



TUALATIN VALLEY
WATER DISTRICT

Board Work Session Minutes

May 3, 2022

WORK SESSION – 6:07 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; Paul Matthews, Chief Financial Officer; Dave Kraska, PE, Water Supply Program Director; Clark Balfour, General Counsel; Tim Boylan, IT Services Director; Andrew Carlstrom, Customer Service Manager; Andrea Watson, Communications and Public Affairs Supervisor; Nick Augustus, PE, Engineering Division Manager; Debbie Carper, District Recorder

ANNOUNCEMENTS

Mr. Hickmann provided updates on the Chief Operating Officer and HR Director recruitments, a reminder of the upcoming Talkin' Water virtual forum on water efficient irrigation on May 9 and noted the recent update to the Board Communications Log (see attached presentation).

Ms. Watson gave the safety moment on digging safely.

1. DISCUSSION ITEMS

A. Willamette Water Supply System (WWSS) Commission Update. *Staff Report – Dave Kraska*

Mr. Kraska reviewed the WWSS Commission April agenda, describing in detail MPE_1.3 project updates and highlighting the remaining risks to completing WWSS construction compared to the funds held in contingency and management reserve (see attached presentation). Mr. Matthews noted the minor impact the project cost increases have on the District's borrowing capacity and said staff is not proposing any resulting modifications to the Financial Plan.

Mr. Kraska continued his presentation with a review of the current approvals and procurement forecast and an overview of recent Willamette Water Supply Program activities.

B. Customer Information System (CIS) Implementation Update. *Staff Report – Andrew Carlstrom*

Mr. Carlstrom described the CIS project purpose, costs, related intergovernmental agreements with Clean Water Services and said the project is still on track for a July 5 go-live (see attached presentation). He reviewed the implementation schedule, status of project areas and provided a sample list of training courses for users.

C. Communications and Outreach Plans: Rate Advisory Committee (RAC) and 2022 Rate Setting. *Staff Report – Andrea Watson*

Ms. Watson discussed the objectives and timelines for both the RAC and rate setting processes (see attached presentation).

ADJOURNMENT

There being no further business, President Sanders adjourned the meeting at 7:11 p.m.

Todd Sanders, President

Jim Doane, Secretary



CHIEF OPERATING OFFICER & HR DIRECTOR UPDATES

TVWD's recruitment process for a Chief Operating Officer (COO) continues; executive interviews are scheduled next week. Interviews for the Human Resources Director position commence May 12th.

MAY 9 TALKIN' WATER

As a reminder, TVWD's next virtual forum will be held noon, May 9 and feature water efficient irrigation. Pre-registration is not required for this event. You can find the link at: <https://www.tvwd.org/district/page/talkin-water>.

BOARD COMMUNICATIONS LOG

There was one update to the Board communications log this month. Notes from the March 10th Finance Committee Meeting have been distributed electronically.

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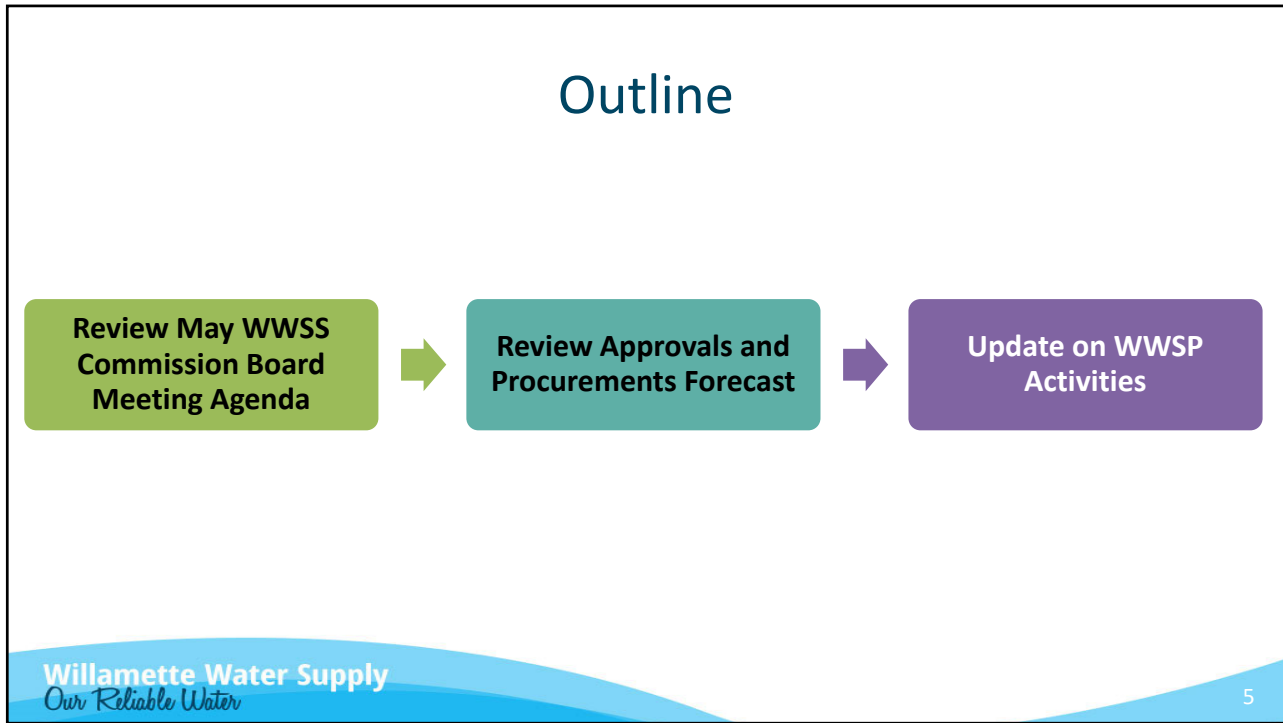
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Willamette Water Supply System Commission Update

