Tigard Technical Committee Member Dennis Koellermeier called the meeting of the Lake Oswego/Tigard Water Partnership Oversight Committee to order at 6:03 p.m. on January 9, 2012, in the Oswego 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: Dave Prock, Jane Heisler, Kari Duncan, Laura Barrie
- Other: Alex McIntyre
- PMT: Jon Holland and Pete Oveson, Brown and Caldwell

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

Guests
- Kevin Bryck, Robinwood Neighborhood Association

1. CALL TO ORDER/ROLL CALL

2. APPROVAL OF MINUTES FROM MEETING #20

Mr. Koellermeier asked for approval of minutes from the last meeting held on December 12, 2011. Councilor Buehner motioned to approve, Councilor Olson 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

Mr. Koellermeier gave the guest a chance to speak about items that are not on the agenda. Kevin Bryck introduced himself as the Chair of the Robinwood Neighborhood Association Great Neighbor Committee (GNC). He stated that the GNC would like to thank the project for sending Ms. Heisler and numerous other volunteers to their neighborhood meetings for the last year and a half. The GNC has been diligently working on their mitigation plan. When the Mayors came to the Lake Oswego City Hall for a roundtable discussion, Mayor Hoffman stated that a Good Neighbor Plan was not enough; he wanted a Great Neighbor Plan. Mr. Bryck mentioned that the committee’s goal is to make sure that was not political hyperbole. The GNC has developed goals and selection criteria which were taken to the neighborhood for a vote. Before Christmas, the committee had a meeting with Ms. Heisler and Mr. Komarek and would like to thank you for incorporating some ideas into the current draft of the Great Neighbor Plan, but there are several things that the committee considered benefits to the neighborhood that were summarily dismissed before we even had the opportunity to discuss them. The GNC did not think that was very great or very neighborly. Whether this is just a tactic or whether it is an actual position, the
committee is still looking for the benefits that offset the conditional use. The GNC looks forward to incorporating some of these other benefit ideas into the Great Neighbor Plan.

Mr. Koellermeier mentioned how the Oversight Committee (OVC) has dealt with this issue historically. Staff made the decision to separate the treatment plant great neighbor items from the pipeline items because they are two different applications. This will explain one issue in that the OVC has not looked at the pipeline great neighbor ideas yet. The other action that has been taken is staff presented a recommendation to the OVC last month of the treatment plant suggestions from the GNC. Mr. Bryck answered his comments might have been more informed, but the information in the packet did not go up on the website until now so he could not see what was discussed in December.

Mayor Dirksen commented that the process is not done so issues can still be raised particularly as the OVC looks at pipeline mitigation. At the very least, the GNC will get a response on each of the items that were suggested. Mr. Bryck stated that is what the GNC is working for; having more of a dialogue about each issue instead of saying “the Oversight Committee rejected this issue so we are not talking about it.” The GNC realizes there is not necessarily any proximity or nexus on some of the benefits and there does not need to be because it needs to be a benefit for the conditional use.

Councilor Buehner mentioned she would remind the Great Neighbor Committee that any benefit discussion in connection with such an application has to have a direct relationship to be relevant. That has nothing to do with this particular issue; she is just stating that is the way the criteria are set up.

Councilor Tierney asked what the next steps are for the Great Neighbor Plan (GNP). Is it continued dialogue with the neighborhood association or with the group that Mr. Bryck represents? How will there be a resolution? Ms. Heisler answered project staff goes to the Robinwood meetings every month. The GNC did not adopt their official list until the last meeting in December, which was a day or two after the Oversight Committee met. Councilor Tierney stated he is asking what’s next, is there continued discussions with the GNC and who will be the final arbiter. Ms. Heisler stated it is fairly clear that, as Councilor Buehner was saying, for conditional use itself there needs to be a rational nexus. None of these items are required. What she thinks Mr. Bryck is talking about is that the GNC wants or deserves something more beyond what the conditional use would require. Councilor Tierney stated that is not my question, my question is what process happens next? Ms. Heisler stated this is a policy decision; that is why these items were brought to the OVC at the last meeting and why staff will bring the pipelines to the OVC at the next meeting. Staff did not feel comfortable making these decisions. Mayor Dirksen stated that he would say it is not done yet because the list the OVC saw was still a preliminary list, not the final list. Ms. Heisler mentioned the list the OVC saw had everything, the final list actually got smaller.

