



**City of Lake Oswego/City of Tigard Water Supply Partnership
Summary of Oversight Committee Meeting #18
Meeting held October 10, 2011**

Lake Oswego Technical Committee Member **Joel Komarek** called the meeting of the Lake Oswego/Tigard Water Partnership Oversight Committee to order at 6:00 p.m. on October 10, 2011, in the Santiam Conference Room of the West End Building; 4101 Kruse Way, Lake Oswego.

Present:

City of Lake Oswego **Oversight Committee:** Councilors Bill Tierney, Mary Olson
Staff: Joel Komarek, Dave Prock, Jane Heisler, Laura Barrie
PMT: Jon Holland, Brown & Caldwell

City of Tigard **Oversight Committee:** Mayor Craig Dirksen, Councilor Gretchen Buehner
Staff: Rob Murchison

Guests Jackie Manz, Chair of Hallinan Heights Neighborhood Association

1. CALL TO ORDER/ROLL CALL

2. APPROVAL OF MINUTES FROM MEETING #17

Mr. Komarek asked for approval of minutes from the last meeting held on September 12, 2011. **Councilor Buehner** motioned to approve, **Mayor Dirksen** seconded the motion. A voice vote was taken, and the motion passed with Lake Oswego **Councilors Tierney** and **Olson**, and Tigard **Mayor Dirksen** and **Councilor Buehner** voting 'aye' (4-0).

3. PUBLIC COMMENT

There was no comment.

4. DISCUSSION OF PRIOR ACTION ITEMS

Mr. Komarek mentioned that he added this section on the agenda because while reading the minutes from the last meeting, there was a question from Councilor Tierney about changes to the scope and the program and whether or not that required Joint Councils' approval. In reading the conversation that ensued, the comment from Dennis Koellermeier was the correct response to the question in that if it was a material change or something not contemplated by the Supply Facilities Capital Plan, then yes it would need approval but otherwise no. He wanted to make sure that the Oversight Committee had a clear understanding.

5. KOMAREK MEMORANDUM

Mr. Komarek stated that a memorandum was included in the packet regarding requests that project staff are receiving for betterments and/or additions to the scope that are not required by

federal, state or local land use regulations. At a recent meeting with the Hallinan Heights Neighborhood Association, staff described the planned route for the finished water pipeline from Highway 43 down Laurel Street heading west toward the reservoir site. There was a strong desire by many to have this project leverage a capital improvement project that has been deferred due to lack of funding for quite some time; 1,600 feet of pathway on Laurel Street in the area known as the narrows. This is a very narrow piece of roadway with steep slopes on both sides. Staff expects to continue getting requests for neighborhood betterments that may be unrelated to the project or would require funding sources other than the water fund. There were a lot of them from West Linn neighbors around the plant for betterments to Highway 43 and the local streets; including but not limited to sidewalks, bike paths, undergrounding utilities and helping them implement other city-wide CIP projects. Staff wants to bring this to the Oversight Committee's attention. In some instances, there may be reasons why this body and respective Councils would choose to respond to these requests as mitigation for the temporary and long-term impacts from the project.

Councilor Tierney mentioned one of the logistical factors is that most of the mitigation is going to take place outside of Tigard; either in Lake Oswego or West Linn. These will need to be reviewed on a case by case basis. Although the mitigation is in one community, he would like the fact considered that there is benefit to both partners if there is a way to keep the project from being delayed because of an appeal. **Mayor Dirksen** would agree there would be times when it would be beneficial to the project as a whole, though he would say there would be some cases where there is an attempt to appease a portion of a neighborhood but it would not appease another portion, so the project is appealed anyway; that result is no net benefit. However, there are opportunities like the one mentioned in Lake Oswego where if construction is already occurring there may be the ability for cost savings to do both projects at the same time. The same might be true in some cases in West Linn. West Linn may have long-term capital improvement projects on the books that could be done at reduced cost to the City of West Linn without increasing the Lake Oswego/Tigard Water Partnership's costs. The Oversight Committee's first discussion should be at that level. It is hard to justify providing amenities to others that Tigard citizens themselves do not have.

