



**City of Lake Oswego/City of Tigard Water Supply Partnership
Summary of Oversight Committee Meeting #6
Meeting held April 5, 2010**

Lake Oswego Technical Committee Member Joel Komarek called the meeting of the Lake Oswego/Tigard Water Partnership Oversight Committee to order at 3:30 p.m. on April 5, 2010, in the 2nd Floor Conference Room of the Tigard Public Library.

Present:

City of Lake Oswego **Oversight Committee:** Councilors Tierney and Johnson; **Staff:** Joel Komarek, Jane Heisler, David Prock, Kari Duncan, and Laura Barrie

City of Tigard **Oversight Committee:** Councilors Webb and Buehner (arrived at 3:45 pm); **Staff:** Dennis Koellermeier and Rob Murchison

Guest: Clark Worth, Barney and Worth; Adam Davis, Davis, Hibbitts & Midghall; Jeff Parsinger, Tigard Times Reporter

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1. CALL TO ORDER/ROLL CALL
 2. APPROVAL OF MINUTES FROM MEETING #5

Mr. Komarek asked if there were any corrections to the minutes from meeting Number 5.

Lake Oswego Councilor Tierney moved for adoption of the minutes. Lake Oswego Councilor Johnson seconded the motion. A voice vote was taken, and the motion passed with Lake Oswego Councilors Tierney and Johnson and Tigard Councilor Webb voting 'aye' (3-0). Minutes from the February 8, 2010, meeting were approved.

3. PUBLIC COMMENT

Mr. Komarek stated that there was no representation from the public.

4. PUBLIC OPINION RESEARCH BRIEFING

Mr. Komarek introduced Clark Worth from Barney and Worth and Adam Davis from Davis, Hibbitts & Midghall and asked them to give a brief overview of the public opinion research strategy. Mr. Worth stated that one of the earliest tasks is public opinion research because it has been a couple of years since we had feedback from the public on this project. The idea was to find out what's on the public's mind. Mr. Worth mentioned that the public opinion research that has been started consists of three components for now but there will be more in the future.

- The first component was focus groups that were conducted with randomly-selected participants from both cities' water service areas. There were ten participants from Lake

Oswego at one focus group. Then there were ten participants from Tigard at another focus group.

- The second component was a telephone poll. To get statistically-valid responses from customers in the two service areas, Adam's firm interviewed 600 customers (300 customers from Lake Oswego and 300 customers from Tigard). The reason for that large a number is to find if there were striking differences or even subtle differences between the two communities.
- The third component is stakeholder interviews. Forty-five stakeholders (community leaders and others) were interviewed from both the partner cities and also cities with key water facilities, notably Gladstone and West Linn. Those interviews are just wrapping up, so there is nothing to comment on today.

Mr. Worth introduced Adam Davis.

Mr. Davis began by asking for a show of hands for who at the table had attended the focus groups. He stated that there is a DVD of highlights from those focus groups and seeing average people talk about these topics can really inform communications. Ms. Heisler mentioned that if anyone wanted a copy of the DVD, she would forward it. Mr. Davis stated that the focus groups informed the development of the questionnaire for the survey. Ms. Heisler passed out a copy of the report.

Mr. Davis went on to highlight the key findings from the telephone survey.

Mr. Worth mentioned that customers do not have water on the brain. There is extremely high satisfaction with the current service. We need to do something bigger and longer term to teach people what is happening. He mentioned that people are cost conscious.

Mr. Worth stated that Tigard just won best newsletter in the NW for Water Utilities for *Know H2O*. Mr. Adams stated that communication tools are connecting with people. Supply will remain a necessary discussion, but it is not a top concern. People are focusing on taste and quality.

5. UPDATE ON COMMUNICATION STRATEGY AND TOOLS

Ms. Heisler mentioned that the report from Adam is providing information about how to communicate and it is indicating what some of the gaps are in the information. She stated that a Fact Sheet has been developed along with a few informational pieces that are named *Water Savvys*. The first issue of the *Water Savvy* is about the water treatment decision process. The second issue is about water rights because we are in the midst of that discussion. Coming up will be the third issue which will explain some of the deficiencies in the Lake Oswego water system. Future issues may include information about the project and the joining together of the two communities.

