

**Tualatin Valley Water District**



**BOARD OF COMMISSIONERS  
1850 SW 170th AVENUE  
BEAVERTON, OR 97006**

**WEDNESDAY  
JUNE 19, 2013**

**EXECUTIVE SESSION -6:00 PM  
REGULAR MEETING - 7:00 PM**

**Listening devices are available upon request  
48 hours prior to the day of the meeting (503-642-1511)  
Streaming live at [www.tvwd.org](http://www.tvwd.org)  
Broadcast by TVCTV (at a later date)**

A BOARD EXECUTIVE SESSION IS SCHEDULED AT 6:00 P.M., CALLED UNDER 192.660 (2) (h) TO CONSULT WITH LEGAL COUNSEL CONCERNING THE LEGAL RIGHTS AND DUTIES OF A PUBLIC BODY WITH REGARD TO CURRENT LITIGATION OR LITIGATION LIKELY TO BE FILED, AND ORS 192.520 (9) TO CONSIDER INFORMATION OR RECORDS THAT ARE EXEMPT BY LAW FROM PUBLIC INSPECTION

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1. CALL TO ORDER – REGULAR MEETING
2. REPORTS BY THE CHIEF EXECUTIVE OFFICER AND MANAGEMENT STAFF
3. COMMISSIONER COMMUNICATION
  - 3.1 -Reports of Meetings Attended
  - 3.2 -Topics to be raised by the Commissioners
4. PUBLIC COMMENT:

This time is set aside for persons wishing to address the Board **on items on the Consent agenda, and matters not on the Business agenda.** Additional public comment will be invited on agenda items as they are presented. Each participant is limited to five minutes, unless an extension is granted by the Board. Should three citizens testify on the same topic, each participant will be limited to three minutes.

**CONSENT AGENDA:** These items are considered to be routine and may be enacted in one motion without separate discussion. Any Board member may request that an item be removed by motion for discussion and separate action.

**ITEMS REMOVED FOR SEPARATE DISCUSSION:** Any items requested to be removed from the consent agenda for separate discussion will be considered immediately after the Board of Commissioners have approved those items which do not require discussion.

**5. CONSENT AGENDA ITEMS**

- [5.1 - Resolution 07-13, Designating Registered Agent, Transferring Duties and Granting Signature Authority to Mark Knudson as Chief Executive Officer .....](#)
- [5.2 – Certification of Election Results, May 21, 2013 Election.....](#)
- 5.3 - Regular Meeting Minutes of May 15, 2013 .....
- 5.4 - Work Session Meeting Minutes of April 30, 2013 .....
- 5.5 - Special Meeting Minutes of April 30, 2013 .....

**BUSINESS AGENDA ITEMS:**

Time will be set aside for public comment for each business item. Each participant is limited to five minutes unless the Board grants an extension, or the agenda item is noted for a specific amount of time for public comment.

**6. ORDINANCE 01-13, ESTABLISHING POLICIES AND DIRECTION IN ADDING THE MID-WILLAMETTE SUPPLY OPTION TO THE DISTRICT’S PORTFOLIO OF WATER SUPPLIES (TO BE READ BY TITLE ONLY, MOTION TO ADOPT).....**

**7. PUBLIC HEARING FOR PROPOSED TUALATIN VALLEY WATER DISTRICT BIENNIAL BUDGET IN ACCORDANCE WITH ORS, CHAPTER 294, FOR THE BIENNIUM PERIOD 2013-2015**

**\*\*\*OPEN BUDGET HEARING\*\*\***

- 7.1 Written Testimony received is read for the record
- 7.2 Public Testimony is heard

**\*\*\*CLOSE BUDGET HEARING\*\*\***

**8. RESOLUTION 06-13, ADOPTING BUDGET AND MAKING APPROPRIATIONS FOR TUALATIN VALLEY WATER DISTRICT FOR THE BIENNIUM PERIOD 2013-2015 (MOTION TO ADOPT) .....**

**9. RESOLUTION 08-13, DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS (MOTION TO ADOPT) .....**

**10. ADJOURNMENT**

**TUALATIN VALLEY WATER DISTRICT  
REGULAR BOARD MEETING AGENDA ITEM**

**MEETING DATE: JUNE 19, 2013**

**TITLE: RESOLUTION 07-13 TRANSFERRING DUTIES AND GRANTING SIGNATURE  
AUTHORITY TO MARK KNUDSON AS CHIEF EXECUTIVE OFFICER**

**ITEM:** Greg DiLoreto retired from his position as Chief Executive Office (CEO) effective March 28, 2013. A work back agreement was entered into between Mr. DiLoreto and TVWD whereby he would continue as CEO until June 28, 2013. On May 29, 2013, the TVWD Board of Commissioners approved an employment agreement with Mark Knudson to serve as CEO effective June 29, 2013. This resolution transfers all duties and signing authority previously assigned to Mr. DiLoreto over to Mr. Knudson, including Mr. Knudson's appointment as a Commissioner to the Joint Water Commission.

