

Tualatin Valley Water District



Delivering the Best Water 💧 Service 💧 Value

Board Work Session Minutes

June 2, 2020

This meeting was held by phone and the internet.

WORK SESSION – 6:03 PM

CALL TO ORDER

Commissioners Present: Bernice Bagnall; Jim Doane, PE; Jim Duggan, PE; Todd Sanders; Dick Schmidt

Staff Present: Tom Hickmann, PE, Chief Executive Officer; Clark Balfour, General Counsel; Paul Matthews, Chief Financial Officer; Carrie Pak, PE, Chief Engineer; Dave Kraska, PE, Water Supply Program Director; Tim Boylan, IT Services Director; Amy Blue, Human Resources Director; Andrea Watson, Communications and Public Affairs Supervisor; Michelle Rosa, Administrative Assistant; David Shick, Controller; Debbie Carper, District Recorder

ANNOUNCEMENTS

Mr. Hickmann gave an update on the District's response to the COVID-19 pandemic, announced the annual Consumer Confidence Report is now on the District website, highlighted a recent postcard mailing to commercial and industrial customers regarding fixture flushing and provided an updated Board Communications Log (see attached memo).

Ms. Pak gave the safety moment on grill safety.

1. DISCUSSION ITEMS

- A. Willamette Water Supply System Commission Update. *Staff Report – Dave Kraska*

Mr. Kraska described the June Willamette Water Supply System Commission Board meeting agenda, reviewed the latest details from the Approvals and Procurement Forecast and updated the Board on recent Willamette Water Supply Program activities of note (see attached presentation).

- B. Overview of System Development Charge (SDC) Methodology. *Staff Report – Paul Matthews*

Mr. Matthews gave an overview of SDCs at the District and described some issues that may require Board consideration in the future (see attached presentation).

In response to questions, staff said:

- In determining growth-related costs for SDCs, the amount of additional system capacity, resulting from completion of the Willamette Water Supply System, is used to help staff estimate the number of equivalent dwelling units that may develop.
- Staff still tracks SDC usage following development to make sure initial SDC payments were appropriate and reaches out to property owners if adjustments are needed.

C. Update on Impact of COVID-19 Crisis on the District's Financial Performance.
Staff Report – Paul Matthews

Mr. Matthews described economic concerns from a national and county perspective before highlighting the District's current financial situation and the multidisciplinary staff team working on mitigation ideas (see attached presentation).

In response to questions, staff said:

- The amount of receivables currently in arrears may include Clean Water Services charges; staff will confirm and follow up with Commissioners. For some customers, which includes commercial customers, the amount indicates more than one bill with a missed payment.
- Per capital water sale reductions are most likely not fully a result of Beaverton withdrawals given the thorough pre-withdrawal analysis performed by staff. Other explanations could be the resulting drop in water sales from cooler weather or a pervasive shift in customer attitudes toward water usage. The latter has been a national trend for many years.

D. Update to Rules and Regulations. *Staff Report – Clark Balfour*

Mr. Balfour described the process for updating the Rules and Regulations as well as proposed changes and next steps (see attached presentation). The Board said the next steps are acceptable.

ADJOURNMENT

There being no further business, President Bagnall adjourned the meeting at 7:52 p.m.

Bernice Bagnall, President

Todd Sanders, Secretary



MEMO

Date: June 2, 2020
To: TVWD Board of Commissioners
From: Tom Hickmann, CEO
Re: CEO Announcements

I will cover the following items during the CEO's Announcements at the work session:

1. **Be Sure to Use Microphones** – Just a reminder to please be sure to use your microphone whenever you are speaking during the work session this evening. Also, please be sure to turn off your microphone when you are not speaking.
2. **COVID-19 Update** – Tualatin Valley Water District (TVWD) has continued to navigate and respond to challenges posed by the current pandemic. Following are a few reminders and the most recent updates:
 - Water shut-offs for nonpayment remain suspended for the time being.
 - Customer service agents will begin making outbound calls to connect with customers who are accruing balances and have not yet reached out to TVWD to make payment arrangements. Currently, TVWD has just over 1,253 customers with arrearages, and those total around \$300,000 in receivables.
 - The Financial Response Team is working on: data indicators to monitor and inform response, if and when needed; identifying potential budget savings by delaying expenditures; and developing a COVID-19 specific customer assistance program. The goal of this entire project is to successfully navigate TVWD through the COVID-19 impacts.
 - The District's Emergency Operations Center is preparing for reopening. A draft Reopening Plan and Exposure Control Plan has been prepared for the Leadership Team's review. Based on the State's (or Washington County's) Phase I guidelines, the District operational strategy will stay the same. The District will continue to focus on employee health and safety and providing a reliable source of water and service.
3. **Consumer Confidence Report** – TVWD's annual Consumer Confidence Report is now available online. This report summarizes the findings from more than 7,000 water samples taken from the system. Customers are being notified via Water Words (TVWD and Clean Water Services' newsletter), and the general public will be notified through NextDoor.

4. **Fixture Flushing** – A postcard encouraging flushing of fixtures, if they have been idle, is being mailed to commercial and industrial customers, around the Phase 1 County reopening. Information on how to conduct the flushing is also available on TVWD’s website.
 5. **Board Communications Log** – There was one update to the Board communications log this month: Customer Emergency Assistance: Current Qualification Process.
 6. **Safety Minute** – Carrie Pak, TVWD’s Chief Engineer will present tonight’s safety minute.
-

2020 Board Communications Log

Commissioner Questions/Topics: (includes research requests directed to staff via email or at Board meeting)

- Initial request sent to Tom (copy Board President)
- Tom responds with projected timeframe for response and any other logistical info
- Answer shared with the full Board during work sessions

Item Number	Requestor	Subject	Date Submitted	Response Date	Date Information Shared with Full Board
01-20	Sanders	Customers qualifying for Customer Emergency Assistance Fund	April 15	May 5	May 19

Board Committee Information:

- Meeting notes/handouts shared with the full Board during work sessions

Meeting Date	Notes	Date Information Shared with the Full Board
Finance Committee		
March 17	Meeting synopsis prepared by Debbie Carper	April 7
March 24	Meeting synopsis prepared by Debbie Carper	April 7
Policy and Board Development Committee		
Strategic Planning Committee		
Water Supply Committee		

Debbie Carper

From: Tom Hickmann
Sent: Tuesday, May 19, 2020 12:53 PM
To: Commissioners
Cc: Andrew Carlstrom; Debbie Carper; Katherine DeSau; Clark Balfour
Subject: 20200511_PPTX_CEAP_Qualification_Process.pptx
Attachments: 20200511_PPTX_CEAP_Qualification_Process.pptx

Good Afternoon,

I have attached a brief power point from our Customer Service Manager, Andrew Carlstrom, regarding a question Commissioner Sanders raised about customers qualifying for the Customer Emergency Assistance Fund.

Please let me know if you have any questions.

Customer Emergency Assistance Program (CEAP): Current Qualification Process

*Response to Board Questions
May 11, 2020*

**Andrew Carlstrom
Customer Service Manager**

Current CEAP Qualification Process

- **Customer must be, or be in jeopardy of, interruption of service.**
 - Urgent Notice given and Shut Off Date given.
 - *Shut off date is approximately 50 days after bill is issued.*
- **Customers must have 6 months of service with TVWD –**
 - And have a shut off date in order to be eligible.
- **If customer is contacting TVWD for assistance, TVWD refers to Care to Share.**
 - Care to Share provides “means” testing to qualify customer.
 - Care to Share performs a “pre-screen” with customer service to verify status with TVWD prior to pledging assistance.
- **Care to Share informs the customer if they qualify or not.**
 - This is typically a phone conversation between the customer and Care to Share.
 - Care to Share may also be assisting them with Food and Energy needs at the same time.

Current CEAP Qualification Process (continued)

- **TVWD is not informed of who does not “pass” the “means” testing.**
 - TVWD is only notified for those accounts that are receiving pledges.
- **Generally, Care to Share processes a customer request in less than a week –**
 - Depending on how quickly Care to Share receives the requested documents.
- **Generally, Care to Share emails and provides TVWD the pledge information the same day as approval.**
 - TVWD then posts the vouchers immediately.

