Present:

**City of Lake Oswego:**

**Oversight Committee:** Mayor Studebaker, Councilor Manz  
Staff: Kari Duncan, Erica Rooney, Susie Anderson

**City of Tigard:**

**Oversight Committee:** Mayor Cook, Councilor Snider  
Staff: Marty Wine, John Goodrich

**Guests:** Rebecca Geisen, Regional Water Providers Consortium

---

1. **CALL TO ORDER/ROLL CALL**

Chair Snider called the meeting of the Lake Oswego Tigard Water Partnership Oversight Committee to order at 5:30 pm at the Lake Oswego Main Fire Station, 300 B Avenue, Lake Oswego, Oregon 97034.

2. **APPROVAL OF MINUTES**

Mayor Studebaker moved to approve the minutes of the July 19, 2018 meeting of the Oversight Committee. Councilor Manz seconded the motion. The motion passed unanimously.

3. **PUBLIC COMMENT**

None.

4. **OLD BUSINESS**

4.1 **Water Rights Extension Remand**

Ms. Duncan stated Joel Komarek recently sent an email to committee members explaining the current status and suggested any questions should be directed to Mr. Komarek.

4.2 **Operations Committee Activity Report**

Ms. Duncan referenced the report in the meeting packet and reported for the third quarter of 2018 there were a few citizen requested lead and copper tests. There were a couple of dirty water reports in the Lake Terrace neighborhood after a fire hydrant issue. Water in the area was flushed and tested negative for any bacteria. Tigard had 16 customer calls, mainly reporting discolored water which were resolved by flushing.

Ms. Duncan recalled discussion at the previous meeting regarding the new cyanotoxin rule issued by the Oregon Health Authority (OHA). She explained that was a temporary emergency regulation during the summer that was issued after the Salem water crisis. OHA recently distributed a draft permanent rule for Oregon. Lake Oswego and Tigard staff provided comments on behalf of the Partnership to OHA and submitted comments through
organizations such as the Oregon Water Utility Council and Clackamas River Water Providers (CRWP). The rule requires additional sampling. **Ms. Duncan** referenced the presentation by Kim Swan from CRWP at the previous meeting where she explained the agency had been sampling for cyanotoxins for many years. There is concern the new rule would require individual sampling by CRWP members instead of one sample by CRWP on behalf of all member utilities. **Ms. Duncan** stated she had conversations with the OHA representative managing the new rule and submitted formal comments addressing individual sampling and has received positive feedback that a joint Clackamas River sampling plan may be possible although that is still to be determined. **Councilor Snider** stated individual sampling would be building in inefficiency and waste into the rule. He asked if there was any operational benefit of individual samples. **Ms. Duncan** replied OHA was writing the regulation for hundreds of water utilities, most of which have different sources. The CRWP is unique in that all of the intakes are in very close proximity to one another. **Councilor Manz** offered to reach out to advocate on behalf of group sampling if it would be helpful. **Councilor Snider** agreed and said individual sampling could potentially cause confusion if one CRWP utility had a false positive test but others did not. **Ms. Duncan** acknowledged that was a concern of staff, as well. **Mr. Goodrich** added CRWP would provide consistent communication to the media and public if there were a positive result. **Ms. Duncan** pointed out each utility has different treatment systems. The Lake Oswego - Tigard plant is the most enhanced of the treatment systems and once the water is treated it may be different between the various facilities.

**Ms. Duncan** announced Bret Bienerth was promoted to position of Assistant Plant Manager. Mr. Bienerth worked as an operator for a number of years and was instrumental in building the asset management system for the facilities. Henry Thomson retired after 26 years at the treatment plant. Because of the promotion and retirement two operator positions opened and were filled by Tim Reese and Phil Bonsi. Mr. Reese is a fairly new operator and has his Oregon Water Treatment 1 certification. Mr. Bonsi is a senior operator with a lot of experience and a level 4 certification.

