



CITY COUNCIL SPECIAL MEETING MINUTES

November 8, 2010

Mayor Jack Hoffman called the special City Council meeting to order at 7:06 p.m. on November 8, 2010, in the Willamette Room, West End Building, 4010 Kruse Way.

Present: Mayor Hoffman, Councilors Hennagin, Jordan, Tierney, Vizzini, Olson, and Moncrieff; Councilors Elect Gudman and Kehoe

Tigard: Mayor Dirksen, Councilors Wilson, Webb, Buehner, and Henderson; Councilor Elect Woodward

Staff Present: Alex McIntyre, City Manager; David Powell, City Attorney; Robyn Christie, City Recorder; Joel Komarek, Project Director; Jane Heisler, Communications Director; Christine Kirk, Public Affairs Manager; Kari Duncan, Water Treatment Plant Manager; Jon Holland, Brown & Caldwell; Dave Prock, Deputy Project Director; Clark Worth, Barney & Worth; Vaughn Brown, Kristen Kibler MGS Engineers; Guy Graham, Public Works Director

Tigard: Craig Prosser, City Manager; Dennis Koellermeier, Public Works Director; Kent Wyatt, Senior Management Analyst; Liz Newton, Asst City Manager; John Goodrich, Utility Division Manager; Rob Murchison, Senior Project Engineer

3. STUDY SESSION

3.1 Mayors' Updates

Mayor Hoffman welcomed the Tigard City Council and staff.

Mayor Dirksen presented an update for the City of Tigard. He pointed out that Tigard's Urban Renewal District (URD), begun in 2006, did not have a lot of increment yet, but it still formed the basis of revenue for bonding for projects. He explained that the City was currently loaning funds to the District in order to move forward with some projects, including the rebuilding of Burnham Street.

He described the \$4 million plus URD improvement project to turn Burnham Street into a green street, noting that it solved the pollution problems of its proximity to Fanno Creek. He indicated that their next proposed project was the south end of Main Street, which should cost half as much as the Burnham Street project. He mentioned that the City was re-adjusting its codes for the downtown area to encourage the pedestrian-friendly and transit-friendly development, as well as more residential development.

He discussed transit in Tigard. He mentioned the WES commuter rail service that tied in with the MAX system in Beaverton. He observed that, even though WES got off to a slow start because they started it in winter in the same year that the economy tanked, the ridership was up 23% today. He commented that he expected that number to increase as people discovered the convenience of WES.

He mentioned that Tigard was chosen as part of the Southwest Corridor Study, the next high capacity transit corridor for the Portland area, which would run from downtown Portland to Sherwood along the Barbur Blvd/99W corridor. He observed that with that line and WES crossing on Tigard's Main Street, Tigard was poised to become a transit hub. Tigard saw a real opportunity for transit-oriented development and mixed use development.

He discussed the provisions of the Tigard open space and parks bond measure that passed last Tuesday, which split up to \$17 million between property purchases (80%) and park improvements (20%). He mentioned that the City was ready to move forward with sales agreements on two or three properties already. He spoke of the possibility of purchasing up to 100 acres of land within the city to add to the City's park system for protection and preservation.

Mayor Hoffman presented an update for the City of Lake Oswego. He reviewed the history of Lake Oswego's URD, created in 1979. He explained that the base froze at \$46 million in 1986 with the adoption of the East End plan. At today's value of \$240 million, the increment was now around \$200 million and yielded approximately \$3 million a year in tax increment revenue. He pointed out that the \$193 million of private investment and \$50 million in public investment provided a classic example of how urban renewal would work in mature districts. He mentioned the 12 amendments made to the plan since 1986 and the pay off of all bonds in 35 years.

He noted that Lake Oswego's transit project was right ahead of the Portland-Tigard project in terms of regional priority. He observed that Lake Oswego, having started its alternatives analysis in 2004/2005 and having now reached the draft environmental impact analysis (DEIS), was five to six years ahead of Tigard. He explained that the DEIS belonged to the Federal Transit Administration, which determined the publication date, currently scheduled for November 19.

He reviewed the remaining process, which included a public comment period and the Metro decision on the locally preferred alternative. He indicated that the alternatives were no-build, bus or rapid transit, and some sort of fixed rail. He observed that the fixed rail technology was changing so fast that transit planners focused more on how to move people along the corridor than the type of fixed rail.