Councilor Olson mentioned it is unfortunately going to have to be case by case most of the time. The plant is being built in West Linn; things done there are for benefit to both Tigard and Lake Oswego. She questioned the example used in the memorandum about the Waluga Reservoir. She thought the purpose of the 2nd reservoir in Waluga was for Tigard water. **Mr. Komarek** stated the reservoir is for both Lake Oswego and Tigard. It takes care of a couple of needs on Lake Oswego's side; one is a low pressure issue that exists in that service area, another is it provides storage that is needed in that zone long-term. It made more sense to construct a reservoir that provided long-term storage needs rather than face the prospect of a 3rd reservoir at a later date. The remaining portion of that storage is for Tigard. **Councilor Olson** asked if there was no agreement with Tigard would there be a 2nd reservoir in Waluga right now. **Mr. Komarek** stated not right now perhaps but ultimately Lake Oswego would need to have a 2nd reservoir in Waluga. **Councilor Olson** stated the need to be careful because the reservoir is in Lake Oswego but it is primarily coming into existence because of the agreement with Tigard. **Councilor Buehner** asked how soon Lake Oswego would have to be looking at upgrading the reservoir situation if there was no agreement. **Mr. Komarek** mentioned the 2001 master plan which identified a small deficiency in storage in that zone of approximately a half a million gallons. The plan made projections about that storage deficit increasing over time due to growth and other factors.

Councilor Buehner mentioned an issue that came up with Tigard's new pump station; the federal money required the use of all American parts; however, the contractor used some non-American parts so a portion of the station will have to be rebuilt. She asked if this project could have the same issue. **Mr. Komarek** stated staff is not currently looking at receiving any federal or state proceeds that would come with those strings attached.

Councilor Tierney stated that situations might arise that require expanding the scope. Whether it is because of neighborhoods, other communities, state or federal requirements; because it is a cost issue, the process should be that it comes before the Oversight Committee as quickly as possible. Committee members would then be able to make a recommendation to their respective Councils about the decision as to whether there is cost sharing between both communities, one community covers all expenses or there is proportional sharing, something different than the current split. The Committee should be looking at variations from the original scope; the closer to the original scope, probably the more favorable. The absolute cost of the change and the impact on completing the project on time and in meeting the original schedule; those are some of the things the Committee could objectively rank. It will boil down to subjective determination, but it is possible to end up having a majority.

Councilor Buehner mentioned it would be helpful to know what staff believes will be coming so the Oversight Committee can be prepared ahead of time and be ready when the issue arises.

Councilor Tierney mentioned the project near the Hunt Club, which is probably not on the original scope, would be something that could be discussed.

Mr. Komarek was pleased to get some idea of the kind of filters that the Oversight Committee would like to use in evaluating these requests. **Ms. Heisler** mentioned that staff has to be sensitive to what the rate payers will think. It is a water fund not a pathway fund. **Councilor Buehner** asked if there is the possibility of combining some projects, for instance, could the money for the pathway come from the Parks fund. It might save the Parks fund some money by leveraging. **Mr. Komarek** mentioned funds cannot be comingled; and as Mayor Dirksen pointed out if the existence of the project facilitates the implementation of a capital improvement project that has been planned for anyway, the question then becomes one of timing. Lake Oswego may need to reprioritize the CIP; all departments, Parks, Surface Water and Streets need to know the route and schedule of this project so if a road will be torn up, other departments can plan accordingly.