**Ms. Duncan** referenced the water use graphs in the meeting packet and pointed out because of the hot spring water usage was substantially higher than in past years but August and September use was down compared to the previous year due to conservation. **Mayor Studebaker** asked if current use was close to maximum capacity. **Ms. Duncan** responded the peak day for summer was around 24 mgd for both cities combined. Because not all the pumps are installed at the river intake and treatment plant the current maximum capacity is 32 mgd and because the plant is an on/off operation it was running at 32 mgd flow rate often but only to accommodate the on/off operation. **Mayor Studebaker** asked Mayor Cook and Councilor Snider if there would be a big increase in demand with all the new development in Tigard. **Mayor Cook** replied there would not be a huge increase. Development will continue over the next three years then taper off. **Councilor Snider** added long-range planning predicts Tigard won’t be using full capacity from Lake Oswego until the mid-2030s or later. **Mr. Goodrich** said Tigard's peak day demand was 11.68 mgd and opined the Tigard pricing structure encourages conservation.

**Ms. Duncan** stated 1,420 work orders were completed during the third quarter which was up from previous quarters and the result of having a full staff. An analysis of the work order system revealed many of the work orders were simple operator checks and processing the work order took more time than the check itself so those were moved to check-lists. Now the work orders represented in the report reflect substantial pieces of work. She added that the Instrumentation Technician who was hired in the spring had taken on a lot of the work load and helped in catching up on the back log of work orders.

**Ms. Duncan** noted a repair was done on the river intake screens and explained in the past, high river flows pushed the screens up out of their docks. Two years ago the screen vendor made a repair that did not work so recently a screen latch mechanism was installed to make sure the screens stay in place during flood stage on the river. **Councilor Snider** asked if there had been an occasion to see if the repair worked. **Ms. Duncan** replied there
hadn't been an event to test them but the new latch installation was a much more robust system requiring a crane and divers to install the latch whereas before it was a simple installation. She stated she is much more confident that the recent work will be effective.

Ms. Duncan noted the picture of the emergency water treatment system in the meeting packet and explained some maintenance had been conducted on the system, partly in reaction to the situation in Salem and to make sure the system was operating properly since it had been sitting for a couple years. Councillor Snider asked how the exercise went. Ms. Duncan replied that it went well and provided opportunity make improvements. Councillor Snider asked if maintenance and operation would occur more regularly on the trailer. Ms. Duncan responded that staff identified a couple things that needed upgrading on the system and are nearly done with those. The system will be taken out and tested at least once a year going forward.

5. NEW BUSINESS

5.1 Regional Water Providers Consortium Overview

Ms. Duncan introduced Rebecca Geisen, Manager for the Regional Water Providers Consortium. Both Lake Oswego and Tigard are members of the consortium. Councilor Manz from Lake Oswego and Councilor Anderson from Tigard are representatives to the consortium. Ms. Geisen stated the Consortium was established 21 years ago and came about due to the recognition of emerging issues in the state and a lot of water providers were addressing these issues independently so it made sense for the providers to address issues collectively. The issues driving the formation of the Consortium were regional water planning under Metro's charter, difficulty acquiring water rights and extensions, Federal issues with Endangered Species and Clean Water Acts, population growth rates and per capita water demands, instream water rights, and rising costs. It was more efficient to work together in addressing the issues. A Regional Water Supply Plan was developed to address how water supply demands would be met through 2050 and it has been updated several times.

Ms. Geisen explained that there are 22 member cities which collectively supply over 80% of water in the Metro region. The Consortium has an annual budget of about $900k funded with annual membership dues. There are three and a half FTE who implement programs on behalf of the Consortium. Those employees are housed with City of Portland through a staffing Intergovernmental Agreement. The mission of the Consortium is to provide leadership in planning, management, stewardship, and resiliency of drinking water in the region. She opined one of the greatest strengths is leveraging resources all the members have to implement programs and share information and achieve economies of scale. The Consortium focuses its efforts on emergency preparedness and resilient water systems, as well as conservation. Organizationally, the Consortium is led by a Board of Elected Officials representing each member organization. There is also an Executive Committee which recommends policy and budget actions to the Board and a Technical Committee made up of water managers from member cities. At the staff level there is an Emergency Planning Committee, a Communicator's Network, and Conservation Committee.

