

Metropolitan Wastewater Management Commission



partners in wastewater management

MWMC MEETING

Friday, November 18, 2011 @ 7:30 a.m.

City of Springfield
Library Meeting Room

MINUTES

I. ROLL CALL

President Bill Inge opened the meeting at 7:38 a.m. Roll call was taken by Kevin Kraaz and introductions were given around the room.

COMMISSIONERS:

PRESENT

George Brown
Bill Inge
Hilary Loud
Doug Keeler
Walt Meyer

ABSENT

Jay Bozievich
Marilee Woodrow

STAFF IN ATTENDANCE:

Meg Allocco	Bill Hamann	Todd Miller
Ron Bittler	K. C. Huffman, Attorney	Josh Newman
Michelle Cahill	Dave Jewett, Attorney	Ed Pabor
Judy Castleman	Kevin Kraaz	Trial Smith
Rachael Chilton	Shawn Krueger	Ken Vanderford
	Troy McAllister	

II. CONSENT CALENDAR

a. MWMC 9-9-11 Meeting Minutes

MOTION: IT WAS MOVED BY COMMISSIONER LOUD TO APPROVE THE CONSENT CALENDAR. THE MOTION WAS SECONDED BY COMMISSIONER KEELER. THE MOTION PASSED UNANIMOUSLY 5/0

III. PUBLIC COMMENT

There was no public comment.

IV. FY 11-12 SYSTEM DEVELOPMENT CHARGE (SDC) INFLATIONARY ADJUSTMENT

Josh Newman made the staff presentation by giving a brief history of the System Development Charge (SDC) Inflationary Adjustment and then explained the proposed adjustment and the impact.

Mr. Newman stated that in 2006, the MWMC modified the SDC Methodology to include provisions to allow periodic adjustment to the SDC rate schedule to account for inflation by applying the Engineering News Record's (ENR) "20-City National Average Construction Cost Index" (CCI) to the value of the existing system assets and to the value of future projects. Since then inflationary adjustments were made in 2008 and 2009. In 2009 the SDC Methodology was again amended to provide provisions that allow the authority to update actual costs for bond-funded projects in the calculation of periodic adjustments. No annual adjustment was made in 2010.

Mr. Newman explained that this proposed update includes both the inflationary adjustment and the adjustment of the project cost to account for the finance charges associated with the bonds. He said that staff has the debt-payment schedule so those values are already known, as oppose to the estimated values that were used previously. Mr. Newman also commented that the proposed update is just an application of the present methodology and is not amending the methodology. He said that the adjusted schedule will be forwarded to the MWMC's partner agencies for adoption.

Mr. Newman stated that the impact of the proposed inflationary adjustment on a single family dwelling is an increase of 4.432%, which is an increase of \$64.62, and brings the SDC up to \$1,522.79.

DISCUSSION:

Commissioner Keeler commented that on the large table (Exhibit 1) that was attached to the memo, it would be useful to footnote the acronyms.

Commissioner Brown asked if this SDC was for new dwellings. Mr. Newman replied yes, it was for hooking up to the system. President Inge verified that the amount was \$1,522.79.

V. OREGON WATER RESOURCES DEPARTMENT GRANT APPLICATION

Todd Miller made the staff presentation on the Oregon Water Resources Department (OWRD) grant application that staff identified for locating funding for potential future Recycled Water Planning efforts. The grant opportunity is to pay for planning studies for water conservation, storage and reuse projects, and specifically to evaluate the feasibility of developing such projects; it is not a commitment to build or implement the project.

Mr. Miller stated that in 2008 we applied for the same grant, but at that time we did not have any firmly formed conceptual projects, therefore the grant application was not competitive. This year the grant objectives and the MWMC's study efforts are extremely well matched, particularly with the water resource benefits and recycled water opportunities presented with

our neighbors at the Delta Sand & Gravel and the Knife River operations. The timing of the potential Phase 2 feasibility studies, should the Commission elect to move forward with those in 2012, would coincide with when the grant funds will become available in spring of next year.