Councilor Tierney asked staff to bring the list back and annotate where the neighborhood still thinks that the issues are valid and the OVC can relook at it. Ms. Heisler stated the OVC can take another look. Councilor Tierney mentioned that the issues that were not approved were because the OVC did not see correlation to the project; the bottom line is that both cities’ money is being spent and we answer to the citizens, so it does have correlation. He is curious how this gets resolved as opposed to festering. Ms. Heisler stated project staff will be submitting the Good Neighbor Plan as it stands now with the conditional use application. That application will probably
be submitted early next week and staff will not be coming back to the OVC until February. Mr. Koellermeier stated that is the treatment plant component of the GNP only. He mentioned that the pipeline GNP components will be brought to the OVC in February in anticipation of an April application submittal. Councilor Olson asked Mr. Bryck if the GNC’s issues are about the pipeline that has not been discussed yet or are they about the treatment plant. Mr. Bryck answered there are a couple of issues from both. People are very concerned about the liabilities involved in any chemical events or spills at the plant. Many people have found that even if there is an earth movement or something along that line, their homeowner’s insurance will not cover it. That is a big issue for people and that is one of the items that needs to be worked around. The GNC is getting down to the details of how to monitor actual compliance with all the conditions of approval in construction documents and issues like that.

4. DISCUSSION OF PRIOR ACTION ITEMS

There was no discussion of prior action items.

5. 20 MGD TO TIGARD

Mr. Koellermeier mentioned that this is a very complex issue that affects a multitude of technical, political and other various issues. During internal review of the memorandum that Mr. Komarek distributed, staff found that there were some misinterpretations of some issues. He turned the meeting over to Mr. Holland from Brown and Caldwell to explain where current thinking deviates from the memorandum that Mr. Komarek put together last week. Mr. Holland mentioned that the first two pages are terrific. At the top of the third page, there is some underlined text that states that if Tigard were to receive 20 mgd from the partnership rather than 14 mgd; it would come at increased cost due to upsizing a pipeline on Iron Mountain Blvd. to Waluga Reservoir. Project staff has looked at numerous scenarios for the Finished Water Pipeline from routes to sizes to velocities to impacts on the pumping station and at the treatment plant; so there are a lot of complexities. In reality, there is an alternative to upsize the Iron Mountain to Waluga pipeline from 30 inches to 36 inches, but that really does not have anything to do with sending 20 mgd to Tigard. The potential or the idea of upsizing that pipeline a little more is to have the benefit of retiring from service an 18-inch pipeline. This pipeline is from 1969, so by the time the facilities are constructed it will be over 45 years old. There is a 75- to 100-year design life for the new facilities. Rather than rely on that nearly 50-year-old, 18-inch pipe to function in tandem with the 30-inch pipe, the project could invest $1.2 million dollars and upsize the 30-inch to a 36-inch and retire the 18-inch. That is what the upsize is about; it has nothing to do with 20 mgd to Tigard.

Councilor Olson mentioned that Mr. Komarek says it is $2 million not $1.2 million. Mr. Holland stated there is another aspect to the cost increase which does get the total up $2 million from the project definition report. One might think if 6 mgd more to is sent to Tigard that must mean that a bigger pipe is needed. The issue is that if 6 mgd more is going to Tigard than 6 mgd less is going to Lake Oswego customers. If the demand is sent to Tigard instead of Lake Oswego, there will need to be a slight increase in velocity through the pipe but it is still within allowable design criteria. There will also have to be an increase in the pumping energy at the treatment plant, but again it is very small. This is only during the peak day demands and only way out in the future so this little bit of extra energy and a little bit of extra velocity are both non-issues in project staff’s opinion. The much bigger issue is if it becomes necessary to replace that 18-inch pipe 25 years from now. Even
though it is a deferred cost, it is going to much more than the $1.2 million to upsize to a 36-inch pipe today.