TVWD Work Session

May 3, 2022

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Willamette Water Supply System Commission

May 5, 2022 Board Meeting Agenda

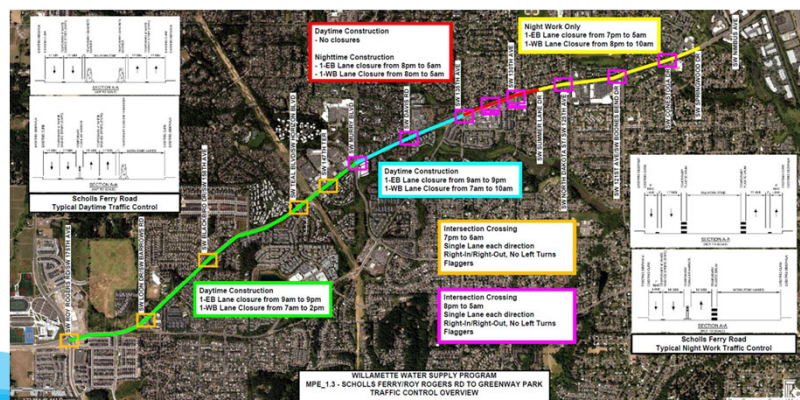
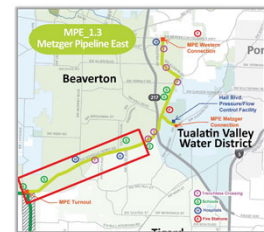
1. General Manager's Report
2. Public Comment
3. Consent Agenda
 - A. Approve the April 7, 2022, meeting minutes
4. Business Agenda
 - A. Adopt Sherwood Emergency Intertie IGA
 - B. Approve MPE_1.3 Contract for Construction
5. Information Items
 - A. Planned June Business Agenda items
 - B. Discussion of Fiscal Year 2022 – 23 Board Meeting Dates and Meeting Location
 - C. The next Regular Board Meeting scheduled on June 2, 2022

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MPE_1.3 Background & Project Scope

Scope of Work

- 17,700 LF of 48-inch welded steel pipe
- Major Intersection Crossings
 - Roy Rogers/SW 175th
 - Murry Blvd.
 - SW Barrows Rd
 - SW 125th Ave
 - SW 130th Ave



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Low Bid Construction Procurement

- Invitation to Bid (ITB) published on February 23, 2022
- Advertised in the Oregon DJC
- No firms participated in proprietary meetings
- Two bids were received:
 - Emery & Sons
 - Kerr Contractors
- Public Bid Opening occurred April 5, 2022



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MPE_1.3 Bid Results

Company	Cost Proposal	Variance from Low Bid	Percent Difference
Kerr Contractors	\$53,910,918.00	\$4,695,147.00	9.54%
Emery & Sons	\$49,215,771.00	\$0.00	0.00%

- Internal review for cost errors, ambiguities, apparent unbalance of unit pricing, apparent front-end loading and pricing that is commensurate with current market conditions
- Based on the evaluation of the submitted bids, Emery & Sons was the lowest responsive bidder and the respondent determined to be the most advantageous to the Owner

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Budget Information

Baseline 7.0 (Q1 2022) for MPE_1.3	
Baseline 7.0 Construction + Contingency Budget	\$45,336,754
Total Contract Price	\$49,215,771
Recommended Project Contingency (10%)	\$4,921,577
Total Estimated Cost	\$54,137,348
Potential Program Increase Based on Baseline 7.0	\$8,880,594

- Since it is an “ancillary project,” the budget variance will require additional funding of \$8.9M from TVWD.
- TVWD was holding \$7.7M in MR for this project in its CIP.

