

# Tualatin Valley Water District



Delivering the Best Water  Service  Value

Board Meeting Minutes

January 19, 2022

*This meeting was held by phone and the internet.*

## **REGULAR SESSION – 6:00 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; Andrew Carlstrom, Customer Service Manager; Joelle Bennett, PE, Assistant Water Supply Director; Andrea Watson, Communications and Public Affairs Supervisor; Debbie Carper, District Recorder

Other Attendee: Teri Doherty

### **REPORTS BY THE CHIEF EXECUTIVE OFFICER AND MANAGEMENT STAFF**

Mr. Hickmann reported on Portland *Cryptosporidium* testing results (see attached memo).

Mr. Carlstrom presented the safety moment on the national blood crisis. He also provided the Customer Service Department report on the Customer Information System (CIS) project, including information on project purpose, implementation status, the history of TVWD's partnership with Clean Water Services, a list of current and future CIS intergovernmental agreements and a tentative schedule for upcoming communications with the Board (see attached presentation).

In response to a question, he said that the contractual stabilization period is four months, but it could extend longer.

### **COMMISSIONER COMMUNICATIONS**

#### A. Reports of meetings attended

Commissioners described and submitted a list of recently attended meetings (see attached forms).

#### B. Topics to be raised by the Commissioners

There were none.

## **PUBLIC COMMENT**

There was none.

### **1. CONSENT AGENDA**

- A. Approve the December 15, 2021 regular meeting minutes.
- B. Approve the January 4, 2022 work session minutes.

Motion was made by Bagnall, seconded by Doane, to approve the Consent Agenda as presented. The motion passed unanimously with Bagnall, Doane, Duggan, Sanders and Schmidt voting in favor.

### **2. BUSINESS AGENDA**

- A. Consider adopting Resolution 01-22, a resolution adopting the Investment Policy for the Tualatin Valley Water District. *Staff Report – Paul Matthews*

Mr. Matthews described the key elements of the investment policy, its guiding principles and the overall investment strategy (see attached presentation).

Motion was made by Bagnall, seconded by Duggan, to adopt Resolution 01-22, a resolution adopting the Investment Policy for the Tualatin Valley Water District. The motion passed unanimously with Bagnall, Doane, Duggan, Sanders and Schmidt voting in favor.

- B. Consider approving a motion in support of proceeding with Willamette Water Supply System's RES\_1.0/PLM\_5.3 Project GMP. *Staff Report – David Kraska*

Mr. Hickmann highlighted the shift from what was presented in the meeting packet materials to tonight's presentation, which depicts two options for suggested motions instead of one (see attached presentation).

Mr. Kraska gave an overview of the RES\_1.0/PLM\_5.3 project, outreach process and examples of bidding results before reviewing the resulting budgetary impacts. He noted several opportunities for cost savings and described the criticality of maintaining the project schedule. He reviewed the Guaranteed Maximum Price (GMP) results for both the RES\_1.0/PLM\_5.3 and the water treatment plant projects.

Mr. Matthews provided the budgetary problem statement and then reviewed resulting impacts on the Capital Improvement Plan, long-term debt, borrowing capacity and shifts in rates while noting the known and unknown risks inherent in any financial scenario.

Mr. Hickmann concluded the presentation with the opportunities that come with this financial forecast and reviewed the two options for suggested motions on how to proceed. He also said that in February staff plans to bring results of staff analysis on various rate scenarios suggested by the Finance Committee to the Board for discussion. In response to a question, he said that all project partners have approved option two.

Motion was made by Bagnall, seconded by Schmidt, to direct Commissioner Duggan, acting as the TVWD representative, to approve:

1. The GMP Contract for RES\_1.0/PLM\_5.3 at the Special Willamette Water Supply System (WWSS) Commission meeting on January 20, 2022;
2. The GMP Contract for the water treatment plant, if and when recommended by the WWSS General Manager and in the exercise of Commissioner Duggan's reasonable discretion; and
3. Baseline Budget 7.0 incorporating these GMP contracts therein when presented to the WWSS Commission for approval.

The motion passed unanimously with Bagnall, Doane, Duggan, Sanders and Schmidt voting in favor.

#### **ADJOURNMENT**

There being no further business, President Sanders adjourned the meeting at 7:26 p.m.

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Todd Sanders, President

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Jim Doane, Secretary



## MEMO

**Date:** January 19, 2022

**To:** Tualatin Valley Water District Board of Commissioners

**From:** Tom Hickmann, CEO

**Re:** Chief Executive Officer and Management Staff Report

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The following items will be covered during the report by the CEO:

- 1. Portland *Cryptosporidium* Results** – For the month of December 2021, the Portland Water Bureau reported one *Cryptosporidium* oocyst detection in water samples collected from the Bull Run Headworks. Portland Water Bureau will continue increased sampling four times per week until there are at least three weeks without any detections. Complete results of Portland's *Cryptosporidium* monitoring are posted on the City's website:  
<https://www.portland.gov/water/water-quality/test-results#toc-cryptosporidium>.
- 2. Safety Minute and Department Report** – Andrew Carlstrom, Customer Service Manager, will present the safety minute and department report this evening.



# Department Report: CIS Update

**Andrew Carlstrom**  
Customer Service Manager



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## Customer Information System (CIS)

- Project Purpose**
- **Replace TVWD’s aging, customized Utility Billing (“UB”) system with a commercial, off-the-shelf Customer Information System.**
    - Project will continue to build on the collaborative business relationship between TVWD and Clean Water Services.