3.2 Water

Mr. Komarek mentioned that he was one of a number of dedicated professional staff charged by Lake Oswego as the managing partner with bringing this project to fruition by 2016. He noted that Mr. Koellermeier from Tigard was joining him in giving this PowerPoint presentation.

He presented a map showing the location of the supply facilities (p.13, Slide1). He indicated that Lake Oswego constructed the bulk of these facilities in the mid to late 1960s, following its acquisition of water rights in the Clackamas River in 1967 as its preferred water source alternative. He described the water supply system physical structure and pipeline routes, which crossed multiple jurisdictions. He mentioned that Lake Oswego constructed the water treatment plant in what was then unincorporated Clackamas County, and that the system already connected to Tigard to provide water to that city at the Bonita Road pump station.

He indicated that the Lake Oswego-Tigard partnership began with a study in 2005 on the possibility of a partnership. He reviewed Lake Oswego's several objectives in looking for a water partner (p.13, Slide 2). He explained that HB 3038 passed by the State legislature in 2005 shifted the paradigm in terms of how the State reviewed and approved municipal water rights extensions, which left Lake Oswego needing to preserve and protect its water rights. He observed that, as part of providing their residents with safe and reliable drinking water, Lake Oswego needed to address capacity and aging facility issues as well as explore regional interconnections.

Mr. Koellermeier mentioned that, due to Tigard not incorporating as a city until relatively late for the area, it was not until the mid-1990s that the City took over the water supply business from the several water districts that had historically provided water to the area, including King City and Durham. Without its own water source, Tigard became predominantly dependent on buying water on the spot market from Lake Oswego and Portland.

He reviewed Tigard's goals in pursuing the partnership (p.14, Slide 1). He discussed the advantages of ownership, which provided certainty of supply and rate setting. He explained that Oregon State law did not allow communities to use SDCs unless they owned the infrastructure, which put the entire financial load on the ratepayer and did not allow Tigard to spread those costs

to the development community. He mentioned that Tigard had to give notice to the City of Portland next year if it did not intend to renew their 10-year contract in 2016.

He discussed the partnership study objectives (p.14, Slide 2), which looked at the long-term needs and how a partnership would work. He indicated that the study conclusions (2007) were promising (p.15, Slide 1). He mentioned that partnership with Lake Oswego was clearly the best of the four potential supply scenarios Tigard had been exploring. He noted that this option was local, and that the two communities understood each other, were roughly the same size, and had similar issues. He noted the benefits of making substantial improvements to the system, including capacity, reliability, and long-term security. He pointed out that the partnership was also the least expensive option for community.

He discussed the intergovernmental agreement (IGA) signed by both cities in 2008 (p.15, Slide 2). He explained that the work since then has been staff filling in the holes of information that had not been available in 2008. He noted that the IGA dealt with the technical and organizational aspects and identified the political structure and Lake Oswego as the managing partner (p.16, Slide 1). He commented that Lake Oswego was the managing partner because it needed a surety of supply from the same system that the process would overhaul. He mentioned the proportional system ownership as an end result. He reviewed the decisions that each Council would have to make.

Mr. Komarek presented a route and facilities location map (p.16, Slide 2). He indicated that the project definition, launched in February 2010, refined and reaffirmed the 2007 engineering study work, as well as developing new information to fill in any gaps. He discussed the findings relative to the water treatment plant (p.17, Slide 1). He noted that an expanded plant would not meet lot coverage requirements because the existing plant covered a large part of the City's property already. He explained that the finished water clearwell was too small to meet regulatory requirements.

He explained that the need to reduce the footprint of the water treatment plant drove the need to look at alternate treatment technologies. He referenced the joint Councils' direction in March to conduct a business case evaluation of water treatment technologies in order to match up the high quality resource of Clackamas River water with the appropriate treatment technology. He described the evaluation process, which involved an expert panel and a citizen sounding board. He presented the conclusion of both groups to include ozone as an additional treatment technology (p.17, Slide 2).

He explained that an emerging concern (p.18, Slide 1) for water regulators and the drinking water community was pharmaceuticals and personal care products finding their way into the nation's water supplies. Another concern was the interaction of chlorine with biological matter creating disinfection byproducts (DBPs), which had potential carcinogenic properties. He indicated that the proven technology of ozone addressed those concerns as well as taste and odor issues.