Councilor Buehner asked about if Tigard were to stay with Bull Run what would the costs be? Mr. Koellermeier responded that it was all part of the decision in 2007, the data exists it is not in front of him at this time. Councilor Buehner asked if the public has received the data. Ms. Heisler stated that was some of the information that will be in the next issue of *Water Savvy*.

Ms. Heisler mentioned that if you have questions for Adam, please take this opportunity to ask them.

Ms. Heisler then stated that if civic organizations or neighborhood associations would like a speaker to come discuss some of the issues related to the water project, we are available to talk about that. There have been a few takers already.

Ms. Heisler said that as Clark mentioned, the stakeholder report will be done soon. Mr. Worth said that they have a few gaps to fill, but the results will be back shortly. He stated that it is surprising that even among the community leaders there is lack of understanding about the need for the project. The education process needs to include some of the people you would think are best informed about the project.

Ms. Heisler passed out a schedule of most of the meetings that the project team has coming up. In May, June, and July some important issues were highlighted. It is being decided how the public should be informed about the treatment decision process. In May, each council is going to have a study session. On June 24th, there will be a public open house. Followed in July by a joint council study session to see where we are in the decision process about the water alternatives. There is a meeting scheduled with the Robinwood Neighborhood Association in West Linn next week. We are going to West Linn City Council for a Study Session tonight.

On the 15th of April, there is a meeting with the Waluga Neighborhood Association. There will be an explanation about the surveyors who will be mapping out the location of the future water reservoir and getting bearings on where the existing reservoir is located. A tree survey will be conducted at this time as well. The goal is to make sure the neighborhood is kept well informed.

Ms. Heisler asked if there were any questions about outreach?

Councilor Tierney asked if there would be anything at the Farmer's Market. Ms. Heisler responded that there will be a booth in Lake Oswego's Farmer's Market. The Market starts in May. She mentioned that the display will be similar to what was done for LOIS. Ms. Heisler asked if Tigard had a Farmer's Market as well. Mr. Koellermeier responded that Tigard does, and he would like to coordinate some effort to get a presence there.

Councilor Tierney asked if schools were a good vehicle to convey the message. Ms. Heisler said they might be. Mr. Worth mentioned that given the length of this project and the need of an education process, a school program might be an excellent idea. Councilor Buehner mentioned that Tigard has a smaller school population than Lake Oswego. Mr. Clark said one thing about a big infrastructure project such as this - ordinarily jurisdictions borrow the money or use bonds. It is interesting to note that the average person who will be paying for the bonded infrastructure project is in the 7th grade right now. Councilor Buehner asked about setting up some opportunities for middle-school-age kids to come look at facilities like the treatment plants. Ms. Heisler responded that she has contacts with Lake Oswego schools, and she would be happy to talk to schools in Tigard/Tualatin.

Mr. Davis mentioned that another group is the faith-based organizations. They are more community oriented and are hosting discussion groups and have billboards. They will make their facilities available. They are the connections for the neighborhood.

Councilor Buehner mentioned it might be appropriate to do a specific program with Saint Anthony's, a large church in Tigard.

Mr. Davis excused himself from the meeting. Ms. Heisler mentioned that all the ideas from the survey will be used in the outreach program.

Councilor Buehner stated that she would write a piece for her church's newsletter.

6. UPDATE ON PROJECT DEFINITION

Mr. Komarek stated that in the last meeting it was reported that the first 12 months of this program are devoted to confirming the concepts that were developed as part of the Carollo analysis. This includes confirming not only treatment processes but sizes of facilities and capacities and locations. The Business Case Evaluation process is being developed to help us define the type of treatment process that we would like to see implemented at the treatment plant with the expansion. This would not only make sure that we continue to meet and exceed current regulations but that we would also be able to respond adaptively to future regulations as they unfold. Mr. Komarek mentioned that there is a lot of time being spent in looking at the raw water pipeline, the crossing of the Willamette, and the finished water pipeline and its routing through the communities of West Linn and Lake Oswego.