Mr. Miller explained that the OWRD grant is funding for studies and grant awards up to \$500,000 will be considered. The OWRD highly suggests \$250,000 grant requests or less. Grant funds must be matched by a minimum of 50% cash or in-kind services from the requesting agency. Our current recommendation for this grant proposal is approximately \$172,000 for grant request – which means a cash or in-kind service match from the MWMC equivalent to \$172,000 or more. The budget would cover several study elements:

- Water balance modeling that staff initially proposed for the Phase 1 planning studies that we are currently under. This was deferred to Phase 2 because it was recognized that the value of the water balance model would be a better investment when we had firmer information on our thermal load and potential recycled water opportunities.
- The feasibility study for delivery and use of recycled water at Delta Sand & Gravel and Knife River operations.
- An alternatives evaluation to compare the recycled water use at that site compared to inside-the-fence uses (referring to uses at MWMC owned and operated facilities as opposed to external private partnerships such as with Delta Sand & Gravel and Knife River). Inside-the-fence use is specifically the Biocycle Farm and Beneficial Reuse site.

Mr. Miller stated that these facilities average daily use is about 2.5 – 3 million gallons per day, with peak use of over 6 million gallons per day equivalent flow rate. The recycled water piping that was installed this past summer underneath the West Bank Trail was in anticipation that these would be sites with highly valuable recycled water opportunities. The piping was sized to accommodate up to 10 million gallons per day. Mr. Miller said that there is also good community support. Delta Sand & Gravel and Knife River were engaged in the stakeholder interviews that staff and MIG conducted this last year. There was a very good response from both of them and each has given verbal support for moving forward with this grant opportunity and would write letters of support. Mr. Miller stated that they have also received similar verbal support from Eugene Water and Electric Board (EWEB), Springfield Utility Board (SUB), Association of Clean Water Agencies (ACWA), and The Freshwater Trust (TFT). TFT support is important as they are the entity that holds instream water rights for conservation value in the state, and they see the conservation value of this project as it would conserve water that those facilities would normally pump out of the river; instead they would be using recycled water.

DISCUSSION:

Commissioner Brown asked what the grade of the recycled water would be. Mr. Miller replied, conceptually it would be Class C which is one level of disinfection above what we are currently producing, and is what is accepted for industrial use under the recycled water class rules.

Commissioner Brown verified that the facilities operations would be the same except that they would be using our recycled water instead of water from the river to wash the gravel. Mr. Miller replied that was correct.

President Inge asked what was being done with the piping that was installed at the West Bank Trail. Mr. Miller responded that there are three lines that are isolated and sitting in limbo between the MWMC facility and the Delta Sand & Gravel facility, and pointed out the pipe line

on map titled Attachment B. President Inge clarified that if this project doesn't move forward, the pipe just sits in the ground. Mr. Miller said that it would sit there for future potential uses.

President Inge asked where the matching funds for the grant would come from. Mr. Miller replied that the funds would come from MWMC's Capital Improvement Program Budget for Recycled Water. President Inge asked if it was possible to have Delta Sand & Gravel or Knife River to contribute to that as well. Mr. Miller responded that it would certainly be worth asking but staff had not broached that at this time. President Inge replied that we should put it on a list of things to do and Mr. Miller replied he would.

Commissioner Brown asked if there was an anticipated cost of the construction of the lines to the facilities. Mr. Miller responded that it was an unknown at this point but staff expects to address it under the feasibility study. Mr. Miller said it was also unknown at this time if the facilities would be responsible from their property line or if the MWMC would need to deliver it up to their well heads and then use their existing water distribution structure. He said that we do know from the interviews that either a break-even cost point for them or an environmental benefit with a slightly higher cost to them to do business would be acceptable.

President Inge added that if there is no cost benefit to them and the real benefit is to the MWMC, then there is no sense in asking them to help pay. But if they are getting cost benefit or some other type of benefit then it would make sense. Mr. Miller responded that one clear possible benefit would be a reduction of their pumping costs. He stated that they have electrical costs from anywhere from \$80,000 to \$100,000 per year to run the pumps. Knife River has expressed several benefits in terms of recycled water content such as mass that is involved in the production of concrete that gives it a higher recycled content value that lends a certain economic value in terms of getting LEED projects.