**STAFF RECOMMENDATION:** Staff recommends the Board move to adopt Resolution 07-13.

**BUDGET IMPACT:** N/A

**ADDITIONAL INFORMATION:** Chief Executive Officer, Greg DiLoreto, (503) 848-3032, greg@tvwd.org

**ATTACHMENTS:** Resolution 07-13

**APPROVING MANAGERS INITIALS:**

CHIEF EXECUTIVE OFFICER	_____	HUMAN RESOURCES	N/A
FIELD OPERATIONS	N/A	INTERGOV. RELATIONS	N/A
FINANCIAL SERVICES	N/A	CUSTOMER SERVICES	N/A
ENGINEERING SERV.	N/A		

**BOARD ACTION:**

APPROVED \_\_\_\_\_  
DENIED \_\_\_\_\_



BOARD OF COMMISSIONERS

**RESOLUTION 07-13**

**A RESOLUTION DESIGNATING REGISTERED AGENT,  
TRANSFERRING DUTIES AND GRANTING SIGNATURE AUTHORITY TO MARK KNUDSON  
AS CHIEF EXECUTIVE OFFICER**

WHEREAS, the Board of Commissioners selected Mark Knudson to be the next Chief Executive Officer of Tualatin Valley Water District effective June 29, 2013; and

WHEREAS, the purpose and intent of this Resolution is to fully vest the new Chief Executive Officer with all duties, authorities and powers currently delegated to the current Chief Executive Officer so that the transition on June 29, 2013 is full, complete and timely; and

WHEREAS, the Board of Commissioners at all times retains the right to change these duties, authorities and powers, and being fully advised,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF TUALATIN VALLEY WATER DISTRICT THAT:

**Section 1.** Pursuant to ORS 198.340, Mark Knudson, CEO, is hereby designated as the Registered Agent for the District and the Registered Office is the District's Administrative Headquarters located at 1850 SW 170th Avenue, Beaverton, Or, 97006

**Section 2.** That as Chief Executive Officer, Mark Knudson is appointed to replace Greg DiLoreto and authorized and empowered to perform all duties and tasks on behalf of the District previously delegated to Mr. DiLoreto including, but not limited to, banking and financial matters, administrator of employee retirement and benefits, investments, payments of obligations and debt and other matters requiring signature or authorization by the CEO.

**Section 3.** As Chief Executive Officer, Mark Knudson is appointed to replace Greg DiLoreto as a Commissioner to the Joint Water Commission.

**Section 4.** The Board President and CEO are authorized to sign appropriate documents following approval by District legal counsel to effectuate the provisions of this Resolution.

INTRODUCED AND ADOPTED THIS 19th DAY OF JUNE, 2013

TUALATIN VALLEY WATER DISTRICT

BY: \_\_\_\_\_  
Dick Schmidt, President

BY: \_\_\_\_\_  
James Doane, Secretary

**TUALATIN VALLEY WATER DISTRICT  
REGULAR BOARD MEETING AGENDA ITEM**

**MEETING DATE: JUNE 19, 2013**

**TITLE: CERTIFICATION OF ELECTION RESULTS**

**ITEM:** In accordance with ORS 255.295, the District Elections Authority must determine the result of the election held May 21, 2013 for Tualatin Valley Water District Commissioners from the abstract of the votes prepared by the county clerk. This step is required in order for the elected commissioner to receive a certificate of election.

**STAFF RECOMMENDATION:** It is recommended that the Board move to accept the abstract of votes prepared by the county clerk and authorize the Chief Executive Officer (CEO) to sign the canvass letter concurring with the final results.

**BUDGET IMPACT:** N/A

**ADDITIONAL INFORMATION:** CEO, Greg DiLoreto, (503) 848-3032, greg@tvwd.org

**ATTACHMENTS:** Abstract of Votes Prepared June 5, 2013 by Washington County Elections Office.

APPROVING MANAGERS INITIALS

CHIEF EXECUTIVE OFFICER	_____	HUMAN RESOURCES	N/A
FIELD OPERATIONS	N/A	INTERGOV. RELATIONS	N/A
FINANCIAL SERVICES	N/A	CUSTOMER SERVICES	N/A
ENGINEERING SERV.	N/A		

**BOARD ACTION:**

APPROVED \_\_\_\_\_  
DENIED \_\_\_\_\_

**TUALATIN VALLEY WATER DISTRICT  
REGULAR BOARD MEETING AGENDA ITEM**

**MEETING DATE: MAY 15, 2013**

**TITLE: ORDINANCE 01-13 ESTABLISHING POLICIES AND DIRECTION IN ADDING THE MID-WILLAMETTE SUPPLY OPTION TO DISTRICT'S PORTFOLIO OF WATER SUPPLIES**

**ITEM:** At the TVWD Board meeting on April 24, 2013, the TVWD Board of Commissioners adopted the mid-Willamette supply option as the District's preferred future water supply option. During this meeting, the Board directed staff to develop and present a plan for the Board's consideration, which would allow for the implementation of the Board's April 24, 2013 decision.