He referenced other concerns identified by the project definition (p.18, Slide 2), including seismic vulnerability in the system. He summarized the point of the slide as Lake Oswego's facilities were 40 plus years old and in need of upgrades, replacements, and renewals in order to provide a more reliable water system for both now and in the future.

He noted the updated estimate of \$230 million based on the project definition (p.19, Slide 1). He explained that the bulk of that update represented the \$18 million for the ozone treatment. It also included a slightly larger reservoir at the Waluga site. He reviewed the shift in the proportional allocations. He mentioned the program team's commitment to work hard to find ways to reduce the costs. He discussed the value engineering/value planning phase beginning in 2011, which would engage an independent third party to review the work done so far to help identify further economies and cost savings. He expressed their hope to take advantage of market conditions to reduce program costs similarly to what happened with the LOIS project (\$125 million reduced to \$90 million).

He discussed the concept of net present value (p.19, Slide 2). He presented Lake Oswego's net present value (p.20, Slide 1) for three options over 25 years: ozone/no ozone, going it alone, and a 25% reduction in overall water demand.

He reviewed the effect of the new estimates on Lake Oswego's water rates (p.20, Slide 2). He pointed out that the updated program costs required a slight upward adjustment, but it was very close to the original December 2008 financial plan. He noted that a single-family homeowner in Lake Oswego would pay \$4.22 extra each month for the ozone treatment, which worked out to less than 17 cents a day. He observed that the cost was even less for Tigard with its larger rate base.

Mr. Koellermeier indicated that the Tigard Council would consider its financial plan tomorrow night. He reviewed the proposed Tigard rate package based around the \$118 million (p.21, Slide 2). He explained that Tigard had been far enough long in its planning effort that staff decided not to change over to the revised \$123 million estimate; if that estimate held true at the end of this very long project, staff would then deal with it. He mentioned that Tigard had some coverage issues with the lending institutions that required raising rates more on the front end in order to allow flattening them out on the back end.

He discussed the Supply Facilities Capital Improvement Plan (p.22, Slide 1). He reviewed the recommendation that the Technical Committee made to the Oversight Committee two weeks ago. He indicated that this recommendation would become an attachment to the original IGA.

Mr. Komarek indicated that the Oversight Committee members were Tigard Councilors Sydney Webb and Gretchen Buehner and Lake Oswego Councilors Bill Tierney and Mary Olson. The Technical Committee members were Joel Komarek, Dennis Koellermeier, Kari Duncan, and Rob Murchison.

COUNCIL QUESTIONS

Mayor Hoffman noted that the Lake Oswego Council was scheduled to approve the Supply Facilities CIP on December 7 and the Tigard Council on December 14.

Mr. Komarek indicated to **Councilor-elect Kehoe** that there were other communities in Oregon currently using the ozone system. These included Wilsonville and the Medford Water Commission. He noted that Tacoma and Seattle also used ozone. **Ms. Duncan** said that there was another small community in Oregon using ozone.

Mr. Komarek indicated to **Councilor-elect Kehoe** that Lake Oswego largely decommissioned its wells after developing the Clackamas River source, and no longer used even the one remaining well as a backup water source. He mentioned that the City started looking for another water source because its well water had a high iron and mineral content that caused taste and operational issues in the distribution system.

Mayor Hoffman asked for the latest information on Portland and its reservoirs and Washington County and Scoggins Dam. **Mr. Komarek** reported that the Portland residential water rates went up at least 17% last year. He said that he expected them to continue to rise in order to pay for Portland's large capital improvement projects, such as another 50 million gallon reservoir to work in parallel with its Powell Butte system and an ultra-violet (UV) system for its Bull Run system.

Mr. Koellermeier said that Tigard, as a wholesale water customer of Portland, has experienced double-digit wholesale rate increases for the last several years, which he expected to continue. He commented that, of the four water supply options investigated by Tigard, Portland became the most expensive option over time.

He reported that the Scoggins Dam (TVWD project) has run into permitting problems. He explained that it was a federal facility, which meant that the agency had to get the federal dollars necessary to make the project affordable and it had to get the federal government to allow the project to happen. He mentioned that that supply option doubled Tigard's investment compared to the Lake Oswego partnership.