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## Implementation Update

- **Current Schedule**
  - Go-live still projected for May 2022
  - Schedule remains tight
  - Quality remains a priority
- **Key Activities**
  - Project: data conversion, testing, system integrations, customer communication planning, training preparation
  - Shutoffs: will likely pause when training starts
  - Post go-live operations: assessment and preparation of operations underway
  - Operations IGA: discussions between TVWD and CWS are underway
- **Board Communication**
  - See presentation slide for upcoming topics
  - Initial topics: customer portal demo, customer communications plan, detailed project overview
- **COVID-19 Impacts**
  - User training logistics may be impacted

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## INTERGOVERNMENTAL AGREEMENT JOINT BILLING SYSTEM

### CWS and TVWD: Joint Billing Since 1994

- **Current IGA as amended in 2005**
  - Five-year renewals
  - Expires 2025

This agreement is dated JUNE 21, 1994, and is between Unified Sewerage Agency of Washington County (USA), a county service district organized under ORS Chapter 451, and Tualatin Valley Water District (TVWD), a domestic water supply district organized under ORS Chapter 264.

**RECITALS**

1. The parties currently manage and maintain their own utility billing systems.
2. USA and TVWD agree that consolidation of these services represents a potential for savings to their respective ratepayers.
3. USA and TVWD wish to enter into an agreement whereby their utility billing functions would be consolidated and TVWD would perform utility billing services for both entities.
4. USA and TVWD have authority to enter into such an agreement pursuant to ORS Chapter 190 and USA has the power to enter such agreement for the purpose of collection of service charges under ORS 451.510(1).

**I. TERM OF THE AGREEMENT**

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### Costs for Joint Billing Services, Current Agreement

- **Allocated service costs**
  - Staff services for customer service and billing services
  - Overhead, including billing system
- **Reimbursable expenses for direct staff services**
  - Postage
  - Merchant fees (Paymentus)
  - Bill printing/stuffing (outsourced)
  - Armored car services
  - Collections agent
- **Direct staff services, including finance, accounting, and IT**



### Review: CIS Phasing and Agreements Strategy

| Phase I IGA   | Phase II IGA  | Phase III IGA   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Initiation through vendor selection, contract negotiation</li> <li>• Authorized by both TVWD and CWS Boards June 2018</li> </ul> | <ul style="list-style-type: none"> <li>• Implementation, stabilization of new TVWD/CWS CIS solution</li> <li>• Framework for sharing external, labor costs</li> <li>• TVWD, CWS Board authorization requests, April 2020</li> </ul> | <ul style="list-style-type: none"> <li>• Ongoing TVWD/CWS operations with new CIS</li> <li>• Develop, authorize prior to new CIS go-live</li> </ul> |

## Tentative Schedule: Upcoming Board Communications

| Date*     | Board Meeting Type | Topics   |
|-----------|--------------------|--|
| 2/1/2022  | Work Session       | <ul style="list-style-type: none"> <li>• Implementation schedule update</li> <li>• Customer portal demo</li> </ul> |
| 2/16/2022 | Regular Meeting    | <ul style="list-style-type: none"> <li>• Customer communications plan</li> </ul>                                   |
| 3/1/2022  | Work Session       | <ul style="list-style-type: none"> <li>• Detailed project overview</li> </ul>                                      |
| March TBD | Finance Committee  | <ul style="list-style-type: none"> <li>• Review of ongoing operations</li> </ul>                                   |
| 4/5/2022  | Work Session       | <ul style="list-style-type: none"> <li>• Operations IGA components</li> </ul>                                      |
| 4/20/2022 | Regular Meeting    | <ul style="list-style-type: none"> <li>• Go-live preview</li> <li>• Operations IGA</li> </ul>                      |
| 5/3/2022  | Work Session       | <ul style="list-style-type: none"> <li>• Go-live report</li> </ul>   |
| 5/18/2022 | Regular Meeting    | <ul style="list-style-type: none"> <li>• Stabilization update</li> </ul>   |
| 6/7/2022  | Work Session       | <ul style="list-style-type: none"> <li>• Stabilization update</li> <li>• Phase 2 overview</li> </ul>               |
| 6/15/2022 | Regular Meeting    | <ul style="list-style-type: none"> <li>• Stabilization update</li> <li>• Phase 2 plan</li> </ul>                   |

\* Board communication schedule to be updated if May 2022 go-live changes



# QUESTIONS?



# Resolution Adopting the Investment Policy

*Resolution No. 01-22*

**Paul Matthews**  
Chief Financial Officer

January 19, 2022



## District's Investment Policy

### Key Elements

- District adopts Investment Policy annually
- Allows the District to invest in securities with maturities exceeding 18 months
- Required by ORS 294.135
- Based on recommendations by District's professional investment advisor
  - Investment objectives
  - Authorized investments
  - Requirements for portfolio diversification

## Guiding Principles Remain Unchanged



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## Investment Strategy

### Balancing Risk and Return

- Interest rate risk – market values of investments with longer maturities are more sensitive to changes in interest rates
- TVWD has stayed relatively shorter in the market
- TVWD generally holds securities to maturity (book yield)
- Focusing on benchmarks for duration helps the District avoid risks of trying to time markets

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## Staff Findings and Recommendation

### Findings

- Proposed Resolution No. 01-22 complies with ORS 294.135
- Follows Oregon Short Term Fund Board guidelines
- Consistent with recommendations of the District’s Investment Advisor

### Recommendation

- Staff recommends adopting Resolution No. 01-22, a resolution adopting the Investment Policy for the Tualatin Valley Water District

## Questions

### *Resolution Adopting the Investment Policy*



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## There are Two Motions For Consideration Tonight

Option 1 – specific to only the RES\_1.0/PLM\_5.3 project that is on the January 20 WWSS Board agenda:

