

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Eugene Water & Electric Board Sale of Water to Veneta

Meeting Date: January 11, 2011
Department: City Manager's Office
www.eugene-or.gov

Agenda Item Number: C
Staff Contact: Brenda Wilson
Contact Telephone Number: 541-682-8441

ISSUE STATEMENT

Eugene Water & Electric Board (EWEB) entered into a contract to sell water to the City of Veneta. EWEB filed a lawsuit asking the court to declare that EWEB has independent authority to enter into that contract without council approval. On October 27, 2010, the circuit court issued its decision finding that EWEB, rather than the City Council, has the authority to sell water to Veneta. The City of Veneta has asked that the council weigh in on whether the council supports the proposed sale of surplus water to Veneta.

BACKGROUND

In 2009, EWEB informed the City Manager about EWEB's interest to sell water to Veneta in order to certify part of EWEB's third water right and to help ensure that the water in this water right would be available to Eugene residents in the future when needed. In mid-April 2010, EWEB and the City of Veneta signed a water-sale contract. EWEB then submitted the contract to the Lane County Circuit Court for validation. On October 27, 2010, the circuit court decided that EWEB, rather than the City Council, has the authority to sell water to Veneta. The City has appealed that decision.

There have been several public meetings and hearings on this issue. On May 12, 2010, the council was presented with background information on the water sale and the court process. On June 7, 2010, a joint meeting with the EWEB Board was held; a Public Information Forum was held on June 8, 2010; and a Public Hearing was held on June 14, 2010.

On June 28, 2010, this issue was brought back to the council. At that meeting, the council voted to postpone a decision on whether the council supported the proposed sale of water to Veneta until after the Charter authority question was resolved by the court. On October 27, 2010, the circuit court issued its decision that EWEB, rather than the City Council, has the authority to sell water to Veneta.

On November 10, 2010, a work session was held where the City of Veneta presented information to the council. On December 13, 2010, a public hearing was held to hear from the community on this issue. As of January 5, 2010, and subsequent to the December 13, 2010, public hearing, the City has received 10 written comments. Those comments are attached as Exhibit A. Any

additional written comments received before the work session on January 11, 2010, will be provided at the work session.

During the November 10, 2010, work session, information was requested regarding how the sale of surplus water to Veneta was consistent with the City's Growth Management Policies 1, 2, 5, and 10, and how the sale related to and whether or not it was consistent with the Statewide Planning Goals 2, 11, and 14.

In the case of the City's Growth Management Policies, it is difficult to make determinations of consistency with respect to the sale of surplus water to the City of Veneta given the Eugene-specific nature of the policies. The Growth Management Policies were more recently integrated into the City's land use code which also helps clarify their scope and purpose. It states "These policies shall serve as guidance as the city considers proposed changes to this land use code" (EC 9.0020(1)). Accordingly, they were not meant to be used as a means for evaluating regional growth issues, including how surrounding communities should grow.

Additionally, the Statewide Planning Goals do not apply to this sale of surplus water because the sale would not result in the application of urban services onto rural lands. Accordingly, surplus water could be provided to Veneta without conflicting with or violating these statewide goals.

The fact that these policies and strategies do not directly apply to this sale does not end the discussion, but rather, highlights the need to have a broader discussion about developing a "Regional Water Master Plan" and the issues and opportunities associated with such an effort. Issues such as water right perfection, addressing and mitigating risk, infrastructure planning and costs, efficiency and cost savings opportunities, regional growth, and triple-bottom-line analysis could all be discussed as part of a regional planning effort. Councilor Zelenka has drafted his thoughts for beginning such an effort. A copy of this is attached as Exhibit B.

EWEB is open to further discussion on a regional drinking water plan to test interest from other agencies and if there is interest, to develop a clear purpose, scope and roles/responsibilities. EWEB has stated that for years they have participated in regional planning efforts and continues to see the value in taking a regional and long-term view on drinking water supplies. The 1963 water right was applied for within the context of a regional water supply relationship. The most viable approach to securing a secondary source of drinking water for Eugene customers in the future is via partnerships that address mutual and differing needs of our neighbors.

In any case, the City of Veneta has requested the City of Eugene support the sale of surplus water pending the outcome of the appeal. While Veneta's Annual Daily Demand for their 20 year build out is four million gallons per day (mgd), an approval of three mgd will allow Veneta to move forward with the project and take advantage of the federal funding package they have received. Additional provisions may also be included as a condition of support.

RELATED CITY POLICIES

There are no specific City policies to be considered by the City Council at this meeting; it is a status update and informational meeting.