Commissioner Loud asked if there was some kind of environmental write off if they are reusing water. Mr. Miller said he suspects this is true. From the stakeholders' interviews both companies said that there was no extra value to their customers in it and as long as there was no devalue and the product is not worse, then they are perfectly fine with recycled water. Mr. Miller continued by noting that staff knows there are those ancillary benefits and LEED credit benefits.

Commissioner Meyer asked for clarification on the demands that Mr. Miller had mentioned, if they were combined demands for both Delta and Knife River. Mr. Miller replied that was correct.

Mr. Miller said that he will be bringing more information on the Phase 1 effort to the Commissioners in early 2012. He stated that staff is just about to embark on the preliminary costing so a conceptual cost for constructing this project coming through Kennedy /Jenks will be available in early 2012.

K.C. Huffman asked, after the application is submitted, what is the time frame for the grant award. Mr. Miller said he believed they would have a decision made in March and shortly thereafter in April/May funds would become available.

President Inge asked if Delta and Knife River would have to agree to receive the recycled water prior to the MWMC receiving the grant. Mr. Miller said no as the grant is specifically just to study the feasibility. He felt that the support the MWMC would get from Knife River and Delta would exhibit to the Water Resources Department that those partners are seriously interested. President Inge said that being the case, he is not sure it makes sense to ask them to share in the costs, but for Mr. Miller to look at it and make some determinations.

Commissioner Meyer asked if the wells are relatively shallow that they pull water from the river or if they are regional ground water wells. Mr. Miller said he did not know the exact depth but that it is essentially river water. He said that Delta's two wells are basically the equivalent as river water; they are using the river bank as a natural filter pack. Knife River has both a direct take off the river for its asphalt batching process and then a deeper well to get a more consistent water quality but it is a hyporheic connection to the river.

Commissioner Meyer asked if part of the feasibility study could be to check out the potential for combining this project with the hyporheic discharge. He said he felt that since Delta has so much land, it would be ideal if we could cooperate with them in having some kind of hyporheic discharge. Mr. Miller replied that staff has looked at hyporheic discharge at a very high conceptual level, particularly with the gravel pits that are at the Confluence Island site. Thus far the studies to move forward with those were dropped out of the preliminary design. He believes that there is still a huge potential there for the future but for right now the hyporheic discharge would not fit with the goals of the grant. The grant is specifically for conservation and reuse type of projects and not necessary just a thermal management of the water.

VI. BUSINESS FROM COMMISSION, GENERAL MANAGER, AND WASTEWATER DIRECTOR

Commissioner Keeler brought up the fact that the MWMC meetings have been shorter as well as three regular meetings have been cancelled this year. He asked Mr. Bittler to check to see if we have the right level of meeting time and the right regularity.

Mr. Bittler responded that there are a number of reasons why our agendas are a little light. Since the Facilities Plan Development, the capital projects in FY 09/10 totaled around \$62 million, in FY 10-11 the CIP dropped down to around \$40 million, and this year it is \$26 million worth of projects. There are not a number of subject items coming to the Commission as there were before with Request for Proposals (RFPs), contracts, and sometimes disputes with contractors; that has lightened the load somewhat. The on-going regulatory conversations that the MWMC is involved in are long term items and it is a judgment call when we bring those items in for the Commission's attention. They are not something that would require a decision from the Commission now; they may in the near future. Mr. Bittler stated that he had talked to Commissioner Keeler about when would be the right time to bring those items to the Commission. One of the things that Mr. Bittler was thinking about was to meet with the President between meetings to get feedback about which items might better fit the Communication Packet versus actually being on the agenda. The Communication Packets have gotten a little heavy over the past few months and if staff needs to shift some of that material back to conversations during our meetings, staff is willing to do that. Whatever direction the Commission would like to give in terms of meeting content, staff is absolutely open to that.

President Inge stated that he is not a big meeting guy; he feels it is a waste of time. One of his thoughts in regards to this subject matter is that we have a very confident staff and as a result there just are not that many issues. Six or seven years ago there were issues, but things have really settled in with the framework of it all and the communication has been happening in a really efficient and effective way. President Inge said that it seems to him that this is just the product of having a really good staff and a good Commission as well. He stated that as a Commission that they work well together and communicate well.