6. EQUIPMENT PROCUREMENT

Mr. Komarek mentioned that a memorandum about procurement of equipment was supposed to have arrived via email on Friday. He apologized but the document was finished just prior to this evening's meeting. He and other Technical Committee members will review the memorandum then distribute it prior to the next meeting. In particular, one of the pieces of equipment being discussed right now is ballasted flocculation. The August 8, 2011, Oversight Committee meeting included a presentation from Peter Kreft (MWH) and Lynn Williams (Brown and Caldwell) on the pilot plant. Ballasted flocculation was discussed as was the fact that it is somewhat of a departure from the business case evaluation that ended in a recommendation of conventional treatment. This is a different type of conventional treatment and it was explained that there are some significant benefits to using this technology: it is more energy efficient, has a much smaller footprint, produces a higher-quality water which than goes through the ozonation and filtration process thus leading to benefits of reduced energy and life cycle cost. Because of the better water

quality, there will be reduced solids loading to downstream solids handling facilities so those facilities will get smaller and use less energy. **Councilor Buehner** asked if it will change layout of the water treatment plant. **Mr. Komarek** stated it allows the designers to shrink the footprint; that is good for land use and neighborhood impacts for construction. Staff has identified a couple of vendors, but only one of them has the history of performance for this technology. **Mayor Dirksen** asked the name of the company. **Mr. Komarek** answered Kruger. There is another vendor by the name of WesTech who, because Kruger's patent expired, has taken on the design and given it a new name. While staff considers this to be equivalent to Kruger on an equipment basis, there is no history of installed performance for these systems. The system staff is considering from Kruger is an improvement on the first generation of ballasted flocculation; it is the system that gives the benefits that were described earlier. **Council Buehner** asked if that system is what will be at the pilot plant. **Mr. Komarek** stated that it is the process that is going to be piloted at the plant and it should be coming in late October. **Mayor Dirksen** asked if there was more lead time required in the purchase of this kind of equipment. **Mr. Komarek** answered that he would find that out. He mentioned that the benefit of making a decision now is that it informs the design. **Councilor Buehner** asked if staff is working at this moment in a two methodology format with planning in terms of one with the standard and one with ballasted flocculation. **Mr. Komarek** stated the team is moving forward with preliminary design assuming the project will go with the new and improved technology that gives added benefit. This will mean a somewhat unique procurement practice; rather than a competitive practice it would be a sole-source procurement. This information will be covered in more detail in the memorandum.

7. BUDGET UPDATE

Mr. Prock mentioned a quarterly budget summary for the current fiscal year was included in the packet. Through the first quarter, the project has expended approximately 6% of the funds in the budget for this fiscal year. That is lower than was anticipated; part of that is due to the lag in billing processes. Plus, a couple of consulting firms are starting a little later in the year than what was anticipated. It is expected that expenditures will be ramping up quite steeply in the second and third quarter which will see the project finishing the year very close to the anticipated final number. **Councilor Buehner** asked if there will be a large carry over into the next fiscal year because of the delays in the billing processes. **Mr. Prock** stated it would not be surprising to see some carry over. Staff does encourage the prime consultants to let their subs know the importance of receiving those bills during the given fiscal year. **Councilor Tierney** asked if the project accrues expenses. **Mr. Komarek** answered everything that is expensed in that fiscal year will ultimately accrue to the budget in that same fiscal year. There is just a lag in getting that information in so it can be finalized. **Mr. Prock** mentioned the goal is to have all bills in by the middle of July. **Councilor Tierney** mentioned that he thought Personal Services would have been closer to 25%. **Mr. Prock** answered that Mr. Komarek, Ms. Heisler and Jeff Selby are programmed to operate both on the water project and on LOIS. It was anticipated these staff members would be full time when the budgeting was complete, but that has not happened yet.

8. PROGRAM UPDATE BY MAJOR TASKS

Mr. Prock updated each task as follows:

RIPS

- Black & Veatch has started preliminary design work.

RWP

- Kennedy/Jenks is proceeding with preliminary design work. The program management team and Kennedy/Jenks are working toward completion of the crossing study. A work product showing this information is anticipated within the next four to six weeks.
- **Councilor Buehner** asked if all facilities would be permitted early next year. **Mr. Komarek** answered staff is targeting a May date for submittal of the JPA. Other permits will be submitted at various times between January and July.