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Budget Reconciliation

(Baseline 7.0 was based on the Engineer’s 90% OPCC)

Scope modification between 90% and bidding - \$1.5M

- Barrows Sewer Relocation
- High Voltage PGE Relocation at Roy Rogers and Scholls Ferry
- Pre-Mobilization Standby
- Vibration Risk Assessment and Mitigation
- I&C System Integrator

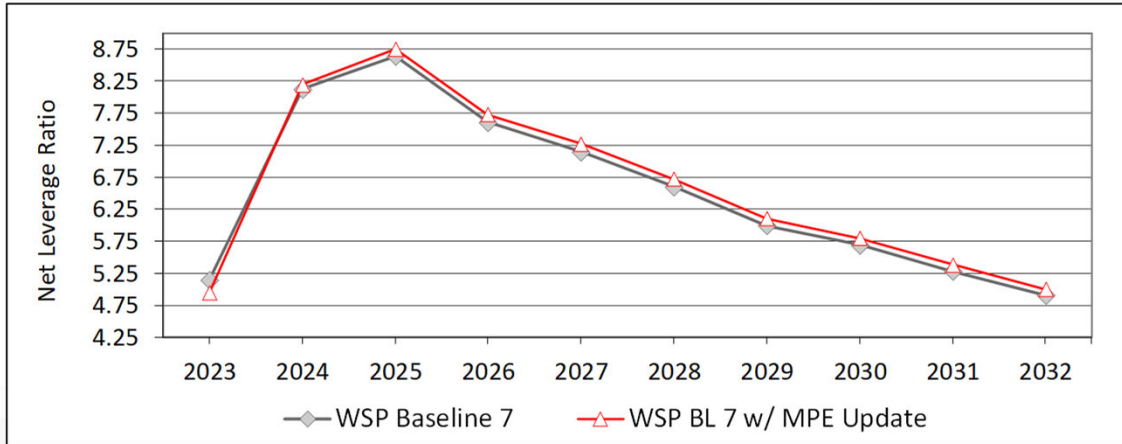
Pipe fabrication and installation - \$6.8M

- Fuel cost
- Risk
- Equipment rates
- Labor
- Limited bidder participation

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Minor Impact on TVWD's Borrowing Capacity

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



Remaining Risks versus Contingency and Management Reserve

Remaining Risks

- Projects left to bid:

Project	BL 7.0 Budget	Bid	Delta
PLM_4.2	\$36.8M	\$39.1M	\$2.3M
PLW_2.1	\$17.4M	???	???
RWF_1.0	\$49.8M	???	???
GMP 2			

- Real Estate (cost, delays)
- Permitting (delays)
- Construction (cost, schedule)

Contingency and Management Reserve

- Contingency
 - Held at the project level to address minor, in-scope changes during construction
 - Typically, 10% added to contract value
 - Total contingency held in BL 7.0: \$45.8M
- Management Reserve
 - Address systemwide risks, unanticipated IGAs, high bids, and major project changes
 - Original recommendation: \$55M
 - Addition from recent favorable bids: \$23.9M
 - Current total MR: \$78.9M

REVIEW APPROVALS AND PROCUREMENTS FORECAST

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Approvals and Procurement Forecast for April – June 2022

Program Baseline or Related Plans

Description	Program Director	WWSS Management Committee	WWSS Commission Board
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Approvals and Procurement Forecast for April – June 2022

Real Estate

Description	Program Director	WWSS Management Committee	WWSS Commission Board
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Approvals and Procurement Forecast for April – June 2022

IGAs, MOUs, Permit Commitments

City of Sherwood

- DCS_1.0 Broadband Services IGA (April)
- Sherwood Emergency Intertie IGA (May)

Hagg Lane/Butternut Creek

- PLW_1.3 Developer Agreement Amendment 3 (Management Committee in February)

Washington County Land Use & Trans

- PLM_4.2 Construction IGA (February)

Other

- Tree Donation Acknowledgement Form (April)

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Approvals and Procurement Forecast for April – June 2022

Contracts

Title	Goal	Value	Key Dates
MPE_1.3 Contract for Construction	Construct MPE_1.3	\$49.2M	WWSS Board Approval: 5/5/2022
PLW_2.1 Contract for Construction	Construct PLW_2.1	~\$15.1M	WWSS Board Approval: 7/7/2022

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Approvals and Procurement Forecast for April – June 2022

Contract Amendments and Change Orders*

Title	Goal	Value	Key Dates
Permitting Services Contract	System-wide permitting services	\$743k	WWSS Board Approval: 4/7/2022
RWF_1.0 GMP 1.5 for Construction	Construct elements of the RWF_1.0 project during the summer 2022	~\$2.9M	WWSS Board Approval: 6/2/2022
WWSP Program and Construction Management Services FY 2023 Annual Work Plan	Approve scope, staffing, and fee for program and construction management services for FY 2023	~\$24.8M	WWSS Board Approval: 6/2/2022

*having values higher than the Program Director's authority

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Approvals and Procurement Forecast for April – June 2022

