CALL TO ORDER – 6:07 PM

Budget Committee Members Present: Commissioner Bernice Bagnall; Commissioner Jim Doane, PE; Commissioner Jim Duggan, PE; Carl Fisher; Craig Hopkins; Marilyn McWilliams; Commissioner Todd Sanders; John Velehradsky, PE (retired); Mike Whiteley, PE

Budget Committee Member Absent: Commissioner Dick Schmidt

Staff Present: Tom Hickmann, PE, Chief Executive Officer; Paul Matthews, Chief Financial Officer/Budget Officer; Joe Healy, Senior Management Analyst; Justin Carlton, Financial Operations Manager; Shital Patel, CPA, Technical Services Accountant; Carrie Pak, PE, Chief Engineer; Clark Balfour, General Counsel; Dave Kraska, PE, Water Supply Program Director; Joelle Bennett, PE, Water Supply Program Assistant Director; Andrew Carlstrom, Customer Service Manager; Amy Blue, Human Resources Director; Tim Boylan, IT Services Director; Andrea Watson, Communications and Public Affairs Supervisor; Lisa Houghton, CPA, WWSP Finance Manager; Debbie Carper, District Recorder

1. BUDGET COMMITTEE CHAIR AND STAFF PRESENTATIONS

   A. Consider Approval of Minutes

      • March 23, 2021 Budget Committee workshop minutes
      • April 8, 2021 Budget Committee workshop minutes
      • April 22, 2021 Budget Committee workshop minutes

Motion was made by Sanders, seconded by Duggan, to approve the minutes as presented. The motion passed unanimously with Bagnall, Duggan, Hopkins, McWilliams, Sanders and Whiteley voting in favor.

   B. Election of Budget Committee Chair

[Recorder’s Note: Commissioner Doane, Mr. Fisher and Mr. Velehradsky arrived at 6:12 p.m.]

Motion was made by Hopkins, seconded by Velehradsky, to elect Commissioner Sanders as Budget Committee Chair. The motion passed unanimously with Bagnall, Doane, Duggan, Fisher, Hopkins, McWilliams, Sanders, Velehradsky and Whiteley voting in favor.
C. Budget Officer’s Comments

Mr. Matthews reviewed the meeting agenda and provided reminders about Oregon Local Budget Law and Budget Committee procedures before reviewing answers to questions posed during and outside of prior Budget Committee workshops (see attached presentation and memorandum).

In response to additional questions, staff said:

- The proposed budget includes an increase in appropriation for the Customer Emergency Assistance Program in order to assist customers unable to pay their bills.
- When available, staff plans to connect customers who need help paying their bills to the federal Low-Income Household Water Assistance Program (LIHWAP). Only 27% of eligible customers participated in a recent federal assistance program; engagement with customers regarding such programs can be a challenge.
- The District will conduct a rate study in the coming biennium.
- Resuming shutoffs could promote customer responsiveness to District outreach.
- The in-District Capital Improvement Program (CIP) is experiencing delays due to equipment and materials costs and shortages as well as contractor unavailability.
- The Willamette Water Supply Program (WWSP) may face increasing costs due to inflationary pressures on commodities materials as well as shortages. Staff is reaching out to other utilities in the western United States to gauge how long-term these shortages may be. Cost mitigation for the WWSP is built in with project contingencies and management reserve.
- Shortages and cost increases are also mitigated by higher proposed rate increases as well as WWSP project deferment.

D. Chief Executive Officer’s Comments

Mr. Hickmann reminded the Budget Committee that the District is in transition, currently positioned in a large-scale construction phase. He pointed out the District’s unprecedented financial situation and the positive and negative drivers behind it. Mr. Hickmann described the “State of the District”, outlining notable successes and challenges. The District faces several infrastructure, operational and financial planning risks, with staff building risk mitigation into the proposed budget.

Next, Mr. Hickmann listed the desired results of pursuing the District’s strategic goals and reviewed alignment with the initiatives for the current biennium. He reviewed the District’s most recent strategic planning efforts which included developing initiatives for the coming biennium by studying the themes embedded in the strengths, weaknesses, opportunities and threats (SWOT) analysis.
E. Proposed 2021-23 Budget

- Overview of Proposed 2021-23 Budget Message

Mr. Matthews reviewed the key elements of the budget message, the District’s Oregon local budget development process and the five major themes driving the budget, linking the themes to the strategic initiatives and desired results. He said the District’s desired results will be evaluated during the mission, vision and values update process.

Mr. Hickmann gave an overview of the mission, vision and values and governmental affairs initiatives for the next biennium and reviewed the District’s commitment to completing existing initiatives.

Ms. Blue described the initiative on conducting a classification/compensation study.

Mr. Boylan described the business decision data initiative.

Mr. Carlstrom and Ms. Pak described the initiative on modernization.

Mr. Kraska described changes to the WWSP Baseline 6.1 budget resulting from economic challenges and cost increases. He noted the District is entering a heavy construction phase and this is the last opportunity to make major changes before contractual obligations limit options. The budgetary changes result in a savings of $50 million. Mr. Matthews added that the Environmental Protection Agency (EPA) determined the WWSP deferrals are still consistent with the District’s Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement.

Mr. Matthews said there are two new Engineering and Operations staff requests in the proposed budget. However, there were three staff reductions in the WWSP budget; therefore, overall staff levels will not increase. He also described how financial planning and long-term financial planning drive delivery of performance and operational investment.

- Proposed 2021-23 Budget by Fund

Mr. Matthews described changes to the proposed budget after the third Budget Committee workshop, noting the Board approved two recent transfers of appropriations for the current budget. He reviewed a graphical representation of the six-year CIP which indicated that the next three years are heavy project spending years.

Next, Mr. Matthews reviewed the District’s fund structure and proposed appropriations before highlighting elements in the proposed budget for each fund. Finally, he tied it all together with the appropriations summary, noting the historic nature of this budget.
Mr. Hickmann reiterated the District’s transitional phase and explained how this budget will set the stage for a future regional operations phase.

2. **BUDGET COMMITTEE**

   A. Budget Committee Questions

   There were no additional questions.

   B. Public Hearing

   Commissioner Sanders opened the public hearing and asked for testimony in support or opposition to the proposed budget. There was none. The public hearing was closed.