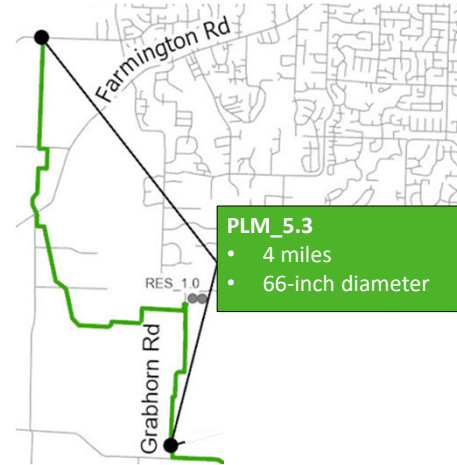
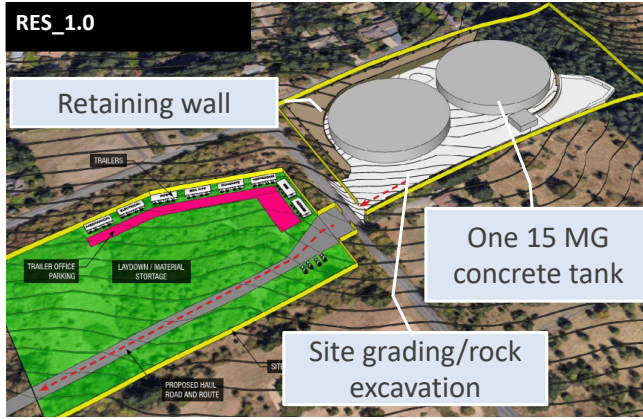
- Direct Commissioner Duggan, acting as the TVWD representative to the Willamette Water Supply Commission, to approve the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022.

Option 2 – addresses the RES\_1.0/PLM\_5.3 project, and the WTP\_1.0 GMP and overall WWSP Baseline budget that will be on future WWSS Board agendas:

- Direct Commissioner Duggan, acting as the TVWD representative, to approve: (1) the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022; (2) the Guaranteed Maximum Price Contract for the Water Treatment Plant, if and when recommended by the WWSS General Manager and in the exercise of Commissioner Duggan’s reasonable discretion; and (3) Baseline Budget 7.0 incorporating these GMP contracts therein when presented to the WWSS Commission for approval.

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## RES\_1.0/PLM\_5.3 Project Background and Scope



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## RES\_1.0/PLM\_5.3 Construction Manager / General Contractor (CM/GC) Background

- Hoffman-Fowler contract for CM/GC services was executed in December 2020
  - Included design phase services for RES\_1.0 and PLM\_5.3
  - Included preparing two Guaranteed Maximum Price (GMP) proposals :
    - GMP No.1 for early pipe fabrication - executed on 10/26/21 for \$19,334,637
    - GMP No.2 for remaining bid packages
    - Contract will be amended for GMP No. 2 amount
- Limited Notice to Proceed planned for January 24, 2022
- Notice to Proceed planned for March 3, 2022

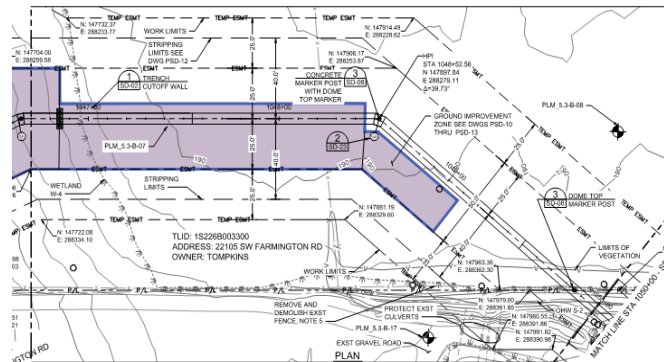
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## Outreach Process by Hoffman-Fowler

- Invitation to bid sent to over 6,000 bidders
- Over 500 confidentiality agreements executed before bid documents were released
- Held several prebid meetings
- Advertisements published in:
  - Portland DJC
  - EL Latino de Hoy Newspaper
  - Business Tribune
  - Hoffman Website

## Best Value Work Package Example: PLM\_5.3 Ground Improvements

- Located on a private property and close to a wetland area
- Acceptable technologies: Jet grouting and cemented deep soil mixing
- Bids received
  - AGI
  - Keller
  - Condon Johnson
  - Pacific Foundation
- Pacific Foundation did not meet RFP requirements and was non-responsive



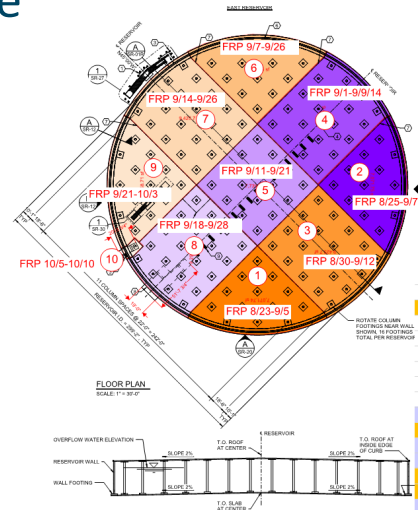
## Bid Results for Ground Improvements

| Bidders               | Bid          | After Bid leveling / BAFO | Total Score |
|-----------------------|--------------|---------------------------|-------------|
| 1. AGI                | \$1,575,600  | \$1,959,700               | 912         |
| 2. Keller             | \$ 2,458,796 | \$ 2,458,796              | 897         |
| 3. Condon Johnson     | \$ 2,996,343 | \$ 2,996,343              | 753         |
| 4. Pacific Foundation | N/A          | N/A                       | N/A         |

- AGI value engineering idea for pre-auguring to reduce the spoils
- Bid leveling required for scope exclusions: removal of topsoil, barn demolition, building and restoration of access pad

## Best Value Work Package Example: RES\_1.0 Concrete

- Structural Concrete bid package select scope
  - Concrete reinforcing
  - Cast-in-place concrete
  - Concrete curing
  - Did not include concrete prestressing for reservoir
- Three responsive bidders
  - Ward Henshaw
  - Hoffman Structures
  - Marion Construction



## Bid Results for Concrete

| Bidders                | Bid          | After Bid leveling / BAFO | Total Score |
|------------------------|--------------|---------------------------|-------------|
| 1. Ward Henshaw        | \$10,365,132 | \$10,365,132              | 988         |
| 2. Hoffman Structures  | \$12,715,403 | \$12,715,403              | 866         |
| 3. Marion Construction | \$11,904,405 | \$11,904,405              | 901         |