In a subsequent Board work session, the TVWD staff presented information which identified various projects, studies, agreements, and policies that the Board would need to address in order move forward with their April 24, 2013 decision. More specifically, it was noted that the Board direction would be required for:

1. Determining if the District will commit to Washington County in participating in the 124<sup>th</sup> Avenue Project.
2. Conducting additional studies for the evaluation of pipeline alignment options and the development of a Willamette supply system preliminary design.
3. Addressing existing policies designating the Tualatin Basin Water Supply Project as the preferred water supply option (2007) and the establishment of a policy requiring a vote on using the Willamette River for drinking water purposes (2001).
4. Directing staff to begin negotiating funding agreements with potential project partners.

The adoption of an ordinance by the Board provides a mechanism to address all of the tasks mention above and would provide direction on the implementation of the Board's decision to add the mid-Willamette water supply option to the District's portfolio of water supplies.

**STAFF RECOMMENDATION:** Move to have legal counsel conduct the first reading of Ordinance 01-13.

**BUDGET IMPACT:** The cost of implementation work during the next two fiscal years will be approximately \$3.9 million and funding for this expense is included in the District's proposed capital improvement plan and biennium budget. TVWD's share of the estimate total capital cost is approximately \$408 million (in 2012 dollars) – this cost is included in the District's long-term financial planning.

**ADDITIONAL INFORMATION:** Gregory DiLoreto, Greg@tvwd.org, 503-848-3032; Todd Heidgerken, ToddH@tvwd.org, 503-848-3013; or Mark Knudson, MarkK@tvwd.org, 503-848-3027

**ATTACHMENTS:** Ordinance 01-13

APPROVING MANAGERS INITIAL:

CHIEF EXECUTIVE OFFICER	_____	HUMAN RESOURCES	N/A
FIELD OPERATIONS	N/A	INTERGOV. RELATIONS	_____

FINANCIAL SERVICES

N/A

CUSTOMER SERVICES

N/A

ENGINEERING SERV.

\_\_\_\_\_

BOARD ACTION:

APPROVED

\_\_\_\_\_

DENIED

\_\_\_\_\_

# Tualatin Valley Water District



## ORDINANCE 01-13

### AN ORDINANCE ESTABLISHING POLICIES AND DIRECTION IN ADDING THE MID-WILLAMETTE SUPPLY OPTION TO THE DISTRICT'S PORTFOLIO OF WATER SUPPLIES

WHEREAS, pursuant to policies adopted and discussed by the Board of Commissioners over multiple decades, Tualatin Valley Water District (TVWD) currently relies on multiple sources of water—a water supply portfolio—that includes water purchased from the City of Portland and the District's ownership in the Joint Water Commission; and

WHEREAS, on April 24, 2013, the TVWD Board of Commissioners (Board) adopted as their preferred alternative the "Mid-Willamette Supply Option" as an additional future water source for the District to be included in the water supply portfolio; and

WHEREAS, the Mid-Willamette supply has been a potential source of water for TVWD since 1973, when Wolf Creek Highway Water District (TVWD's predecessor agency) applied for and was granted a water right permit on the Willamette River. This water right has been maintained from 1973 to the present; and

WHEREAS, the Board finds that TVWD customers can benefit when TVWD pursues opportunities for cost-saving partnerships with municipal water providers and other agencies; and

WHEREAS, TVWD has been a member of the Willamette River Water Coalition (WRWC) and its predecessor, the Willamette Water Supply Agency, since 1997, through an intergovernmental agreement; and

WHEREAS, in June, 2001, the Board adopted Ordinance 1-01 establishing a policy that voter approval would be obtained prior to ~~the~~ TVWD providing the Willamette River as a drinking water source to its customers even though there is no statutory requirement to conduct a vote and TVWD has not conducted votes prior to water supply decisions; and

WHEREAS, in 2002, the Willamette River Water Treatment Plant (Plant) in Wilsonville was completed through an Intergovernmental Agreement partnership between TVWD and the City of Wilsonville, and the Plant has been in operation for over eleven years providing a reliable supply of water with no water quality violations or service interruptions; and

WHEREAS, in 2007, the TVWD Board adopted Resolution 11-07 establishing the Tualatin Basin Water Supply Project (TBWSP) as TVWD's preferred water supply option to meet water demands through 2050 in reliance upon the local multi-jurisdictional effort to acquire ownership of Scoggins Dam from the Federal Government and double the capacity of Henry Hagg Lake; and

WHEREAS, because of necessary seismic improvements and other factors regarding Scoggins Dam, it is apparent that the ability to expand Henry Hagg Lake to accommodate the future demands of TVWD and other local government users is doubtful; and

WHEREAS, as a result of the uncertainty regarding the TBWSP, the TVWD Board conducted numerous public meetings related to water supply options during the last eleven months, including an extensive public outreach process; and



WHEREAS, the Board finds that public input received during the District's outreach efforts indicates that continued outreach and engagement of TVWD customers and the public during implementation of the Mid-Willamette Supply Option is the most effective method to address any remaining questions about the District's future supply options including the Willamette River; and

WHEREAS, the Board finds that public debate and discussion has occurred and being fully advised

**NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF TUALATIN VALLEY WATER DISTRICT:**

**Section 1.** TVWD remains committed and shall continue to make use of multiple sources of supply to reliably meet TVWD's water demands.