WTP

- The pilot plant is up and running.
- Geotechnical work has been completed on-site. Staff is looking at the condition of the soils and it has been determined that there is the potential for liquefaction problems. **Councilor Buehner** asked if this was on the entire site. **Mr. Prock** answered it affects a big part of the site.
- Staff is considering conducting a water age model, which will look at how long the water stays in the system both within Lake Oswego and then as it moves into Tigard to determine whether this will generate water quality issues that need to be addressed. It did not seem to be a problem with the system prior to moving into the partnership, but there is anticipation it might be an issue now. **Councilor Buehner** mentioned it is better to check now rather than later. **Councilor Tierney** asked if that is in the original scope. **Mr. Prock** stated some of it was acknowledged early on as a potential problem.
- Staff is looking at the emergency power options available with PGE. Choices include dispatchable power, secondary supply in the facility or going with a stand-by facility on site. The partnership would own the stand-by facility wholly. **Councilor Buehner** asked what the plant in Wilsonville has. **Mr. Prock** answered he does not know. **Councilor Buehner** mentioned that would be useful to find out. **Councilor Tierney** asked if staff considered dispatchable power different than the projects' own generation. **Mr. Prock** answered yes; dispatchable facilities are run by PGE so they can meet their needs as well as ours. Our own facility would be solely for us with nothing going out to the grid. **Councilor Tierney** mentioned the benefit of dispatchable power is that PGE pays for it. **Mr. Komarek** said PGE pays for some of it. **Mr. Prock** stated staff is looking into the new interim emissions' requirements by the EPA that directly impact the engine sizes that dispatchable power systems are utilizing.
- **Councilor Buehner** asked if staff is looking at the possibility of putting some solar at the plant and would this require connection to the grid. **Mr. Komarek** answered that it would be just internal consumption. **Councilor Tierney** asked if staff is planning to use solar arrays on site to meet the state requirement. **Mr. Komarek** answered there has to be some solar; it can be a combination of active or passive but there needs to be an investment of solar on site. Staff is still looking into what the size of that investment is and what it means in terms of the square feet of arrays and is there a building rooftop available for that size. **Mayor Dirksen** asked if the solar set up would be considered as part of the emergency backup. **Mr. Komarek** answered no. **Councilor Tierney** asked if there are still tax credits for solar. **Mr. Komarek** answered for residential but not for public agencies unless it were a public/private partnership. **Councilor Tierney** asked if staff is looking at that as a possibility. **Mr. Komarek** stated there currently is no private suitor who is interested. **Councilor Tierney** asked if staff has let people know that this is available. **Mr.**

Komarek answered staff has not. **Councilor Tierney** responded the door has to be opened before someone is going to walk in.

FWP

- Kennedy/Jenks is proceeding with preliminary design. Surveyors are out doing additional design survey work; in particular, in Lake Oswego work is being done to refine the proposed pipe alignment. In response to Councilor Tierney's earlier question of last month, it is a little hard to define whether or not there would be a difference in the pricing because too much is still up in the air. **Mr. Komarek** asked if that question was the difference in pricing between the two options, Iron Mountain or Hunt Club. **Mr. Prock** answered correct. **Mr. Komarek** stated that one thing about the Hunt Club is that it is basically a green field; no other utilities would be involved. **Councilor Buehner** mentioned it will not be necessary to dig under peoples' houses. **Councilor Tierney** asked if staff anticipated there might be some changes at the Hunt Club. **Mr. Komarek** mentioned that he and Ms. Heisler have been involved in discussions with Hunt Club officials in the hopes of finding a route that provides them as much flexibility for development as possible but still keeps our project out of the wetlands and the trees. We think staff has found a route that Hunt Club officials seem supportive of.

WR2

- Preliminary design has started at the Waluga Reservoir 2 site. The consultants are looking at reviewing the site and yard piping to assess how the system is going to function. There will be two tanks; one much higher than the other one. Hydraulically, it will be necessary to make sure both will be functioning as intended meaning separately but also in tandem. **Councilor Buehner** asked if there will have to be a pump station between the two. **Mr. Prock** answered no.
- One other issue being looked into is the routing of the external piping. Piping will be necessary for overflow from the tank. It has to be received from the tank and funneled out to an appropriate point of disposal.