Councilor Buehner asked is the proposed pipe going to be built in the same location as the 18-inch pipe or is it a totally different location? Mr. Koellermeier stated that leads to another part the issue. Figures were passed out to the OVC members. Mr. Holland mentioned if the 18-inch is retired from service, the new pipeline could be installed literally in the same trench; dig up the old put in the new. Mayor Dirksen asked if the new pipe has to be installed before the old one is removed. Mr. Holland answered there is already a 2nd pipeline in place. The project is planning to keep an existing 24-inch pipe that is from the 1980s. It is only the older, 18-inch pipe that would be taken out of service. Councilor Buehner asked if all the pipes are adjacent to each other. Mr. Oveson from Brown and Caldwell answered that the pipes are adjacent to each other on Iron Mountain Blvd.

Mr. Oveson stated that Mr. Holland asked him to go through the remaining cost issue and explain the $0.8 million dollar increase. He asked the OVC members to look at the figure labeled Project Definition Alignment first. This is the alignment that was published in the project definition report, a little over a year ago. The blue line is the existing Finished Water Pipeline and on Iron Mountain Blvd. the pipelines are parallel. The red dashed line would be the new alignment and everything up to Iron Mountain would stay basically the same.

The earlier-mentioned 18-inch, 1969 pipeline on Iron Mountain Blvd. goes north through the Hunt Club, that is the north blue line. As part of the project definition report it was assumed that the 1969 pipeline would stay in place. Because of that, it was decided that the new pipeline only needed to be 30 inches in diameter. Early on in the project, staff was told to avoid going through the Hunt Club. Upon subsequent conversations, it has turned out that the Hunt Club is interested in the pipeline going through the property; in fact they would prefer it to go through because it would eliminate the 18-inch pipeline that currently runs right through the middle of the property. With the new alignment, the pipeline could go around the perimeter and give the Hunt Club the opportunity to develop their property in the future.

Another aspect was that the project definition alignment went on Lake Grove Avenue. The reason this alignment was chosen was so it could be parallel to the 24-inch pipe. Mr. Oveson had the OVC look at the next figure. He mentioned that Kennedy/Jenks (K/J) was brought under contract for the pipeline design, and one of the first items on their scope was to reevaluate the alignment and to take a little bit more of an in-depth look than what the Program Management Team (PMT) was able to do as part of the project definition report. K/J came up with a couple of suggestions; the first one being that they really saw a lot of benefit in going through the Hunt Club. The main reason why it was seen as beneficial was that it avoids the Iron Mountain traffic circle which is very congested and would result in difficult traffic control issues during construction. Additionally, there are a lot of utilities in the Iron Mountain traffic circle including the Springbrook Creek culvert and every single type of utility imaginable. In going north through the Hunt Club, the project will avoid the additional costs required to relocate utilities in the traffic circle and significant impacts to the public and traffic. This alignment change resulted in a cost increase due to a slightly longer route, but avoids a significant amount of impacts which will result in cost savings that are difficult to quantify at the present time.
Instead of going on Lake Grove Avenue, K/J suggested going on Lanewood Street. Lake Grove was recently restored; it has a nice pathway on the side of the road and it has recently undergone some construction. Lanewood on the other hand is not as nice and has not experienced similar impacts recently, so K/J’s thought was to not impact a street that has already been torn up. The PMT thought those were great suggestions. This alignment change resulted in a cost increase due to a slightly longer route, but has the benefits already noted. The PMT also agrees there is a lot of benefit to taking that 18-inch, 1969 pipeline out of service. By getting rid of that pipeline and replacing it with a larger 36-inch new pipeline, the program is essentially taking the oldest component of the existing pipeline out of the equation.