Willamette Water Supply Commission Update

TVWD Board Work Session

June 2, 2020

Outline

**Review June WWSS
Commission Board
Meeting Agenda**



**Review Approvals and
Procurements Forecast**



**Update on WWSP
Activities**

REVIEW JUNE WWSS COMMISSION BOARD MEETING AGENDA

Willamette Water Supply System June 4, 2020 Board Meeting Agenda

1. General Manager's Report
2. Public Comment
3. Consent Agenda
 - A. May 7, 2020 meeting minutes
4. Business Agenda
 - A. Adopt WWSS IGA Exhibit 1 Amendment to Modify Allocation of Reservoir Capacity
 - B. Approve Willamette Water Supply Program (WWSP) and Construction Management Services FY 2021 Annual Work Plan
 - C. Approve PLW_1.3 Construction Contract
 - D. Adopt Revised Fiscal Year 2020-2021 Annual Work Plan and Budget and WWSP Capital Improvement Plan (Baseline 5.2)
 - E. Adopt PLM_4.3 Resolution of Public Necessity
 - F. Establish Board Meeting Dates for FY 2021
5. Information Items
 - A. Planned July Business Agenda items

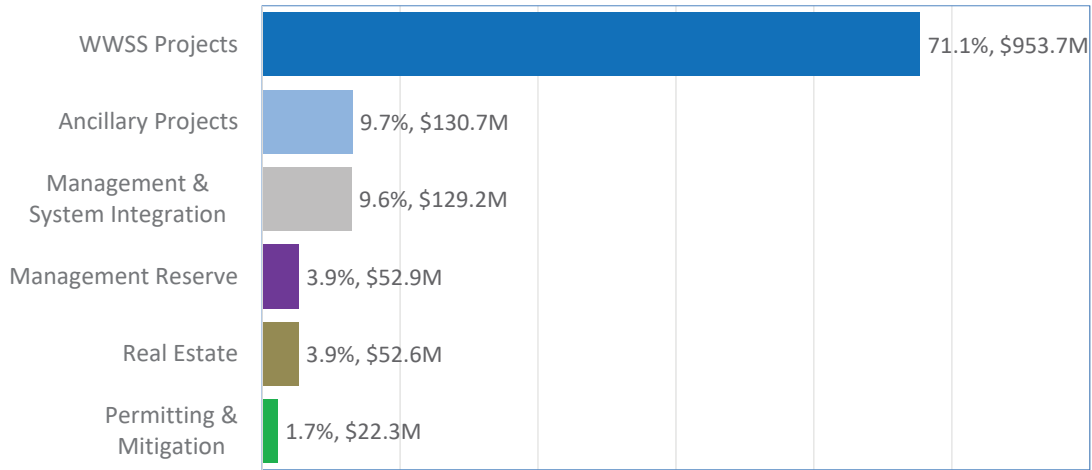
WWSP CAPITAL IMPROVEMENT PLAN (BASELINE 5.2)

Baseline 5.2 Partner Cost Summary

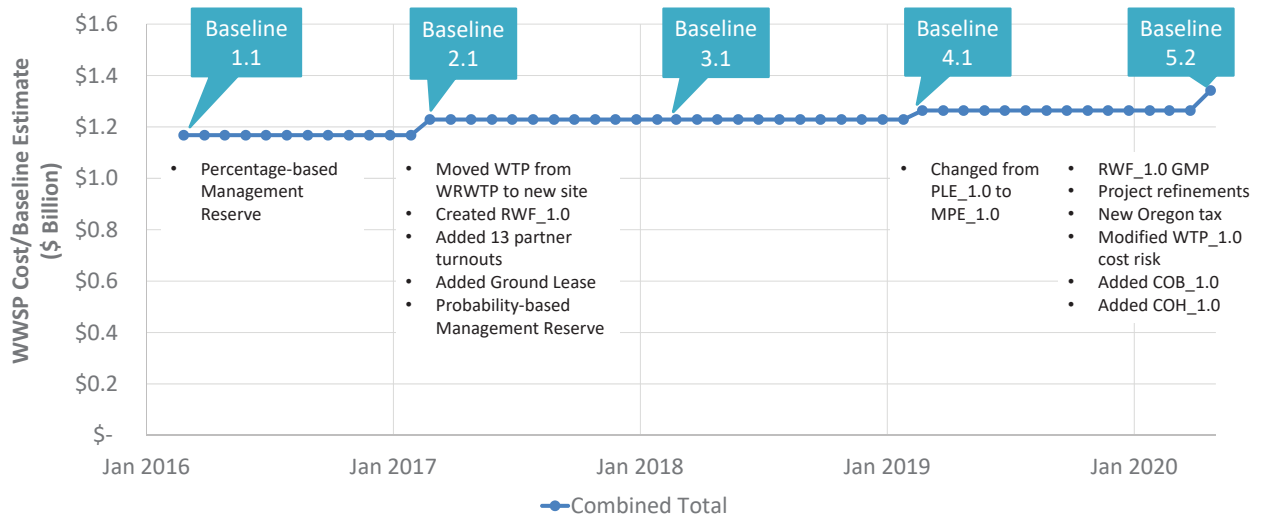
Partner	Baseline 4.1	Baseline 5.2¹	Change (\$)	Change (%)
Beaverton	\$61,764,311	\$83,247,980	\$21,483,669	35%
Hillsboro	\$459,265,062	\$462,657,631	\$3,392,569	1%
TVWD	\$729,037,856	\$780,603,831	\$51,565,975	7%
WIF	\$13,885,102	\$15,019,653	\$1,134,551	8%
Total Estimated Cost	\$1,263,952,331	\$1,341,529,095	\$77,576,764	6%

¹ Based on Program cost data and preliminary cost shares, including ancillary projects.

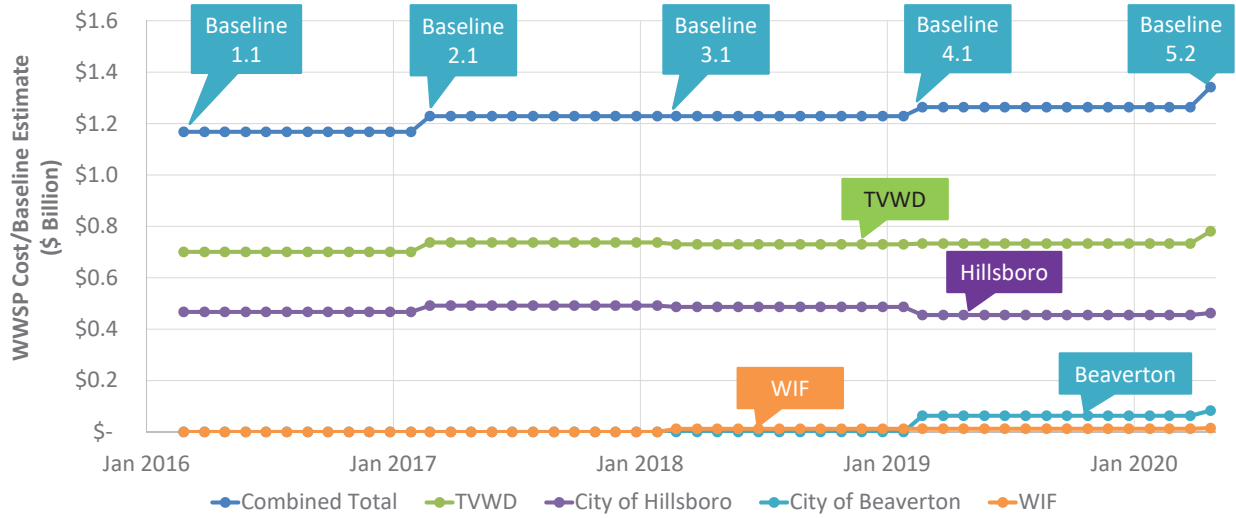
How are costs distributed within Baseline 5.2?



Is the Baseline cost estimate changing over time and why?



How have Baseline estimates changed by Partner?



REVIEW APPROVALS AND PROCUREMENTS FORECAST

Approvals and Procurement Forecast for May 2020 – July 2020

Program Baseline or Related Plans

Description	Program Director	WWSS Management Committee	WWSS Commission Board
WWSP Annual Rebaseline	NA	5/21/2020	6/4/2020

Approvals and Procurement Forecast for May 2020 – July 2020

Real Estate

Description	Program Director	WWSS Management Committee	WWSS Commission Board
PLM_4.3 Resolution of Need	NA	5/21/2020	6/4/2020
PLM_5.3 Resolution of Need	NA	6/18/2020	7/2/2020

Approvals and Procurement Forecast for May 2020 – July 2020

IGAs, MOUs, Permit Commitments

Washington County Land Use & Trans.

- PLW_1.2 Design IGA Amendments (June)

RES_1.0 Emergency Responder Training Exercise Agreements

- Sheriff (May)

WWSS IGA Exhibit 1 Amendments

- Modify Allocation of Reservoir Capacity (June)
- Add a City of Beaverton Turnout on Grabhorn Road (tentative for July)
- Other housekeeping edits (tentative for July)

COB_1.0 Design IGA Amendment 1

- Add a City of Beaverton Hall Boulevard 16-inch pipeline to COB_1.0 (July)

Approvals and Procurement Forecast for May 2020 – July 2020

Contracts

Title	Goal	Value	Key Dates
PLW_1.3 Construction Contract	Procure construction contractor for waterline construction from Farmington to Kinnaman	~\$29M	WWSS Board Approval: 6/4/2020 Limited Notice to Proceed: 6/5/2020

Approvals and Procurement Forecast for May 2020 – July 2020

Contract Amendments and Change Orders*

Title	Goal	Value	Key Date
WTP_1.0 Design Amendment	Amend contract for design services related to added engineering services	\$0.89M	4/23/2020 approval by WWSS MC 5/7/2020 approval by WWSS Board
RWF_1.0 Contract Amendment for Phase 1 Guaranteed Max Price	Amend contract to include GMP for Phase 1 construction	\$49M	4/23/2020 approval by WWSS MC 5/7/2020 approval by WWSS Board
WWSP Program and Construction Management Services FY 2021 Annual Work Plan	Approve scope, staffing and fee for program and construction management services for FY 2021	\$13M	5/21/2020 approval by WWSS MC 6/4/2020 approval by WWSS Board