BPS

- The consultant has started preliminary design; including looking at how the new facilities are integrating into the existing system, hydraulic modeling and the cost implications of some of the alternatives that are being looked at including one pump station versus one building with two pump stations inside so a dual pumping zone. It looks like the dual pumping zone is preferred. **Mr. Murchison** mentioned it will help resolve the water age issue by moving the water through Tigard's system faster.

SCADA

- Portland engineering is working on completing the final draft versions of the instrumentation recommendations. They have completed the existing system assessment and are finishing up the control system standards. These documents will be passed on to the appropriate teams for design purposes; they will include the hard mechanics of the conduit and wires in their drawings.

Councilor Buehner asked if in Mr. Prock's assessment all the design teams are on track with the time line at this point. **Mr. Prock** responded he thinks so. **Mr. Komarek** stated some of the work

particularly the treatment plant design has been accelerated so that it can support land use which is becoming a driver for the schedule.

Councilor Buehner asked when land use will hit Tigard for the Bonita Pump Station. **Mr. Murchison** answered early next year; February or so.

Councilor Tierney asked what the status is of the water rights issue. **Mr. Komarek** answered the record was consolidated and submitted to the appellate court and certified as being complete. The next step is for that record to be docketed and then a briefing schedule will be developed by the court and submitted to the parties' attorneys. **Councilor Buehner** mentioned usually the briefing schedule happens before the record is docketed. **Councilor Tierney** mentioned it has been sitting a long time, because the record was consolidated about six weeks ago. **Councilor Buehner** stated that the problem is the court clerk's office has to make sure that everything listed on the index is included. So many agencies have had staffing cuts; the clerk's office is included.

Councilor Tierney asked about the status of the land at the water treatment plant. **Mr. Komarek** answered that the offer letters went out several weeks ago and the statutory 40-day period expires in late October or early November. At that point, there will either be rejections or acceptances to the offer. A couple of new acceptances have been received; however, we are still a long way from getting what is necessary. Staff is scheduled to bring the matter to the Council in November. **Councilor Tierney** asked if after 40 days either people have agreed or the decision is to condemn. **Mr. Komarek** answered that will come to Council and then it will be implemented immediately.

Councilor Olson stated in the last meeting there was mention of a future agenda item about a report on 20 mgd to Tigard. She wondered when the Oversight Committee would get that report or have that discussion. **Mr. Komarek** stated that both he and Mr. Koellermeier are working on that report with some assistance from the program management team; it is not quite ready yet. He heard that there is the potential that the November Oversight Committee meeting would be replaced with a Joint Council meeting. He asked if the Oversight Committee would like to have a November meeting in addition to the Joint Council meeting. **Councilor Buehner** asked when the Joint Council meeting would occur. **Mr. Komarek** stated it would likely be the same night as the Oversight Committee meeting; the Joint Council meeting would just replace the Oversight Committee meeting, which would mean it would be on Monday, November 14.

Councilor Buehner mentioned she would appreciate finding out what is going on with the pilot project and when the Oversight Committee can have a tour. **Ms. Heisler** mentioned staff wanted time to make sure all pieces were up and running; it looks like sometime mid-November.

Councilor Olson asked if there might be implications for changing the split. **Mr. Komarek** stated it was possible. **Councilor Olson** suggested the Oversight Committee meet for a half an hour before the Joint Council meeting. Councilor Tierney asked if there is an agenda for the Joint Council meeting yet. **Mayor Dirksen** answered nothing is set so far. **Mr. Komarek** stated staff will work with the two mayors to get that finalized. **Mayor Dirksen** explained the agenda would include a general overview of project status with regard to water rights, contracts, etc.

Councilor Buehner stated she knows that the raw water intake application went to the Planning Commission in Gladstone; when will it go to their Council? **Mr. Komarek** stated it does not have to

because the Planning Commission approved the intake so now we are in the appeal period. **Ms. Heisler** mentioned the appeal to Council is over on October 13. **Councilor Buehner** asked if it will be final by next month. **Mr. Komarek** answered it should be.