Mr. Komarek confirmed to **Councilor Jordan** that the Technical Committee recommended building to the 32mgd size with the opportunity to expand to 38mgd when needed. He clarified that the costs reflected the Technical Committee's recommendation to build the easily expandable facilities to the 32mgd size. However, other facilities, such as the pipeline and the river intake, the Committee recommended building to the 38mgd size in order to do the expensive environmental permitting and disruption only once. He pointed out that it also eliminated the uncertainty that they might not be able to expand again in the future.

Councilor Jordan asked if using the ozone system and less chlorine and other chemicals meant that they could size the storage area smaller. **Mr. Komarek** indicated that, in determining the storage area size, they would consider the amount of chemicals, the neighborhood disruption caused by more frequent deliveries if they stored less, and the short shelf life of some chemicals.

Mr. Komarek indicated to **Councilor Jordan** that either party to the IGA could trigger the long-term expansion; it depended on who reached their capacity portion of the 32mgd first. He explained that the parties would work through the specifics of any expansion at the time of the request.

Mr. Komarek indicated to **Councilor Olson** that the less than 17 cents a day cost of the ozone treatment included capital and operating costs, since staff based that figure on the net present value. He clarified that certain portions of the water treatment plant, such as the ozone system, would be sized for 38mgd. He noted that they would size the pump station structure to accommodate additional pumps and equipment but only install enough for the 32mgd. He said that filters and sedimentation tanks were other modular components.

Councilor Tierney asked for more detail on the paradigm shift on the allocation of water rights occasioned by State law. **Mr. Komarek** explained that, prior to the passage of that law, the State effectively 'rubber-stamped' jurisdictions' requests for time extensions for developing their water rights. However, because of the Coos Bay/North Bend lawsuit that went to the State Supreme Court in the late 1990s, the State no longer allowed municipalities to bank water without using it but instead imposed a fixed time frame on the permit extensions. In addition, the State raised the bar on the due diligence standards it required municipalities to meet in order to get a permit extension. He mentioned another new rule addressing endangered fish concerns.

Mr. Komarek indicated to **Councilor Tierney** that in 2000 the City applied to extend its water rights to 38mgd to meet the anticipated demand in 2045. He reported that the State Water Department recommended approval of the City's' request, having found it reasonable and showing due diligence, with the condition that further development not harm fish.

Councilor Tierney asked what the difference in capital costs would be if they built the system entirely to 32mgd, instead of the combination of 32mgd and 38mgd sized pieces estimated at \$230 million. **Mr. Komarek** indicated that the figure, on a program level, was \$6 million. He noted that, on the partner level, that figure was different for each partner because of the allocation formula. He explained that the formula committed Lake Oswego either to finding another supply source if it went beyond its 18mgd portion or to another increment of expansion at significant additional cost.

Councilor Hennagin commented that he has had no complaints about the quality of Lake Oswego water during the 40 years he has lived here. He asked why the experts recommended adding ozone to the existing chlorine treatment process, given that the existing process consistently met the water quality standards. He wondered whether they could delay adding the ozone treatment.

Mr. Komarek confirmed that ozone reduced the amount of chlorine used. He confirmed that moving to ozone was in anticipation of stricter federal and state regulations regarding disinfectant byproducts and emerging contaminants. He described ozone as an appropriate additional public health barrier to include in any expansion of the plant. He indicated that the staff exploration of when to add the ozone treatment found that it was more cost effective to do it now than later.

Ms. Duncan explained that the potential DBP stricter regulations would likely change the current practice of averaging test results over a year to determine if the water met the regulatory standards

to using a single occurrence test to determine those levels. She indicated that the levels changed over the seasons, and staff had a concern of possible seasonal violations.

Mr. Komarek recalled hearing Ms. Duncan say that she might get three to four calls a month from people complaining about taste and odor issue, but that number increased to 30 or 40 during seasonal incidents. He commented that staff did not want to spend this amount of money on a system expansion and continue to get those calls; ozone proactively addressed taste and odor before they became a problem.

Mr. Komarek indicated to **Councilor Wilson** that the staff was trying to route both pipelines along the existing right-of-ways and also avoid sensitive environmental zones as much as possible, given the 50,000 plus linear feet of pipeline. He mentioned that they have hired a team of environmental experts to assist the project team with the permitting effort and included right-of-way specialists and land-use attorneys on the project team to help with those issues.