**Section 2.** The Mid-Willamette Supply Option is adopted as the preferred additional future water source for the District with the goal of placing this new supply in service to meet the District's water demands by June 30, 2026.

**Section 3.** TVWD Resolution 11-07 adopting the Tualatin Basin Water Supply Plan as the District's preferred water supply strategy is hereby repealed and replaced by this Ordinance.

**Section 4.** The TVWD Board of Commissioners has determined and concludes that, based on the eleven years of operating experience of the Willamette River Water Treatment Plant and the public dialogue received as part of the TVWD's water supply outreach program, satisfactory public debate and discussion has occurred to meet the purpose and intent of Ordinance 1-01. Said ordinance is no longer essential to the implementation of the Mid-Willamette Supply Option and is hereby repealed and replaced by this Ordinance as of the effective date hereof.

**Section 5.** TVWD, either alone or in partnership with other local government water providers, shall:

- (a) conduct planning studies;
- (b) acquire properties, rights of way and easements;
- (c) proceed with design and construction of improvements needed to implement the Mid-Willamette supply option;
- (d) negotiate intergovernmental agreements, as needed, with agencies to form partnerships that will serve to expediently and cost-effectively implement the needed studies and improvements and maximize benefits of the improvements as a regional water supply resources; and
- (e) take such other actions necessary to place the Mid-Willamette Supply Option in operation by June 30, 2026.

**Section 6.** TVWD shall continue to conduct public outreach and provide information to inform its customers and the community regarding its future water supply sources including the suitability of the Mid-Willamette Supply Option as a quality, reliable water supply.

**Section 7.** This Ordinance is on file at the District's Administrative Offices where it may be examined.

**Section 8.** This Ordinance has been included in the published agenda of the adopting meeting. The published agenda did state the time, date, and place of the meeting and gave a brief description of the Ordinance to be considered at the meeting and that copies of the Ordinance are available

at the office of the District. The Presiding Officer caused the agenda to be published not more than ten days or less than four days before the meeting in a newspaper of general circulation.

**Section 9.** Pursuant to Oregon Revised Statutes Chapter 198, the Ordinance was read at two regular meetings of the District Board of Commissioners on two different days, at least six days apart, prior to the adoption thereof, to wit: the 15<sup>th</sup> day of May, 2013, and the 19<sup>th</sup> day of June, 2013.

**Section 10.** This Ordinance was adopted following a second reading by at least the affirmative vote of a majority of the members of the District Board at its regular meeting on the 19<sup>th</sup> day of June, 2013, and was signed by the Presiding Officer and attested to by the Secretary. The Secretary of the District is instructed to cause this Ordinance to be filed in the Records of the District and file a certified copy of this Ordinance with the County Clerk.

**Section 11.** This Ordinance 01-13 shall take effect on July 19, 2013 at 12:01 a.m., being at least 30 days from the date of its adoption. Ordinance 01-01 and Resolution 11-07 shall be repealed at 12:00 a.m. on July 19, 2013.

TUALATIN VALLEY WATER DISTRICT

BY \_\_\_\_\_ BY \_\_\_\_\_  
Dick Schmidt, President James Doane, Secretary

# **Tualatin Valley Water District**



## **ORDINANCE 01-13**

### **AN ORDINANCE ESTABLISHING POLICIES AND DIRECTION IN ADDING THE MID-WILLAMETTE SUPPLY OPTION TO THE DISTRICT'S PORTFOLIO OF WATER SUPPLIES**

WHEREAS, pursuant to policies adopted and discussed by the Board of Commissioners over multiple decades, Tualatin Valley Water District (TVWD) currently relies on multiple sources of water—a water supply portfolio—that includes water purchased from the City of Portland and the District's ownership in the Joint Water Commission; and

WHEREAS, on April 24, 2013, the TVWD Board of Commissioners (Board) adopted as their preferred alternative the "Mid-Willamette Supply Option" as an additional future water source for the District to be included in the water supply portfolio; and

WHEREAS, the Mid-Willamette supply has been a potential source of water for TVWD since 1973, when Wolf Creek Highway Water District (TVWD's predecessor agency) applied for and was granted a water right permit on the Willamette River. This water right has been maintained from 1973 to the present; and

WHEREAS, the Board finds that TVWD customers can benefit when TVWD pursues opportunities for cost-saving partnerships with municipal water providers and other agencies; and

WHEREAS, TVWD has been a member of the Willamette River Water Coalition (WRWC) and its predecessor, the Willamette Water Supply Agency, since 1997, through an intergovernmental agreement; and

WHEREAS, in June, 2001, the Board adopted Ordinance 1-01 establishing a policy that voter approval would be obtained prior to TVWD providing the Willamette River as a drinking water source to its customers even though there is no statutory requirement to conduct a vote and TVWD has not conducted votes prior to water supply decisions; and

WHEREAS, in 2002, the Willamette River Water Treatment Plant (Plant) in Wilsonville was completed through an Intergovernmental Agreement partnership between TVWD and the City of Wilsonville, and the Plant has been in operation for over eleven years providing a reliable supply of water with no water quality violations or service interruptions; and