9. COMMUNICATIONS UPATE

Ms. Heisler mentioned that outreach staff is establishing relationships with people on the east side of the river for the raw water pipeline. There was a meeting with Oak Lodge Water today and there is a meeting with Oak Lodge Sanitary next week. Meetings are still being set with Jennings Lodge CPO, Oak Grove and Friends of the Trolley. There is a preferred alignment that goes along the same street as the trolley right of way. North Clackamas Parks and Recreation will be involved because the trolley line is designated park as well as Jennings Lodge School, which is a school in the Oregon City School District north of Gladstone.

The Design Open House for the Water Treatment Plant is scheduled for October 27. There have been several planning meetings. As mentioned earlier, the design work has been accelerated so staff can show the neighbors what is happening. The required neighborhood land use meeting will follow on November 10. This meeting will be more like a public hearing, staff had to give notice, there will have to be an audio record so everybody is heard. This should help make the final application a better product.

West Linn Council cancelled the October 17 update. They did not want to talk with project staff during the appeal period for the lot line adjustment.

Robinwood is having their monthly meeting tomorrow night and the Great Neighbor Committee is having a Charrette to prioritize the long list of asks that the Oversight Committee saw last month.

Staff has been at the following West Linn Neighborhood Associations to discuss the finished water pipeline: Sunset, Bolton and Hidden Springs. Similar meetings are occurring in Lake Oswego. Staff also met with the school district today to talk about the line going through the Lake Grove Elementary School property. The school mentioned as other schools close and more kids are going to Lake Grove, they don't want to lose any access. Bill Korach, Lake Oswego School Superintendent, is going to inform the school board on the 24th.

The kick off meeting was held with Waluga neighbors on the 29th. Backyard visits are being conducted with property owners around the reservoir through October and staff will hold another meeting in December. **Councilor Olson** asked how the meeting went. **Ms. Heisler** answered the kick off went really well with a decidedly different tone than the last time.

There has been one legislative visit with Tigard Representative Margaret Doherty. Tigard Senator Ginny Burdick and Lake Oswego Senator Richard Devlin are coming up. During these meetings staff is talking about the challenges of the project and letting them know of any assistance they might be able to give at some point.

John Goodrich will be speaking at the Fanno Creek Tigard Home Owners Association.

Councilor Buehner asked for a copy of the November communications calendar. **Ms. Heisler** stated she would email a copy to all Oversight Committee members.

Councilor Buehner asked when a decision would be made about the raw water pipeline crossing. **Mr. Prock** said there should be more information in about a month. **Mr. Komarek** stated the technical team has made the selection. **Mayor Dirksen** followed that it is fairly clear which one makes the most sense and which one is politically feasible.

Ms. Heisler stated Beat the Peak has wrapped up and because of the weather, we were not even close to 12 mgd this year.

10. NEW ACTION ITEMS

Mr. Komarek stated:

- The equipment procurement memorandum will be distributed to Oversight Committee members.
- Staff received the ideas from the Committee members about filters that might be used to evaluate requests for value added items. Staff will decide how to document that approach.
- There was a suggestion to look for public/private partnerships for tax credit.

Councilor Buehner asked Ms. Heisler if there have been any requests from the neighborhood associations to see the pilot plant. **Ms. Heisler** stated that besides a gentleman who was referred from Tigard, there has not been a lot of interest in that subject. **Councilor Buehner** stated that it came up at the IWB meeting in September. **Ms. Heisler** mentioned staff would be happy to organize a tour.

11. FUTURE AGENDA ITEMS

Mr. Komarek mentioned the following:

- 20 mgd to Tigard.
- 6 mgd to West Linn, there have been discussions occurring behind the scenes and staff will share information as it develops.
- Pilot plant tour.

12. NEXT MEETING DATE

The next Oversight Committee meeting will be Monday, November 14, 2011, from 6:00 p.m. to 6:30 p.m. at the Red Rock Conference Room in Tigard City Hall. The team will let the Oversight Committee know if there is going to be a Joint Councils meeting as well.

13. ADJOURN

Mr. Komarek adjourned the meeting at 7:10 p.m.

Attachments: None

Approved: November 14, 2011