Mr. Komarek indicated to **Councilor Olson** that staff did look at UV technologies. **Ms. Duncan** explained that UV alone served as a disinfectant and would help reduce the amount of chlorine but it did not address the pharmaceuticals and other toxins that ozone did. She indicated that a combination of UV and another oxidant was a more expensive and energy-intensive process than ozone.

Councilor-elect Gudman asked what the new piping would do to decrease the percentage of water loss in the system. **Mr. Komarek** cited the 16% system water loss suggested by the last Water Conservation Management Plan update. He mentioned the industry standard of 9% to 10%. He reported that the extensive leak detection investigation of the pipelines conducted as part of the project definition found tight connections and little leakage in the pipes themselves. He indicated that he expected the improved materials and construction standards to improve the system.

Mr. Komarek concurred with **Councilor-elect Gudman** that the 16% leakage would not be occurring in the new pieces of the system. He mentioned the water audit that the City was currently conducting and staff's thought that they did not have a physical water loss but rather a reporting and information collection 'apparent' water loss. He indicated that staff was working hard to understand where those water losses were and how they might tighten up the City's business practices beyond the best industry practices that the City already used.

Mr. Komarek indicated to **Councilor-elect Gudman** that the 10% represented 6 to 8mgd. **Mr. Koellermeier** said that Tigard's water loss was at 3% to 4%.

Mr. Komarek indicated to **Councilor-elect Gudman** that the City had a performance standard of 50 to 100 years for the pipelines. He explained that they had the same standard on the concrete structures at the water treatment plant but not on motors and electrical equipment, which typically had a 20 to 30 year life span.

Councilor-elect Gudman asked what assumptions staff made in terms of the service territory currently served versus the service territory projected to be served over the next 50 years. He wondered whether the system would pick up currently unserved areas and the smaller water systems. **Mr. Komarek** indicated that, for long-term water planning purposes, staff did look at the potential requirements for service outside the USBs of both cities. He noted that the IGA included small portions of Bull Mountain outside of Tigard and a small portion of the Stafford area outside Lake Oswego's USB.

Councilor-elect Gudman asked if staff had an estimate of the approximate number of mgd that the areas currently not served would take from each of the city's allocations. **Mr. Komarek** mentioned about 2mgd for the Lake Oswego side. **Mr. Koellermeier** indicated that he did not have that information for Tigard but it would be a small number.

Councilor-elect Gudman asked whether the assumption was that this partnership would take over all the other independently operating water districts. **Mr. Komarek** indicated that Lake Oswego's planning and water demand forecasts assumed that the special districts currently operating within

its USB would disappear around 2030 and become retail customers of the City. He clarified that the 2 to 2.5mgd figure included those districts.

Mr. Komarek indicated to **Councilor Vizzini** that staff did consider SDCs as a source of reimbursement for increased capacity, particularly for new development areas. He mentioned that Lake Oswego's SDC methodology updated last year included services potentially available to Stafford. He confirmed that the user fee rate projections assumed the SDCs bearing a certain percentage of the project costs.

Mr. Koellermeier indicated that theoretically SDCs could pay for 40% of the \$118 million of Tigard's share. He pointed out that in order to generate SDCs, a city must have growth, and Tigard's growth projections in its rate model were very small. He said that they did expect things to turn around.

Councilor Vizzini spoke to thinking of what new ways that the cities could devise to make the projected rate increases manageable for the ratepayers. **Mr. Komarek** concurred. He commented that one way to manage those rate increases was to share the cost of the infrastructure and the long-term operating and maintenance costs, just as the partnership was doing. He mentioned water conservation as another tool that could delay the expansion of the next increment beyond the 32mgd expansion. He spoke of the possibility of other communities in the region wanting to join the partnership or form other regional partnerships that would expand the rate base for water.

Mr. Koellermeier mentioned that tomorrow night the Tigard Council would discuss going from a bimonthly to a monthly billing system, as well as automated meter reading and other emerging technologies that allowed the consumer to better manage his/her water purchase.

Councilor-elect Woodward asked if Lake Oswego used variable frequency drives at the water treatment plant pump station. **Mr. Komarek** indicated that they had one variable frequency drive pump at the river intake pump station; all the pumps at the water treatment plant were constant speed pumps. He concurred with **the Councilor-elect** that there were great efficiencies gained with variable frequency drives. He pointed out that, unless they upgraded all their pumps to variable speed, trying to match the variable speed with the constant speed presented many challenges.