Ms. Geisen listed the main program areas of regional coordination, emergency preparedness, and conservation. Regional coordination consists of projects that benefit the region and make sense to do collectively. Examples include working with Portland State Population Research Center to conduct annual population and household estimates and forecasts, legislative review on issues of importance to water providers, coordinating with Metro, curtailment communication and coordination plan, drinking water advisory tool which allows people to find out who their water provider is just by entering their address, coordination with regional stakeholders, and tracking and sharing climate change research and resources. Ms. Geisen talked about the Consortium's conservation program and explained the main goal is to communicate a consistent regional message. The program includes TV
and radio ads which run throughout the summer months, a robust school assembly program, website and social media pages, and over 20 brochures and devices. The conservation program helps members meet the public education component of state required water management and conservation plans. She stated a lot of resources and staff time had been spent on Emergency Preparedness as it’s emerging as an important topic and important for providers to engage in. The consortium offers training, exercises, drills, and resources. They promote mutual aid and data sharing agreements. They collaborate with the Oregon Water/Wastewater Agency Response Network (ORWARN) where member utilities provide emergency services to each other. A shared worker agreement was recently executed which will allow employees to help in other jurisdictions in the event they are unable to make it to the city they work in after a disaster. Grant support allowed the purchase of seven emergency water treatment trailers, one owned by Lake Oswego, nine emergency water distribution systems, and three portable piping systems. The Consortium also conducts preparedness outreach and education and facilitates large scale exercises and drills. A tabletop exercise was conducted simulating an intentional contamination and included representatives from the FBI, county health, and emergency managers discussing how to work through a contamination event. Another tabletop exercise will be held in April 2019 and will focus on cyanotoxins and curtailment.

Ms. Geisen noted an interconnections study which identified interconnections between the member water systems and how water could be moved throughout the region in the event of an emergency. A couple of tabletops were conducted where a water source was taken down and then working to move water to the affected provider. Councilor Snider asked if the tabletops showed that water would be able to be moved around fairly well throughout the region. Ms. Geisen replied there are limitations like gravity and capacity but overall the results were good. It also showed areas that need to have improvements in connectivity.

Ms. Geisen referenced outreach campaign which focuses on getting the public to prepare for emergencies by having a personal emergency water supply. The campaign includes a four week television ad through the month of September, a three month bus side ad campaign, a social media campaign called the 14 gallon challenge, digital advertising and social media, and information on the website about treating water, storing water, and how to get water from a water heater.

Ms. Geisen said the newest working group in the consortium is the Water Communicators Network comprised of public information and communication staff from each provider. The group meets to hear about what other providers are doing regarding water issues. Councilor Snider asked if both Lake Oswego and Tigard have a representative in the group. Ms. Geisen responded Katy Kerklaan from Lake Oswego participates. Mr. Goodrich stated that Marisa Grass represents Tigard. Councilor Manz asked if the other citizen information staff from Lake Oswego participate. Ms. Duncan replied Ms. Kerklaan shares information from the group with them.

Ms. Geisen noted some factors which make the consortium unique and valuable: a coordinated regional effort speaking as one voice with consistent messaging and sharing knowledge and resources; achieve economies of scale by pooling resources and accomplishing more collectively; participation is voluntary and can be as involved as staff time and resources allow; creates sub-regional opportunities; and the organization has been in existence for over 20 years and has evolved to meet the changing needs of member organizations. Mayor Studebaker asked if there was any way to measure the effectiveness of advertising and outreach. Ms. Geisen responded a program evaluation hadn't been conducted for 12 years so the current budget includes funding for a program evaluation for the media program. The goal is to find out where people are getting their information.
5.2 Depreciation Funding for Partnership Assets