- Ward Henshaw had best discussion of cost-related impacts and good discussion of weather impacts to concrete work
- On-going evaluation to use mobile crane instead of tower crane to save on construction cost and schedule

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## Final RES\_1.0/PLM\_5.3 GMP vs. Baseline 6.1 Budget

| Cost Item  | Total                |
|--|----------------------|
| GMP No.1* – Executed 10/26/21  | \$19,334,637         |
| <b>GMP No.2*</b>   | <b>\$123,996,794</b> |
| Project contingency budget**   | \$4,299,943          |
| <b>Project Subtotal</b>  | <b>\$147,631,374</b> |
| Current Budget (Baseline 6.1)  | \$116,802,961        |
| <b>Amount over Baseline 6.1 Budget and Proposed Draw on Management Reserve</b> | <b>\$30,828,413</b>  |

Funding proposed through draw on Management Reserve. Current balance is \$45.48M. Remaining Management Reserve balance after this proposed draw would be \$14.68M.

\*Contingency includes:

- CM/GC contingency – 2% (held within contract)
- Owner’s contingency – 5% (held within contract)

\*\*Project contingency budget – 3% (held outside contract but included in Baseline 7.0)

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## Potential Savings Opportunities

- Use of mobile crane versus tower crane for reservoir construction
  - Value \$450,000
- Potential rock reuse
  - Use excavated rock from RES\_1.0 site for under-structure aggregate
  - CM/GC to crush and store 25,000 CY of pipe bedding for PLM\_5.3 pipe installation subcontractor's use at Staging Area 4
  - Value \$558,000
- Reduction in project duration by 3 months resulting in savings in the GCs
  - Value \$500,000
- Additional bids for fencing and site concrete
  - Value \$200,000

## Financial Evaluations are Underway, but Schedule Maintenance Remains a Key Concern

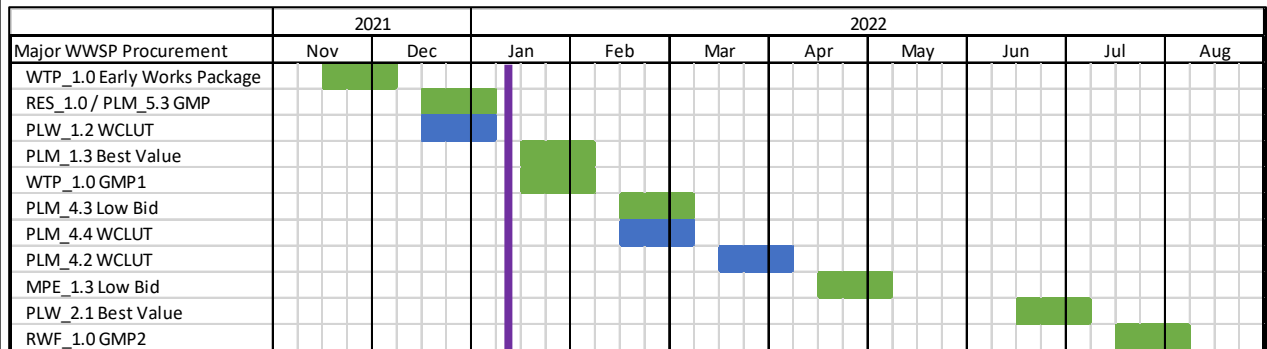
- WWSP provided updated cash flow spreadsheets (early-release version of Baseline 7.0) on December 28 to the Partners
- Finance teams are reviewing the impacts of these cost changes
- Finance coordination meeting held on January 11
- Approving the Reservoir and Pipeline GMP on January 20 is critical to staying on schedule for permitted work and containing costs
  - Tree clearing
  - Wetlands crossing
  - Holding subs, vendors, suppliers, and their prices

## Requested Motion – Option 1

“Direct Commissioner Duggan, acting as the TVWD representative to the Willamette Water Supply Commission, to approve the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022.”

*Current Management Reserve balance is \$45.48M and remaining balance would be \$14.68M.  
Continued analyses of financial impact of prevailing market conditions on overall WWSS cost (Baseline 7.0 release on Jan 31, 2022).*

## WWSP Bidding All Remaining Major Projects this Fiscal Year



TODAY

## Recent Guaranteed Maximum Price (GMP) Results

### Reservoir and Related Pipeline

- Value: ~\$143M (GMP 1, GMP2)
- Baseline: \$117M
- Baseline Schedule:
  - Final Submittal – Dec 7
  - Stage Gate – Dec 9
  - MC – Dec 16
  - Board – Jan 6
- Proposed Approval: Jan 20, 2022, Special WWSS Board Meeting

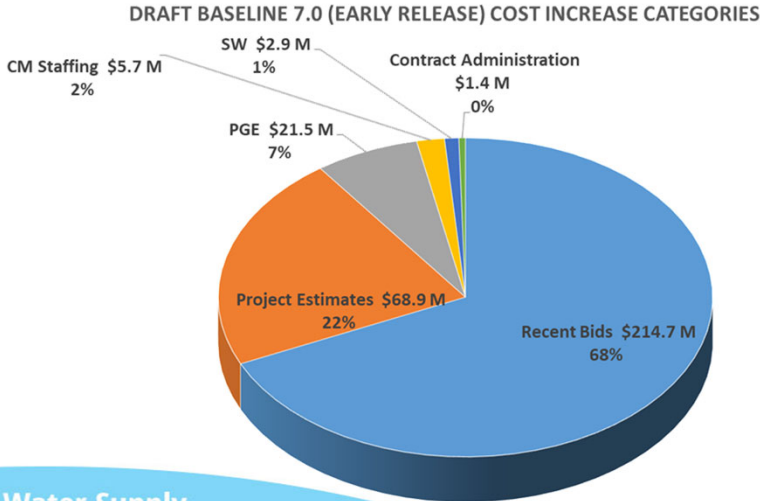
### Water Treatment Plant

- Value: ~\$427M (Tree clearing, GMP1, GMP2)
- Baseline: \$292M
- Baseline Schedule:
  - Draft Submittal – Dec 17
  - Final Submittal – Jan 12
  - Stage Gate – Jan 19
  - MC – Jan 20
  - Board – Feb 3
- Proposed Approval: Mar 3, 2022, Regular WWSS Board Meeting