   C. Discussions and Action on the Proposed 2021-23 Budget

   Motion was made by Doane, seconded by Hopkins, that the Budget Committee of the Tualatin Valley Water District approve the Proposed 2021-23 Biennial Budget as presented by staff at the levels of appropriation displayed for each of the District’s funds. The motion passed unanimously with Bagnall, Doane, Duggan, Fisher, Hopkins, McWilliams, Sanders, Velehradsky and Whiteley voting in favor.

3. **NEXT STEPS**

   Commissioner Sanders said the Board of Commissioners will consider adoption of the approved budget at its regular meeting on June 16, 2021. A second public hearing will be held at that time. Budget Committee members are invited and are welcome and encouraged to testify. The Approved Budget will remain available for public review and posted on the District’s website.

**ADJOURNMENT**

There being no further business, Commissioner Sanders adjourned the meeting at 8:09 p.m.

______________________________    ____________________________
Bernice Bagnall, President           Todd Sanders, Secretary
2021-23 Biennial Budget Committee Meeting

Workshop #1: March 23, 2021
Workshop #2: April 8, 2021
Workshop #3: April 22, 2021

Budget Committee Meeting and Public Hearing: May 25, 2021

Election

- Nominations
  - Open
  - Close
- Election of chair
- Transfer of virtual gavel
Approval of Budget Committee Workshop Minutes

Motion and Second to Approve

- March 23, 2021: Budget Committee Workshop
- April 8, 2021: Budget Committee Workshop
- April 22, 2021: Budget Committee Workshop

Presentation by Management

2021-23 Biennial Budget Committee Meeting

May 25, 2021
Budget Committee Meeting Agenda

Management Presentations
- Questions from Workshops
- Chief Executive Officer’s Comments
- Proposed 2021-23 Budget and Budget Message Highlights
- Discussion of Deferred Projects from the WWSS
- Proposed 2021-23 Budget by Fund

Budget Committee
- Budget Committee Questions
- Public Hearing
- Discussions and Action on the Proposed 2021-23 Budget

Oregon Local Budget Law
- Oregon Revised Statutes 294
- Standardizes Procedures
- Provides Opportunities for Public Input
- Budget Committee members should not deliberate outside of the formal meeting(s)
- Compliance is Mandatory
Budget Committee Procedures

Things to Consider

- All members of the committee have equal authority
- The committee must have a majority of members present for a meeting
- Committee actions must have approval of a majority of its members (minimum 6 affirmative votes)

Questions from Workshops
Question from Workshops

Leak Adjustments
- How much is the current budget for leak adjustments

Customer Base
- Who are the biggest consumers
- Where is the water consumed

Shutoffs
- What are the shutoff statistics by customer class

Leak Adjustments

Budgeted Amounts
- 2019-21 Biennium: $731,270
- 2021-23 Biennium: $787,140

Methodology
- Based on recent history
- Change in rates and customers affect the budget request
Customer-Related Questions

Customer Base
- Who are the biggest consumers
- Both residential and commercial

Shutoffs
- Residential and commercial

Water Delivery Density
- Includes all customers
- Significant demands for fewer, large industrial customers
Water Delivery Density

• Commercial and industrial customers only
• Significant demands for fewer, large industrial customers

Water Delivery Density

• Residential customers
  • Single-family residential
  • Multifamily residential
• Large multifamily complexes influence heatmap
Water Delivery Density

• Single-family residential customers only
• Less dense areas seem to have higher demands

Water Delivery Density

• Irrigation customers only
• Primarily commercial, multifamily properties
• Home-owner associations also significant
GIS-based Demand Information

**Benefits**

• Correlate demands to areas where outreach could better assist customers

**Future**

• New CIS will provide more robust information
• AMI will increase granularity of time

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**Shutoffs by Class**

<table>
<thead>
<tr>
<th>Description</th>
<th>Single-Family Residential</th>
<th>Multifamily Residential</th>
<th>Commercial</th>
<th>Irrigation</th>
<th>Temporary Irrigation</th>
<th>Fireline</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Accounts</td>
<td>1,789</td>
<td>19</td>
<td>26</td>
<td>13</td>
<td>4</td>
<td>5</td>
<td>1,856</td>
</tr>
<tr>
<td>Balance</td>
<td>$706,792</td>
<td>$10,943</td>
<td>$16,612</td>
<td>$65,718</td>
<td>$4,974</td>
<td>$10,078</td>
<td>$815,116</td>
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<tr>
<td>Average Balance per Account</td>
<td>$395</td>
<td>$576</td>
<td>$639</td>
<td>$5,055</td>
<td>$1,243</td>
<td>$2,016</td>
<td>$439</td>
</tr>
</tbody>
</table>
Questions on Proposed Budget

- Follow up from memo
- Confirmation of next steps

Comments from Chief Executive Officer

2021-23 Biennial Budget Committee Meeting

May 25, 2021
TVWD is in Transition

Suburban Water Provider Phase
- Serve customers water purchased under wholesale contracts
- Manage a complex transmission and distribution system
- Prepare for the WWSP Construction Phase

WWSP Construction Phase
- Serve customers water purchased under wholesale contracts
- Manage a complex transmission and distribution system
- Manage the construction of a $1.3 billion program
- Prepare for the Regional Operations Phase

Regional Operations Phase
- Serve customers water produced by WWSS/WIF
- Manage a complex transmission and distribution system
- Manage the newly created WIF and WWSS

District’s Unfamiliar Financial Situation

Unfavorable Developments
- Water sales are down
- Revenues are down
- SDCs are down
- Collection problems are increasing

Favorable Developments
- Operating expenses are lower
- Partnerships are improving
- Staff morale continues to be strong
State of the District

Successes
- Implemented new governance for WWSS
- WIFIA loan re-execution
- Operating under a pandemic
- Progress on DEI Initiative
- Development of the Leadership Team

Challenges
- Pandemic
- Revenue shortfalls
- Partnerships
- Implementing CIS
- Project risk and uncertainties

Risks to Consider

Infrastructure Risks
- Failure of major facility
- Cost impacts of delaying investments

Operational Risks
- Effectiveness of operations
- Maintaining service levels
- Preparing for the WWSS