Mr. Komarek said that over the next couple of weeks, there will be some geologic reconnaissance on both sides of the Willamette River where there are potential crossing locations. There has been about six locations located where a pipeline could cross the river. Now it is a matter of doing the due diligence and "ground-truthing" those alignments. Mr. Komarek stated that there are a wide range of issues: access, property acquisition requirements, regulatory constraints, and environmental constraints. There are a whole host of factors that are being considered as decisions are made about what will be the best alignment for a new pipeline across the river and what will be the best alignment for pipelines running through the streets of Gladstone as well as West Linn and Lake Oswego.

Mr. Komarek mentioned that there will be a meeting with the project team later this week to get some preliminary looks at locations and facilities. This meeting will be about the intake and the pipelines (both finished and raw). The 2nd workshop on the Business Case Evaluation for treatment processes will be held later in April. He stated that a summary was distributed that explains the outcome of the first Business Case Evaluation for the treatment process. Mr. Komarek asked that the committee members please peruse that summary at their convenience. He highlighted page 2 of the summary which shows what was accomplished in the first workshop and what is intended to be accomplished at the remaining two workshops. The 2nd workshop is scheduled for April 21st. The last workshop is scheduled for June 10th.

Councilor Buehner asked where the workshops will be held? Mr. Komarek responded that all of the workshops are held at The Crowne Plaza. Mr. Komarek stated that the Oversight Committee members or Council members were encouraged to attend. The workshops can be somewhat dry, but if you have an interest in being more informed than what is provided to you through these summaries, please attend.

Mr. Komarek stated that at the end of the all-day workshop there is an opportunity for Oversight Committee members or Councilors to attend a dinner that evening to receive a debriefing on the day's activities. Ms. Heisler mentioned that the Sounding Board members also attend those sessions.

Mr. Komarek asked if Dennis or Rob had anything to add? Mr. Koellermeier mentioned one area that is still a work in progress. It has become clear that there are several drop dead or decision points that we have to go through. This creates some hard decisions that need to be made before we go to the next step. Then there is the lists of things that can go wrong from schedule, from legal, or from environmental. Quite a bit of time is being spent trying to "wrap our arms" around what these issues are and providing the decision makers with a risk analysis tool. This tool will show: at this point on the calendar this is what is likely to happen and what is not likely to happen. Mr. Koellermeier stated that he hopes the tool will give a little insight into at least the level of thought that has gone into these issues. As the Oversight Committee is coming up to making decisions, there can be some level of assurance that we have thought of that particular issue and here is the potential risks one way or the other. This is becoming a much more complicated tool than we originally thought it would be. Mr. Koellermeier mentioned that it sounded like a really good idea at a previous meeting, but it is turning into a nightmare. He believes it will be valuable in the end.

Councilor Buehner asked if there was an ETA on the product. Mr. Koellermeier responded that at this point – no there is not. Mr. Komarek mentioned that it will continue to evolve as more information comes in. For example several hours were spent last week talking about the risks as they are known to us today with regard to water rights, the federal permitting process, and even the City's Water Management and Conservation Plan and how all of those have particular dates associated with them. What can trip up those schedules and how might we respond to those events should they occur?

Mr. Komarek mentioned that last week, there were discussions about time lines for the Water Management and Conservation Plan. There is a 30-day comment period. If there is a protest or comments from an adversary to that plan, it could mean there is potentially a contested case process or potentially an appeal. Mr. Komarek then stated some good news: the comment period ended last Thursday, the 1st, on Lake Oswego's Water Management and Conservation Plan, and no comments were received. That means no party has standing to protest a proposed final order approving that plan which should be issued later this year. In 60 days, the Water Resources Department has to finish its review of the plan and submit any comments or requests for revisions or clarifications to us. The next step is to get a proposed final order issued and have that plan just sit there pending the outcome of the contested case process and the extension process. This is some good news.

Mr. Komarek asked if Rob or Dennis had anything to add? Mr. Koellermeier said there is a lot of material, it is rather time-consuming to compile it all, but he hopes it is time well spent. Mr. Komarek asked Ms. Duncan if there was anything to add with regard to the process to evaluate treatment alternatives. Ms. Duncan responded that she had nothing else to add.