Councilor-elect Woodward asked if Lake Oswego intended to leave the existing raw water pipeline in place to serve as a back up or to remove it. **Mr. Komarek** confirmed that the project planned to remove the existing intake and replace it with a new and larger intake. While the project also proposed replacing the existing raw water pipeline with a new one, staff has not yet decided on the disposition of the existing pipeline, although they would leave it in place. He indicated that the raw water line from the intake to the water treatment plant was 14,000 feet long, with the river crossing at 2500 feet.

Mr. Komarek indicated to **Councilor-elect Woodward** that using the existing raw water line as a redundant system was a possibility. He agreed that, even if they capped it, they would want to continue operations and maintenance on the pipeline in order to keep it available for use some day. He indicated that he did not know what the cost would be, although the operations and maintenance budget for the water treatment plant was around \$2.5 million.

Mr. Komarek indicated to **Councilor-elect Gudman** that the cost of service analysis that Lake Oswego used for the current financial plan included an expectation of a 5% to 10% reduction in revenues due to people conserving water more because of the increased rates. He confirmed that it did not include decreased water usage. He clarified that staff based the 38mgd sizing on the best reasonable estimates of population and demand forecasting, assuming only the water conservation program in place today.

Councilor Vizzini observed that allowing the staging of the increased capacity in modular increases from 32 to 38mgd provided an incentive for future Councils to try to defer those incremental increases as much as possible through water conservation. **Mr. Komarek** concurred. **Councilor Vizzini** mentioned Portland's experience in seeing a small reduction every year in

household demand on the wastewater side due to the price increases. He conjectured that that could help provide the safety margin they needed in the system beyond water conservation.

Mr. Komarek indicated to **Councilor Henderson** that the only major part of the existing system that the new system would utilize was a portion of the finished water pipeline between the north side of Lakewood Bay to the City's River reservoir. He said that everything else was in bad enough shape to need replacing with an upgrade to a larger system.

Mr. Komarek indicated to **Councilor Olson** that the scope of work for the independent review so far called for engaging an expert in value engineering and value planning. He mentioned that Brown & Caldwell, the program manager, was already in discussions with the proposed firm. He described the work as conducting a comprehensive review of the project definition information and helping the partners find ways to reduce costs through more refined design or performance goals. He recalled doing something similar with the LOIS project with Barnard Construction.

Councilor-elect Gudman asked if the Bull Mountain and Stafford areas and the independent water agencies had any other alternative available to them besides Lake Oswego. **Mr. Komarek** reviewed the relationship between Lake Oswego and the River Grove Water District, the Lake Grove Water District, the Glenmorrie Water Cooperative and the Skylands Water Company. He noted that River Grove had wells and has never purchased water from Lake Oswego, while Lake Grove purchased half of its annual volume from Lake Oswego. He indicated that both Glenmorrie and Skylands peaked off Lake Oswego's system in the summer.

Mr. Komarek indicated that if Lake Oswego refused to sell water, Lake Grove could switch over to Portland completely, but he was not sure where Glenmorrie or Skylands would go for an additional source of water because there was no other water provider within an affordable distance. He speculated that economics and the best interests of the community would determine the course of action chosen.

Mr. Koellermeier pointed out that Tigard already worked as a cooperative with its Water Consortium of five different governments. He indicated that Tigard represented about 70% of the Consortium's consumption. The other governments wanting to do something else would impact about 30% of Tigard's volume needs on a regular basis. He commented that, financially, Tigard had no other alternatives.

Mayor Dirksen said that the estimated cost to extend Tigard's system into the West Bull Mountain area was \$8 million and the estimate for it to hook up with the Tualatin Valley Water District was around \$25 million.

Councilor Jordan commented that an important aspect of the partnership that they have not discussed was the possibility of Lake Oswego, in case of a low water event on the Clackamas River, purchasing water from another source and routing it through its partner Tigard. **Mr. Komarek** discussed the opportunities for leveraging regional interconnections with other systems and sources of supply. He mentioned the potential of connections to other systems, particularly near the Bonita Road pump station, such as the Bull Run system.