Ms. Duncan referenced the presentation from Brown and Caldwell consultants on depreciation funding for Partnership assets that had been given at the previous meeting. The presentation covered the value of the Partnership assets and how much savings it would take to partially or fully replace them when they reach their end of life. Both Councils committed to pre-fund some near term O&M capital items and long term renewal and replacement expenses. Ms. Duncan referenced the table in the agenda packet which showed the cost of replacement and reminded the group the recommendation from Brown and Caldwell was for the two cities to save between one and five percent of the total replacement cost of the assets which is $1.7M - $8.4M total annually. The amounts for each city shown in the graph reflect the 18/20ths share of the total assets. Investment in the depreciation fund would begin July 1, 2021 as previously directed by both Councils. Mr. Goodrich explained that the renewal and replacement planning and rate model was the final task in Brown and Caldwell’s contract for program management services and staff wanted to revisit and address any questions committee members may have. Mayor Studebaker asked how much it would add to customer water bills. Mr. Goodrich stated funding could occur by increasing rates but would need to determine if the increase would be to the fixed rate which would guarantee funding or increase the consumption rates or a combination of both. Another possibility would be to use reimbursement SDCs or a combination of all options. Preliminary figures show the increase to the fixed cost for Tigard customers would be approximately $2.16 per month at 1 percent depreciation funding. He noted Tigard finance staff have concerns about customers paying for past capitalization and debt funding plus new funding to offset future costs. He suggested a combination of rate increase and use of reimbursement SDCs, which would impact rate payers less, may be a good solution but reimbursement SDCs can vary from year to year. Ms. Duncan stated a similar preliminary calculation was done for Lake Oswego rate payers and noted Lake Oswego has fewer customers than Tigard and 20 MGD vs. 18 MGD, so the rate increase would be larger. She had a discussion with the Finance Director which revealed Lake Oswego already has some refurbishment and replacement funding built in to the rate structure which would cover the funding at one percent and would need to be allocated to Partnership assets. Funding depreciation at three to five percent would require a rate increase. Councilor Snider asked about the life expectancy of the entire system. Ms. Duncan replied that at 70 years the entire system would be replaced but in five to ten years, the filter media may need to be replaced and in 15 - 20 years the ozone generators may need to be replaced so there would be expenses over the span of 70 years. Mayor Cook and Councilor Snider suggested two percent funding would be sufficient. Councilor Manz asked if finance staff might be able to create a rolling or escalating savings based on the current depreciation schedule. Councilor Snider questioned if both cities must structure funding in the same manner. Mr. Goodrich noted the IGA states both entities agree to have an asset management plan that replaces at 100 percent cost structure. Councilor Manz stated she would like to see how it would work based on actual assets that will be replaced over time rather than the plant as a whole. Ms. Duncan provided an example. In approximately fifteen years an ozone generator could come to the end of its life cycle at which time the Oversight Committee, Councils, and staff would need to formulate a way to fund the replacement. With the proposed rate model the funding would already be identified and regardless of how each City choses to implement depreciation funding or not, each City will be responsible for their portion of the cost to replace the equipment. Without the yearly savings the cities would have to impose a rate increase or seek a bond. Councilor Snider requested Tigard staff model out SDC reimbursement at one, two, and