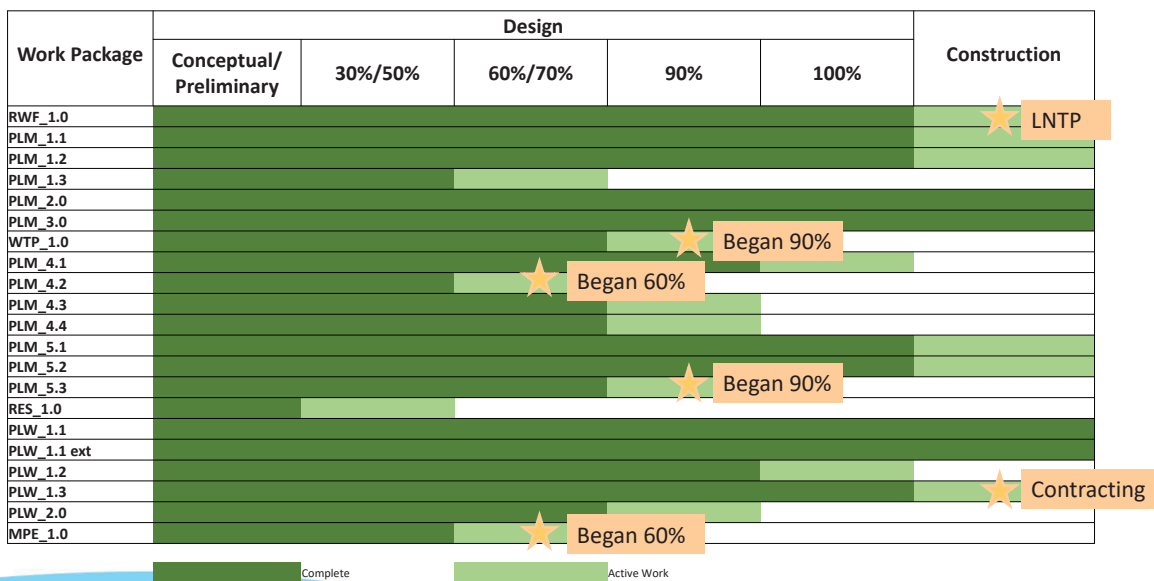
Approvals and Procurement Forecast for May 2020 – July 2020

Local Contract Review Board Rule Exemption

Title	WWSS Management Committee Approval	WWSS Board Informational Item	WWSS Board Consider Approval
Findings for Exemption from Competitive Bidding for RES_1.0 and PLM_5.3	4/23/2020	5/7/2020	7/2/2020

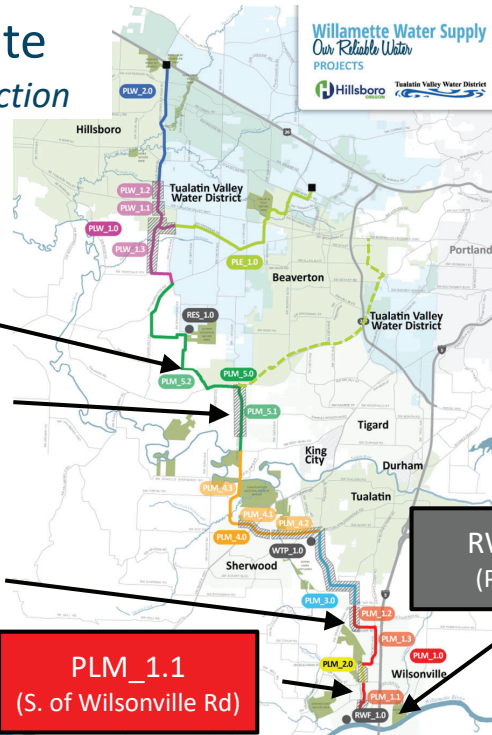
UPDATE ON WWSP ACTIVITIES

Project Delivery Progress



Construction Update

Projects currently in construction



PLM_5.2
(Scholls Ferry/Tile Flat)

PLM_5.1
(Roy Rogers Rd)

PLM_1.2
(Garden Acres Rd)

PLM_1.1
(S. of Wilsonville Rd)

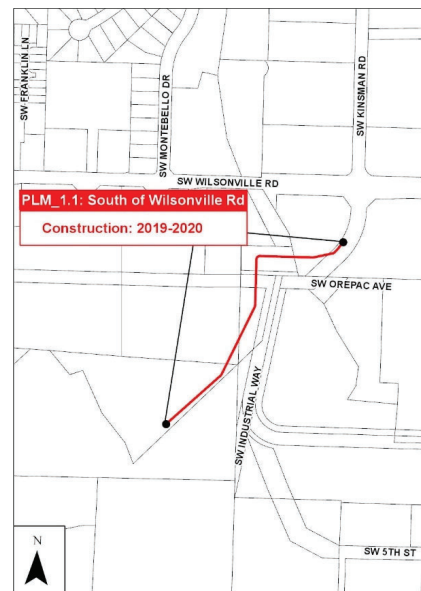
RWF_1.0
(Phase 1)

PLM_1.1

Contractor: James W. Fowler Co.
Designer: HDR

Current and Planned Activities:

- Continued 66" pipeline installation of E-W segment in Kinsman Road, working west
- Air Release Vault, CP system and ancillary appurtenances work in progress
- Major undercrossing of existing 63" waterline and Coffee Lake Creek crossing scheduled for July



Construction Photos – PLM_1.1

Pipeline installation in
Kinsman Road, working west



Construction Photos – PLM_1.1

Installing Pipe Mark 1 in
Kinsman Road



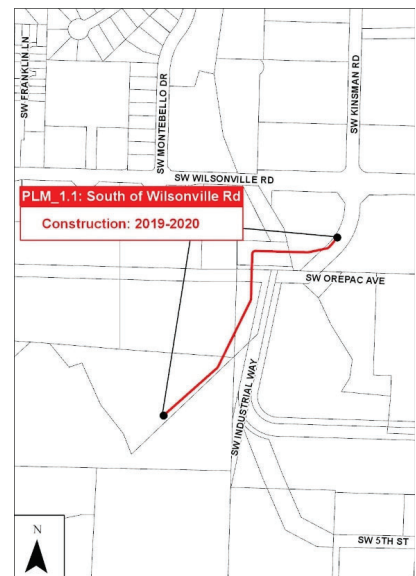
Construction Photos – PLM_1.1

PLM_1.1 site looking southwest



PLM_1.1 Notable Topics

- External Coordination
 - Continued coordination with City of Wilsonville for work within Kinsman Rd ROW
 - Upcoming coordination with Kiewit when RWF_1.0 site work begins
- Potential Claims
 - None
- Delivery Challenges
 - None

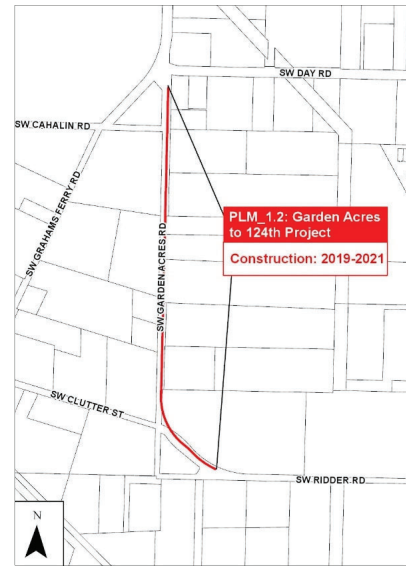


PLM_1.2

Partner: City of Wilsonville
Contractor: Moore Excavation Inc.
Designer: HDR

Current and Planned Activities:

- Continued installation of 30" storm sewer piping, associated accessways and laterals
- Continued WWSP submittals and RFIs
- First waterline activity scheduled for June 2020



Construction Photos – PLM_1.2

- Installation of storm sewer laterals and manholes along Garden Acres Rd.



PLM_1.2 Notable Topics

- Partner Coordination
 - Ongoing coordination with City of Wilsonville
- Potential Claims
 - None
- Delivery Challenges
 - None

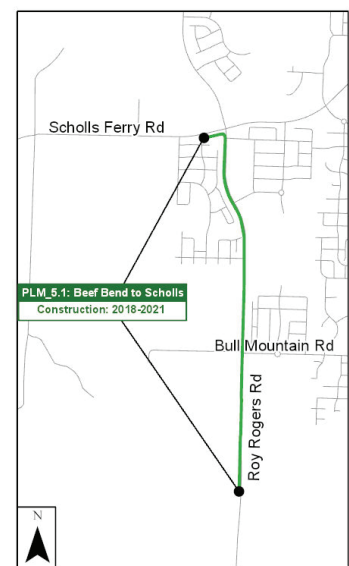


PLM_5.1

Partner: Washington Co.
Contractor: Tapani, Inc.
(Moore Excavation Inc. – Waterline Sub)
Designer: Jacobs

Current and Planned Activities:

- Vertical riser pipe installation and backfill completed in both trenchless shafts
- Utility relocation for open cut pipe installation is ongoing
- Open cut installation has begun with 300 LF now completed



Construction Photos – PLM_5.1

Breaking out Secant Pile Shoring to begin northern open cut pipe installation along Roy Rogers Rd.
Also, bridge contractor beginning excavation for widened bridge foundation



Willamette Water Supply
Our Reliable Water

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Construction Photos – PLM_5.1

First open cut section of 66" waterline installed south of trenchless receiving shaft