Councilor Tierney mentioned that he was fortunate to have attended the March 25th Business Case Evaluation workshop, and he really encouraged others to go to the next one. Councilor

Buehner stated that she will be attending the next one. Councilor Tierney mentioned that there is a nice job done in summarizing the day's events.

8. UPCOMING DECISION POINTS FOR OVERSIGHT COMMITTEE

Mr. Komarek stated that the budget was in the packet. He mentioned that Dave Prock will talk about the budget in a moment. Mr. Komarek said the week following the third workshop, there is another Oversight Committee meeting scheduled. In that meeting, we will want to talk about the outcome of those three workshops regarding treatment alternatives. We will be seeking some affirmation from the Committee that we are heading in the right direction with proposed treatment alternatives. After the feedback from the Oversight Committee is received, we might then present the information to the full council of each community. The feedback will also be presented at the open house for the public to then give their input.

7. UPDATE ON CITIZEN SOUNDING BOARD

Ms. Heisler mentioned there were two orientation sessions. At the first Workshop, the Sounding Board had the chance to interface with the Expert Panel. Many members of the Sounding Board and the Expert Panel went on a treatment plant tour. At the next meeting, we are going to try to make it a little more interactive. Mr. Komarek asked if there were any questions.

Councilor Buehner asked about the calendar . . . there are pre-app meetings with several state and federal regulators the first week in May, who are the regulators? Mr. Komarek responded that this was something new that the Army Corps of Engineers has implemented. It is an opportunity for applicants for federal and state permits to be able to attend a meeting where the Corps will coordinate bringing together the various regulatory agencies that would have some regulatory purview in that particular permit. The applicant will give a short presentation on their project and what they hope to accomplish with the project and then get feedback from the agencies about what needs to be considered when putting together the full application, (i.e., here is our timeline and we may hear about budget cuts leaving only one staff person so you better plan for an extended review schedule). Mr. Komarek mentioned that it is an information sharing opportunity prior to submitting a full application.

9. SUMMER STREAMFLOW FORECASTS

Mr. Komarek asked Ms. Duncan to give an update on summer streamflow forecasts. Ms. Duncan handed out a packet with information from a variety of organizations. The information included an overview from this winter up until a few weeks ago stating that everything has been pretty dry. Ms. Duncan mentioned that she has had some meetings looking at the water forecasts and the Clackamas River streamflow forecasts looked pretty low. There has been one small notification in *Hello LO* warning people that the river is low and we might be looking at a dry summer. Since that time there has been a couple of weeks of torrential rain. Ms. Duncan then walked the Oversight Committee through the handout. She mentioned that the first page is a drought watch which had not been updated since March 1st. This states that water levels are somewhat below normal. The next page is another drought monitor. This indicates that we were in an abnormally dry area, but by March 30th the area is pulling back. The next table is a snow and precipitation table. The snow water equivalent is 63% of average; year to date precipitation is 81% of average. Ms. Duncan

mentioned that although conditions have improved, we are still running lower than average as far as precipitation.

Councilor Buehner asked if the weather pattern returns to a dry April and a dry May does that auger toward more problems or have we basically gotten most of our summer water? Ms. Duncan responded that the Clackamas River is an aquifer-fed river and those aquifers recharge in the winter from the snow pack. They rely on an even snow pack throughout the winter. Sometimes if snow falls at the very end of the season it is too late. A torrential rain that washes downstream and goes back to the ocean does not help; it does not sit in the mountains for months where it can recharge the aquifer. The snowpack is good now and that helps us.

Ms. Duncan went on to mention that the last 4 pages of the handout are maps of current stream flow compared to average. The data shows that we are still below average. Ms. Heisler asked Ms. Duncan to talk about the curtailment plan and how that gets implemented. Ms. Duncan responded that Lake Oswego as part of our Water Management and Conservation Plan has adopted a curtailment plan. The City Council has approved it. The plan stipulates that during certain conditions (these can be mechanical, for instance a failure of equipment at the treatment plant, or they can be environmental, for example a drought) there are levels of drought where citizens of the community would be asked to do certain things. Ms. Duncan stated that there are different phases.

- Phase 1 there is voluntary only curtailment of water.
- Phase 2 is a little more severe. The Plan goes on to 5 phases.