three percent, completely and partially. Mayor Studebaker stated the issue isn’t whether both cities save in the same manner but how will each city fund it. Councilor Snider agreed and noted the requirement of the agreement is each entity determine a method for funding. He acknowledged the agreement is based on 100 percent funding but questioned if that would be necessary and may be an issue to address in the next amendment to the agreement. Mr. Goodrich agreed and stated both cities could come to agreement on a different funding percentage, each city would be responsible for their own funding, and the bucket would be restricted to use for Partnership assets. Mayor Cook stated he thought refurbishment and replacement for the first ten years was already factored into the rate model. Mr. Goodrich
responded that it was not because the budget was the driver and the CIP doesn’t identify it at this point. Ms. Duncan stated a raw water pump may be added to the next CIP. Mr. Goodrich said Tigard would need to include funding for the pump in the fiscal year 20 budget to offset the costs of cost share or allocated costs based on the Lake Oswego budget. He recalled the two Councils felt that because a lot of things were under warranty, and once the warranties expired there would still be a few more years of life before any type of emergency, so that’s how they came to delaying funding for five years. Mayor Cook recalled a joint Council discussion about repair and maintenance and how the rate structure funded that through the first five to ten years. Councillor Snider thought the point was that some of the maintenance and ongoing needs were planned for in projected budgets but not necessarily a ten million dollar ozone generator. Mr. Goodrich said $179K was Tigard's allocated share for FY19 which was based on work performed by FCS Group. The $179K would be recognized as restricted so at the end of five years there would be at least $1M for near term needs. Mr. Goodrich stated both cities are in the final acceptance stage of their Water System Master Plan and moving forward for adoption by both Councils. The plans would include a list of projects that need funding. He continued Tigard would be conducting a water rate study and an SDC methodology update anticipating the need for funding strategy over a 20 - 30 year period. Mr. Goodrich suggested it would be helpful for staff from both cities if each Council choose the percentage rate/dollar amount to start accumulating so when/if there is a major budget ask, funding would be available. Councillor Snider proposed each city identify the rate at one or two percent. Councillor Manz asked Ms. Duncan if she concurred. Ms. Duncan said based on her discussion with the finance department, some level of capital replacement funding is built in to the current rate structure on the lower end of the spectrum around one percent. She continued that if the Councils want to fund the entire replacement and never have to issue a bond in the future, funding should then be at the higher end of the recommended savings level (5% +). Mayor Studebaker stated he would like to know how much more would need to be set aside to reach two percent including the one percent already being saved. He also noted that reimbursement SDCs would not be a good option for Lake Oswego as there isn’t much development going on like there is in Tigard. Ms. Duncan stated that for each percent savings, the rate impact would be approximately $2.16 per month for Tigard customers and $4 to $6 per month for Lake Oswego customers and noted there is quite a range of water users so it would affect each user differently. Mayor Studebaker reiterated if part of the funding is already being collected through current rates, he would like to know how much more would be needed to get to two percent. Mayor Cook asked staff to calculate what the cost would be for one or two percent using the three methods discussed earlier. Mr. Goodrich suggested the topic should be addressed when each city conducts its next water rate study. Councillor Snider thanked staff for being prepared with all the information provided.