Willamette Water Supply
Our Reliable Water

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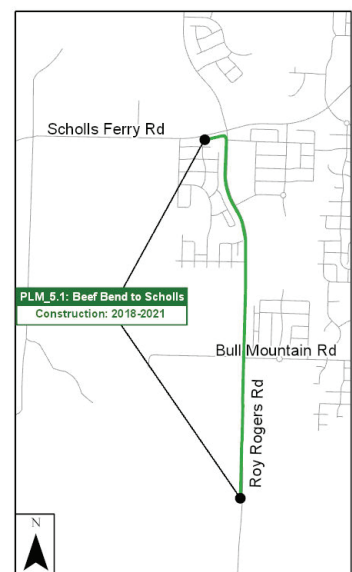
Construction Photos – PLM_5.1

Transition fitting for vertical pipe sections installed in northern trenchless shaft



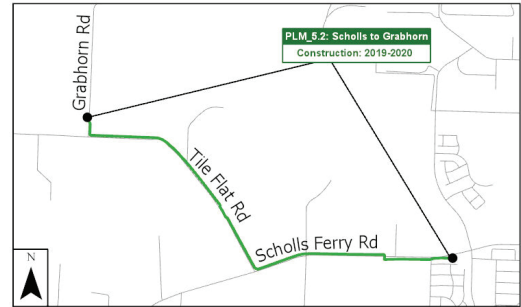
PLM_5.1 Notable Topics

- Partner Coordination
 - Developer relocation of electrical utility lines(s) ongoing on Roy Rogers Rd.
 - Developer road construction on Friendly Lane
- Potential Claims
 - None
- Delivery Challenges
 - Developer coordination



PLM_5.2

Contractor: Emery & Sons
Designer: Jacobs



Current and Planned Activities:

- 7600 LF of pipe installed, welded and backfilled
- Crews continued installing pipe west on Tile Flat Rd.
- Completed Beaverton Turnout Vault
- Completed trenchless crossing of Scholls Ferry Rd.
- Grabhorn Rd. 30-day closure planned for June 1

Construction Photos – PLM_5.2

Pipe installation along Tile Flat Road



Construction Photos – PLM_5.2

Beaverton Turnout Vault



Construction Photos – PLM_5.2

Trenchless crossing of Scholls
Ferry Road (carrier pipe
installation)



PLM_5.2 Notable Topics

- External Coordination
 - Coordinating with Sprint and NW Natural on Scholls Ferry Rd. / Satsuma Rd.
 - Coordinating with PLM_5.1 team on timing of Satsuma Rd. closure
- Potential Claims
 - None
- Delivery Challenges
 - Utility relocations



QUESTIONS

System Development Charge Methodology

Board Work Session

Paul L. Matthews

Chief Financial Officer



This Evening's Objectives

Desired Outcomes

- Provide a common understanding of methods to establish SDCs to Commissioners
- Highlight some future SDC issues that may come to the Board for consideration
- Improve staff's understanding of the Board's thoughts on SDCs

Overview of SDCs



One-time capital charges to new customers



Designed to offset growth-related costs



Oregon Revised Statutes provides guidance



Open process ensures fairness

System Development Charges

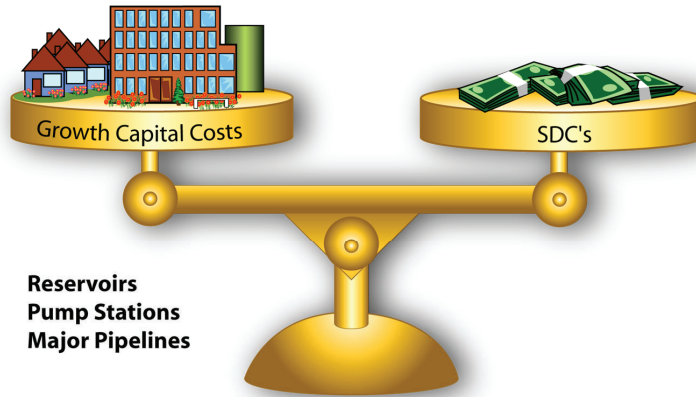
Objectives

- Level playing field
- Recover historical investment in the system that serves growth
- Offsets costs of future investments required to serve growth
- Based on capacity requirements for new customers
- Usually collected through equivalency assessment based on meter size

Other Names

- Impact fees
- Connection Fees
- Plant Investment Fees
- Etc.

Growth Costs and SDC Revenues Should Balance

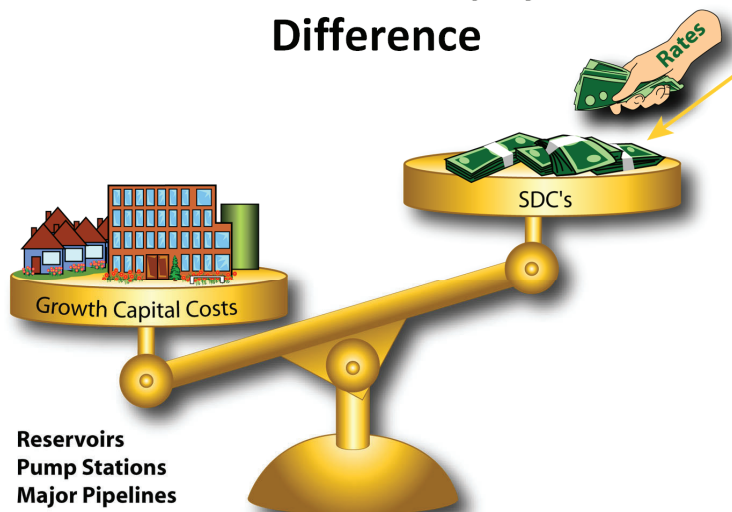


Utility Capital Funding

Delivering the Best Water  Service  Value

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Without Sufficient SDCs, Ratepayers Must Pay the Difference

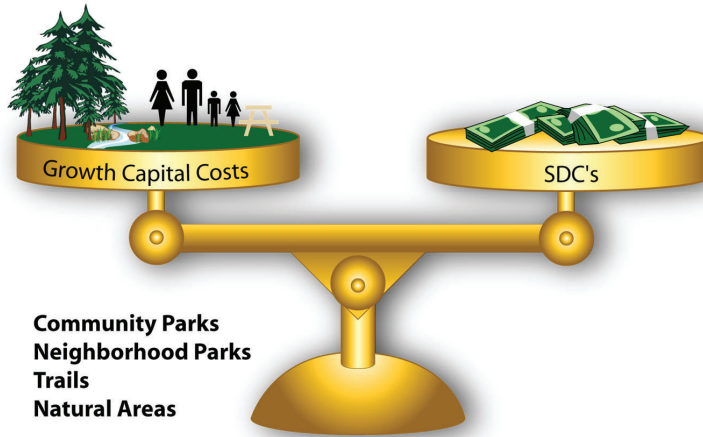


Utility Capital Funding

Delivering the Best Water  Service  Value

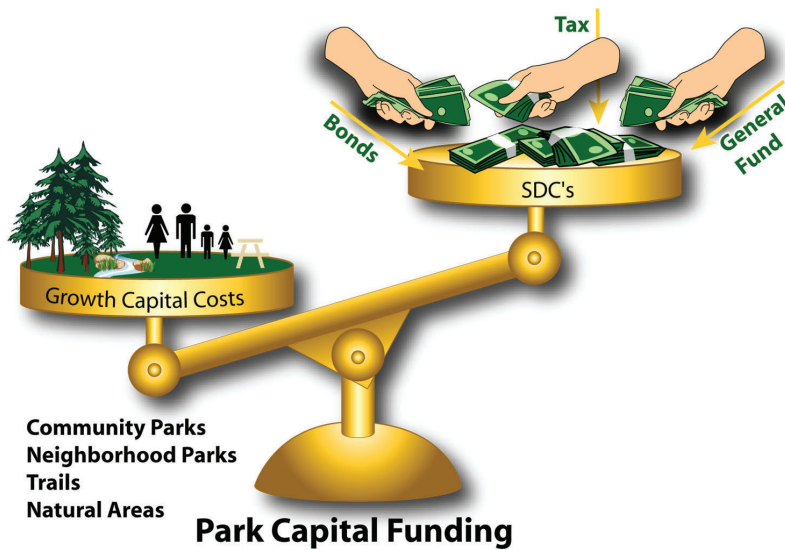
45

SDCs Are Imposed on Other Services



Park Capital Funding

Non-Utilities May Have Other Options



Non-Utilities Can Reduce Service Levels



Components to TVWD's SDCs

Reimbursement Fee

- Reimburses existing customers for the cost of existing infrastructure that's available for growth
- Revenue restricted to capital projects, including debt service
- Currently \$6,296 for a single-family connection

Improvement Fee

- Funds future infrastructure required to service growth
- Revenue restricted to growth-related capital projects, including debt service
- Growth-related projects identified in the biennial budget document
- Currently \$1,364 for a single-family connection

Administration Fee

- Recovers the costs of complying with SDC requirements
- Includes allowance for merchant processing fee
- Currently \$128 for a single-family connection

SDCs in Oregon

Requirements

- Provided in Oregon Revised Statutes 223.297 to 223.314
- Based on an adopted methodology that complies with Oregon law
- May be adopted by resolution or ordinance

Important Consideration

ORS 223.304 States:

A change in the amount of a reimbursement fee or an improvement fee is not a modification of the system development charge methodology if the change in amount is based on:

- a. A change in the cost of materials, labor or real property applied to projects or project capacity as set forth on the list adopted pursuant to ORS 223.309; or
- b. The periodic application of one or more specific cost indexes or other periodic data sources.