Councilor Olson mentioned there is also a little change farther back. Mr. Oveson agreed there is a slight change. K/J also changed the pipeline; originally at 10th Street and Evergreen the pipeline went on a southerly alignment along Berwick Rd. over to Iron Mountain Blvd. and now the pipeline is going north on 10th to Chandler and then back down to Iron Mountain. This change has no cost associated with it. Councilor Tierney asked why is there a change at all. Mr. Oveson answered the change was based off of feedback received from the Water Maintenance Department and City Engineering saying that Chandler is a less congested street. It has more traffic, but Berwick is one of the tightest streets in Lake Oswego. Mayor Dirksen asked if it was because the right of way is narrow. Mr. Oveson answered the right of way is narrow, the pavement is extremely narrow and there are trees within the right of way on either side of the road. Because of this, the PMT and K/J felt very confident this change will make the pipeline less expensive because of the construction constraints associated with Berwick Rd. Mr. Holland added even though the route is a little bit longer, it will end up less expensive.

Councilor Tierney asked why the original alignment included the older 18-inch pipeline. Mr. Holland answered there is a 24-inch and an 18-inch pipeline now and the original study by Carollo contemplated leaving both pipes. The PMT did a condition evaluation of both pipes to determine what shape they are in? Both pipes appear to be in decent shape but it is more of a determination of what the actual cost difference between a 30-inch and a 36-inch pipeline would be. How much more investment is required. This was something that needed to be studied. Councilor Tierney stated that the 18-inch pipe was researched in terms of materials and maintenance and it was forecasted to go out for quite a bit longer. Mr. Holland stated that he does not want to mischaracterize anything, it is not like the 18-inch has only 5 or 10 years of life left; it is more recognizing that the opportunity exists now. The program is already digging a trench, the same equipment is on-site, the same personnel, the same traffic disruption, the same restoration costs, it will require digging a little bit wider trench and a little bit more material cost for the pipe. Mayor Dirksen asked if staff could have figured that out earlier. Mr. Holland answered maybe. Mr. Koellermeier stated it is all in the level of detail. Councilor Tierney stated that the 18-inch pipeline was considered, it was researched, there was work done on it and it was determined it was best to keep it; staff is looking at more detail for $1.2 million. Councilor Olson stated this is why she has been asking for the detail that states where the program started and all of the changes that have been made and costs associated with those changes because we just keep getting these “well it is only another $1.2 million or only another $2 million.” Mr. Holland agreed the costs add up.

Councilor Buehner asked for an explanation about the difference between a 30-inch pipe and a 36-inch pipe being $1.2 million, is the pipe that expensive? Mr. Holland answered the difference in cost is mostly materials, the trench probably will not be any wider because it already has to be wide enough to get shoring and people inside that shoring to work on the pipe. Mr. Oveson added
there is a lot of steel in every foot of that pipe. **Mayor Dirksen** asked what the material is. **Mr. Holland** answered either ductile iron or welded steel.

**Mr. Koellermeier** mentioned this really is not a decision point yet, this is more information for the OVC to know how things are evolving. The costs are all relative and have not been tested against current construction markets; while staff says it costs $2 million, it might be $4 million less by the time it gets bid, it is too early to make those calls yet. There is nothing at this point that would preclude a decision to say we cannot afford this 18-inch abandonment right now. **Mayor Dirksen** stated he hears the argument and would be comfortable going either way just depending on technically which makes the most sense. Policy-wise it sounds like it is really more of a Lake Oswego decision if replacing the 18-inch line is something they want to do. It sounds like there could be benefit to both Cities if it is done, so the cost would be borne by both. **Councilor Tierney** asked if it is an asset that is part of the partnership. **Mr. Holland** stated it is; the 18-inch would become jointly owned between Lake Oswego and Tigard as part of the buy-in of existing facilities.

**Councilor Olson** asked if the chart on page 3 of the memorandum is wrong. **Mr. Holland** answered it is; there is no cost difference because the alignment is the same and the pipe size is the same regardless of whether Tigard is getting 14 mgd or 20 mgd. The notion of who pays for that based on capacity allocation does not make sense.

**Councilor Buehner** asked for updated information. **Mr. Koellermeier** stated staff will reissue the corrected information. **Councilor Tierney** asked at what stage is the decision made on any of these issues. Could the PMT design both for the 36-inch and the 30-inch and then bid it both ways to see where it comes in. **Mr. Holland** answered that would require significant design dollars. If the decision is to replace the 18-inch, the new pipe will be placed where that 18-inch pipe was. If the decision is to build a 3rd pipe, there will have to be a new alignment with different traffic control, different utility impacts and different restoration costs.

