Total
General Fund	
Resources	
Sales to Other Funds	\$ 76,898
Total Resources	<u>\$ 76,898</u>
Requirements	
Materials & Services	\$ 43,699
Increase Fund Balance	\$ 33,199
Total Requirements	<u>\$ 76,898</u>

Proposed Next Steps

1. March 21 Board meeting propose a WIF supplemental budget
2. Fall 2018 (TBD) Supplemental Budget – WIF Fund capital outlay appropriations and related District budget adjustments

Questions