Financial Planning Risks
- Future revenue (higher or lower than planned)
- Interest rates and cost of borrowing
- Inflation
Strategic Goals: Desired Results

Tualatin Valley Water District Desired Results

1. The Water Supply Meets Community Needs and Expectations
2. The Community Is Confident in Our Water, Service and Employees
3. We Are Good Stewards of Our Financial Resources
4. We Are Good Stewards of Natural Resources
5. We Are Good Stewards of Our Own Assets and Resources (People & Physical Assets)

2019-21 Strategic Initiatives and Desired Results

<table>
<thead>
<tr>
<th>#</th>
<th>District Initiatives</th>
<th>Desired Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Water Needs &amp; Expectations</td>
</tr>
<tr>
<td>1</td>
<td>Program for Management and Operation of the WWSS</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Debt Program</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Strategic Communications Program</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Develop and Implement CIS</td>
<td>✓</td>
</tr>
<tr>
<td>5</td>
<td>District Resiliency Program</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>Human Capital Strategy</td>
<td>✓</td>
</tr>
</tbody>
</table>
Progress on 2019-21 Strategic Initiatives

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Dept. or Division</th>
<th>Target Date</th>
<th>Status</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Program for Management and Operation of the Willamette Water Supply System</td>
<td>Admin</td>
<td>June 2026</td>
<td>G</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Debt Program</td>
<td>Finance</td>
<td>June 2021</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Strategic Communications Program</td>
<td>Communications &amp; Public Affairs</td>
<td>December 2021</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Develop and Implement CIS</td>
<td>Customer Service</td>
<td>February 2022</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>District Resiliency Program</td>
<td>Risk</td>
<td>June 2021</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Human Capital Strategy</td>
<td>HR</td>
<td>June 2021</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

KEY:
- Completed (C)
- On Schedule (G)
- Some issues slowing this down (Y)
- Significantly off schedule (R)

Updated Strategic Planning Process

- Conduct SWOT Analysis
- Compare to Adopted Desired Results
- Develop Major Themes
- Identify District Initiatives that support Major Themes
- Verify priorities with the Board of Commissioners
- Further develop proposed initiatives
- Present initiatives in Budget Committee Workshops
## Major Themes from SWOT Analysis

<table>
<thead>
<tr>
<th>Human Investment</th>
<th>Intergovernmental Relations</th>
<th>Business Intelligence</th>
<th>Efficiency Through Modernization</th>
<th>Current Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prepare employees to be successful in meeting the future requirements of the District.</td>
<td>• Improve relationships with local governments and neighboring utilities to solidify TVWD as a necessary and desired regional resource.</td>
<td>• Improve planning and the District’s ability to respond by developing actionable information from disparate sources of data.</td>
<td>• Improve the service levels provided to our customers and find long-term strategies to lower the cost of doing so.</td>
<td>• Successfully execute and complete the initiatives currently underway.</td>
</tr>
</tbody>
</table>

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### Proposed 2021-23 Biennial Budget and Budget Message Highlights

2021-23 Biennial Budget Committee Meeting

May 25, 2021
Budget Message Organization

Key Elements

- Budget process, format, and basis
- District strategic initiatives
- Financial policies and long-term planning
- 2021-23 Biennium Budget Summary
- Six-Year Capital Improvement Plan
  - District improvements
  - Joint ventures

Oregon Local Budget Process

<table>
<thead>
<tr>
<th>Requested Budget</th>
<th>Proposed Budget</th>
<th>Approved Budget</th>
<th>Adopted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Management develops department-level requests</td>
<td>• Budget officer prepares Proposed Budget for Budget Committee Action</td>
<td>• Budget Committee approves budget for consideration for Adoption</td>
<td>• Board of Commissioners adopts budget and sets appropriations</td>
</tr>
</tbody>
</table>
Recap of Budget & Financial Planning Process

Jan. 20: District Initiatives and Financial Plan
March 17: Approve Financial Strategies
March 23: Dept. Overviews
April 8: Engineering /Ops, Customer Service, and Water Supply Program
April 22: Admin, Finance and Non-dept., and Info Tech. Joint Venture Funds
May 19: Approve Financial Plan
May 25: Budget Comm. Meeting/Public Hearing
June 16: Budget Adoption

Five Major Themes Drive Budget

Key Budget Drivers

- Human Investment
- Intergovernmental Relations
- Business Intelligence
- Efficiency Through Modernization
- Current Initiatives
Strategic Initiatives and Desired Results

<table>
<thead>
<tr>
<th>Strategic Initiatives</th>
<th>Desired Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water Needs &amp;</td>
</tr>
<tr>
<td></td>
<td>Community</td>
</tr>
<tr>
<td></td>
<td>Confidence in</td>
</tr>
<tr>
<td></td>
<td>TVWD</td>
</tr>
<tr>
<td></td>
<td>Stewards of</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
</tr>
<tr>
<td></td>
<td>Resources</td>
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<td></td>
<td>Stewards of</td>
</tr>
<tr>
<td></td>
<td>Natural</td>
</tr>
<tr>
<td></td>
<td>Resources</td>
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<td></td>
<td>Stewards of</td>
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<td></td>
<td>People and</td>
</tr>
<tr>
<td></td>
<td>Systems</td>
</tr>
<tr>
<td>Mission, Vision, and Values</td>
<td>✓</td>
</tr>
<tr>
<td>Conduct Classification /</td>
<td>✓</td>
</tr>
<tr>
<td>Compensation Study</td>
<td>✓</td>
</tr>
<tr>
<td>Government Affairs</td>
<td>✓</td>
</tr>
<tr>
<td>Business Decision Data</td>
<td>✓</td>
</tr>
<tr>
<td>Modernization</td>
<td>✓</td>
</tr>
<tr>
<td>Existing Initiatives</td>
<td>✓</td>
</tr>
</tbody>
</table>

Mission, Vision, and Values

Objectives
- Develop District-wide buy-in into our mission, vision, and values
- Integrate TVWD’s mission, vision, and values into TVWD’s culture
- Update TVWD’s strategic planning process

Key Elements
- Refine/update the District’s mission, vision, and values
- Integrate team-oriented training into District’s culture
- Implement DEI Initiative
**Governmental Affairs**

**Objectives**
- Improve relationships with other local governments
- Develop better information on how TVWD’s efforts affect its partners and customers
- More fully integrate the communications functions