## Quality of GMPs

| Considerations      | Reservoir and Related Pipeline GMP   | Water Treatment Plant GMP  |
|---------------------|--|--|
| Market Outreach     | Local organizations outreach<br>Prebid meetings with potential subs/vendors<br>Advertisements (early and bids)<br>Website  | Local organizations outreach<br>Prebid meetings with potential subs/vendors<br>Advertisements (early and bid)<br>Website (WTP bid page)                        |
| Bidders per Package | <u>Example Packages</u><br>Electrical, 2 bids<br>Concrete, 3 bids<br>Earthwork, 3 bids<br>Pipeline Installation, 3 bids  | <u>Example Packages</u><br>Concrete, 2 bids<br>Earthwork/Utilities, 2 bids<br>Process Install, 3 bids<br>Electrical, 5 bids                                    |
| Bid Spreads         | <u>Example Packages (low bid v. 2<sup>nd</sup> low)</u><br>Electrical, 0.8%<br>Concrete, 14.4%<br>Earthwork, 2.1%<br>Pipeline Installation, 1.8%                       | <u>Example Packages (low bid v. 2<sup>nd</sup> low)</u><br>Concrete, 2.5%<br>Earthwork/Utilities, 0.03%<br>Process Install, 15%<br>Electrical, 2.4%            |
| Vetting Process     | Reviewed bid packages (40)<br>Reviewed and negotiated leveling<br>SME/Estimator review<br>GCs review<br>Early staffing negotiations<br>Determined escalation allowance | Reviewed bid packages (approx. 70)<br>Reviewed and negotiated leveling<br>SME/Estimator review<br>GCs review (in process)<br><i>This process is continuing</i> |

# Preliminary Evaluation of Market Conditions on Remaining WWSP Work Forecasts Overall \$315M Increase



## Requested Motion – Option 2

“Direct Commissioner Duggan, acting as the TVWD representative, to approve: (1) the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022; (2) the Guaranteed Maximum Price Contract for the Water Treatment Plant, if and when recommended by the WWSS General Manager and in the exercise of Commissioner Duggan’s reasonable discretion; and (3) Baseline Budget 7.0 incorporating these GMP contracts therein when presented to the WWSS Commission for approval.”

# PROBLEM STATEMENT

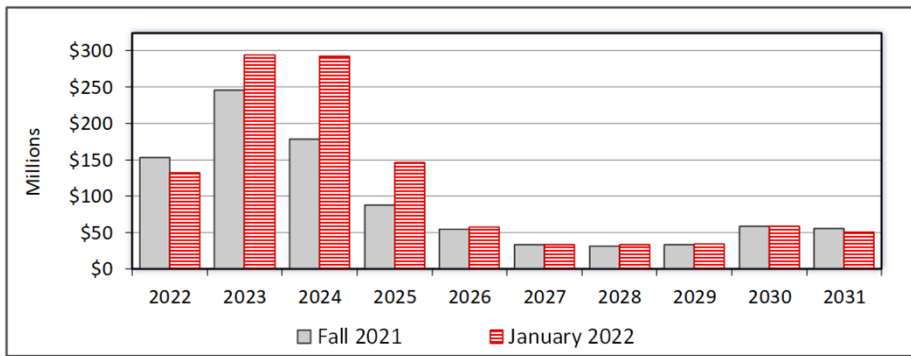
Comparison of WWSP Baselines 6.1 and 7.0 – Significant Project Cost Increases (millions)\*

| WWSP Project   | Total Costs (thru FY2027) |              | Cost Increases |            |
|--|---------------------------|--------------|----------------|------------|
|  | Baseline 6.1              | Baseline 7.0 | Total Increase | TVWD Share |
| WTP 1.0 Water Treatment Plant                                    | \$304.7                   | \$498.8      | \$194.1        | \$121.1    |
| RWF 1.0 Raw Water Facility                                       | 108.8                     | 130.5        | 21.7           | 12.0       |
| PLM 4.0 124th to Beef Bend Rd.                                   | 125.1                     | 165.7        | 40.6           | 24.0       |
| RES 1.0 Storage Reservoirs and<br>PLM 5.3 Grabhorn to Farmington | 130.4                     | 160.5        | 30.1           | 15.8       |
| MPE 1.0 Metzger Pipeline East                                    | 127.2                     | 138.5        | 11.3           | 11.3       |

\*Note: This table includes the Baseline 7.0 projects with the greatest cost increases. In addition to the projects listed here, most other project cost estimates increased in the WWSP's latest requested program budget.

# CAPITAL IMPROVEMENT PLAN

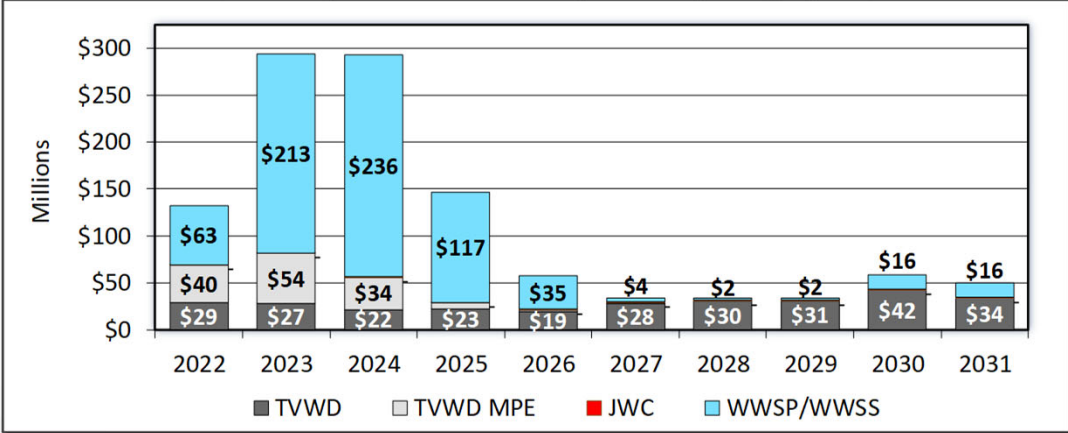
10-year Comparison – Total CIP (In-District plus TVWD Shares of WWSP and JWC)