Ms. Duncan said that two or three weeks ago, we were looking at toward the end of summer needing to move into some form of curtailment. Right now we are holding back and watching the water and watching what the projected streamflows are going to be given this change to see if that is still going to be the situation. Ms. Duncan mentioned that Joel is also well-versed in curtailment plans.

Mr. Komarek mentioned that Tigard has a curtailment plan also. Mr. Koellermeier stated that by contract, Tigard has to abide by Portland's curtailment plan - whatever they do we do. Portland also has various levels depending on issues. The Bull Run drainage is a little different in that they will have to augment the stored water in the Bull Run drainage with ground water somewhere in the year, the question is when. Mr. Koellermeier stated that he would be very surprised if they get to a curtailment level this year because even though it comes off the side of Mt. Hood, it is more of a rain-driven drainage as compared to the Clackamas side. He mentioned that it is amazing how the little bit of shift around the hill changes things.

Mr. Koellermeier stated that if he were to pull up the graph on water averages for Bull Run right now, it is probably right at the top. Ms. Duncan mentioned that she has also heard from people with reservoirs that they are all at the top. Councilor Buehner had heard from people down in Detroit that the lake is way down. Ms. Duncan said that she did check with the Army Corps of Engineers and they were starting to hold back water early because the lakes were way down, now they almost got caught because everything filled up so quickly.

10. MUNICIPAL EXTENSIONS UPDATE

Mr. Komarek asked Mr. Koellermeier to give an update on municipal extensions. At the time of the last Oversight Committee meeting, the hearings had not been held. Mr. Koellermeier mentioned there was a week's worth of hearings. Our legal team was fairly confident that our case went well. We are now waiting for the Administrative Law Judge's (ALJ) ruling which we should see in June or July. Then we will see where we go from there. At that point it could be appealed from either side or both sides can appeal if they do not like the answer. Mr. Koellermeier mentioned the decision-making tool which factors in which way these decisions go and how much time that could add or subtract from the decision points. We are in a wait and see period right now. Mr. Koellermeier said that Mr. Komarek did such a good job in closing, they did not call Mr. Koellermeier to testify.

Councilor Buehner asked what the odds are that Water Watch will appeal whatever the ALJ rules. She asked if they have a history of always appealing or do we know? Mr. Koellermeier mentioned that what Tigard's legal team has told him is that appeal is relatively inexpensive. He stated that Water Watch does have a history of appealing and unless the ALJ's ruling was so strong, he would expect an appeal. Ms. Heisler asked if Water Watch has submitted any additional comments? Mr. Komarek responded that they can't, the record is created. Mr. Koellermeier mentioned that there is a written brief period and closing arguments are due fairly soon and then it is in the judge's hands. Councilor Buehner mentioned that there's a shortage of ALJ's, they are all taking on bigger case loads than normal. Mr. Komarek mentioned that this particular ALJ is finishing up this case and then going down to the Klamath. Mr. Koellermeier was impressed with the judge's knowledge. He stated that the judge clearly knows the water business and water law, which was helpful.

Mr. Komarek moved on to state that although it is not on the agenda he would like to go over the draft budget. He asked Mr. Prock to give the highlights.

Mr. Prock mentioned that this proposed budget is for FY 2010-11 and that it was updated recently so it does supersede the budget that was distributed in the packets. We are looking at 4 FTEs, which has some adjustments in the total Personal Services. The big changes are down in Capital Outlay. We are now budgeting most of the costs we want to capitalize, which includes the consulting contract with Brown and Caldwell. The \$7.8M includes Brown and Caldwell's costs as well as a portion of the design contracts that we anticipate issuing during this time period. Mr. Prock stated that we are moving through our validation phase right now. Once that is complete toward the end of this calendar year, we will be ready to move into putting up the design packages and hiring individual design consultants and they will start their work in early spring.

Mr. Prock said that another item which was added is transfer to other funds. We are looking at transferring some money to the Parks and Recreation Department of Lake Oswego to acquire a little bit of property to fully provide our control over the Waluga Reservoir that currently exists. That is not a charge that will flow through to Tigard. Currently the reservoir was built straddling the property line between water fund control and parks fund control. Mr. Koellermeier asked to clear up the piece about how it does not affect Tigard, because it was already in the allocation; meaning when Tigard paid the \$2.8M buy in last year, we bought this. Mr. Prock said yes.