WHEREAS, in 2007, the TVWD Board adopted Resolution 11-07 establishing the Tualatin Basin Water Supply Project (TBWSP) as TVWD's preferred water supply option to meet water demands through 2050 in reliance upon the local multi-jurisdictional effort to acquire ownership of Scoggins Dam from the Federal Government and double the capacity of Henry Hagg Lake; and

WHEREAS, because of necessary seismic improvements and other factors regarding Scoggins Dam, it is apparent that the ability to expand Henry Hagg Lake to accommodate the future demands of TVWD and other local government users is doubtful; and

WHEREAS, as a result of the uncertainty regarding the TBWSP, the TVWD Board conducted numerous public meetings related to water supply options during the last eleven months, including an extensive public outreach process; and

WHEREAS, the Board finds that public input received during the District's outreach efforts indicates that continued outreach and engagement of TVWD customers and the public during implementation of the Mid-Willamette Supply Option is the most effective method to address any remaining questions about the District's future supply options including the Willamette River; and

WHEREAS, the Board finds that public debate and discussion has occurred and being fully advised

**NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF TUALATIN VALLEY WATER DISTRICT:**

**Section 1.** TVWD remains committed and shall continue to make use of multiple sources of supply to reliably meet TVWD's water demands.

**Section 2.** The Mid-Willamette Supply Option is adopted as the preferred additional future water source for the District with the goal of placing this new supply in service to meet the District's water demands by June 30, 2026.

**Section 3.** TVWD Resolution 11-07 adopting the Tualatin Basin Water Supply Plan as the District's preferred water supply strategy is hereby repealed and replaced by this Ordinance.

**Section 4.** The TVWD Board of Commissioners has determined and concludes that, based on the eleven years of operating experience of the Willamette River Water Treatment Plant and the public dialogue received as part of the TVWD's water supply outreach program, satisfactory public debate and discussion has occurred to meet the purpose and intent of Ordinance 1-01. Said ordinance is no longer essential to the implementation of the Mid-Willamette Supply Option and is hereby repealed and replaced by this Ordinance as of the effective date hereof.

**Section 5.** TVWD, either alone or in partnership with other local government water providers, shall:

- (a) conduct planning studies;
- (b) acquire properties, rights of way and easements;
- (c) proceed with design and construction of improvements needed to implement the Mid-Willamette supply option;
- (d) negotiate intergovernmental agreements, as needed, with agencies to form partnerships that will serve to expediently and cost-effectively implement the needed studies and improvements and maximize benefits of the improvements as a regional water supply resource; and
- (e) take such other actions necessary to place the Mid-Willamette Supply Option in operation by June 30, 2026.

**Section 6.** TVWD shall continue to conduct public outreach and provide information to inform its customers and the community regarding its future water supply sources including the suitability of the Mid-Willamette Supply Option as a quality, reliable water supply.

**Section 7.** This Ordinance is on file at the District's Administrative Offices where it may be examined.

**Section 8.** This Ordinance has been included in the published agenda of the adopting meeting. The published agenda did state the time, date, and place of the meeting and gave a brief description of the Ordinance to be considered at the meeting and that copies of the Ordinance are available

at the office of the District. The Presiding Officer caused the agenda to be published not more than ten days or less than four days before the meeting in a newspaper of general circulation.

**Section 9.** Pursuant to Oregon Revised Statutes Chapter 198, the Ordinance was read at two regular meetings of the District Board of Commissioners on two different days, at least six days apart, prior to the adoption thereof, to wit: the 15<sup>th</sup> day of May, 2013, and the 19<sup>th</sup> day of June, 2013.

**Section 10.** This Ordinance was adopted following a second reading by at least the affirmative vote of a majority of the members of the District Board at its regular meeting on the 19<sup>th</sup> day of June, 2013, and was signed by the Presiding Officer and attested to by the Secretary. The Secretary of the District is instructed to cause this Ordinance to be filed in the Records of the District and file a certified copy of this Ordinance with the County Clerk.

**Section 11.** This Ordinance 01-13 shall take effect on July 19, 2013 at 12:01 a.m., being at least 30 days from the date of its adoption. Ordinance 1-01 and Resolution 11-07 shall be repealed at 12:00 a.m. on July 19, 2013.

TUALATIN VALLEY WATER DISTRICT

BY \_\_\_\_\_ BY \_\_\_\_\_  
Dick Schmidt, President James Doane, Secretary

**TUALATIN VALLEY WATER DISTRICT  
REGULAR BOARD MEETING AGENDA ITEM**

**MEETING DATE: JUNE 19, 2013**

**TITLE: RESOLUTION 06-13; ADOPTING THE BUDGET AND MAKING APPROPRIATIONS FOR THE TUALATIN VALLEY WATER DISTRICT FOR THE 2013-15 BIENNIAL PERIOD.**

**ITEM:** The District’s Budget Committee conducted a public hearing on May 22, 2013, unanimously approved the Proposed Budget for the biennial period 2013-15, and recommended adoption of the budget to the Board. In accordance with Oregon Local Budget Law, this resolution accomplishes the following purposes: it adopts the biennial budget effective July 1, 2013; provides appropriation authority for making expenditures; and sets legal spending limits for each District fund.

