

**CLACKAMAS RIVER WATER
WORK SESSION
SUMMARY OF MEETING
February 27, 2017
6:00pm**

COMMISSIONERS PRESENT:

Naomi Angier, Bill Blanas, Dave McNeel, Larry Sowa

COMMISSIONERS ABSENT: Hugh Kalani

STAFF PRESENT:

General Manager, Todd Heidgerken; CFO, Carol Bryck; Chief Engineer, Bob George; Principal Engineer, Adam Bjornstedt; Executive Assistant to the Board, Kelly Dilbeck

VISITORS PRESENT: Gary Kerr

Call to Order

The meeting was called to order at **6:00pm**

1. **152nd Reservoir Sizing and Intergovernmental Agreement Approach:** Topics which were touched on were: CRW and SWA needs, sizing/projections, IGA drafting process, timeline, and financing methodology. The 152nd Reservoir will be part of the Mather Pressure Zone and will head across Carver Bridge and be the main source of the Backbone project.

CRW's revised calculation for the capacity needed is 4MG, which includes projections for storage and fire suppression storage.

Commissioner McNeel asked if the level of the reservoir provides the minimum pressure needed for fire codes. Mr. George confirmed it does. Commissioner Blanas asked if the Mather Reservoir supplies storage for fire and if so, why is there a projected 1MG of storage in the 152nd Reservoir? Mr. Heidgerken confirmed the 1MG storage in the 152nd Reservoir would service the Windswept/Carver area, which is not supplied or can be met by the Mather tank. McNeel: wanted to know if the projected storage in 152nd is also for doing maintenance for Mather? Mr. George confirmed for the foreseeable future, yes, CRW will have enough capacity to shut down Mather for maintenance using 152nd and noted the Clearwell is for treatment, not storage. Commissioner Blanas asked if the 1MG storage is to be used for both Mather and Fire. Mr. George answered yes, however; maintenance will be done only during winter. Commissioner Blanas followed up with how long does maintenance last? Mr. George noted it depends on amount of maintenance and went into details of examples.

SWA will eventually need additional MGDs to meet their demands going east. SWA's revised calculation is 5-7MG, which includes projections for storage, fire suppression storage, and system storage.

Mr. Heidgerken mentioned CRW and SWA uses of the reservoir are much different. How many MG are planned to be pumped per day is the question we are looking to project.

Water Quality in respect to sizing. If it is oversized, there are stagnation, and chlorination concerns. If it's a smaller reservoir, the mixing/turnover is better. However; we need to plan for the future of projected growth and invest in the long-term. *Commissioner Sowa stated he's concerned about the quality, how are we going*

to make the determination of water quality. Mr. Heidgerken answered we are to size it in a way where we can manage water quality effectively. Commissioner McNeel asked how much we had in bond proceeds. Staff confirmed \$10M and water projections were to cost approximately \$1.50/gallon.

Commissioner Sowa: would like CRW to meet with SWA to assure the reservoir is built to capacity and how the North Clackamas County Water Commission (NCCWC) Agreement will affect the project. Do we have assurance the water going in is from our water treatment plant? Mr. Heidgerken answered we have an intertie connection and could come from NCCWC. Mr. George added we bring water from north side to south side in an emergency only. Commissioner Sowa asked will that emergency intertie be fool proof. Mr. Bjornstedt confirmed valving will be available which the CRW board will approve within an emergency. Commissioner Sowa wants to make sure our system is not contaminated from other providers. Mr. Heidgerken mentioned we all meet the same standards.

Timeline: March 2017 SWA reviews IGA; April 13, 2017 CRW Board approves IGA at regular board meeting; spring/fall 2017 design, land use, and other permitting; spring 2018 estimated construction cost.

IGA will cover key elements: concrete reservoir, control building/vault, inlet piping, SWA pump station #10 suction line, CRW/SWA emergency intertie, existing 18" transmission main, administrative/offsite costs, and property/easement acquisition costs.

Commissioner McNeel: clarification on #7: Existing 18" Transmission Main. Staff mentioned SWA draws water from SWA's pump station #10 up the hill to 152nd Reservoir site, transitions to a 12" line (SWA). Once the reservoir is in place we will not need the 18" main, therefore we will transfer (sell) it to SWA.