Commissioner Loud agreed with President Inge that she is not crazy about meetings either but at the same time, some of the items in the Communication Packets she would have liked to hear other people discussing them because they bring up points that perhaps she didn't see or open up a new way of thinking about them. She suggested that maybe we could shift some of the items over from the Communication Packets to meetings.

President Inge brought up that the Commission has the ability to change the meeting agenda so that when they get the Communication Packet they can call and request that an item be put on the Agenda for discussion.

Commissioner Meyer stated that when he receives the Communication Packet that he likes to look at the revenues to see how we are doing on collecting our fees; are we on target with what was projected in the budget. He would like a report quarterly that would bring the Commission up-to-date on the projected revenue, showing if we are on target, ahead or behind. He feels this is especially important in a year where we have a rate increase. Commissioner Meyer also suggested that when a light meeting is scheduled, to do a strategic discussion on how the MWMC is going to deal with the renewal of the permit and the renewal of the TMDL, so that everybody at the table will be up to speed as to what we are facing, what commitments we made, and what commitments the DEQ made.

Commissioner Keeler thanked everyone for their comments. He stated that he recognizes it is a matter of balance and it is not always clear as to how much or how little to present. He felt that to a large extent it was an indication of a house well run.

President Inge said that the thing that sticks out to him is how seldom that the Commissioners get surprised. He said that typically what he finds is that when things are not happening in the way that they are supposed to be happening (in regards to meetings and communication) you get surprised. From his perspective, the fact that the Commission does not get surprised on a regular basis keeps him pretty centered with what staff and management is doing towards running the facility. He complimented everyone on the management team and the staff for the job that they do. He said he knows it is not easy in this environment to work efficiently and effectively.

Ron Bittler, MWMC General Manager:

- Announced that Katherine Bishop has been hired as the new Senior Finance Analyst and her previous place of employment was San Luis Obispo. Katherine will start on November 22. He gave the Commission Ms. Bishop's background.

- We will be starting the budget process in January with Key Outcomes, February the Capital Budget, and March the Operations Budget.
- Background on regulatory issues: The Blue Heron Pulp Mill in West Linn and the International Paper Mill in Albany have shut down. Both mills had thermal waste load allocations (WLA) as part of their respective NPDES permits. There are on-going discussions with respect to ownership of those WLAs and how the DEQ may or may not decide to reallocate them. Mr. Bittler and Ms. Cahill have been involved in some discussions with ACWA and the ACWA group will be meeting with the DEQ in about two weeks to talk more about what happens to the WLA from those permits; do the WLA get allocated back to the temperature TMDL reserve or reallocated to other dischargers on the Willamette River.
- In September Mr. Bittler and Ms. Cahill met with the DEQ, ACWA, and Mike Bussell from Region 10 EPA. It was primarily a discussion about natural treatment systems. They met in Woodburn, which included a tour of the Woodburn Poplar Plantation. Mr. Bittler and Ms. Cahill provided a brief overview of the MWMC's work at the Biocycle Farm. The main thrust of the meeting was to get EPA Region 10 to recognize the value in these types of projects and some of the difficulties that are faced in traditional permitting. He felt that there was a positive response from the EPA and that they valued the Oregon projects. There were many other agencies represented and they talked about the following facilities: Albany's new wetlands facility, Talking Waters; Woodburn; Silverton's Oregon Garden; and La Grande's (Ladd) Marsh Wildlife area. He felt that the EPA took some value in the discussion and that they would try to remove some of the barriers to making permitting of these facilities easier than it is.

Michelle Cahill, Wastewater Director:

- The plant completed its summer permit and can report a better outcome than the permit requirements; 98% removal of total suspended solids and biochemical oxygen demand.
- It was very timely that the budget was approved to have the cogeneration unit to be rebuilt because it had been down for about three weeks and has just started running again this week.
- In the merge between Capital and Operations, the Tertiary Filtration capital project is getting close to completion. Staff has been involved with intense operations training and starting some test runs.
- A representative from Bring Recycling came to the plant to talk about reuse opportunities and how the plant can recycle. The Bring representative mentioned that Hynix was removing everything from their facility including some microscopes, and our lab people went to check them out. Although the microscopes didn't work for us, it was exciting to think how reuse could potentially benefit us.