**Key Elements**
- Develop/implement government affairs strategy
- Reorganize communications
- Implement new survey protocols

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**Complete Existing Initiatives**

**Objectives**
- Successfully complete important initiatives that carry over from prior efforts

**Key Elements**
- Implement WWSS and WIF
- Develop plan for wind-down of the PMO
- Implement CIS
- Invest in critical infrastructure
- Complete TVWD branding strategy
- Decommission on-premises SharePoint
Conduct Class/Compensation Study

Objective

• Prepare TVWD’s workforce for the transition to the WWSS/WIF managing agency/operator
• Modernize TVWD’s compensation structure to better align with current market conditions

Key Elements

• Assess TVWD’s compensation structure against current needs
• Identify job classification and compensation challenges in the modern labor market
• Prepare an implementation and change management plan

Business Decision Data

Objectives

• Improve management decision making
• Reduce apparent data inconsistencies
• Embrace technology to reduce costs of doing business

Key Elements

• Develop common data warehouse
• Implement management dashboards
• Develop data-informed processes
Modernization

Objectives

- Reduce costs of maintaining or improving service levels for customers
- Align TVWD’s efforts with those activities providing greatest return to customers
- Manage risks

Key Elements

- Develop AMI strategy
- Develop/implement project management center
- Mature asset management strategy

Changes made to WWSS for Baseline 6.1

- Deferred construction of one of the two planned 15-MG reservoirs
- Deferred construction of PLW_2.0 except portion through OWNP and the adjacent old ODOT Rail berm property
- Deferred installation/commissioning of fiber cable in the finished water system and installing conduit for constructed pipelines
- Changed WTP bid deduct items to bid additive items
WIFIA Program Approves WWSS Project Deferrals

The changes are consistent with the Loan Agreements between EPA and TVWD and the City of Hillsboro and constitute a logical evolution of a complicated project typical of what we see in big infrastructure undertakings. The proposed baseline budget does not change the definition of the Project as presented in the Loan Agreements...

New Requested Staff Positions

Engineering and Operations

- SCADA staff member
- Water Works Operator
Financial Policies and Long-term Planning

TVWD’s Financial Policies
• Financial Management Policies
• Investment Policies

Long-term planning
• Financial Strategies
• Financial Plan

Delivery
• Financial performance
• Operational performance
• Infrastructure investment

Proposed 2021-23 Budget by Fund

2021-23 Biennial Budget Committee Meeting

May 25, 2021
Budgetary Changes Since Workshop #3

**Budget Items**
- Revised display of Purchase Water Costs
- Board's Amendment 2019-21 Biennial Budget

**Staffing**
- Finance plans to fill vacancy
- No impact on Personnel Services

**Risks Identified**
- Consumer Price Index increased significantly in April
- Personnel Services budget sensitive to CPI for May (Released June 10th)
- May require holding of vacancies during biennium or Board action on contingency

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Key Infrastructure Investments

![Six-Year Capital Improvement Plan Projects by Category (In-District only)](image)

- Source (TVWD)
- Storage
- Pump Stations
- Pipeline
- Facilities
- Fleet Replacements
- Information Tech.
- Meters & Services

*Note: Legend aligns with column areas - top to bottom.*
Key Infrastructure Investments

**Six-Year Capital Improvement Plan**
Joint Venture Project Costs (District shares only)

- **WIF**
- **WWSS**
- **JWC**

Note: Legend allighes with column areas - top to bottom.

Key Infrastructure Investments

**Total Six-Year Capital Improvement Plan Costs**
(including District shares of Joint Ventures)

- **Six-Year Total:** $718 million
TVWD’s Fund Structure

<table>
<thead>
<tr>
<th>Six Funds Directly Support the Water Utility</th>
<th>Three Funds Manage Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund (01)</td>
<td>Willamette Water Supply System Fund - WWSS (45)</td>
</tr>
<tr>
<td>Capital Improvement Fund (11)</td>
<td>Willamette Intake Facilities Fund - WIF (44)</td>
</tr>
<tr>
<td>Capital Reserve Fund (18)</td>
<td>Willamette River Water Coalition Fund - WRWC (41)</td>
</tr>
<tr>
<td>Debt Proceeds Fund (22)</td>
<td></td>
</tr>
<tr>
<td>Revenue Bond Debt Service Fund (31)</td>
<td></td>
</tr>
<tr>
<td>Customer Emergency Assistance Fund (43)</td>
<td></td>
</tr>
</tbody>
</table>

- **General Fund (01)**: Administration, operations, and maintenance activity. All District staff are budgeted in this fund.
- **Capital Improvement Fund (11)**: Accounts for the resources and expenditures used for acquisition or construction of major capital facilities. Not funded by bond proceeds.
- **Capital Reserve Fund (18)**: Holds resources for current and future capital improvement and water supply projects.
- **Debt Proceeds Fund (22)**: Holds proceeds from the District’s debt portfolio including the revenue bonds, WIFIA loan proceeds, and other types of borrowings.
- **Revenue Bond Debt Service Fund (31)**: Accounts for repayment of principal and interest on the District’s revenue bonds.
- **Customer Emergency Assistance Fund (43)**: Accounts for the resources, administration, and customer payments for those who qualify for emergency assistance.

- **Willamette Water Supply System Fund - WWSS (45)**: An ORS chapter 190 Joint Venture with the cities of Beaverton, Hillsboro, and TVWD. TVWD serves as the managing agency providing administration, operations, project management and accounting services.
- **Willamette Intake Facilities Fund - WIF (44)**: An ORS chapter 190 Joint Venture with the cities of Beaverton, Hillsboro, Sherwood, Tigard, Wilsonville, and TVWD. TVWD serves as the managing agency providing general administration, project management, and accounting services.
- **Willamette River Water Coalition Fund - WRWC (41)**: An ORS chapter 190 Joint Venture with the cities of Sherwood, Tigard, Tualatin, and TVWD. TVWD serves as the managing agency providing general administration and accounting services.