COUNCIL OPTIONS

No action is required at this time; however, options will be provided at the time of City Council deliberations and action scheduled for January 24, 2011.

CITY MANAGER’S RECOMMENDATION

No recommendation is suggested at this time. A recommendation will be provided for the City Council deliberations and action scheduled for January 24, 2011.

SUGGESTED MOTION

None at this time. A suggested motion will be provided at the time of City Council deliberations and action scheduled for January 24, 2011.

ATTACHMENTS

- A. Written Comments Received Between December 13, 2010, and January 5, 2010.
- B. Councilor Zelenka’s Regional Water Master Plan document.

FOR MORE INFORMATION

Staff Contact: Brenda Wilson
Telephone: 541-682-8441
Staff E-Mail: brenda.s.wilson@ci.eugene.or.us

WILSON Brenda

From: donotreply@ci.eugene.or.us
Sent: Tuesday, December 14, 2010 1:05 PM
To: *Eugene Mayor, City Council, and City Manager
Cc: Eugene PSO
Subject: Message from public web site

This is an automated response from the city web site. Do not reply to this message.

A message has been sent from the contact form via the public website.

Sender Name : Tim Bingham
Email : timlorraine@earthlink.net
Street Address : 2385 Lincoln Street
City State Zip : Eugene, OR, 97405
Daytime Phone Number : 541-870-1603
Category : Mayor, City Council, & City Manager Request Type : General Comment Resident Type :
Resident Message : Dear Mayor Piercy, Councilors, and City Manager,

Re: City of Veneta Water Purchase from EWEB: A Potential Multi-Objective Opportunity

Request the following consideration: should the decision process go forward that would enable the City of Veneta to purchase water from EWEB, the land corridor needed for locating and extending the water supply pipe should be designated as, and designed for, a future, multi-purpose, off-road path for cyclists and pedestrians. The acquisition of the land area needed to serve these multiple functions would occur as part of the initial, water pipe construction process including all necessary easements for granting such rights and uses, but the timing of construction and paving the pathway itself would depend on the availability of funding. To that end, this pathway should be considered a "connecting, regional facility" implemented through a collaborative partnership approach that includes ODOT, Lane County, City of Veneta, City of Eugene, and EWEB. Lots of potential winners here - especially the residents of Lane County.

Thank you for this consideration.

URL from which contact form was launched : <http://www.eugene-or.gov/portal/server.pt>

WILSON Brenda

From: H. Marie Pickett [merpick@all2ez.net]
Sent: Friday, December 31, 2010 9:10 AM
To: *Eugene Mayor, City Council, and City Manager
Cc: Gail Wilkie
Subject: Water for Veneta Residents

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, OR 97401

Mayor Piercy and Council members:

As a business owner and community volunteer of Veneta, I encourage you to support the agreement with EWEB to sell surplus water to our community.

I support the key points and long term planning in progress regarding water and the needs of the people in our area.

- . Oregon law requires Veneta to provide water for projected growth over the next 20 years.
- . To do so, Veneta must find an additional source of water.
- . Drilling more wells is expensive and by no means a sure thing, particularly since we cannot drill in the areas most likely to produce water.
- . A pipeline between Eugene and Veneta is a viable option and, in fact, may be our only option; however, it must be completed by 2015 in order to take advantage of \$13.2 million in federal loans and \$2.6 million in grants.
- . Water is critical for further Veneta's long-term development goals to attract commercial and industrial investment providing employment and services to our residents.
- . We need secure and sufficient fire flows for protection of structures, particularly given our proximity to forestlands.
- . Pipeline construction will provide employment for Lane County residents.
- . Eugene must "use or lose" water rights in excess of current demand. The agreement between Veneta and EWEB is mutually beneficial to the citizens of Eugene and Veneta.

I have observed and appreciated Eugene's support and willingness to be a good neighbor to Veneta and Fern ridge for nearly 30 years. The water collaboration is another winner for thousands of people in our cities.

Please follow the natural flow, and provide water for Veneta residents in the long run.

H. Marie Pickett
27548 Fruitway Road
PO Box 81
Alvadore Oregon 97409

WILSON Brenda

From: Andrea Larson [adl3738@yahoo.com]
Sent: Monday, January 03, 2011 11:42 AM
To: *Eugene Mayor, City Council, and City Manager
Cc: ringham@ci.veneta.or.us
Subject: EWEB Sale of Water to Veneta

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, Oregon 97401

Mayor Piercy and Council members:

As an 11-year resident of Veneta, I have seen the city make great strides in addressing issues and establishing regulations and ordinances that protect its natural resources and support the unique quality of life that its residents desire. This includes the protection of its extensive wetlands and wooded areas while allowing reasonable residential development and recruitment of commercial and industrial interests. Water is a critical element for Veneta to be able to continue these efforts, and I encourage you to support the agreement with EWEB to sell surplus water to our community.