Source: Oregon Revised Statutes 223.304

Standard Approaches to SDCs

Common Frameworks

- Equity buy-in
- Capacity buy-in
- Incremental cost
- Market value

Typical Tasks for Developing an SDC

SDC Methodologies

- Value fixed assets (infrastructure)
- Determine growth-related costs
- Select time horizon
- Determine credit policy
- Develop assessment schedule

Components of SDCs

Components	Function
<ul style="list-style-type: none"> • Reimbursement Fee • Improvement Fee 	<ul style="list-style-type: none"> • Existing infrastructure • New infrastructure

Task/Component Matrix

Task	Component	
	Reimbursement Fee	Improvement Fee
Fixed Asset Valuation	X	
Determine Growth-Related Costs		X
Select Time Horizon		X
Determine Credit Policy	X	X
Develop Assessment Schedule	X	X

Tasks for Reimbursement Fee

Task 1: Value Fixed Assets	Task 2: Determine Policy for Credits	Task 3: Determine Assessment Schedule
<ul style="list-style-type: none">• Opportunity cost of capital• Depreciation	<ul style="list-style-type: none">• Future debt service payments (outstanding debt)• Contributions and grants• Treatment of fund balances	<ul style="list-style-type: none">• Definition of an equivalent dwelling unit• How to collect SDCs from new customers

Tasks for Improvement Fee

Task 1: Determine Growth-Related Costs	Task 2: Select Time Horizons	Task 3: Determine Credit Policy	Task 4: Develop Assessment Schedules
<ul style="list-style-type: none">• Incremental upgrade• Proportionate by capacity• Proportionate by cost• Incremental expansion	<ul style="list-style-type: none">• Consistent with CIP• Adequate to cover known improvement needs• Generally recommend 10 years or less• Should not dramatically affect the SDC	<ul style="list-style-type: none">• Future debt service payments (future debt)• Contributions and grants• Treatment of fund balances	<ul style="list-style-type: none">• Generally same as reimbursement fee• Definition of an equivalent dwelling unit• How to collect SDCs from new customers

Task 1: Determine Growth-Related Costs

General Rule

- The cost of those improvements that increase capacity
- Complications
 - Capacity requirements for wholesale customers
 - Source of supply restrictions
 - Capacity additions in a network system (i.e., water distribution system) are difficult to estimate
 - Regulatory limitations (TMDLs, etc.)

Allocation of the Willamette Water Supply System

Description	Millions of Gallons per Day
Current Portland Supply	
Average-Day Supply	13.16
Peak-Day Supply	23.03
WWSS Capacity Available for Growth	
Peak-Day Capacity	59.10
Less: Portland Peak-Day Supply	(23.03)
Net Capacity Available	36.07
Percentage of Total Capacity	61.0%

Issues for TVWD

Assessment Schedule

- Large-user exception
 - Applies to all connections larger than 1-1/2-inches
- Consideration
 - Base multifamily connections on fixture units or other measure that recognizes the differences in capacity requirements for the District
 - Apply current large-user exception formula on connections greater than two inches
- Residential fire meters
 - Oversized residential meters to meet combined domestic and fire flow requirements
 - Charged SDC for standard meter plus 18% of the difference between standard meter and oversized meter

Existing Methodology

- Grandfathered in with annual adjustment based on the *Engineering News Record* Construction Cost Index for Seattle

Questions, Comments, Concerns

System Development Charge Methodology

Board Work Session

COVID-19 and Financial Performance

Paul L. Matthews

Chief Financial Officer



Overview of Tonight's Presentation

Economic Concerns

- National economic outlook
- Washington County's economy

TVWD's Financial Situation

- Revenue: Impact on future water sales revenue
- Collections: Capacity of customers to pay their water bills
- Expenses: Effect on budget to respond to COVID-19
- Phased approach to financial impact

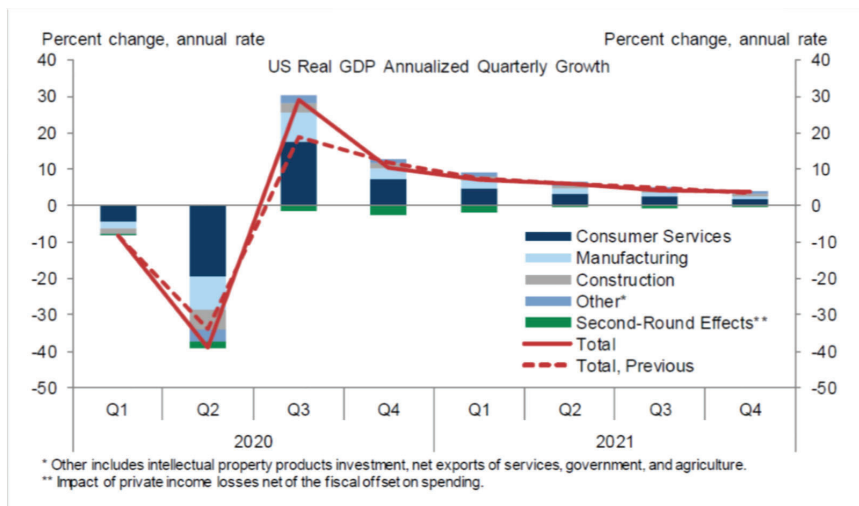
District's Financial Response Team

Multidisciplinary Team

- Revenue and collections
- Savings from operations and CIP
- Customer Assistance Program
- Customer collections and billing procedures
- Monitoring and reporting

National Outlook

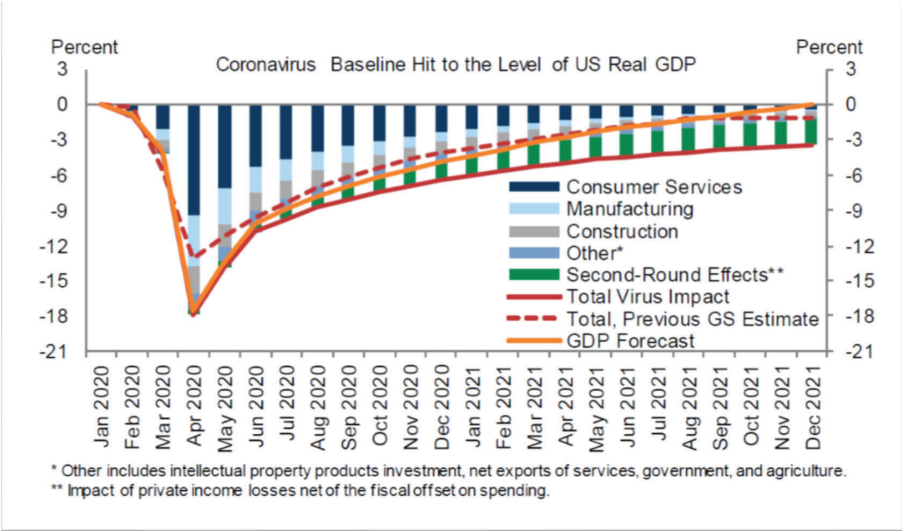
Quarter-over-Quarter Real GDP % Change



- Sharp reduction in second quarter
- Significant quarter-over-quarter increase forecast for third quarter
- Year-over-year forecast still shows lower GDP through 2021

Source: Goldman Sachs

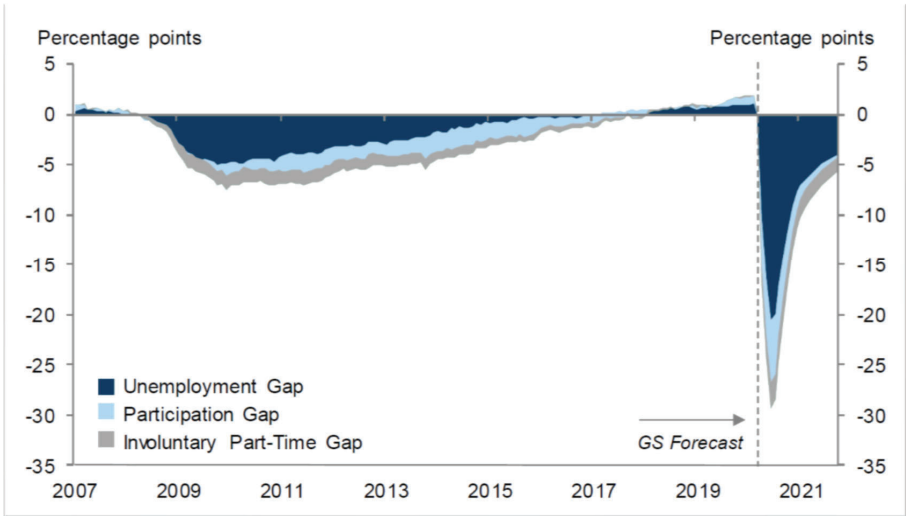
National Rebound Slows Over Time



- National slow down more dramatic than initial forecast
- Recovery assumed to be similar to initial forecast. Faster in the short run
- Real GDP estimated to be back to pre-COVID-19 levels by Jan 2022