President Inge asked for a quick update on the construction at the plant.

Troy McAllister, Supervising Civil Engineer, responded with a quick overview.

- Tertiary Filtration is at the end of construction and the whole system is being checked out. It is an interface with our control system and there are some behind the scenes details that need to be tweaked.
- Lagoon Liner Phase 3 is pretty much wrapped-up, it is useable, and the contractor has a punch list of items to complete.
- The Landscape Upgrade project is at the end of its season; there are a few more things to complete. Some of the inside and outside the fence projects that have been done can be seen from the bike path alongside the river. The MWMC has a 2-year maintenance agreement with the contractor, Rexus Forest Products.
- Primary Sludge Thickening is still a work in progress. Construction probably has a few more months and it will be finalized next year. Josh Newman, Supervising Civil Engineer, added that the contractor had excavated the entire structural fill; all the utilities and process piping relocation is complete. The pit has been excavated for the tank and all the structural compaction has been completed.
- Mr. McAllister added that during the landscape update along the Willamette, an outfall that was part of the old treatment plant was discovered. Staff is doing some enhancements around that area so that it blends into the landscaping, however, based on the river conditions, they might have to wait for next year to complete. Ms. Cahill added that there were blackberries covering it which made it a safety hazard.

President Inge asked, in terms of total completion of all the projects that we have, what is the timeline. Mr. McAllister replied that the Facilities Plan is through 2025.

Mr. Newman added that part of the answer is that staff is in the process of a partial Facilities Plan Update with CH2MHill contracted to provide engineering support for staff. He explained that there are a number of items that are looked at such as: the projects that are completed, how they are meeting their performance targets, capital projects list, regulations and regulatory strategy formulated to deal with issues moving forward. Does the current schedule need to be modified? Do we need to push some projects out? Are there other things that we need to be more focused on than what the 2004 Plan focused on? Do we know anything now that we didn't know then? Those kinds of questions are all being considered in this partial update. That effort was just kicked-off starting with a Biogas Utilization Study.

Commissioner Meyer asked for an update on the income produced from the Renewable Energy Purchase Agreement with EWEB.

Mr. Bittler replied that in general the estimates that staff put into the budget have been exceeded in terms of the payback amount from EWEB. He said he had received an email from EWEB yesterday indicating that they were not interested in future purchases from us as they had reached their limit. He said the timing in receiving that information was good as Mr. Newman's group is working on the Biogas Utilization Study and can use that data as they proceed forward.

President Inge asked how long is the contract and Mr. Bittler replied that it is for ten years.

Mr. Bittler said that he would like to hold a Commission meeting out at the plant in the spring so the Commissioners can have a tour and see all the changes that have been made.

Ms. Cahill introduced Trail Smith, a new City of Eugene employee attending his first MWMC meeting.

President Inge referred back to the Communication Packets and asked if it was possible to get them sooner so if the Commissioners have any questions, they could get it added to the agenda. He thanked the Commission, staff, management and legal counsel. He said that he has worked with a lot of people at a lot of different places and this is a very, very good group to work with.

Commissioner Brown shared that he went last week to the National League of Cities conference in Phoenix, Arizona, and that it was very productive. One of the mobile workshops he attended was touring a brand new wastewater treatment plant. He said that their problem is different than ours in that they have a scarcity of water and they are concerned with conserving what they do have. They reuse everything and everything they put back is Class A, you could drink it, and it is put back into the aquifer. Every city there will be required to do this by 2015. In other words, if you want to grow your city and you want to put in new subdivisions, new malls, etc., more water will be required. The amount of water that they would have to draw out for those areas will have to be put back in the aquifer. Commissioner Brown said they are finally realizing there are limits to growth down there.

VII. ADJOURNMENT

President Inge adjourned the meeting at 8:25 a.m.

Minutes were recorded by Kevin Kraaz.