While a water pipeline from the McKenzie River to Veneta initially seems like an extreme proposition, it is in fact the most viable option given the fact that Veneta, like all cities, does not have unlimited financial resources and must be able to provide water for its projected growth over the next 20 years. With the availability of federal loans and grants, Veneta can build the pipeline and ensure water availability for projected growth, and at the same time possibly contribute needed jobs to the Eugene-Veneta area. However, time is of the essence because in order to take advantage of the approximately \$15 million in federal loans and grants, the project must be completed by 2015. By giving your approval to the agreement between EWEB and Veneta, you will allow the city to move forward with its planning in a timely manner.

Finally, on a more personal note, I am sure that any of you who have driven Highway 126 to the coast in the last few years have noted the destruction of the forest fire near the Clay Creek recreation area. This fire was a wake-up call to many of us who live on wooded acreage, and although we have done what we can to protect our property from fire, each summer brings that small worry of a major fire closer to home. Dry years have already brought concern about the city's water supply, and having a reliable source of water that would be available to help protect our home, the City of Veneta, and the surrounding community in the event of another fire in the vicinity only adds to my belief that this water pipeline is worth the effort and cost. Again, I urge you to allow the City of Veneta to move forward in the planning process by approving its agreement with EWEB to purchase surplus water.

Thank you for your time and consideration.

Sincerely,

Andrea Larson
25456 East Hunter Road
Veneta, Oregon 97487

WILSON Brenda

From: Jim Eagle Eye [j.eagleeye@yahoo.com]
Sent: Monday, January 03, 2011 11:54 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: City of Veneta EWEB Testimony

To Whom it May Concern:

The following is a written version of the testimony I gave to the Mayor and Eugene City Council on Monday, December 13, 2010.

Thank you,

James Eagle Eye

December 13, 2010

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, OR 97401

Mayor Piercy and Council Members:

As a resident of Veneta and Chair of the Veneta Planning Commission, I encourage you to support the agreement between Veneta and EWEB to sell surplus water to our community. Oregon law requires the City of Veneta to provide adequate water for projected growth over the next 20 years. A lot of hard work has been done by the residents of Veneta, elected and appointed officials, and city staff to both recruit commercial and industrial investment to provide more employment opportunities and services to all residents and to improve residential development so that Veneta can protect its natural resources and continue to grow into a city that is able to provide its residents with a distinctive quality of life. Water is a critical element for Veneta to be able to continue both of these efforts.

A pipeline between Eugene and Veneta is a viable option, and may be the only option that Veneta has to meet its water needs. Veneta has explored other options, all of which are either fiscally or physically not viable. As you have heard, time is of the essence in order to allow Veneta to take advantage of the federal loan/grant package available to fund construction of the pipeline because the project must be completed by 2015. In addition, by being able to move forward with the pipeline project in the current construction bidding market, there is great potential for lower costs to the residents of Veneta, and the project will also provide needed jobs to the Eugene-Veneta area.

I am encouraged to hear Eugene City Council members talking about the need for regional water planning and want to commend them for doing so. I hope that you will continue to move forward with such discussions. As stewards of this wonderful natural resource -- the McKenzie River -- you should become key players in any regional water planning.

January 3, 2010

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, OR 97401

Dear Mayor Piercy and Council members:

As a resident of Veneta, a business owner in Veneta and president of the Fern Ridge Chamber of Commerce, I would like to encourage you to support the agreement with EWEB to sell surplus water to our community.

Advantages, in my opinion, to our community are:

- Oregon law requires Veneta to provide water for projected growth over the next 20 years.
- To do so, Veneta must find an additional source of water.
- Drilling more wells is expensive and by no means a guarantee, particularly since we cannot drill in the areas most likely to produce water.
- A pipeline between Eugene and Veneta is a viable option and, in fact, may be our only option; however, it must be completed by 2015 in order to take advantage of \$13.2 million in federal loans and \$2.6 million in grants.
- Water is critical to further Veneta's long-term development goals to attract commercial and industrial investment providing employment and services to our residents.
- We need secure and sufficient fire flows for protection of structures, particularly given our proximity to forestlands.
- Pipeline construction will provide employment for Lane County residents.
- Eugene must "use or lose" water rights in excess of current demand. The agreement between Veneta and EWEB is mutually beneficial to the citizens of Eugene and Veneta.