This item will include a staff presentation at the Board meeting.

**STAFF RECOMMENDATION:** Recommend that the Board adopt Resolution 06-13.

**BUDGET IMPACT:** Approval of Resolution 06-13 sets the District’s budget for the next two fiscal years.

**ADDITIONAL INFORMATION:** Tod Burton, [todb@tvwd.org](mailto:todb@tvwd.org), (503) 848.3040  
Paul Matthews, [paulm@tvwd.org](mailto:paulm@tvwd.org), (503) 848.3017

**ATTACHMENTS:** Resolution 06-13  
Exhibit A – Notice of Budget Hearing and Financial Summary (Oregon Local Budget Law Form LB-1)

APPROVING MANAGERS INITIAL:

CHIEF EXECUTIVE OFFICER	_____	HUMAN RESOURCES	N/A
FIELD OPERATIONS	N/A	INTERGOV. RELATIONS	N/A
FINANCIAL SERVICES	_____	CUSTOMER SERVICES	N/A
ENGINEERING SERV.	N/A		

**BOARD ACTION:**

APPROVED \_\_\_\_\_  
DENIED \_\_\_\_\_



RESOLUTION 06-13

A RESOLUTION ADOPTING THE BUDGET AND MAKING APPROPRIATIONS FOR TUALATIN  
VALLEY WATER DISTRICT  
FOR THE 2013-2015 BIENNIUM

WHEREAS, pursuant to the requirements of ORS Chapter 294, the Board of Commissioners of the Tualatin Valley Water District is required to adopt the budget and make appropriations for the District for the 2013-15 biennial period; and,

WHEREAS, on May 22, 2013, following public notice and hearing thereon, the duly appointed and authorized Budget Committee unanimously approved the biennial budget proposed for the 2013-15 period, now on file at the District office, and recommended adoption by the Board of Commissioners; and being fully advised,

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: The Board of Commissioners of the Tualatin Valley Water District hereby adopts the biennial budget of the District approved by the Budget Committee of Tualatin Valley Water District on May 22, 2013, now on file in the office of the District located at 1850 SW 170th Avenue, Beaverton, Oregon.

Section 2: That the amounts for the biennial period beginning July 1, 2013 and for the purposes shown are hereby appropriated as follows:

GENERAL FUND

Appropriations:

Personnel Services	\$ 30,393,039
Materials and Services	29,884,491
Capital Outlay	2,274,780
General Operating Contingency	9,041,000
Rate Stabilization Account	33,000,000
Transfer to Other Funds	<u>38,462,900</u>
<u>Appropriations Total (General Fund)</u>	<u>\$143,056,210</u>

CONSTRUCTION FUND

Appropriations:

Capital Outlay	\$ 48,060,762
Transfer to Other Funds	<u>1,792,348</u>
Appropriations Total (Construction Fund)	\$ 49,853,110

REVENUE BOND DEBT SERVICE FUND

Debt Service Appropriation:	\$ 7,256,350
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WILLAMETTE RIVER WATER COALITION FUND

Appropriations:

Materials and Services	\$ 351,560
Operating Contingency	<u>52,730</u>
<u>Appropriations Total (Willamette River Water Coalition Fund)</u>	<u>\$ 404,290</u>

**TOTAL APPROPRIATIONS: \$200,569,960**

Section 3: That the Budget Officer, in accordance with ORS 294.458(2), shall file with the Oregon Department of Revenue a true copy of this resolution and the "Exhibit A" Notice of Budget Hearing attached hereto and by this reference incorporated herein.

INTRODUCED AND ADOPTED THIS 19th DAY OF JUNE, 2013

TUALATIN VALLEY WATER DISTRICT

BY \_\_\_\_\_  
Dick Schmidt, President

BY \_\_\_\_\_  
James Doane, Secretary



FORM LB-1

EXHIBIT A - NOTICE OF BUDGET HEARING

A public meeting of the Tualatin Valley Water District will be held on June 19, 2013 at 7:00 pm at 1850 SW 170th Avenue, Beaverton, Oregon, 97006. The purpose of this meeting is to discuss the budget for the fiscal year beginning July 1, 2013 as approved by the Tualatin Valley Water District Budget Committee. A summary of the budget is presented below. A copy of the budget may be inspected or obtained at the Tualatin Valley Water District, between the hours of 8:00 a.m. and 4:30 p.m. or online at www.twvd.org. This budget is for a biennial budget period. This budget was prepared on a basis of accounting that is the same as the preceding year.