**Proposed 2021-23 Appropriations**
General Fund

- All personnel services budgeted in General Fund
- Purchased Water/Power is 51.5% of materials & services
- Available resources transferred to Capital Reserve Fund for capital projects and future use
- Special Payments appropriation for right-of-way fee pass-through

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$43,536,650</td>
<td>$42,330,036</td>
<td>$(1,206,614)</td>
<td>-2.8%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>$42,131,196</td>
<td>$47,640,836</td>
<td>$5,509,640</td>
<td>13.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>212,200</td>
<td>705,950</td>
<td>493,750</td>
<td>232.7%</td>
<td>82.4%</td>
</tr>
<tr>
<td>Special Payments</td>
<td>21,446,000</td>
<td>1,625,000</td>
<td>$(19,821,000)</td>
<td>-92.4%</td>
<td>-72.5%</td>
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<tr>
<td>Interfund Transfers</td>
<td>78,491,222</td>
<td>83,500,000</td>
<td>5,008,778</td>
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<tr>
<td>Contingency</td>
<td>14,370,642</td>
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<tr>
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<td><strong>$200,187,910</strong></td>
<td><strong>$195,801,822</strong></td>
<td><strong>$(4,386,088)</strong></td>
<td><strong>-2.2%</strong></td>
<td><strong>-1.1%</strong></td>
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Capital Improvement Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Materials &amp; Services</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>179,522,721</td>
<td>379,582,670</td>
<td>200,059,949</td>
<td>111.4%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Special Payments</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Contingency</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$179,522,721</strong></td>
<td><strong>$379,582,670</strong></td>
<td><strong>$200,059,949</strong></td>
<td><strong>111.4%</strong></td>
<td><strong>45.4%</strong></td>
</tr>
</tbody>
</table>
Capital Improvement Fund

Key Elements
- Capacity improvements
- Replacement
  - Condition assessment
  - Age
  - Resiliency
- Relocation – Agency Driven
- Metzger Pipeline East (MPE) budgeted here

Joint Ventures
- Includes appropriations for District’s share of WWSS, WIF and Joint Water Commission capital projects

Resources

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVWD</td>
<td>$376,262,670</td>
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<tr>
<td>Other Partners</td>
<td>$3,320,000</td>
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<td><strong>Total Resources</strong></td>
<td><strong>$379,582,670</strong></td>
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Requirements

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Services</td>
<td>$0</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$379,582,670</td>
</tr>
<tr>
<td>Contingency</td>
<td>$0</td>
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<tr>
<td><strong>Total Requirements</strong></td>
<td><strong>$379,582,670</strong></td>
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Capital Reserve Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Special Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>179,522,721</td>
<td>376,262,670</td>
<td>196,739,949</td>
<td>109.6%</td>
<td>44.8%</td>
</tr>
<tr>
<td>Contingency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$179,522,721</td>
<td>$376,262,670</td>
<td>$196,739,949</td>
<td>109.6%</td>
<td>44.8%</td>
</tr>
</tbody>
</table>
Capital Reserve Fund

**Resources**
- Beginning Balance: $56,508,462
- Interest Income: $431,000
- Contributions: $10,725,083
- Interfund Transfer: $309,500,000

**Total Resources**: $377,164,545

**Requirements**
- Interfund Transfer: $376,262,670
- Unappropriated: $901,875

**Total Requirements**: $377,164,545

Key Elements
- Accounts for financial reserves
- Transfers to the District Capital Improvement Fund
- Resources include SDC revenues, meter & services install fees, interest earnings, transfers-in from other funds

---

Debt Proceeds Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Capital Outlay</td>
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<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Special Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>25,000,000</td>
<td>226,500,000</td>
<td>201,500,000</td>
<td>806.0%</td>
<td>201.0%</td>
</tr>
<tr>
<td>Contingency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 25,000,000</strong></td>
<td><strong>$ 226,500,000</strong></td>
<td><strong>$ 201,500,000</strong></td>
<td><strong>806.0%</strong></td>
<td><strong>201.0%</strong></td>
</tr>
</tbody>
</table>
Debt Proceeds Fund

Key Elements

- Accounts for proceeds of borrowing
- Anticipated WIFIA draws during biennium
- Interfund transfers to the Capital Reserve Fund

<table>
<thead>
<tr>
<th>Debt Proceeds Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources</strong></td>
</tr>
<tr>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Bond Proceeds</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
</tr>
<tr>
<td><strong>Requirements</strong></td>
</tr>
<tr>
<td>Materials &amp; Services</td>
</tr>
<tr>
<td>Interfund Transfer</td>
</tr>
<tr>
<td>Contingency</td>
</tr>
<tr>
<td><strong>Total Requirements</strong></td>
</tr>
</tbody>
</table>

Customer Emergency Assistance Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>41,400</td>
<td>531,035</td>
<td>489,635</td>
<td>1182.7%</td>
<td>258.1%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Special Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Contingency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$41,400</td>
<td>$531,035</td>
<td>$489,635</td>
<td>1182.7%</td>
<td>258.1%</td>
</tr>
</tbody>
</table>
Customer Emergency Assistance Fund

Key Elements

- Provides emergency relief to qualified customers through the Customer Emergency Assistance Program
- Qualification provided by third party
- Sources of Funds:
  - Customer donations
  - Commissioners and staff
  - Budgeted funds
  - Interest earnings remain within Fund
- Request $250,000 per year to assist customers with emergency needs
- Working closely with Clean Water Services to match efforts

Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations &amp; Interest</td>
<td>$26,035</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>$500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Resources</td>
<td>$531,035</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Requirements

| Description             | $531,035       |                 |          |                |                   |
| Capital Outlay          | 0              |                 |          |                |                   |
| Total Requirements      | $531,035       |                 |          |                |                   |

Willamette Water Supply System Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$1,714,154</td>
<td>2,343,405</td>
<td>629,251</td>
<td>36.7%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
<td>217,296,865</td>
<td>452,289,650</td>
<td>234,992,785</td>
<td>108.1%</td>
<td>44.3%</td>
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<tr>
<td>Capital Outlay</td>
<td>0</td>
<td>235,000</td>
<td>235,000</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Special Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Contingency</td>
<td>173,000</td>
<td>235,000</td>
<td>62,000</td>
<td>35.8%</td>
<td>16.5%</td>
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<tr>
<td>Total</td>
<td>$219,184,019</td>
<td>$454,868,055</td>
<td>$235,684,036</td>
<td>107.5%</td>
<td>44.1%</td>
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</tbody>
</table>
Willamette Water Supply System Commission