Thank you for your time and consideration and, in advance, thank you for your support that will affect many lives and community decisions for years to come.

Best regards,



Gina L. Haley-Morrell

cc: ringham@ci.veneta.or.us

WILSON Brenda

From: ecosystems@swirvemail.com
Sent: Monday, January 03, 2011 3:51 PM
To: *Eugene Mayor, City Council, and City Manager
Cc: ringham@ci.veneta.or.us
Subject: Letters of Support to Eugene City Council for Veneta Water

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, OR 97401

Mayor Piercy and Council members:

As a 28-year resident of the Fern Ridge Community (17-year resident of Veneta) and the Owner of Ecosystems Transfer and Recycling, I encourage you to support the agreement with EWEB to sell surplus water to our community.

- Oregon law requires Veneta to provide water for projected growth over the next 20 years.
- To do so, Veneta must find an additional source of water.
- Drilling more wells is expensive and by no means a sure thing, particularly since we cannot drill in the areas most likely to produce water.
- A pipeline between Eugene and Veneta is a viable option and, in fact, may be our only option; however, it must be completed by 2015 in order to take advantage of \$13.2 million in federal loans and \$2.6 million in grants.
- Water is critical for further Veneta's long-term development goals to attract commercial and industrial investment providing employment and services to our residents.
- We need secure and sufficient fire flows for protection of structures, particularly given our proximity to forestlands.
- Pipeline construction will provide employment for Lane County residents.
- Eugene must "use or lose" water rights in excess of current demand. The agreement between Veneta and EWEB is mutually beneficial to the citizens of Eugene and Veneta.

Best Regards,

Buck and Janet Pelroy
23689 Vaughn Road
Veneta, Oregon 97487

We appreciate your support and assistance.

WILSON Brenda

From: Hillary McBride [hillary@epud.org]
Sent: Monday, January 03, 2011 3:58 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: Letter of Support: Veneta Pipeline Project

January 3, 2011

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene, OR 97401

Mayor Piercy and Council members:

As a local utility provider serving electricity to the Veneta area, Emerald PUD encourages you to support the agreement with EWEB to sell surplus water to Veneta.

Oregon law requires Veneta to provide water for projected growth over the next 20 years. To do so, Veneta must find an additional source of water. Drilling more wells is expensive and not guaranteed to solve the problem, particularly since they cannot drill in the areas most likely to produce water. A pipeline between Eugene and Veneta is a viable option, but it must be completed by 2015 in order to take advantage of \$13.2 million in federal loans and \$2.6 million in grants.

Water is critical to Veneta's long-term development goals. It will attract commercial and industrial investment and provide employment and services to Veneta residents. This comes at a VERY important time for the city. EPUD has seen a great increase in bill assistance requests from unemployed customers all throughout our District. Pipeline construction will provide employment for Lane County residents and will help all our communities in Veneta and beyond.

Eugene must "use or lose" water rights in excess of current demand. The agreement between Veneta and EWEB is mutually beneficial to the citizens of Eugene and Veneta.

We trust Eugene will be a good neighbor and make the right decision to move forward with this pipeline.

Hillary McBride (On Behalf of EPUD Board of Directors)

EPUD Community Relations Officer

W: 541-744-7488 C: 541-228-1164

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WILSON Brenda

From: Pat Coy [phcoy@q.com]
Sent: Monday, January 03, 2011 6:36 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: Veneta Water Supply

Dear Mayor Piercy and Council Members:

As a 17 year resident of Veneta I want to encourage your participation in bringing additional water to our town. As a retired business man and a member of several clubs and committees I am invested in the future of Veneta. Should we fail to secure an additional source of water our growth and economic future will be in jeopardy. Our local adventure into well drilling has shown them to be expensive and not always viable source of long term water. I also believe that the selling of water will be of long term benefit to EWEB and the city of Eugene given their situation of losing the water rights if not used. Please consider any possible steps you might take to ensure the future of our town.

Sincerely,
Pat Coy
Associate Pastor
Olivet Baptist Church,
Veneta.

WILSON Brenda

From: Ric Ingham [ringham@ci.veneta.or.us]
Sent: Tuesday, January 04, 2011 4:29 PM
To: *Eugene Mayor, City Council, and City Manager
Subject: RE: Support for Wholesale Water Agreement with Veneta

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene OR 97401

The purpose of this email is to encourage your support for the agreement with EWEB to sell surplus water to the City of Veneta. Having been the Mayor of two different Cities in the State of Oregon, I understand the importance of Cities to provide adequate city services in a cost effective manner.