Contact: **Tod Burton, Financial Planning & Debt Project Mgr** Telephone: (503) 848-3040 Email: [todb@twvd.org](mailto:todb@twvd.org)

FINANCIAL SUMMARY - RESOURCES			
TOTAL OF ALL FUNDS	Actual Amount Biennium 2009-11	Adopted Budget This Biennium 2011-13	Approved Budget Next Biennium 2013-15
Beginning Fund Balance/Net Working Capital	77,279,856	82,265,465	101,306,495
Fees, Licenses, Permits, Fines, Assessments & Other Service Charges	64,875,337	73,049,000	81,323,055
Federal, State and All Other Grants, Gifts, Allocations and Donations	0	150,000	0
Revenue from Bonds and Other Debt	0	0	0
Interfund Transfers / Internal Service Reimbursements	41,680,469	17,197,125	46,936,364
All Other Resources Except Current Year Property Taxes	4,115,430	3,303,063	3,937,186
Current Year Property Taxes Estimated to be Received	0	0	0
<b>Total Resources</b>	<b>187,951,092</b>	<b>175,964,653</b>	<b>233,503,100</b>

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION			
Personnel Services	21,523,128	26,652,849	30,393,039
Materials and Services	32,176,562	30,042,146	30,236,051
Capital Outlay	15,319,218	35,291,852	50,335,542
Debt Service	3,884,775	4,244,898	7,256,350
Interfund Transfers	32,918,181	17,197,125	40,255,248
Contingencies	0	39,134,600	42,093,730
Special Payments	0	0	0
Unappropriated Ending Balance and Reserved for Future Expenditure	82,129,227	23,401,183	32,933,141
<b>Total Requirements</b>	<b>187,951,092</b>	<b>175,964,653</b>	<b>233,503,100</b>

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM *			
Name of Organizational Unit or Program FTE for that unit or program			
Office of Chief Executive	2,190,861	2,794,316	3,167,898
FTE	7	8	7
Customer & Support Services Department	5,838,796	7,345,868	7,523,623
FTE	28	27	28
Engineering Services Department	13,435,470	8,119,969	10,970,824
FTE	26	26	29
Field Operations Department	9,998,722	13,058,451	13,228,467
FTE	33	34	33
Finance & Information Technology Department	5,654,374	7,296,726	8,417,082
FTE	19	19	19
Office of Community and Intergovernmental Relations	1,968,751	2,287,253	2,498,614
FTE	7	6	6
Water Purchases (General Fund)	15,889,376	17,114,700	16,745,802
FTE	0	0	0
Partners for a Sustainable Washington County Community Fund	0	240,219	0
FTE	0	1	0
Willamette River Water Coalition Fund	236,670	273,951	466,079
FTE	0	0	0
Construction Fund	50,571,096	50,781,025	65,102,847
FTE	0	0	0
Bond Construction Fund	1,435	1,539	0
FTE	0	0	0
Revenue Bond Debt Service Fund	3,898,045	4,384,427	7,446,049
FTE	0	0	0
Non-Departmental / Non-Program (General Fund)	78,267,496	62,266,209	97,935,815
FTE	0	0	0
<b>Total Requirements</b>	<b>187,951,092</b>	<b>175,964,653</b>	<b>233,503,100</b>
<b>Total FTE</b>	<b>120</b>	<b>121</b>	<b>122</b>

**STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING \***

Total 2013-15 operating budget expenses increase 6.9% for the two year period. The increase is primarily due to labor and benefit costs. Total capital outlay expenses increase 42.6%, primarily driven by the timing and scope of the District's capital improvement plan for source water supply development, reservoir and pump station construction, and pipeline upgrades and new installations. Debt service increases 48.2% for scheduled principal and interest payments during 2013-15. Debt service also includes \$4.2 million of additional appropriation to provide resources for the early retirement of outstanding debt, should the District determine it is financially advantageous to do so. Appropriated transfers to other funds increase 134.1% to support capital construction activities and debt service. General operating contingency is budgeted at \$9.1 million based on 15% of the operating budget. Contingency can only be accessed by approval from the Board of Commissioners.

Total 2013-15 biennium budgeted resources, including reserves and unappropriated fund balance/net working capital, increase 32.7%. Primary revenues to support operating and capital improvement plan activities include water rates and service fees, contract reimbursements for services provided to other entities, and meter and services installation fees paid by customers/developers. Water services charges and fees increase 18.9% based on projected rates and fees for services, projected water demand and customer base growth. System development charges are projected to decrease 27.9%. This resource can only be used for growth related capital project costs. Transfers in include reimbursements to General Fund from the Construction Fund for capitalized labor, equipment and overhead.

PROPERTY TAX LEVIES			
	Rate or Amount Imposed	Rate or Amount Imposed	Rate or Amount Approved
Permanent Rate Levy (rate limit _____ per \$1,000)	0	0	0
Local Option Levy	0	0	0
Levy For General Obligation Bonds	0	0	0

STATEMENT OF INDEBTEDNESS		
LONG TERM DEBT	Estimated Debt Outstanding on July 1.	Estimated Debt Authorized, But Not Incurred on July 1
General Obligation Bonds	\$0	\$0
Other Bonds	\$6,750,000	\$0
Other Borrowings	\$0	\$0
<b>Total</b>	<b>\$6,750,000</b>	<b>\$0</b>

**TUALATIN VALLEY WATER DISTRICT  
REGULAR BOARD MEETING AGENDA ITEM**

**MEETING DATE: JUNE 19, 2013**

**TITLE: RESOLUTION 08-13, DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS**

**ITEM:** Resolution 08-13 prepares the District for future tax-exempt debt issuance. Under US Treasury rules (Treasury Regulation Section 1.150-2), an entity like the District that is authorized by federal law to issue tax-exempt debt can issue the debt after a project is completed and reimburse its cash balances with bond proceeds if it declares an intention to reimburse itself in advance of constructing the project. Without a declaration contained in Resolution 08-13, the District could not issue tax-exempt debt for future projects that were completed prior to tax-exempt debt being issued.