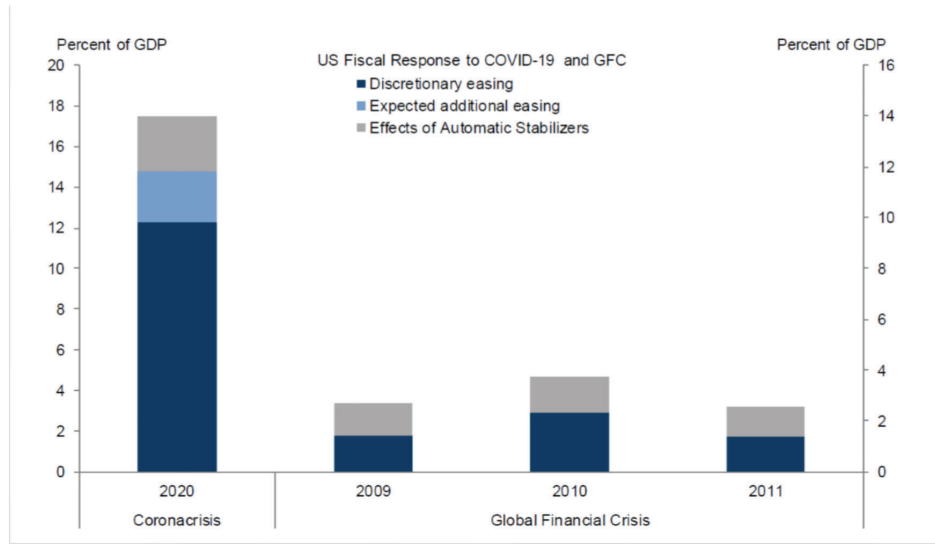
Source: Goldman Sachs

National Outlook -- Labor Market Slack



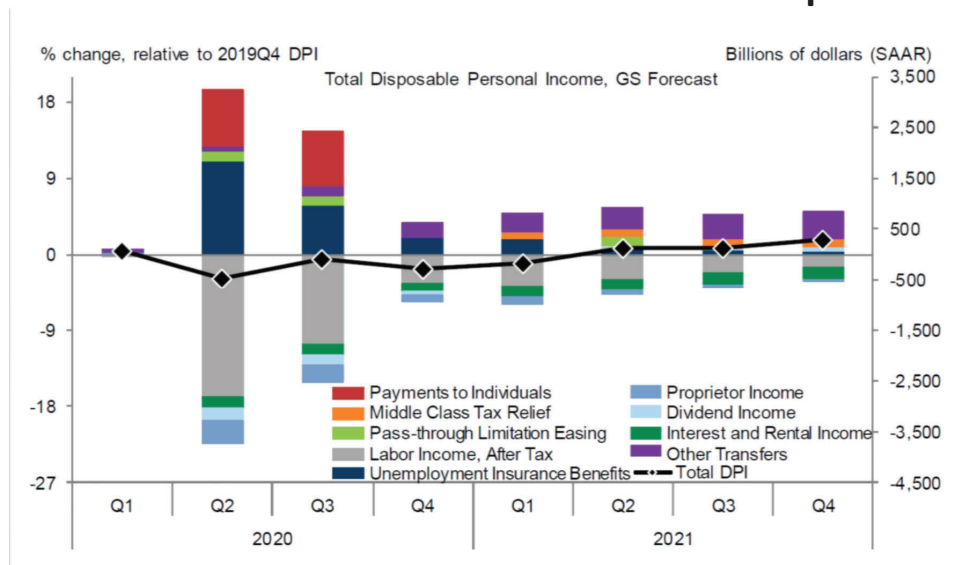
Source: Goldman Sachs

Comparison of Fiscal Policy Response



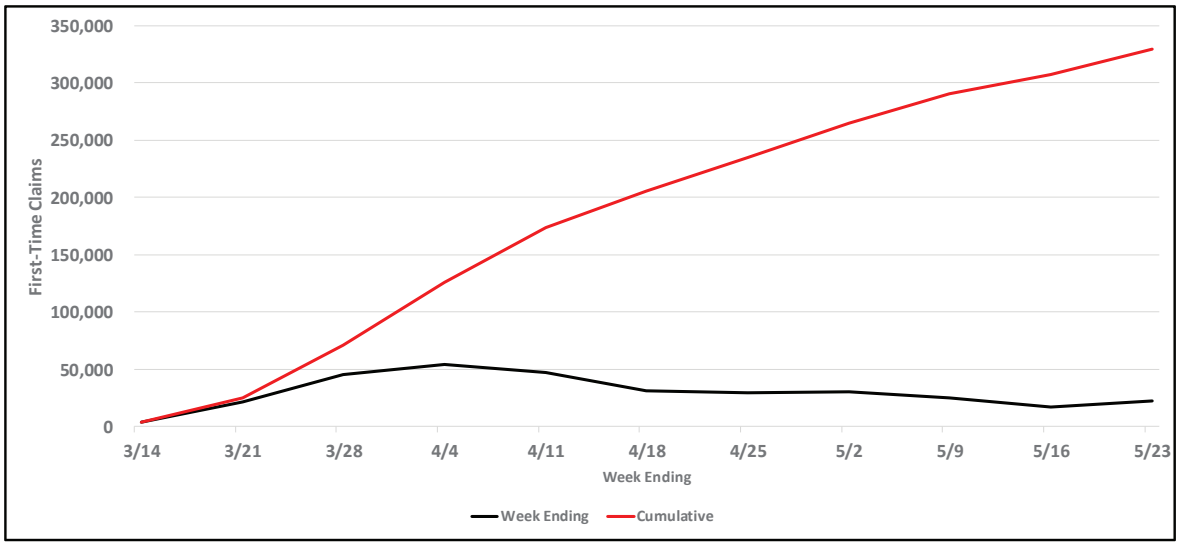
Source: Goldman Sachs Global Investment Research