| Scenario     | 2022     | 2023    | 2024    | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   | 2031    | Totals         |
|--------------|----------|---------|---------|--------|--------|--------|--------|--------|--------|---------|----------------|
| Fall 2021    | \$153.3  | \$245.7 | \$178.7 | \$87.2 | \$54.8 | \$33.0 | \$31.0 | \$33.6 | \$58.4 | \$55.4  | <b>\$931.2</b> |
| January 2022 | 131.8    | 294.0   | 292.4   | 146.0  | 57.2   | 33.4   | 33.4   | 33.8   | 58.6   | 50.3    | <b>1,130.9</b> |
| Change       | (\$21.5) | \$48.4  | \$113.7 | \$58.9 | \$2.3  | \$0.4  | \$2.3  | \$0.2  | \$0.2  | (\$5.2) | <b>\$199.7</b> |

# CIP DETAILS

January 2022 Forecast – 10-year CIP by Category



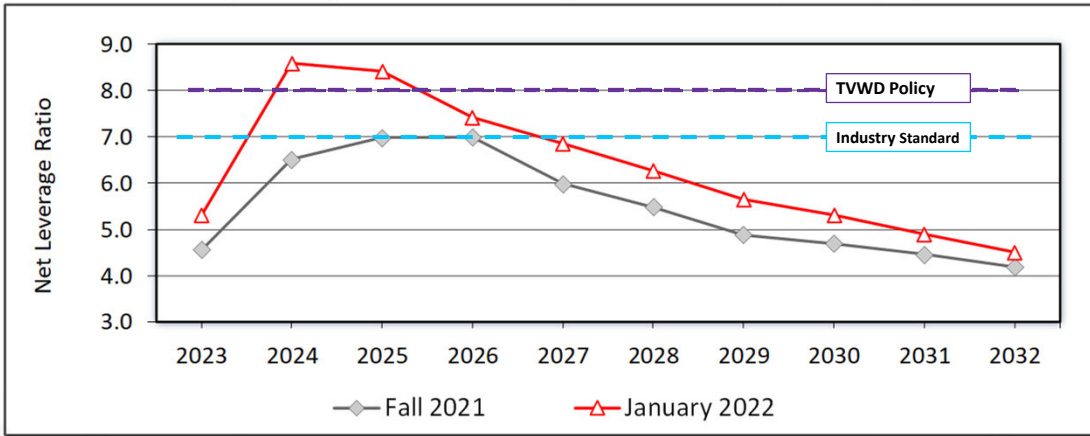
# IMPACT ON LONG-TERM DEBT

| Fall 2021     | 2022    | 2023    | 2024    | 2025   | 2026   | Totals  | %    |
|---------------|---------|---------|---------|--------|--------|---------|------|
| Cash Funding  | \$98.0  | \$50.9  | \$54.2  | \$54.8 | \$55.4 | \$313.4 | 43%  |
| Debt Proceeds | 55.8    | 195.0   | 125.0   | 32.8   | 0.0    | 408.6   | 57%  |
| Totals        | \$153.8 | \$245.9 | \$179.2 | \$87.7 | \$55.4 | \$721.9 | 100% |

| January 2022  | 2022    | 2023    | 2024    | 2025    | 2026   | Totals  | %    |
|---------------|---------|---------|---------|---------|--------|---------|------|
| Cash Funding  | \$100.3 | \$49.7  | \$53.4  | \$62.0  | \$57.7 | \$323.2 | 35%  |
| Debt Proceeds | 32.0    | 244.5   | 239.5   | 84.5    | 0.0    | 600.6   | 65%  |
| Totals        | \$132.3 | \$294.2 | \$292.9 | \$146.6 | \$57.7 | \$923.8 | 100% |

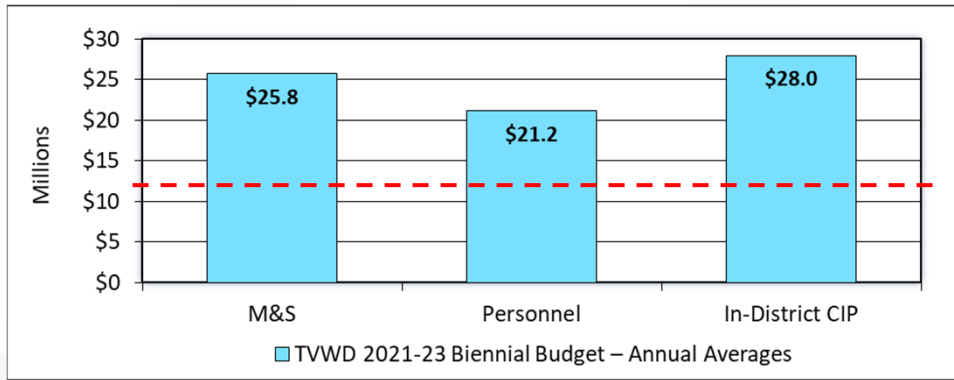
## IMPACT ON BORROWING CAPACITY

10-year Comparison – Net Leverage Ratio (Fiscal Years 2023-2032)