Mr. Prock said that most of the other items under Materials and Services are the ongoing annual expense to keep the program running. They are, for the most part, less than they were this current year because we had a lot of start up costs. The contingency is not quite 10% of the total fund amount for this coming year.

Councilor Buehner asked about doing more videos. Ms. Heisler said nothing has been totally decided yet. TVCTV is interested in working with us. There is a video in the hopper, and she's looking into why it is not on the website yet. The video is Joel and Dennis talking about the facilities. Ms. Heisler asked if there was one in particular that she was interested in hearing about? Councilor Buehner responded that she was just interested in the schedule. She mentioned that it seems like it would be a good idea to have them consistently scheduled so the information is distributed.

Councilor Tierney asked about the 4 FTEs. Mr. Prock answered: there is myself; Eric Day who is our Associate Planner; ½ of Joel's time; ½ of Jane's time; a portion of Jeff Selby; and Laura Barrie who is in the total amount but her costs show up elsewhere. Ms. Heisler stated that Ms. Barrie is a contract employee. Councilor Tierney asked if that was the amount in Contract Services? Mr. Prock said yes.

Councilor Tierney asked Ms. Heisler where money would be for services that she might need to contract for? Ms. Heisler asked what type of services? Councilor Tierney asked about additional survey firms. Ms. Heisler responded that those aspects would be part of the Brown and Caldwell amount. Councilor Tierney suggested that with a \$9.6M budget there is all these line items, but the biggest one gets about three words. Can we break it out? List the expectations for what we are hoping to accomplish this year with that money. Councilor Buehner mentioned that one citizen will ask what Tigard's getting for their \$4.8M. Councilor Tierney asked what was meant by Rates under Resources. Mr. Prock mentioned that for Lake Oswego it is collected from rates.

Mr. Komarek noticed that we might want to relook at the investment income piece. Last time he looked at the budget, that was an estimate that was given early on thinking more income would be generated from the Tigard buy-in. The rates are so low now we are not generating anywhere near that amount, so we may want to take a look at what we have actually generated to date in terms of investment income and then use that as a benchmark for next year. Councilor Buehner stated we do not know when the interest rates are going to go back up. Mr. Koellmeier stated that for the Tigard Councilors, this \$5.1M shows up in the capital budget as a partnership with Lake Oswego. He mentioned that Tigard is being billed monthly now. Councilor Buehner stated that the night of the budget meeting in Tigard it might be possible to mention that this year is being paid for out of money that had been set aside for the pump station.

Mr. Komarek asked if there were any other budget-related questions. If there are any concerns, we can address them and provide an updated draft budget at the next meeting. Councilor Tierney mentioned that the Committee voted on the budget so that it could be brought to the Councils with Oversight approval. Councilor Buehner mentioned that Tigard's budget committee would be meeting before the Oversight Committee gets together again, just before it goes to council. Councilor Tierney would like to have it before the budget committee meets, perhaps receiving a revised budget by e-mail. Mr. Komarek mentioned to Councilor Tierney that we would tie the costs to some goals and get the budget back out. Councilor Webb said the Committee could give approval by phone or e-mail. Councilor Tierney said without an objection from a member, they

can say as a committee that they endorse the proposed budget. Mr. Komarek mentioned he did not see any reason the budget couldn't be out by the end of the week.

Mr. Komarek asked if there was anything else for the good of the order?

11. FUTURE AGENDA ITEMS/NEXT MEETING DATE

Mr. Komarek stated that the next meeting will be Monday, May 3rd, from 3:00 pm to 5:00 pm at the West End Building in Lake Oswego. He asked Ms. Barrie to get out a packet the week before and to check in with all Oversight Committee members to make sure they can attend. Ms. Barrie mentioned that the following meeting has already been scheduled for June 14th also from 3:00 pm to 5:00 pm back in the Tigard Library.

12. ADJOURN

Mr. Komarek adjourned the meeting at 5:00 pm.

Attachments: None

Approved: May 3, 2010