Key Elements

- Joint venture of TVWD, and the cities of Beaverton and Hillsboro
- TVWD serves as managing agency
- TVWD’s share of operating expenses are budgeted in Administration Regional Partnerships
- The budget is set annually by the WWSS Commission Board
- Constructs and operates the Willamette Water Supply System

Resources

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>TVWD</td>
<td>$243,272,395</td>
</tr>
<tr>
<td>Other Partners</td>
<td>$211,595,660</td>
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<td><strong>Total Resources</strong></td>
<td><strong>$454,868,055</strong></td>
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Requirements

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Services</td>
<td>$2,343,405</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>452,289,650</td>
</tr>
<tr>
<td>Contingency</td>
<td>235,000</td>
</tr>
<tr>
<td><strong>Total Requirements</strong></td>
<td><strong>$454,868,055</strong></td>
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</table>

Willamette Intake Facilities Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Materials &amp; Services</td>
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<td>1,056,920</td>
<td>636,330</td>
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<td>Capital Outlay</td>
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<td>6,533,736</td>
<td>(1,579,472)</td>
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<td>-10.3%</td>
</tr>
<tr>
<td>Special Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Contingency</td>
<td>36,000</td>
<td>107,000</td>
<td>71,000</td>
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<td>72.4%</td>
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<td><strong>Total</strong></td>
<td>$8,569,798</td>
<td>$7,697,656</td>
<td>$(872,142)</td>
<td>-10.2%</td>
<td>-5.2%</td>
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</table>
Willamette Intake Facilities Commission

Key Elements

- Joint venture of TVWD, and cities of Beaverton, Hillsboro, Sherwood, Tigard, and Wilsonville
- TVWD serves as managing agency
- TVWD's share of operating expenses are budgeted in Administration Regional Partnerships
- The budget is set annually by the WIF Commission Board
- Constructs and operates the Willamette Intake Facilities on the Willamette River

Resources

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>TVWD</td>
<td>$3,523,945</td>
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<td>Other Partners</td>
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<td><strong>Total Resources</strong></td>
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Requirements

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Services</td>
<td>$1,056,920</td>
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<tr>
<td>Capital Outlay</td>
<td>6,533,736</td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>107,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Requirements</strong></td>
<td><strong>$7,697,656</strong></td>
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Willamette River Water Coalition Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>2019-21 Budget</th>
<th>Proposed Budget</th>
<th>Change</th>
<th>Percent Change</th>
<th>Annualized Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>NA</td>
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<tr>
<td>Materials &amp; Services</td>
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<td>$114,300</td>
<td>$(52,700)</td>
<td>-31.6%</td>
<td>-17.3%</td>
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<tr>
<td>Capital Outlay</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Special Payments</td>
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<td>$</td>
<td>$</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$</td>
<td>$</td>
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<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Contingency</td>
<td>$</td>
<td>$11,650</td>
<td>$11,650</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$167,000</strong></td>
<td><strong>$125,950</strong></td>
<td><strong>$(41,050)</strong></td>
<td><strong>-24.6%</strong></td>
<td><strong>-13.2%</strong></td>
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</table>
Willamette River Water Coalition

Key Elements

- Joint venture of TVWD, and cities of Sherwood, Tigard, and Tualatin
- TVWD serves as the managing agency
- TVWD’s dues are budgeted in Regional Partnerships
- The WRWC budget is set annually by its governing board
- Primarily focused on water rights on the Willamette River

Resources

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget</th>
<th>2021-23 Biennial Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>TVWD</td>
<td>$58,000</td>
<td></td>
</tr>
<tr>
<td>Other Partners</td>
<td>$67,950</td>
<td></td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td><strong>$125,950</strong></td>
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Requirements

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget</th>
<th>2021-23 Biennial Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials &amp; Services</td>
<td>$114,300</td>
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</tr>
<tr>
<td>Capital Outlay</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>$11,650</td>
<td></td>
</tr>
<tr>
<td><strong>Total Requirements</strong></td>
<td><strong>$125,950</strong></td>
<td></td>
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</table>

Appropriations Summary - Proposed 2021-23 Budget

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Revised Budget</th>
<th>2021-23 Biennial Proposed Budget</th>
<th>% Change from Revised 2019-21 Biennial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$170,406,943</td>
<td>$180,495,611</td>
<td>5.9%</td>
</tr>
<tr>
<td>Non-Operating Revenue</td>
<td>$240,480,095</td>
<td>$472,586,886</td>
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<tr>
<td>Total Revenues:</td>
<td>$410,887,038</td>
<td>$653,082,497</td>
<td>58.9%</td>
</tr>
<tr>
<td>Transfers In From Other Funds</td>
<td>$283,013,943</td>
<td>$686,262,670</td>
<td>142.5%</td>
</tr>
<tr>
<td>Debt Resources</td>
<td>$25,000,000</td>
<td>$226,500,000</td>
<td></td>
</tr>
<tr>
<td>Beginning Fund Balances</td>
<td>$132,950,815</td>
<td>$93,893,898</td>
<td>-29.4%</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$851,851,796</strong></td>
<td><strong>$1,659,739,065</strong></td>
<td><strong>94.8%</strong></td>
</tr>
</tbody>
</table>

Uses of Funds

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Revised Budget</th>
<th>2021-23 Biennial Proposed Budget</th>
<th>% Change from Revised 2019-21 Biennial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$43,536,651</td>
<td>$42,330,036</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Materials and Services</td>
<td>$44,391,964</td>
<td>$51,686,496</td>
<td>16.4%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$404,589,611</td>
<td>$839,112,006</td>
<td>107.4%</td>
</tr>
<tr>
<td>Special Payments</td>
<td>$21,446,000</td>
<td>$1,625,000</td>
<td>-92.4%</td>
</tr>
<tr>
<td>Contingency</td>
<td>$15,209,000</td>
<td>$20,353,650</td>
<td>33.8%</td>
</tr>
<tr>
<td>Transfers Out To Other Funds</td>
<td>$283,013,943</td>
<td>$686,262,670</td>
<td>142.5%</td>
</tr>
<tr>
<td><strong>Total Appropriations:</strong></td>
<td><strong>$812,187,169</strong></td>
<td><strong>$1,641,369,858</strong></td>
<td><strong>102.1%</strong></td>
</tr>
<tr>
<td>Ending Fund Balances</td>
<td>$39,664,627</td>
<td>$18,369,207</td>
<td>-53.7%</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$851,851,796</strong></td>
<td><strong>$1,659,739,065</strong></td>
<td><strong>94.8%</strong></td>
</tr>
</tbody>
</table>
Summary