5.3 Staffing Update, Summer Operation Hours

Ms. Duncan provided a handout. She referenced Mayor Studebaker’s earlier question asking if the plant was operating at full capacity and she stated the answer was no, the plant is only operated 18 hours per day, and water demand peaks at 22 MGD. However, in the summer time due to higher water demands the limited operating hours is proving problematic. Lake Oswego and Tigard staff work closely to coordinate hours of operation and make adjustments as necessary. The current hours of operation are 6:00 am to midnight with staff working overtime when necessary to run 24/7. Overtime is also required if an Operator calls in sick. In addition, both cities participated in a PGE Energy Response Program where PGE pays the Cities an incentive fee if the water system can commit to curtail electricity use during peak electrical use times. During the summer of 2018 Lake Oswego and Tigard received approximately $47K for their participation in the program. There may be an opportunity to participate in a winter program, as well. Although the payments are a viable source of income, the limited operating hours of the plant make it challenging to participate in the program. Extending plant operating hours to a 24-hour operation would make participating much easier and improve performance of the facilities with less start/stop activity. One FTE would be necessary to increase operating hours during the warmer high water demand months. Councillor Snider acknowledged the events happen in the later afternoon and asked why
staffing couldn't be adjusted during that time in the summer months by changing shift start times. He suggested stopping water production during the event and adjust staff accordingly. Ms. Duncan stated that was an idea that hadn't been considered and explained that late afternoon is a peak water usage time because people irrigate in the evening hours and there is a rapid drop in reservoir levels so on non-PGE event days facilities pump at full speed to meet demand during that time. Councilor Snider asked if it was more efficient to operate that way or if there is a lack of storage capacity. Ms. Duncan stated the preference is to not allow reservoir levels to drop too low, especially during the summer, so there is water available for fire flows. She said she would give the idea more thought and consideration because it might be a good alternative that wasn't considered before. Mayor Cook found it interesting that people water yards during the evening hours when it's recommended to water before it gets hot or after it cools down. He questioned if more people actually water in the evening instead of the morning and considering conservation why isn’t watering at a better time encouraged. He was curious as to why there is more water usage during the evening. Mayor Studebaker suggested some people water twice a day for shorter periods of time. Ms. Duncan said there is a double peak each day with one in the morning and one in the evening. Councilor Snider asked if staff was looking for a decision or direction. Ms. Duncan replied that ultimately she would like to add an FTE and referenced the budget conversation from the July meeting that in FY18 expenditures were under budget. She opined that FY 19 is also expected to be below budget so an additional FTE in FY20 may not increase the budget. Councilor Snider acknowledged an additional FTE would be necessary in the future with increased water demands. Ms. Duncan said when demand is such that 24/7 operation is necessary year round, two additional FTE would be needed. Ms. Duncan suggested she present two budget scenarios at the next meeting, one with the FTE and one without. The Committee agreed. Councilor Snider asked if it would be possible for Tigard to move water from their ASRs back to Lake Oswego to help with the response events. Mr. Goodrich explained water can't be moved fast enough from the ASRs to other locations. He added Tigard staff is supportive of the additional FTE.

5.4 OWRD Conservation Award

Ms. Duncan announced Lake Oswego was nominated and awarded a Water Resources Department Conservation Award. It’s a distinctive recognition from the State of Oregon that the program is showing elements that are excelling with water conservation and efficiency and education. The conservation program is shared between the Lake Oswego and Tigard communities since implementing the employee share agreement. She gave kudos to Kevin McCaleb, Conservation Specialist, for his work on the program. Councilor Snider asked her to thank Mr. McCaleb on behalf of the Committee.

6. FUTURE AGENDA ITEMS

6.1 FY20 Budget Presentation

Councilor Snider noted the upcoming budget presentation would include the comparison with and without an additional FTE.

7. OTHER BUSINESS

Mayor Cook announced he attended the US Conference of Mayors Water Conference in Flint, Michigan. The conference included discussion about the water crisis in Flint. He noted they are still using bottled water two years after for consumption and bathing. The citizens have much distrust for government overall. Six people are in jail for their part in the debacle. The city's population decreased from 200,000 to 185,000 and the average household income is $24,000 per year. People aren't able to afford the water rates, which have tripled. The installation of lines from mains to houses is about 75% complete but citizens will still need to replace hot water
heaters, refrigerators, and anything inside the home that uses water. He noted the Mayor of Flint was in office for only two months when the water problem was revealed. A press conference during the Mayors’ Conference was held to promote infrastructure and it was attended by a Congressman from Flint and Senator from Detroit. Mayor Cook spoke extensively with City of Flint staff about their role in working to improve and repair the water system. Councilor Manz said she felt humbled comparing the situation in Flint to the excellent water source/system Lake Oswego and Tigard have. Mayor Cook stated the cost of water was also discussed and determining what percentage of household income should go toward water. The EPA proposes a set percentage based on each city's average household income. Mayor Cook contended the city average isn't reasonable when over 20 percent of the population makes less than $20K per year. The Mayors’ Conference is trying to develop a guideline that is more equitable.

The next meeting scheduled for January 10, 2019 will be rescheduled for later in January.

8. ADJOURN

Councilor Snider adjourned the meeting at 7:12 pm.

Respectfully Submitted,

[Signature]
Susie Anderson
Administrative Assistant

Approved by the Oversight Committee:

January 31, 2019