**Mr. Koellermeier** added there is one more piece which might affect Tigard’s side of the equation more than Lake Oswego’s. The discussion has been the ability to deliver 20 mgd somewhere west of Waluga; it could be Tigard or it could be a third-party that the Partnership is supplying water to. The program still has to get from Waluga into Tigard. Right now the thinking is the new pump station will be able to deal with 20 mgd. Tigard is planning to design and bid a 2nd crossing of I-5. It is a specialty-type of contract since construction crews are already mobilized; where Tigard might be able to get a really good deal in this bidding climate.

**Councilor Buehner** mentioned she wants to make sure that as the OVC is thinking about these issues, they remember the program is providing emergency water to other cities also. **Mr. Koellermeier** restated that these issues are 20 years in the future on a peak day. He mentioned that the Technical Committee will be reissuing some information.

6. **QUARTERLY BUDGET UPDATE FY 2011/2012**

**Mr. Prock** stated that the OVC members should have received a spreadsheet showing the current budget update for the first 2 quarters of this fiscal year. At the last quarterly update report the project was showing about 6% spent, which the OVC members all acknowledged was low. The program has moved up to about 20% spent for the 2nd quarter. The rate of expenditures is starting to pick up. Staff is starting to process million dollar invoices. The design consulting teams are all up
and running. **Councilor Buehner** asked if staff is still thinking that the budget was a good estimate. **Mr. Prock** answered yes, the project is moving in the right direction.

7. PROGRAM UPDATE BY MAJOR TASKS

**Mr. Prock** referred to the memorandum included in the OVC member’s packet which provided an update by major tasks. He stated that he changed the format a little bit to make it more readable or a little more coherent.

**Program Management**

There are a couple of changes to the dates that were printed on the handout. Under Water Rights, WaterWatch has received an extension for when they have to file their paperwork or their brief. Instead of the 17th of January, It has been extended to March 6; see updated bullets below for the rest of the dates. **Councilor Buehner** added that Mr. Prock might want to check with the court when the initial brief is due because the court will then schedule the argument date. **Mr. Koellermeier** stated that he saw that very issue in an email earlier today so program staff will follow up. **Mayor Dirksen** asked if WaterWatch had to petition the court and ask for a later date and do we know why they wanted more time? **Councilor Buehner** stated the first extension is automatically approved. **Mr. Koellermeier** stated the program had already agreed to a 49-day extension and then they turned around and found a scheduling issue and got that turned into 70 days.

- Water Rights (briefing schedule – Clackamas River)
  - Opening brief from WaterWatch due date extended to 1/17/2012, 3/06/2012
  - Response briefs from LO due on 3/06/2012, 4/24/2012
  - Reply briefs from WaterWatch due on 3/27/2012, 5/15/2012

**Councilor Buehner** mentioned that normally there would be four to six weeks allowed for the reply brief and they are only getting three weeks so there is some time-savings there. **Councilor Tierney** stated until they ask for an extension. **Councilor Buehner** said they will not get an extension on that.

**Package 1 – WTP (MWH)**

**Mr. Prock** stated that program staff learned today that the conditional use permit application will be submitted next week rather than toward the end of this week. There were some loose ends that needed to be tied up. Staff will spend some time this week accomplishing that and will be ready to file next week with West Linn.

**Councilor Tierney** asked about the soils at the Water Treatment Plant and does staff have a sense of what needs to be done? **Mr. Prock** answered that there was a meeting last week where staff talked about the geotech report. The PMT and the sponsor staff are convinced that the approach that the geotech team is recommending is reasonable. **Councilor Tierney** asked is that piles? **Mr. Prock** answered yes. **Councilor Tierney** asked, so being reasonable, how much more expensive? **Mr. Prock** answered that at this point in time the number being discussed is about $3.5 million. **Mr. Koellermeier** stated he thinks that will be an issue at next month’s meeting. **Councilor Buehner** asked if that whole area is subsiding. **Mr. Prock**
answered it has soils that are subject to liquefaction so as the soils convert over to liquid in a seismic event they will tend to settle and settle unevenly. The goal is to keep the equipment and buildings on a level keel. Mr. Koellermeier mentioned that the information will be refined and put into a memorandum.