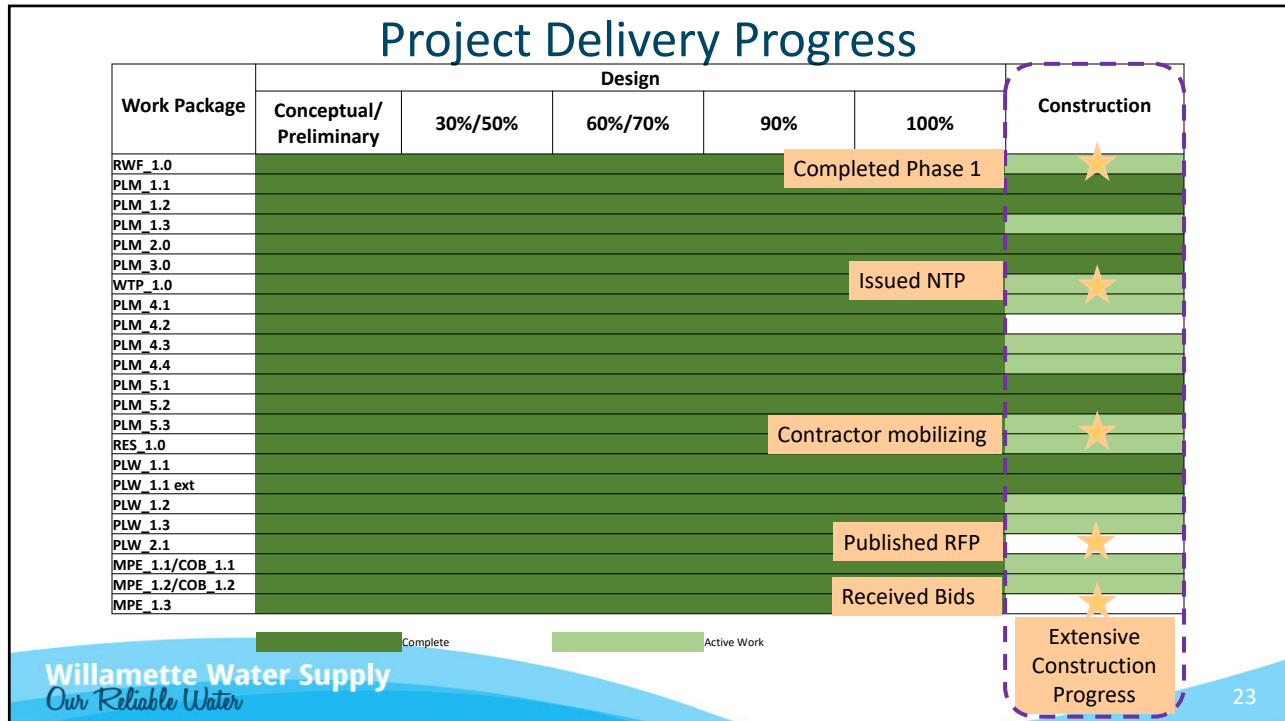
Local Contract Review Board Rule Exemption

Title	WWSS Management Committee Approval	WWSS Board Informational Item	WWSS Board Consider Approval
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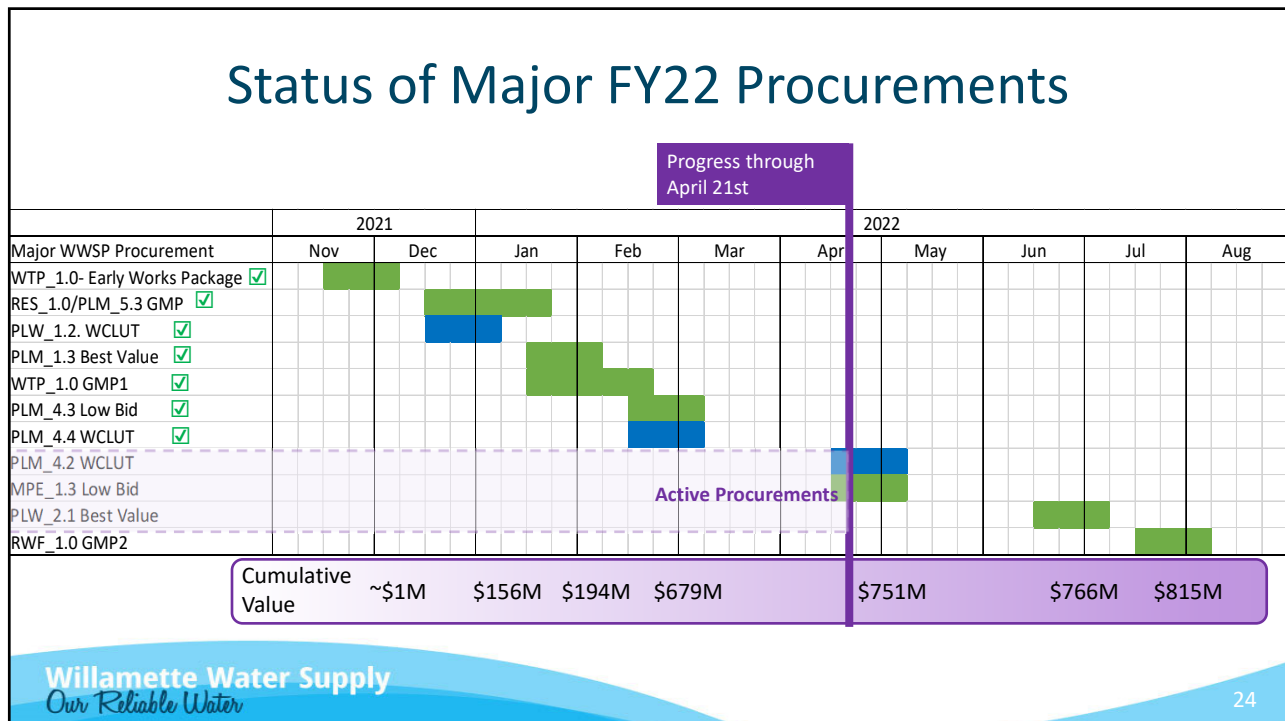
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UPDATE ON WWSP ACTIVITIES