2021-23 Presents New Challenges
• Unfamiliar financial position
• Continued large infrastructure investments

Proposed 2021-23 Budget
• Funds initiatives based on strategic plan
• Maintains current service levels with limited additions for strategic initiatives
• Recognizes impact of pandemic on customers by funding bad debt expense and Customer Emergency Assistance Program
• Funds District’s infrastructure investments
• Funds District transition to managing agency for the WWSS and WIF

TVWD is in Transition

Suburban Water Provider Phase
• Serve customers water purchased under wholesale contracts
• Manage a complex transmission and distribution system
• Prepare for the WWSP Construction Phase

WWSP Construction Phase
• Serve customers water purchased under wholesale contracts
• Manage a complex transmission and distribution system
• Manage the construction of a $1.3 billion program
• Prepare for the Regional Operations Phase

Regional Operations Phase
• Serve customers water produced by WWSS/WIF
• Manage a complex transmission and distribution system
• Manage the newly created WIF and WWSS
Management Recommendation

Budget Committee

- Approve TVWD’s 2021-23 Biennial Budget as proposed
- Recommend the Board of Commissioners Adopt the Approved Budget
Next Steps

• Future Meetings
  • Board of Commissioners Meeting Consider Adoption of 2021-23 Budget: Wednesday, June 16th at 6:00 pm
• Questions for the Team
MEMO

Date: May 24, 2021
To: Budget Committee
CC: Tom Hickmann, Chief Executive Officer
From: Paul Matthews, Chief Financial Officer/Budget Officer
Re: Budget Committee Questions

INTRODUCTION
Thank you for your continued support of the Tualatin Valley Water District’s budget process.

Below are questions staff has received during the Budget Committee Workshops and since the Proposed 2021-23 Biennial Budget was released. Our team assembled these responses and will be available during the Budget Committee Meeting on May 25, 2021 to address these questions further if requested.

QUESTIONS

Budget Committee Workshops

1. Question: How much money is appropriated for leak adjustments in the current biennial budget?

   Answer: The 2019-21 Biennial Budget has $731,270 budgeted for leak adjustments. As of April 30, 2021, the District spent $607,569 on leak adjustments. The District expects to end the current biennium within budget with a margin of less than $37,000.

2. Question: Could you please provide a breakdown of our customer base (who are the biggest consumers both residential and commercial)?

   Answer: Information on the largest customers was presented in the third Budget Committee Workshop. Additional information will be provided at the Budget Committee meeting that presents GIS-based heatmaps of where water is consumed within the District by customer classification.

3. Comment: When you talk about the shut-off, it would be nice to see the breakdown of shut-off between residential and commercial.

   Response: This information was presented in the third Budget Committee Workshop. The breakdown by class as of March 31st is also presented here:
Proposed Budget Document

1. Question: Page 4-8 “>=90% of unplanned outages responded to within 4 hours”. First, 4 hours seems like a lot of time depending on what “responded to” means. Second, on one of the issues, there is no indication if the target was met or not. NWN has a much shorter response time.

Answer: The presentation on page 4-8 was missing regarding the unplanned outages performance measure. The document should have noted that 100% of the unplanned outages were responded to within 4 hours. We will update this results in the next iteration of the 2021-23 Biennial Budget.

Revising the District’s current performance measurements is a priority for management. The Proposed 2021-23 Biennial Budget includes resources to update/revise the District’s mission, vision, and values. Management anticipates this update/revision will provide better definitions for the performance measures and ensure the service levels match the District’s stated goals.

2. Question: Page 4-10, Untilmate statement. Why was the target not met?

Answer: The District revised its operating protocols to comply with the work requirements of COVID-19. These changes delayed completing some of the identified corrective actions within the time identified by the Safety Committee as its goal. The District balanced its risk of COVID with the corrective actions. All corrective actions are tracked by the risk management coordinator and will be implemented as soon as operationally feasible. Critical corrective actions that impacted safety were immediately implemented.

3. Question: Page 5-2, Fourth bullet point, why a debt service reserve? How much?

Answer: The assumptions in the District’s Financial Plan include funding a debt service reserve account using a three-part rule. The assumption on funding the debt service reserve only applies to revenue bonds (excludes WIFIA) and is the minimum of:

- A. The maximum annual debt service for the revenue bond, or
- B. 125% of the average-annual debt service for the revenue bond,
C. 10% of the par amount of the revenue bond.

The question on funding a debt service reserve will be made at the time of issuance based on market conditions and the cost of bond insurance and/or other credit enhancements. But for the purposes of the Financial Plan, the bond issues are sized to fund the reserve using the three-part rule. Also, the Financial Plan includes expected interest earnings on the funds held in a debt service reserve account.

4. Questions: Page 5-8, Shouldn’t we flag that rates beyond 2023 are not as sure as the rates in the next two years. There is verbiage in the text, but something on the graph might be appropriate.

Answer: We did not anticipate including the graphic in the presentation. We will look at the ability to add the note (possibly as a footnote-type comment) on the next published iteration of the 2021-23 Biennial Budget.

5. Question: Page 6-7, Is TVWD really going to take WIFIA draw of 25 million in the next 69 days?

Answer: No, the District does not plan to draw money from its WIFIA loan during the current biennium.

This table presents the current biennium budget (i.e., 2019-21) in the “revised budget” column. The “revised budget” is the adopted budget for the 2019-21 budget period with the revisions from the appropriation transfers in April. This presentation format is required by Oregon Local Budget law but does not require the District to take the draw from its WIFIA Loan.

Notwithstanding the figure in the “revised budget column”, the District can draw up to $50 million on its WIFIA Loan by June 30, 2021. Current market interest rates, however, would make a draw from WIFIA uneconomic. (The District could expect to earn 0.20% to 0.30% on its marginal investment return now but would be experiencing capitalized interest charges of 1.35%.) At present, the District will use its cash-on-hand and delay drawing on its WIFIA loan. The decision on when and how much of the WIFIA Loan to draw will be based on cashflow needs and interest rates.