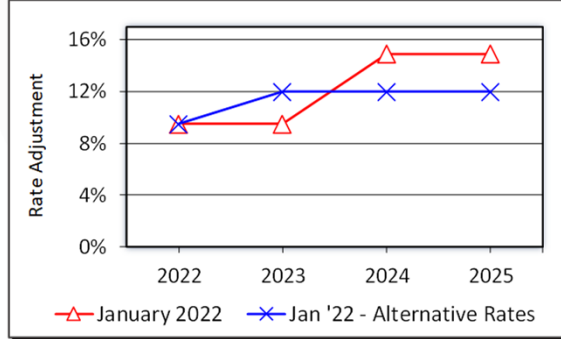
## CONTEXT TO THE PROBLEM

- Additional Debt Financing – approximately \$205 million
  - ~\$12 million increase in Annual Debt Service



# OPTIONS

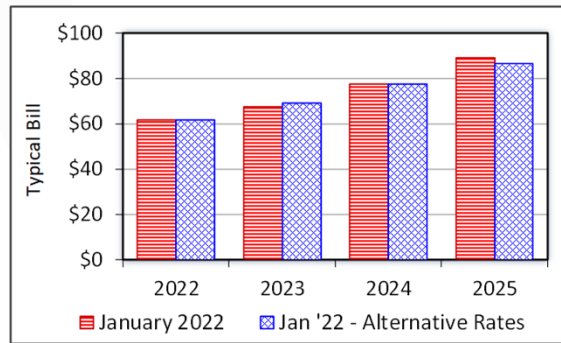
Comparison of Annual Rate Adjustments by Scenario



| Scenario             | 2022 | 2023  | 2024   | 2025   |
|----------------------|------|-------|--------|--------|
| January 2022         | 9.5% | 9.5%  | 14.9%  | 14.9%  |
| Jan '22 - Alt. Rates | 9.5% | 12.0% | 12.0%  | 12.0%  |
| Difference           |      | 2.5%  | (2.9%) | (2.9%) |

# IMPACTS ON TYPICAL BILLS

Typical Monthly Bill Comparison



| Scenario             | 2022    | 2023    | 2024    | 2025    |
|----------------------|---------|---------|---------|---------|
| January 2022         | \$61.65 | \$67.48 | \$77.53 | \$89.09 |
| Jan '22 - Alt. Rates | 61.65   | 69.05   | 77.33   | 86.61   |



# RISKS TO THE FORECAST

| Interest Rates and Inflation   | Future Cost of Water  | Future Revenue  | Black Swan Events  |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>• Future borrowing costs</li> <li>• WWSP capital costs</li> <li>• In-District CIP</li> <li>• Schedule risk</li> <li>• Operating expenses</li> </ul> | <ul style="list-style-type: none"> <li>• Staffing plan</li> <li>• Power and chemical costs</li> <li>• Other unforeseen costs</li> </ul> | <ul style="list-style-type: none"> <li>• Customer growth and SDCs</li> <li>• Water demands</li> <li>• Beaverton annexations and withdrawals</li> <li>• Affordability and collections</li> </ul> | <ul style="list-style-type: none"> <li>• Challenges implementing CIS</li> <li>• Pandemic</li> <li>• War and complex supply chain issues</li> <li>• Others</li> </ul> |

# POSITIVE RISKS (OPPORTUNITIES) TO THE FORECAST

| Future Revenue  |
|---|
| <ul style="list-style-type: none"> <li>• Grant opportunities</li> <li>• Economies of scale by wholesale services</li> </ul> |

# REQUESTED ACTION

By motion of the Board

**Option 1:**  
Direct Commissioner Duggan, acting as the TVWD representative to the Willamette Water Supply Commission, to approve the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022.

**Option 2:**  
Direct Commissioner Duggan, acting as the TVWD representative, to approve: (1) the Guaranteed Maximum Price Contract for RES 1.0/PLM 5.3 at the Special WWSS Commission meeting on January 20, 2022; (2) the Guaranteed Maximum Price Contract for the Water Treatment Plant, if and when recommended by the WWSS General Manager and in the exercise of Commissioner Duggan's reasonable discretion; and (3) Baseline Budget 7.0 incorporating these GMP contracts therein when presented to the WWSS Commission for approval.

# Tualatin Valley Water District



Delivering the Best Water Service Value

## Report of Meetings Attended

### Commissioner Bernice Bagnall

| Date      | Meeting or Function              | Purpose                                     | \$                 | Claimed  |
|-----------|----------------------------------|---|--------------------|--|
| 1/4/2022  | Board work session               | WWSP update                                 | 50.00              | X Yes <input type="checkbox"/> No                        |
| 1/13/2022 | Finance Comm. (Duggan & Bagnall) | Strategies to deal with WWSP cost increases | 50.00              | X Yes <input type="checkbox"/> No                        |
| 1/14/2022 | BRJOC/JWC meeting                | Elections, audits, Plant updates            | 50.00              | X Yes <input type="checkbox"/> No                        |
| 1/19/2022 | Westside Economic Alliance       | Legislative update                          |                    | <input type="checkbox"/> Yes X No                        |
| 1/19/2022 | Regular Board meeting            | District business                           | 50.00              | X Yes <input type="checkbox"/> No                        |
|           |                                  |   | \$200<br>OK to pay | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|           |                                  |   |                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |

ORS 198.190, "A member of the governing body of a district may receive, not to exceed \$50.00 for each day or portion thereof as compensation for services performed as a member of the governing body. Such compensation shall not be deemed lucrative. The governing body may provide for reimbursement of a member for actual and reasonable traveling and other expenses necessarily incurred by a member in performing official duties." *Please note that in accordance with ORS 294.331 (3), members of the budget committee shall receive no compensation for their services as members of such committee.*

In accordance with Board Policies, an amount equal to the unclaimed reimbursements for meetings will be transferred to the District's Customer Emergency Assistance Fund.