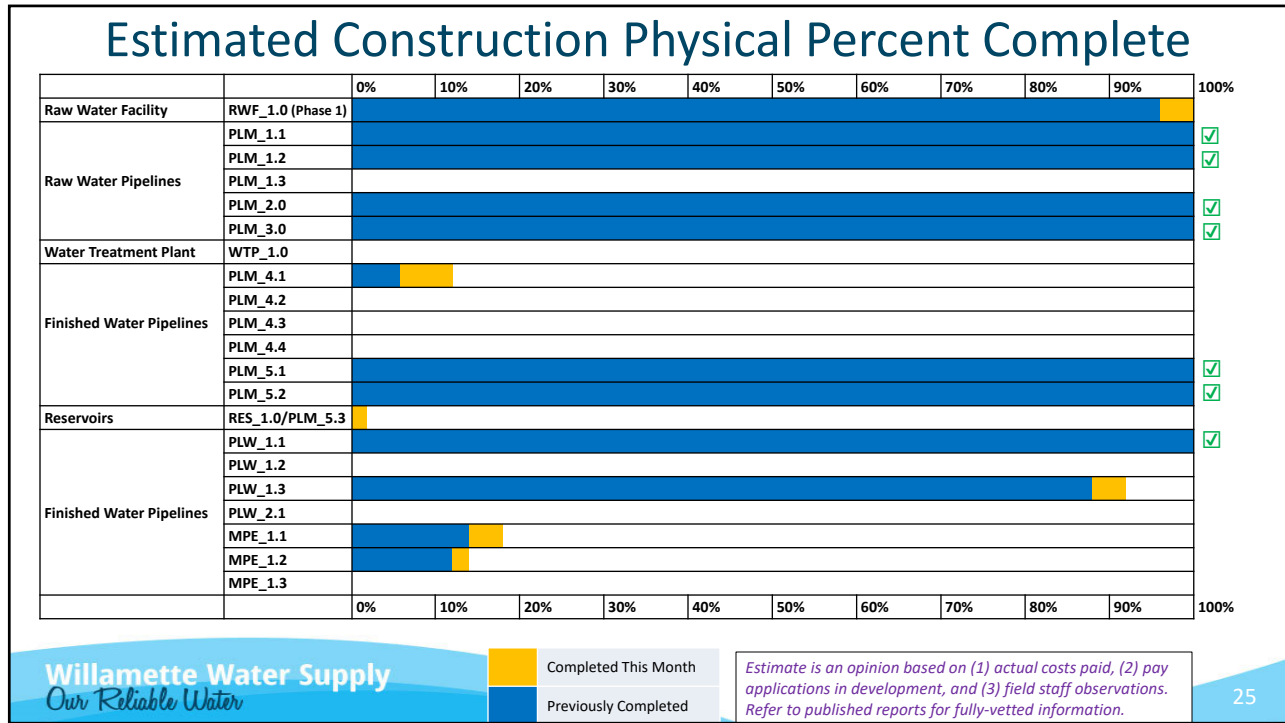
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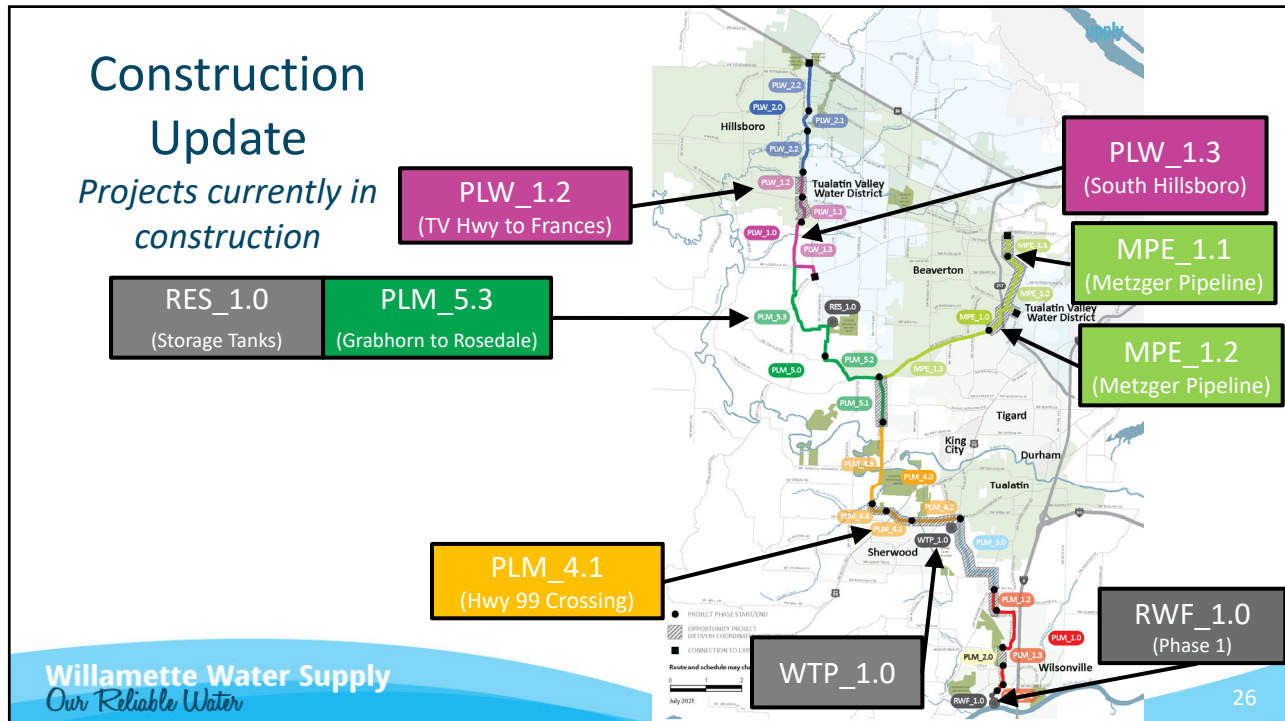
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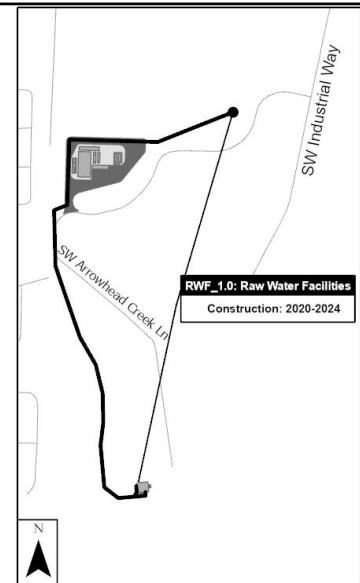
RWF_1.0