Financing: CRW will take a capital approach for a 3-year period with a 3% interest for SWA's portion. Commissioner Sowa asked if this was our idea. Ms. Bryck answered it is consistent with our approach.

- 2. Water System Improvement Opportunity and Use of Credits for System Development Charges:** A developer requested water service for a potential 97-lot subdivision for future single-family residential homes off of Holcomb Blvd. We can use our SDC credits to pay for that portion of our over-sizing from 8" to 12". CRW's master plan includes upsizing Bradley Rd. waterline to a 12". We have a system we have already built through CIPs, but will upsize all of it to 12" waterline. To apply SDC credits, it has to be on the CIP list, which it is. It has to be upsizing, which it is. The developer will be responsible for the cost of the 8" line, CRW will be responsible for the difference to upsize to 12".

Commissioner McNeel asked how far it is from Butterfield to Holcomb: 4,000ft. Commissioner Sowa asked what kind of assurance we will have this development will stay with CRW rather than go to OC? The subdivision will be built to city standards, because of our HOPP agreement and because of the City's lack of storage, it will be CRW's responsibility to service this area. OC would need to build a reservoir in order to accommodate this area. Commissioner Angier asked to clarify the SDCs. Staff defined them as a new home connects to our system, the home pays a fee to hook up to water.

Schedule: the developer is starting March 2017. His costs are not reimbursable until the CRW board and budget committee approve the budget. Commissioner McNeel asked if fall/winter was the best time to build. Mr. George answered we do not have the funds and the plans are not ready. Mr. Heidgerken mentioned we have worked with the developer on a project we have developed

and will provide us with 97 new customers, even though it is a bit earlier than anticipated. Commissioner McNeel wants to make sure we have a good outreach for all of those customers.

3. **Stabilizing Revenue and Customer Base:** Goals are to outline parameters the District considers when looking at challenges and opportunities potentially impacting revenue and customer base, identify information that is needed for further analysis and opportunities to add new customers and territory, and keep the Board informed of opportunities and issues impacting revenue and customer base.

The south side service area does not have a lot of opportunity for commercial customers, city annexations/withdrawals, city limits, and UGBs. The north side commercial/industrial makes up approximately 50% of annualized revenue. Cost/sizing/replacing of infrastructure, CRW will continue to track projects/improvement costs. We do not have authority to force annexations, even though, most in our service area are on wells. *Commissioner McNeel asked about the Evergreen development. Mr. George said we have not heard from the developer in over a month, potentially in traffic control negotiations.*

In the past 17 years, CRW has lost 637 customers due to annexations, but gained 729 in new services. *Commissioner McNeel asked inside the UGB, how many services we could potentially lose. Mr. George said he would look into the total number.*

Ms. Bryck looked historically at our debt ratios. Numbers for the debt coverage were high in 2015, due to a hot, dry summer. It is projected CRW will meet the debt covenant in the upcoming year. We do create a balanced budget with a conservative revenue forecast and we monitor spending throughout so not to get ahead of revenue. *Commissioner Angier questioned if we raised our base rate so we could be on the base rate? Mr. Heidgerken mentioned industry-wide we are ahead of the curve.*

Mr. George previously looked into our service area and where we could increase our customer base. There are potentially four areas on the south side, but would require pump stations or infrastructure upgrading/additional waterlines. These areas would increase our customer base by approximately 521 customers. Conclusion: it is less expensive for a single homeowner to drill another well, if the water table remains similar. However; with more subdivisions going in, we will gain customers in that respect.

4. **General Manager's Update:**

- CRW Regular Board meeting on Thursday, March 9 at 6pm.
- CRWSC meeting on Monday, March 13 at 4pm at SWA. Commissioner Angier noted, we are one person short due to Commissioner Humberston's resignation. We will be appointing that person at the March 9 CRW board meeting.
- Mr. Heidgerken has been working on securing Human Resources legal general counsel and will inform the Board when a decision has been made.
- GM annual review approaching in April. Suggested Ms. Campbell would work with the Board on the review process.
- CRW March Work Session is March 20, but there are currently no topics on the list. If there are items we need to cover, please let Commissioner Kalani or Mr. Heidgerken know.

Adjourned at 7:34pm