# Tualatin Valley Water District



Delivering the Best Water Service Value

## Report of Meetings Attended

### Commissioner Doane

| Date | Meeting or Function | Purpose | \$             | Claimed   |
|------|---------------------|---------|----------------|---|
| 1/19 | Regular Meeting     |         | 50             | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 1/14 | JWC/BRJOC           |         | 50             | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 1/12 | Supply Group        |         | 50             | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 1/4  | Board Work Session  |         | 50             | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|      |                     |         | \$200          | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         | OK to pay CEAP | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|      |                     |         |                | <input type="checkbox"/> Yes <input type="checkbox"/> No            |

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In accordance with Board Policies, an amount equal to the unclaimed reimbursements for meetings will be transferred to the District's Customer Emergency Assistance Fund.

# Tualatin Valley Water District



Delivering the Best Water  Service  Value

## Report of Meetings Attended

### Commissioner Jim Duggan

| Date       | Meeting or Function        | Purpose               | \$        | Claimed   |
|------------|----------------------------|-----------------------|-----------|---|
| 12/20/2021 | W.Co. Public Affairs Forum | WWSS – Dave Kraska    | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/04/2022 | TVWD Board Work Session    | WWSS Update           | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/06/2022 | WWSS Board Meeting         | Regular Monthly Mtg.  | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/11/2021 | Board Agenda Planning      | Agenda Review w/CEO   | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/12/2022 | RWPC Executive Com. Mtg.   | Reg 1/3 Yr. Mtg./Dues | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/13/2022 | TVWD Finance Com. Mtg.     | Updates               | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 01/19/2022 | TVWD Board Mtg             | Regular Monthly Mtg.  | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|            |                            |                       | \$350     | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|            |                            |                       | OK to pay | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|            |                            |                       |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|            |                            |                       |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|            |                            |                       |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|            |                            |                       |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |

ORS 198.190, "A member of the governing body of a district may receive, not to exceed \$50.00 for each day or portion thereof as compensation for services performed as a member of the governing body. Such compensation shall not be deemed lucrative. The governing body may provide for reimbursement of a member for actual and reasonable traveling and other expenses necessarily incurred by a member in performing official duties." *Please note that in accordance with ORS 294.331 (3) members of the budget committee shall receive no compensation for their services as members of such committee.*

In accordance with Board Policies, an amount equal to the unclaimed reimbursements for meetings will be transferred to the District's Customer Emergency Assistance Fund.



Report of Meetings Attended

**Commissioner Dick Schmidt**

| Date     | Meeting or Function | Purpose | \$        | Claimed   |
|----------|---------------------|---------|-----------|---|
| 01192022 | Regular board       |         | 50        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|          |                     |         | \$50      | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|          |                     |         | OK to pay | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|          |                     |         |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |
|          |                     |         |           | <input type="checkbox"/> Yes <input type="checkbox"/> No            |

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By Board Resolution 02-14, an amount equal to the unclaimed funds for services will be transferred to the District's Customer Emergency Assistance Program.

## Debbie Carper

---

**From:** Todd Sanders  
**Sent:** Wednesday, January 19, 2022 4:32 PM  
**To:** Debbie Carper  
**Subject:** Re: Meetings attended forms approval

I approve all Commissioner's Meetings attended forms for Jan 2022.

---

**From:** Debbie Carper  
**Sent:** Wednesday, January 19, 2022 3:36 PM  
**To:** Todd Sanders  
**Subject:** Meetings attended forms approval

Hi Commissioner Sanders,

In lieu of a physical signature, could I please get your email approval of the attached forms?

**Debbie Carper**  
District Recorder  
[Debbie.Carper@tvwd.org](mailto:Debbie.Carper@tvwd.org)  
phone: [\(503\) 848-3014](tel:(503)848-3014)




[www.tvwd.org](http://www.tvwd.org)

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# Tualatin Valley Water District



Delivering the Best Water  Service  Value

## Report of Meetings Attended

### Commissioner Sanders

| Date      | Meeting or Function  | Purpose   | \$                 | Claimed   |
|-----------|--|---|--------------------|---|
| 1/3/2022  | Sanders & Hickmann Meeting   | WWSS budget update  | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/4/2022  | TVWD Board Work Session  | WWSS budget update  | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/6/2022  | Norm Eder Meeting  | WWSS budget update  | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/6/2022  | Tom Hickmann Meeting   | WWSS budget update  | 0                  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 1/10/2022 | Sanders & Hickmann Meeting   | WWSS budget update & JWC introduction                         | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/11/2022 | Board Agenda Planning Meeting                                      | Set Agenda for Monthly meeting                                | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/11/2022 | Beaverton City Council Meeting                                     | WWSS budget update to Beaverton City Council                  | 0                  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 1/12/2022 | TVWD Water Supply Committee  | Planning for WWSS cost changes                                | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/14/2022 | Joint Water Commission/Barney Reservoir Joint Operating Commission | Quarterly Meeting   | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/17/2022 | Meeting with Washington County Commissioner Roy Rogers             | Meet with Roy Rogers and Norm Eder to plan meeting with Board | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/18/2022 | Sanders & Hickmann   | Partner Update, Lobbying update                               | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 1/19/2022 | TVWD Board Meeting   | Monthly meeting   | 50                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|           |  |   | \$500<br>OK to pay | <input type="checkbox"/> Yes <input type="checkbox"/> No            |

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In accordance with Board Policies, an amount equal to the unclaimed reimbursements for meetings will be transferred to the District's Customer Emergency Assistance Fund.



## Debbie Carper

---

**From:** Jim Doane  
**Sent:** Wednesday, January 19, 2022 3:27 PM  
**To:** Debbie Carper  
**Subject:** RE: Approval of meetings attended form

I approve.

Jim Doane

---

**From:** Debbie Carper  
**Sent:** Wednesday, January 19, 2022 2:58 PM  
**To:** Jim Doane  
**Subject:** Approval of meetings attended form

Hi Commissioner Doane,

In lieu of getting your physical signature, could you please email your approval of the attached meetings attended form for Commissioner Sanders?

**Debbie Carper**  
District Recorder  
[Debbie.Carper@tvwd.org](mailto:Debbie.Carper@tvwd.org)  
phone: (503) 848-3014



TUALATIN VALLEY  
WATER DISTRICT



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