Fiscal Offset to Private Income Losses Maintain Disposable Income



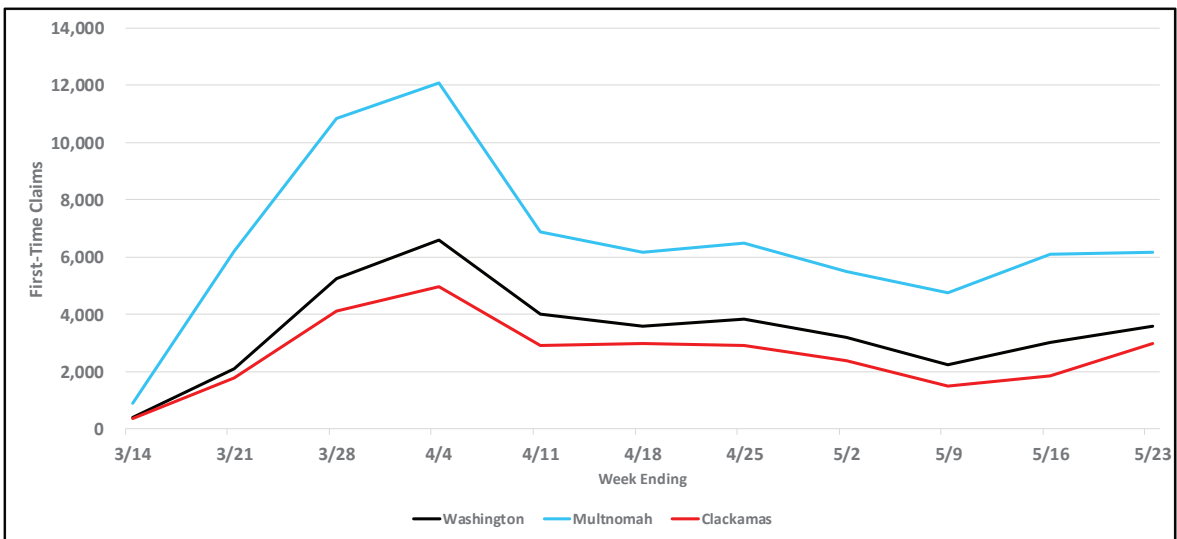
Source: Goldman Sachs

Initial Claims for Unemployment in Oregon



Source: Bureau of Labor Statistics

Regional Comparison of Initial Claims for Unemployment



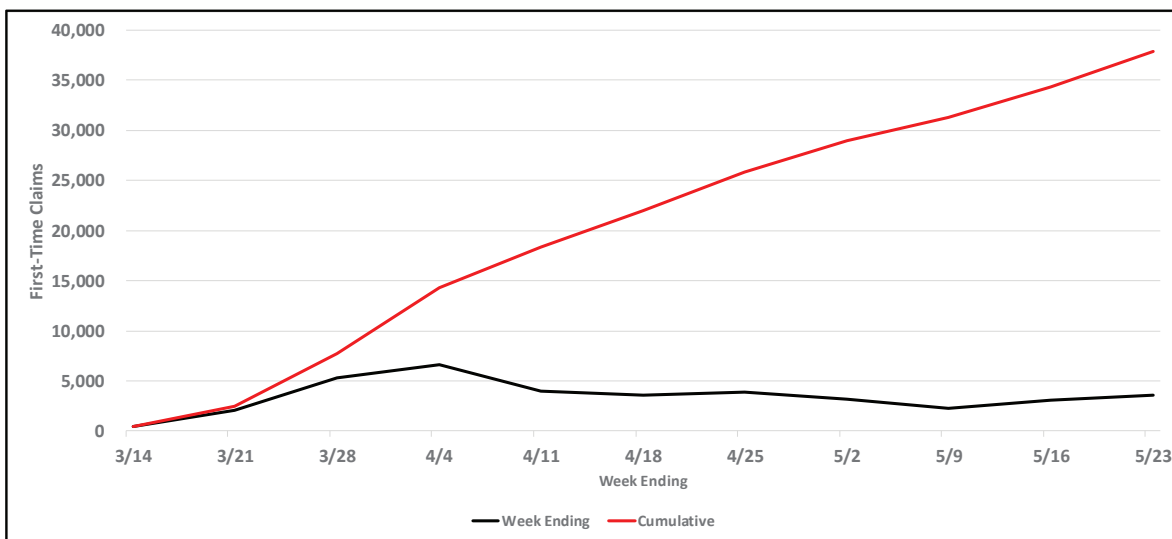
Source: Bureau of Labor Statistics

First Time Unemployment Claims

County	Week of											Total
	3/14/2020	3/21/2020	3/28/2020	4/4/2020	4/11/2020	4/18/2020	4/25/2020	5/2/2020	5/9/2020	5/16/2020	5/23/2020	
Washington												
First-Time Claims	403	2,103	5,254	6,578	4,015	3,592	3,850	3,193	2,260	3,038	3,592	37,878
Population	597,695	597,695	597,695	597,695	597,695	597,695	597,695	597,695	597,695	597,695	597,695	597,695
Claims per 100K Pop	67	352	879	1,101	672	601	644	534	378	508	601	6,337
Multnomah County												
First-Time Claims	898	6,193	10,855	12,091	6,866	6,177	6,493	5,483	4,766	6,091	6,177	72,090
Population	811,880	811,880	811,880	811,880	811,880	811,880	811,880	811,880	811,880	811,880	811,880	811,880
Claims per 100K Pop	111	763	1,337	1,489	846	761	800	675	587	750	761	8,879
Clackamas												
First-Time Claims	367	1,769	4,105	4,972	2,906	2,986	2,920	2,379	1,497	1,843	2,986	28,730
Population	416,075	416,075	416,075	416,075	416,075	416,075	416,075	416,075	416,075	416,075	416,075	416,075
Claims per 100K Pop	88	425	987	1,195	698	718	702	572	360	443	718	6,905
State-wide												
First-Time Claims	4,022	21,300	45,799	54,549	47,721	31,720	29,675	30,286	25,082	17,075	22,209	329,438
Population	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713	4,190,713
Claims per 100K Pop	96	508	1,093	1,302	1,139	757	708	723	599	407	530	7,861

- Comparison based on population, not workers
- Labor participation rates likely vary by county – may affect the economic impact of these numbers
- Generally, Washington County looks to be in relatively better shape
- Too little information to make definitive statements

Washington County Cumulative Measure of First-Time Claims



Source: Bureau of Labor Statistics

Outlook for TVWD: No Change

- Industry Perspective
 - Essential utility service – stronger credit
- Customer Perspective
 - Ability to pay bills will depend on individual circumstances
 - Washington County may be in better shape than other areas
 - Current policy on turn-offs may complicate customers' ability to become current
- Future Revenue
 - Economic activity will affect future revenue and collections
 - Consensus that the longer the COVID-19 affects economy, the tougher the rebound

Monitoring TVWD's Financial Performance



Revenue

- Impact on future water sales



Collections

- Capacity for customers to pay their water bills



Expenses

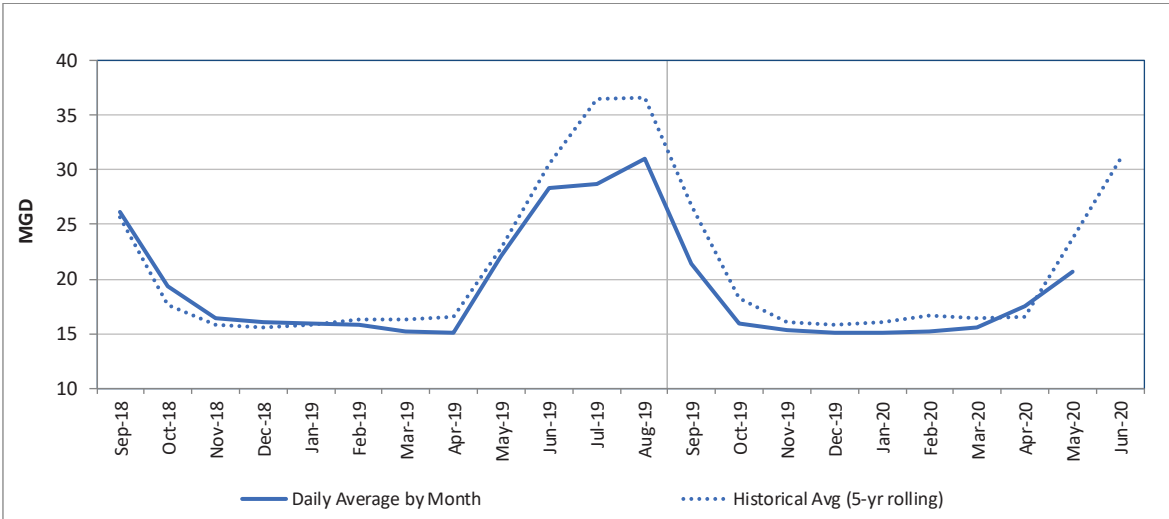
- Effect on budget to respond to COVID-19

Forecasting Revenue

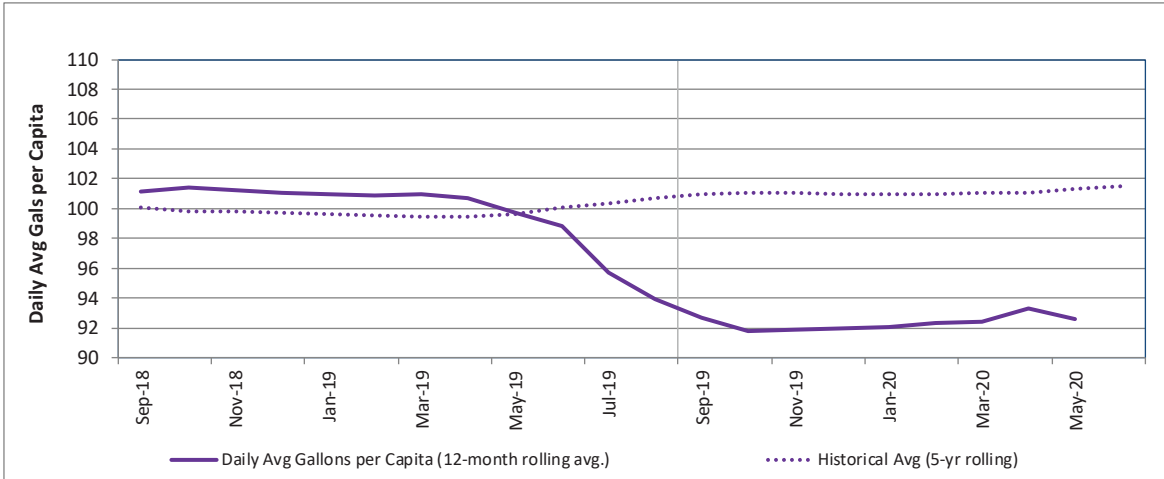
Challenges

- Bimonthly billing
- Block rate structure
- Weather
- Beaverton
- COVID-19
- Lack good leading indicator of water sales