The City of Veneta is doing exactly what Cities are suppose to do as mandated by Oregon Land Use Planning Laws. I share in the ownership of property that is within the Veneta City Limits. Our intent is to develop this property as allowed for by Veneta Land Use Code. Our property was purchased with the expectation that City Services would be available to this property. By pursuing this water purchase agreement with EWEB, the City of Veneta is living up to it's responsibility of providing City Services in a cost effective manner to its Citizens.

The City of Veneta has received notification from the USDA of funding approval for a portion of the cost of construction for a pipeline that will facilitate the ability of the City to purchase water from EWEB. This project needs to be completed by August of 2015. I encourage the City of Eugene to support the agreement between the City of Veneta and EWEB and to do whatever can be done to help meet this construction time line.

I also want to thank the City of Veneta for pursuing a solution to a water supply issue that will be in the best interest of it citizens.

Rob Ward
Ward NorthWest Inc.
P.O. Box 105
Florence, OR 97439
541-997-9201

WILSON Brenda

From: Ric Ingham [ringham@ci.veneta.or.us]
Sent: Wednesday, January 05, 2011 8:29 AM
To: *Eugene Mayor, City Council, and City Manager
Subject: RE: Support of Veneta Pipeline Project

December 13, 2010

Mayor and Members of the City Council
City of Eugene
777 Pearl Street, Room 105
Eugene OR 97401

Mayor Piercy and Council Members,

As a resident and School Superintendent of the Fern Ridge School District, I urge you to support the agreement with EWEB to sell surplus water to our community.

I have met with Veneta City officials, reviewed the options for our future water supply, and have serious concerns about the future of said supplies should this agreement not be consummated. As you are no doubt aware, for a community to grow, it must first address the basic needs of which a reliable water supply is the first.

Obviously the interest of the school district is not only to provide an ample water supply for our facilities, but to have the same for attracting businesses, residents and continuing growth to provide a stable school enrollment population for the future.

After reviewing our future water supply options it would appear that the agreement with EWEB is mutually beneficial to the citizens of Eugene and Veneta. It seems to address our continued employment concerns in Lane County as well by providing employment options for residents.

I would like to end by expressing my appreciation for your support in this matter that is so critical to the life of our community.

Sincerely,

Dennis Friedrich, Ed.D.
Superintendent, Fern Ridge School District

The Fern Ridge School District is an equal opportunity educator and employer.

Regional Water Master Plan

Focus of the Master Plan: The focus here would be a strategic planning and growth policy Master Plan rather than a technical engineering and distribution system Master Plan.

The main issue to discuss and decide could include:

- Where to supply water?
- How to get it there?
- What would be the source of the water?
- How does it relate to securing long-term water rights?
- How does EWEB's regional water provision effect growth in the region?
- How much money can be saved by region cooperation?
- What are the risks associated with our current water system and how can they be mitigated (ie – single source of water)?
- How does regional water supply affect the triple bottom line of social equity, environment and economy?

The benefits of such a plan would be:

- Lower cost of providing water services.
- Increased short & long-term reliability of water service.
- Lower risk associated with current single water supply.
- Provision of adequate water to supply projected growth.
- More certainty about water rights.
- Regional cooperation.
- Lower environmental impacts.

Who should do this Master Plan? I would hope to see this as a joint City of Eugene and EWEB effort, whereby they would jointly hire a consultant to facilitate the process. The process could also be funded by a larger group. In addition, since it is a regional plan we would need to include other regional partners in the discussion, such as: SUB, City of Springfield, surrounding cities, and other entities (environmental groups and private water companies).

The first step of the process would be an up-front scoping meeting to develop the Scope of Work (SOW). All the partners would participate. We would discuss what issues need to be addressed and how we would go about doing the SOW. The model for proceeding would be the West Eugene Collaborative.

Outline of the Master Plan Document:

1. Description of stakeholder committee and SOW meeting summary
2. Key Issues and Goals
3. Benefits of a Regional Water Master Plan

4. Requirements and options for EWEB being a regional water provider
 - a. EWEB second water source options
 - b. Infrastructure need options
 - c. Water rights (and transfers to SUB?) options
 - d. Land use issues
 - e. Costs
 - f. Financing options
5. Interest from stakeholders in future water service from EWEB
6. Define options or scenarios for regional water service provision
7. Scenario analysis
 - a. Does the scenario meet the goals
 - b. Cost of each scenario
 - c. Triple Bottom Line analysis on each scenario (environment, economic, and equity)
8. Establish Evaluation Criteria and Weighting
9. Scoring and Ranking of Scenarios
10. Preferred Alternative