Contractor: Kiewit Infrastructure West Co.

Designer: Black & Veatch

Current and Planned Activities:

- New air burst system started up and placed in service.
- Completed new landscape irrigation system through Park and Lower Site.
- Completed punch list and final cleanup.
- Achieved “Phase 1 Construction Complete” milestone on 3/25/2022
- Continuing administrative close-out work.
- Preparing for upcoming GMP#2.



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Construction Photos – RWF_1.0

Lower Site south slope landscaping work completed



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Construction Photos – RWF_1.0

Raw Water Pump Station, permeable asphalt access road



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Construction Photos – RWF_1.0

Raw Water Pump Station, Main Overlook, landscaping



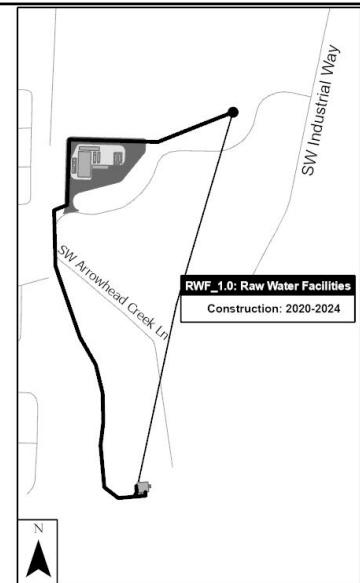
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RWF_1.0 Notable Topics

- External Coordination
 - Continuing coordination with COW's Plant expansion Project and 5th/Kinsman Project
- Potential Claims
 - None.
- Delivery Challenges
 - None.