6. Question: Page 7-6, I continue to wonder why there is only one Principal Engineer and that person isn’t in Engineering? It is an ongoing question for me.

Answer: The position in question has the TVWD title of “Principal Engineer” and the WWSP title of “Engineering & Construction Manager”. This position is an extremely important part of the WWSP’s organizational structure and reports directly to the Water Supply Program Director.
7. Question: Page 7-7, Based on what I perceive as the responsibilities of the position of the Emergency Program Coordinator, I think the person belongs in a higher class or two.

Answer: The District applies its grade-review process to ensure positions meet the requirements of the Oregon Equal Pay Act, market conditions, and comparability within the District. The position in question was evaluated on August 7, 2018. The Proposed 2021-23 Budget includes resources to fund a classification/compensation study that will examine the District’s current positions for consistency with Oregon law, market conditions, and comparable agencies.

8. Question: Page 9-8, Is $3,500 for Emergency Planning for two years sufficient?

Answer: The budgeted amount for this account covers the costs of Emergency Operating Center supplies and participation in both internal and regional exercises. Based on spending in the current biennium (i.e., 2019-21), the staff responsible for managing the Emergency Planning account believes that $3,500 is sufficient.

9. Question: Page 15-14, The seismic upgrade of the headquarters building is beyond 2027. Is that prudent?

Answer: This upgrade was deferred to accommodate the strategic facilities plan which is requested in the Proposed 2021-23 Biennial Budget. Deferring this project also helped the District manage its near-term financial situation. The facilities strategic plan will evaluate the District’s goals to meet District’s future needs.


Answer: The Metzer turnout facility will be located at the NW corner of the intersection of SW Hall Blvd and SW Oleson Rd, accessible via the parking lot of the commercial property at that location. Following the safety-by-design methodology, the District specified an above-ground structure to eliminate a confined space entry requirement.

11. Question: Page 15-17, What is the genesis of the corrosion leakage in a pipe that is only 20-years old?

Answer: The existing Cornelius Pass Flow Control Facility piping replacement was accelerated and is being replaced in the current biennium. On inspection, the District’s engineers determined that the coating of the existing piping was poorly prepared and poorly applied. In addition, the pipe was poorly fabricated. The District’s engineers identified issues with existing welds. These issues are also being corrected.

12. Question: Page 15-19, Isn’t there a generator there now?
Answer: Currently there is no backup generator at the site. The system uses batteries for backup power. The generator located at the Center Street facility is used to provide electricity to the power grid and is not available as a backup source of power.

13. Question: Page 15-20, Where is this or is there more than one?

Answer: The Water Supply Integration project found that some areas of the West Hills would have the highest water age after the WWSS is online in 2026. The increase in water age is a greater concern considering the planned change of disinfectant from chloramines to free chlorine. Reservoirs and pump stations in this area are potential sites for booster chlorination. Additional analyses will be required to determine optimal locations.

14. Question: Page 15-21, How future is ‘future years’?

Answer: The transmission mains improvements are anticipated to be completed after 2040, depending on water demands. The District will require additional transmission capacity to accommodate the full capacity of the Farmington Fluoride & Flow Control Facility.

15. Question: Pages 15-35 and 15-36, Is there some significance to the use of the phrase ‘pump station’ and ‘booster pump station’?

Answer: No, the use of “booster pump station” and “pump station” is being used interchangeably. Typically, a booster pump station refers to a pumping facility that increases pressure within a pressure zone. A pump station generally moves water between pressure zones. These project descriptions will be updated for the next publish iteration of the 2021-2023 Biennial Budget.

16. Question: Page 15-46, Is this likely to be withdrawn in the next decade?

Answer: No. This area can only be withdrawn by the City if the property is annexed to the City. Generally, the annexation only occurs when redevelopment opportunities exist. The area is currently fully developed as single-family residential units. So, it is possible, but unlikely to be annexed.

17. Question: Page 15-47, Is this likely to be withdrawn in the next decade?

Answer: No. This area can only be withdrawn by the City if the property is annexed to the City. Generally, the annexation only occurs when redevelopment opportunities exist. The area is currently fully developed as single-family residential units. So, it is possible, but unlikely to be annexed.

18. Question: Page 15-49, Is this likely to be withdrawn in the next decade?
Answer: No. This area can only be withdrawn by the City if the property is annexed to the City. Generally, the annexation only occurs when redevelopment opportunities exist. The area is currently fully developed as single-family residential units. So, it is possible, but unlikely to be annexed.

19. Question: Page 15-78, I thought that we had to install a flag pole for an MIA/POW flag as required by the 2019 legislature. It is in the current budget, but I don’t see any work underway so I assume it should be in the 21-23 budget.

Answer: The District is committed to installing a MIA/POW flag when there is new construction or a significate remodel. The District planned to reconfigure the outdoor portion of the main entrance with the lobby remodel. The District postponed that portion of the remodel due to COVID-19 crisis and as a cost savings measure. This item will be added to the Strategic Facilities Plan noted in previous response to Question 9.

20. Question: Page 15-79, what is a snow guard? It is the small piece of angle iron at the lip of the roof to keep snow from hitting the vehicles and people? I was in the Forest Service, where we places where is snowed and didn’t use them, but grew up in Southern California.

Answer: Yes, you are correct. The slanted metal roof on the north and south side of the fleet shop does not have that angle iron lip installed to prevent hazards. This project was prompted by last winter’s snow/ice accumulation which created a falling ice/snow hazard that damaged some vehicles.

21. Comment: Page 2-14 the summary budget for 2019-21 does not include a $25 million draw, but the summary budget for the same period on page 6.7 does include it, so the total budget figures on those pages do not match.

Response: That is correct. We will revise Page 2-14 in the next published iteration of the 2021-23 Biennial Budget.

22. Comment: Page 7.5 - the %change figures for M&S are clearly wrong. They all show a 100% decrease, but the budget figures are actually up. I did not notice that flaw on any other budget pages.

Response: That is correct. We will revise Page 7-5 in the next published iteration of the 2021-23 Biennial Budget.