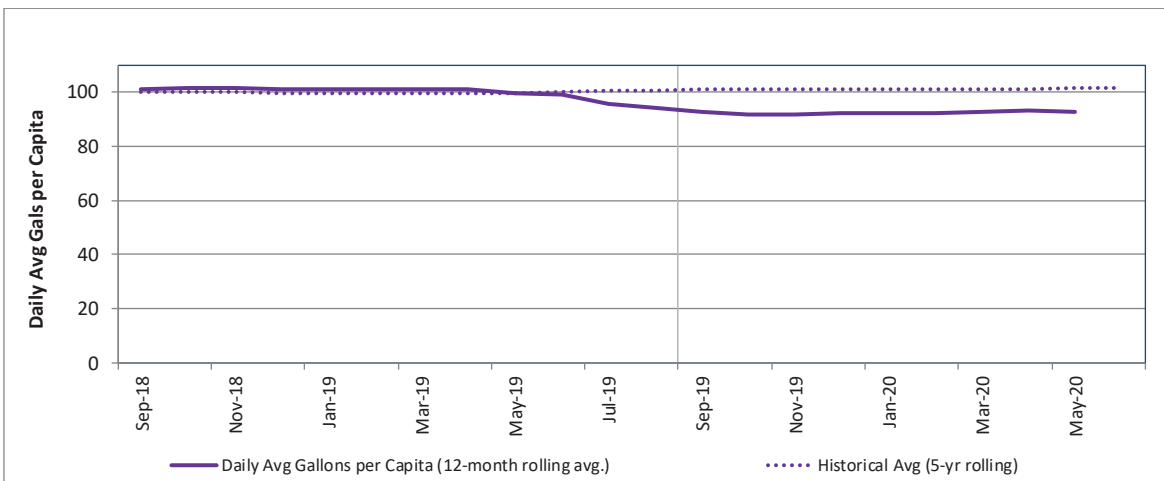
Water Deliveries



Comparison of Per Capita Water Sales



Another Look at Per Capita Water Sales



Monitoring TVWD's Financial Performance



Revenue

- Impact on future water sales



Collections

- Capacity for customers to pay their water bills



Expenses

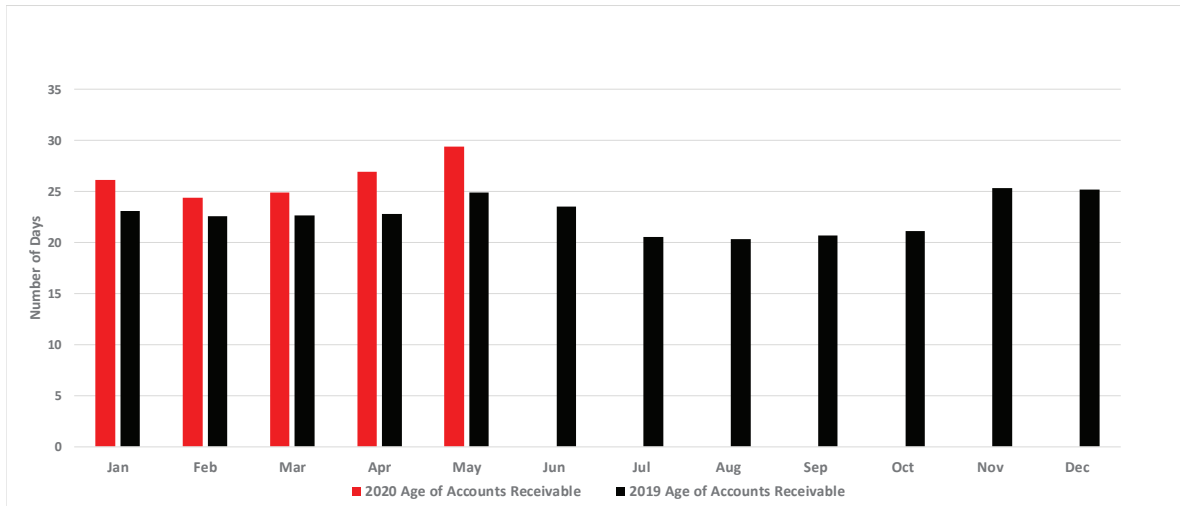
- Effect on budget to respond to COVID-19

Collections of Customer Bills

Challenges

- Collections is a lagging indicator of customer financial health
- UB system does not report Account Receivables, Collections and Write-offs in an industry-standard manner
- Current policy on shut-offs will affect customer behaviors
- May affect the District's allowance for doubtful accounts
- May result in request for supplemental budget

Average Age of Accounts Receivable



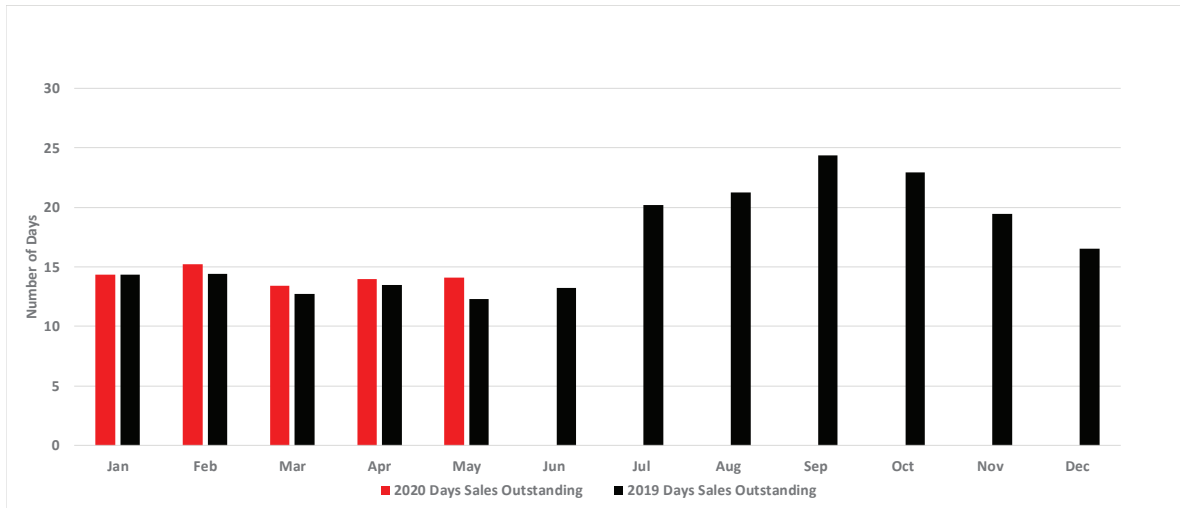
Days Sales Outstanding

- Measures average number of days to collect on sales

$$\text{Days Sales Outstanding} = \frac{\text{Account Receivable}}{\text{Total Sales}} * 365$$

- Increases in Days Sales Outstanding could indicate collections challenges
- Proposed basis is years of sales to account for seasonality of water sales

Days Sales Outstanding



Budget and COVID-19 Issues

Types of COVID-19 Expenses

- Direct expenses
- Leave-related expenses
- Intangible expenses
- Bad debt expense
- Customer Emergency Assistance Fund

Questions and Comments

COVID-19 and Financial Performance

Paul L. Matthews
Chief Financial Officer



Rules and Regulations Update

June 2, 2020

Clark Balfour
General Counsel



Ordinance 02-18

- ORS 264.306 empowers TVWD to adopt Rules and Regulations
- Accomplished via ordinance adoption process
- Ordinance 02-18 was the last Board action
- Adoption process:
 - Public notice
 - Two readings at separate Board meetings
 - Adoption at second meeting
 - Effective 30 days after adoption

Proposed Changes

- Definitions
- Service connection:
 - One meter per lot per single family residence
 - One meter per duplex unit
 - Alternative dwelling units
 - Master meter for apartments, condos, business, industrial
 - Multiple meters for these on same lot

Proposed Changes

- Access to premises:
 - Right to access meter and District service line as a condition of service
 - Reading, operations, maintenance, repair, replace
 - Existing services
 - Cross connection access to premises remains unchanged

Extension of System

- By owner/developer:
 - For distribution system, not CIP
 - To serve property most likely under development
 - “To and through the subject property”
 - Designed and constructed to TVWD standards
 - Inspected by TVWD and donated by owner/developer
 - At owner/developer expense
 - District contributions for upsizing or additional facilities

Reimbursement Agreements

- Required by ORS 264.320
- If any person is required by a District to pay the cost of extending a water main adjacent to property *other than* the person's own so that water service is provided for such other property without further extension of the water main, the District shall require the other owner to refund to the person who paid the cost of extension, the pro rata cost of the extension
- 10 year limit
- District determines pro rata share

Reimbursement Agreements

- Current practice
- Owner/developer plans approved by District
- Land use approvals often incorporate District requirements
- District also determines if upsizing or additional facilities needed
 - Cost contribution determined
- Facilities constructed

Reimbursement Agreements

- If the owner/developer asks for a Reimbursement Agreement, District staff:
 - Reviews the costs claimed for reimbursement
 - Reviews the properties that could be served by the extension
 - Makes a pro rata calculation of costs among properties
 - Discretion in formula:
 - Current units or lots
 - Potential units or lots
 - Frontage or proximity to service

Reimbursement Agreement

- Notice sent to affected intervening landowners:
 - Proposed agreement
 - 30 day right to object
 - 10 year agreement with owner/developer recorded
 - Intervening properties are identified
 - If an intervening property connects, District collects share and remits collected share(s) to owner/developer annually
- All accomplished at CEO/staff level

Reimbursement Agreement

- Substantive issues with current Rules:
 - The statute and our Rules contemplate a single pipeline
 - Staff confronted with multiple extensions:
 - Different parties
 - Different developments
 - Land use approvals with conditions
 - Staff goal to require connections to loop the system

Reimbursement Agreement

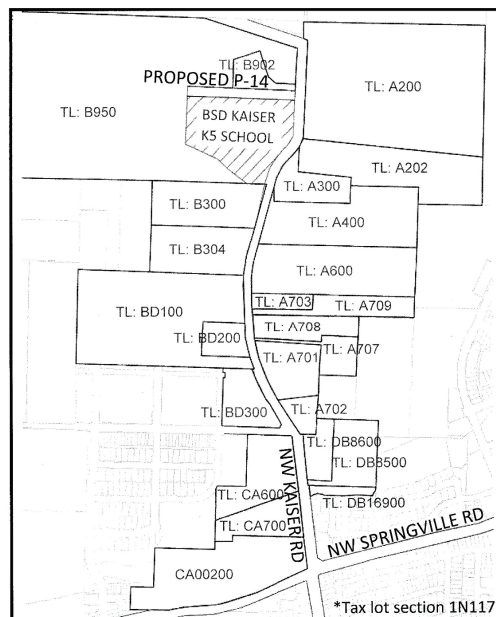


EXHIBIT 2

Reimbursement Agreements

- Procedurally, District staff recommends:
 - Staff and owner/developer work out Reimbursement Agreement terms
 - Staff prepares a report that:
 - Makes an equitable determination of pro rata share
 - Takes into account the indirect or partial benefit properties
 - Notice to all affected landowners with staff report
 - Board conducts hearing and receives testimony
 - Board approves, approves with changes or remands

Next Steps

- If the Board is ready:
 - First reading of ordinance on June 17, 2020
 - Second reading of ordinance on July 15, 2020
 - Effective date: 30 days after or later date if specified

Questions