Because investors in tax-exempt debt are not subject to federal (and for those investors in Oregon, for the District's debt, State of Oregon) income taxes, interest rates paid by the District are lower than taxable debt. It is therefore important that the District preserve its ability to issue tax-exempt debt for our upcoming capital projects.

Resolution 08-13 authorizes a declaration for the use of future debt proceeds to reimburse the District for capital expenditures, which have been previously incurred, for storage, pump station and pipeline projects authorized in the Adopted 2013-15 Budget and Six-Year Capital Improvement Plan. Resolution 08-13 also authorizes the Chief Executive Officer or designee to sign future reimbursement declarations on behalf of the District.

Capital costs incurred for projects such as the Ridgewood View Reservoir and Pump Station, Garden Home Reservoir, Grabhorn Reservoir, Rosander Pump Station, and the Barnes Transmission Line would be eligible to be reimbursed with future tax-exempt debt proceeds, subject to the compliance provisions of the US Treasury and IRS. Resolution 08-13 specifies a reasonable estimate of the maximum principal amount of future tax-exempt debt of \$60,000,000. Future declarations signed by the Chief Executive Officer or designee can amend this amount.

It is important to note that Resolution 06-13 neither obligates nor authorizes the District to issue future tax-exempt debt. The Board of Commissioners will be required to authorize additional actions before any proposed debt issuance. However, having the reimbursement declaration in place provides a tool in which capital projects constructed prior to debt issuance may be reimbursed from the proceeds of future tax-exempt debt obligations.

**STAFF RECOMMENDATION:** Recommend that the Board adopt Resolution 08-13.

**BUDGET IMPACT:** Approval of Resolution 08-13 has no budget impact. It represents the first step providing authority for the District to issue tax-exempt revenue bonds or other obligations in the future by allowing capital project expenditures incurred prior to the issuance of revenue bonds to be reimbursed with tax-exempt debt proceeds.

**ADDITIONAL INFORMATION:** Paul Matthews, [paulm@tvwd.org](mailto:paulm@tvwd.org), (503) 848.3017  
Tod Burton, [todb@tvwd.org](mailto:todb@tvwd.org), (503) 848.3040

**ATTACHMENTS:** Resolution 08-13

APPROVING MANAGERS INITIAL:

CHIEF EXECUTIVE OFFICER	_____	HUMAN RESOURCES	N/A
FIELD OPERATIONS	N/A	INTERGOV. RELATIONS	N/A
FINANCIAL SERVICES	_____	CUSTOMER SERVICES	N/A
ENGINEERING SERV.	_____		

BOARD ACTION:

APPROVED \_\_\_\_\_  
DENIED \_\_\_\_\_

# Tualatin Valley Water District



## RESOLUTION 08-13

### RESOLUTION DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS

WHEREAS, the Board of Commissioners of the Tualatin Valley Water District (the "District") desires to finance the costs of Storage, Pump Station and Pipeline projects included in the District's Adopted 2013-15 Budget and Six-Year Capital Improvement Plan (the "Projects"); and,

WHEREAS, the District intends to finance costs of the Projects or portions thereof with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and,

WHEREAS, prior to the issuance of the Obligations the District desires to incur certain capital expenditures (the "Expenditures") with respect to the Projects from available moneys of the District; and,

WHEREAS, the Board of Commissioners of the District has determined that those moneys advanced to pay the Expenditures prior to the issuance of the Obligations are available only for a temporary period and it is necessary to reimburse the District for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF TUALATIN VALLEY WATER DISTRICT THAT:

Section 1. The District hereby states its intention and reasonably expects to reimburse Expenditures of the Projects paid prior to the issuance of the Obligations with proceeds of the Obligations.

Section 2. The reasonably expected maximum principal amount of the Obligations is \$60,000,000.

Section 3. This resolution is being adopted no later than 60 days after the date on which the District paid its first Expenditure on the Projects to be reimbursed from proceeds of the Obligations (excluding certain preliminary expenditures which may have been paid before that date).

Section 4. The District will make a reimbursement allocation, which is a written allocation that evidences the District's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project(s) is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid.

Section 5. This resolution is adopted as official action of the District in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Expenditures of the District incurred prior to the date of issue of the Obligations.

Section 6. The Chief Executive Officer or designee is hereby authorized, without additional action by the Board of Commissioners, to sign future reimbursement declarations and take any other actions on behalf of the District that may be desirable to comply with Treasury Regulation Section 1.150-2 and any similar regulations of the Internal Revenue Service or to otherwise preserve the District's ability to issue low-cost obligations to finance projects for the District.

INTRODUCED AND ADOPTED THIS 19th DAY OF JUNE, 2013

TUALATIN VALLEY WATER DISTRICT

BY: \_\_\_\_\_  
Dick Schmidt, President

BY: \_\_\_\_\_  
James Doane, Secretary