Councilor Buehner asked again when 30% design documents would be done. Mr. Prock answered MWH is nearing a completion on the treatment plant, but Waluga Reservoir was pushed back for a while. He hoped to see most of those later in January. Councilor Buehner asked if we were still aiming for a Joint Council’s meeting at the end of March or the beginning of April, before both sides get tied up in budget. Mr. Prock stated he hoped to have the 30% design estimates in-hand. Councilor Buehner asked if the OVC would see them at the March meeting. Mr. Prock answered potentially, but it might end up being the April meeting. Mr. Koellermeier stated staff understands the need to get the cost data consolidated and he thinks it is important to set the Council meeting as the data is available. Councilor Buehner re-mentioned it is going to get harder to set that meeting as both sides get into budget hearings and both Councils would like the information before the budget process starts.

Councilor Buehner asked if the application for the Raw Water Pipeline has been submitted to Gladstone. Mr. Oveson stated it would be the first part of April.

8. COMMUNICATIONS UPDATE

Ms. Heisler mentioned the December and January calendars were in the packet. December was filled with a lot of notifications about survey work along the Finished Water Pipeline and in West Linn. Staff has wrapped up all of the legislative meetings. Mayor Dirksen and Mayor Hoffman and the technical committee were on a road show for a couple of months. She stated the legislators now know what is going on.

The project has had a little media attention lately specifically on the emergency water to West Linn. There has also been land use attention in the Lake Oswego Review and the West Linn Tidings. The West Linn City Council is continuing to look at information about the 6 mgd. The West Linn Utility Advisory Board is meeting and will continue that conversation. The communications team is working on mapping out the major events for 2012 including what media opportunities there might be. The team will report findings to the OVC next month.

Councilor Buehner asked what is going on with the Good Neighbor Plan at Waluga. Ms. Heisler answered they have a meeting Wednesday night and it has been going very well. The neighborhood and staff reviewed the first half of the Good Neighbor Plan at the last meeting and they will review the second half on Wednesday. They are a very positive group with a lot of good suggestions. Councilor Buehner asked Mr. Koellermeier if there would be anything coming to Tigard City Council regarding the pump station in the next month or two. Mr. Koellermeier answered yes, Tigard staff is still working with the property owner and it is likely something is going to have to happen within the next 60 days.

9. FUTURE AGENDA ITEMS

Mr. Koellermeier mentioned the big issues coming up on the March and April Agendas. He will discuss February’s agenda with Mr. Komarek. The committee will get an update on several items.
Councilor Olson asked about the April item, the cost estimate documenting the changes, will that also include a revised split between the two entities? Mr. Koellermeier answered his guess would be no, but it would prompt the discussion of whether there needs to be a revised split. I see that as more of a policy issue for this board to take up once they see the numbers. Councilor Buehner asked Ms. Heisler since staff is meeting with Waluga on Wednesday, would you anticipate that plan being put together by March or April? Ms. Heisler answered she does not know that it would be that soon. Mr. Prock mentioned the framework should be done by April; one problem is that staff wants to share with the neighbors what things will actually look like and the reservoir design has been pushed back in favor of some other things that are going on in the program. Ms. Heisler stated staff can share where things stand today if the OVC would like to see a copy of it.

Councilor Buehner mentioned she thinks there are relatively cheap insurance backups that are available for the issue raised by Mr. Bryck regarding potential liability associated with subsidence; the OVC should stay on top of that.

10. NEXT MEETING DATE

Mr. Koellermeier mentioned the next Oversight Committee meeting will be Monday, February 13, 2012, from 6:00 p.m. to 7:00 p.m. in the Oswego Conference Room at the West End Building in Lake Oswego.

11. ADJOURN

Mr. Koellermeier adjourned the meeting at 6:55 p.m.

Attachments: None
Approved: February 13, 2012