Mr. Komarek mentioned that Lake Oswego did have an existing connection to the Bull Run system, but it has not been used in decades; still, the City could reactivate it. He commented that Portland might be interested in having a connection to the Clackamas system, particularly in the winter. He noted that both Lake Oswego and Tigard have been members of the Regional Water Providers Consortium since its inception in the mid-1990s. He referenced the long-term supply viewpoint of interconnecting all these sources and having the ability to move water around between sources to optimize environmental benefits, costs, reliability, and certainty of supply. He described this partnership as the best example of the way in which communities were moving with regards to supplying water.

Mr. Koellermeier explained that, out of necessity, Tigard became a pioneer in Aquifer Storage Recovery (ASR). This system pumped water into the ground during the abundant winter water season and took it out of the ground during the drier summer season. He indicated that Tigard

could store 4.5 million gallons per day (gpd) in the ground for summer peak, and hoped to expand that storage capacity to 6 million gpd. The City had the infrastructure in place to take 8 to 9 million gpd of inexpensive winter water from Portland. He said that they would leave that infrastructure in place as Tigard transitioned from a take and pay contract to an emergency contract with Portland. He mentioned that Tigard also had a 2.5 million gpd connection to the Trask/Tualatin system. He described Tigard as a regional hub of water sources.

Mr. Komarek described to **Councilor-elect Woodward** the methodology that staff used to determine the 46.5% and 53.5% proportional allocations for the two cities. He explained that Lake Oswego's ratio was 24mgd (forecasted peak day needs)/38mgd (maximum available) and Tigard's was 14 mgd/38mgd.

Mr. Komarek indicated that, unless he heard differently tonight, the Technical Committee would bring back to the Councils in December the recommendation it made to the Oversight Committee.

3.3 Upcoming Legislative Issues

Mr. Wyatt discussed the three major issues of interest to the Tigard City Council in the upcoming legislative session. He mentioned the Transportation Planning Rule and its surrounding issues, the state-shared revenues, and the telecommunications pre-emption. He indicated that the Tigard Mayor and City Manager made monthly trips to Salem to present updates to the City's legislative group on the City's positions on various issues. He noted that staff sent weekly updates to Salem as well.

He explained that a major issue surrounding the Transportation Planning Rule was the lack of provision in the transportation corridors in the Tigard Triangle for alternate means of transportation, such as buses and bikes. He indicated that the Council felt that the Rule as currently worded encouraged spreading out to the suburbs. With some minor tweaks, the Rule could do a better job of encouraging density within the city.

Mayor Hoffman observed that Lake Oswego had the same issue in the Foothills area. He described the challenge as not being able to densify to an urban standard along a state highway corridor because ODOT's mission and regulation focus was throughput and moving people from one area to another. He noted the tension between access and throughput, in that mayors wanted access to the highways in order to make great cities and to honor the 2040 concept of a great urban environment within a compact UGB.

Mayor Dirksen pointed out that this was a statewide problem. He mentioned Hillsboro running up against the same roadblock with development in the Tanasbourne area, as well as Eugene and Medford having similar problems.

Mr. Wyatt mentioned that Tigard also tracked the West Bull Mountain area potential development in Washington County and kept its representatives informed on its stance regarding that issue. He distributed a handout laying out the four main legislative priorities for the Tigard City Council this session.

Ms. Kirk pointed out that Lake Oswego was just entering the realm of intergovernmental relations and determining its level of commitment and involvement in this area. She pointed out that the City's investment in its infrastructure involved significant financing and regulations with many attendant questions. She mentioned how helpful Mr. Wyatt has been as a resource on how things worked in Oregon, and thanked the Tigard Council for that resource.

She mentioned that issues that have come up from the Council had to do with defining local priorities and how the State taxing structure might impact the community's support of the school district. She spoke of the City weighing in in support of the things that the community valued and things that it would like to see changed in Salem. She indicated that the first question posed by the Council was how to approach intergovernmental relations as a city in light of the community values, the impacts to property values, and the community's ability to define its future.

4. ADJOURNMENT

Mayor Hoffman adjourned the meeting at 8:59 p.m.

Respectfully submitted,

Robyn Christie /s/

Robyn Christie
City Recorder

APPROVED BY THE CITY COUNCIL:
ON February 15, 2011

Jack D. Hoffman /s/
Jack D. Hoffman, Mayor