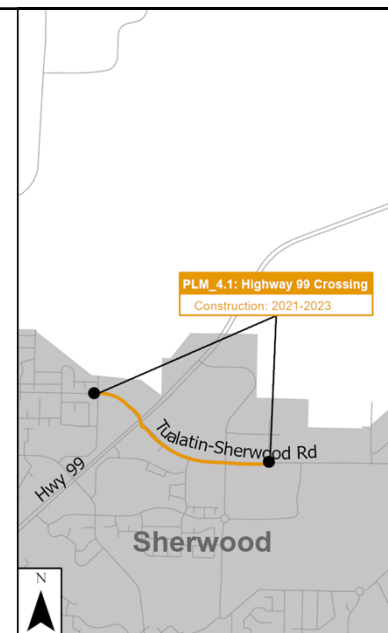
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PLM_4.1

Partner: Washington County
Contractor: Moore Excavation Inc.
Designer: Brown & Caldwell

Current and Planned Activities:

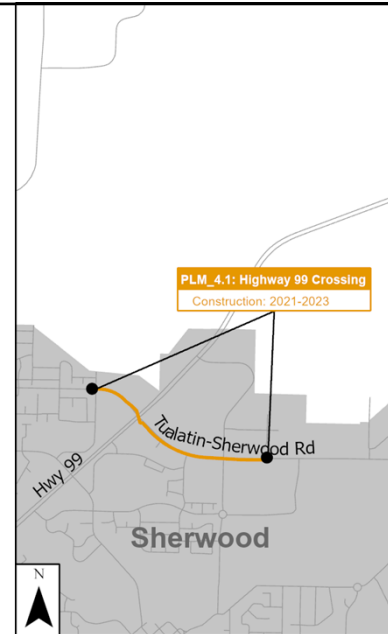
- Utility and storm drain piping
- Road widening on Roy Rogers Rd. west of Hwy 99
- Road widening on Tualatin-Sherwood Rd.
- WWSP submittals and RFIs



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PLM_4.1 Notable Topics

- Partner Coordination
 - No issues
- Potential Claims
 - None
- Delivery Challenges
 - None



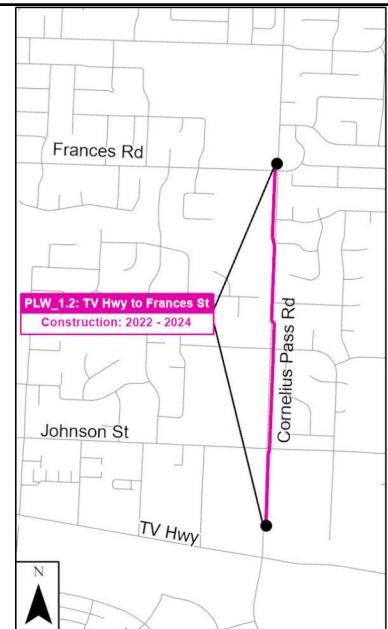
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PLW_1.2

Partner: Washington County
Contractor: Tapani, Inc.
Designer: Kennedy/Jenks

Current and Planned Activities:

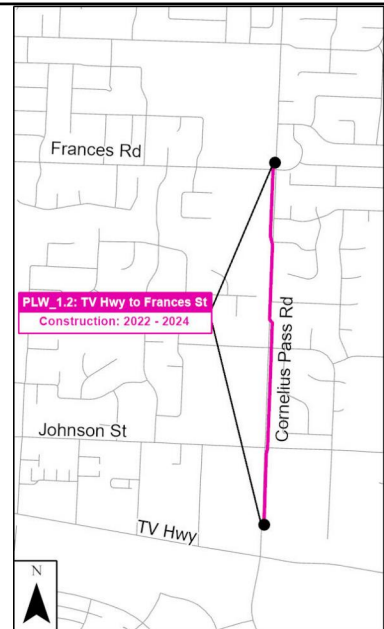
- Clearing and demolition for road widening
- Contractor mobilization
- Potholing for waterline



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PLW_1.2 Notable Topics

- External Coordination
 - No issues
- Potential Claims
 - None
- Delivery Challenges
 - None



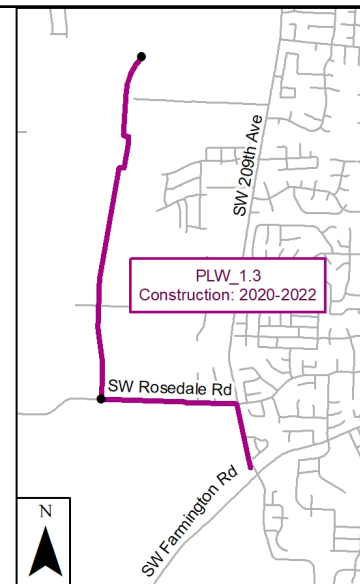
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PLW_1.3

Contractor: Tapani, Inc.
Designer: Kennedy/Jenks

Current and Planned Activities:

- CAV and blowoff appurtenances
- Cathodic protection test stations
- Disinfection and pressure testing
- Butternut Creek turnout vaults and piping
- Farmington turnout vaults and piping



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Construction Photos – PLW_1.3

CAV vault and appurtenance piping



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Construction Photos – PLW_1.3

Butternut Creek turnout



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Construction Photos – PLW_1.3

Cathodic protection
test station wiring



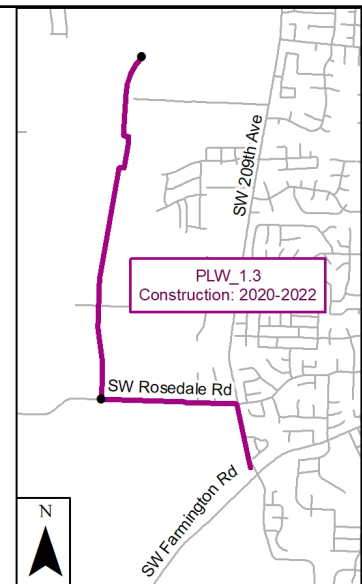
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PLW_1.3 Notable Topics

- External Coordination
 - Coordinating water supply for testing with COH and TVWD
 - Coordinating work at Farmington vault with TVWD's contractor
- Potential Claims
 - None
- Delivery Challenges
 - None



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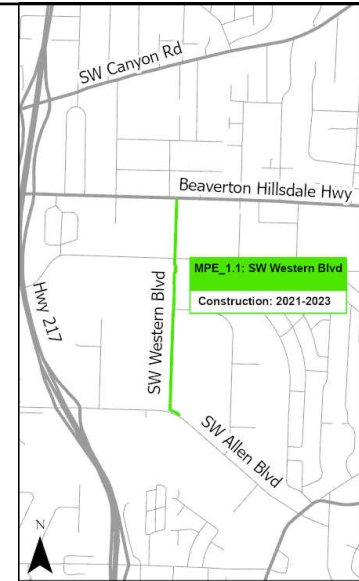
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MPE_1.1

Partner: City of Beaverton
 Contractor: Moore Excavation Inc.
 Designer: Brown & Caldwell

Current and Planned Activities:

- 48-inch WWSP waterline installation: 1,600 LF installed (42%)
- Progressing 48-inch waterline toward Allen Blvd.
- Start of 16-inch COB waterline to begin in May



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Construction Photos – MPE_1.1

WWSP waterline installation on Western Ave. approaching Allen Blvd. (looking north)



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Construction Photos – MPE_1.1

48-inch waterline installation on Western Ave.



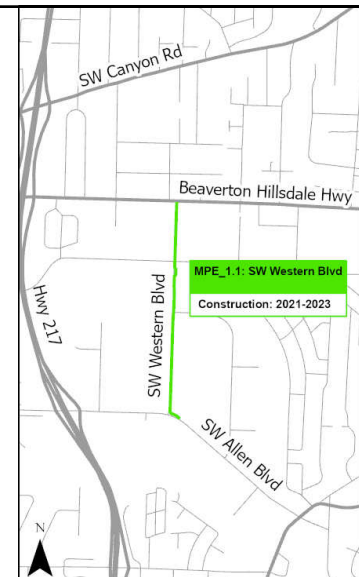
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MPE_1.1 Notable Topics

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



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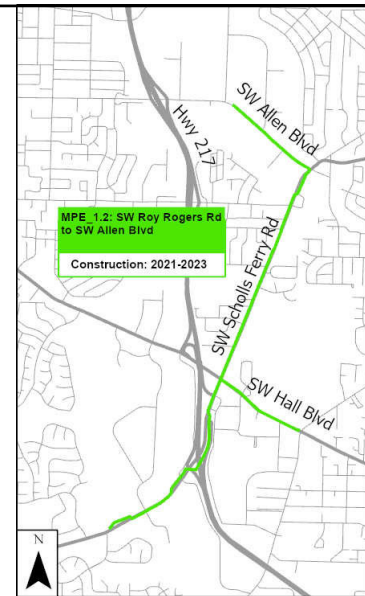
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MPE_1.2

Contractor: Emery & Sons
Designer: Brown & Caldwell

Current and Planned Activities:

- Completed all annular space grouting for Tunnel #3 and #4 and made connection in sending shaft.
- Started backfill of shaft at Hwy 217 onramp
- Completed 30-inch tunnel under RR for 16-inch COB waterline
- Continued 16-inch COB open cut waterline on Cascade Ave.
- Continued 48-inch open cut waterline (night work) on Scholls Ferry Rd. between Hwy 217 and Hall Blvd.



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Construction Photos – MPE_1.2

Shafts for Tunnels #3 and #4 at Scholls Ferry Rd. / Hwy 217



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Construction Photos – MPE_1.2

Current area of work for 48-inch waterline (night work) between Hwy 217 offramp and Hall Blvd.



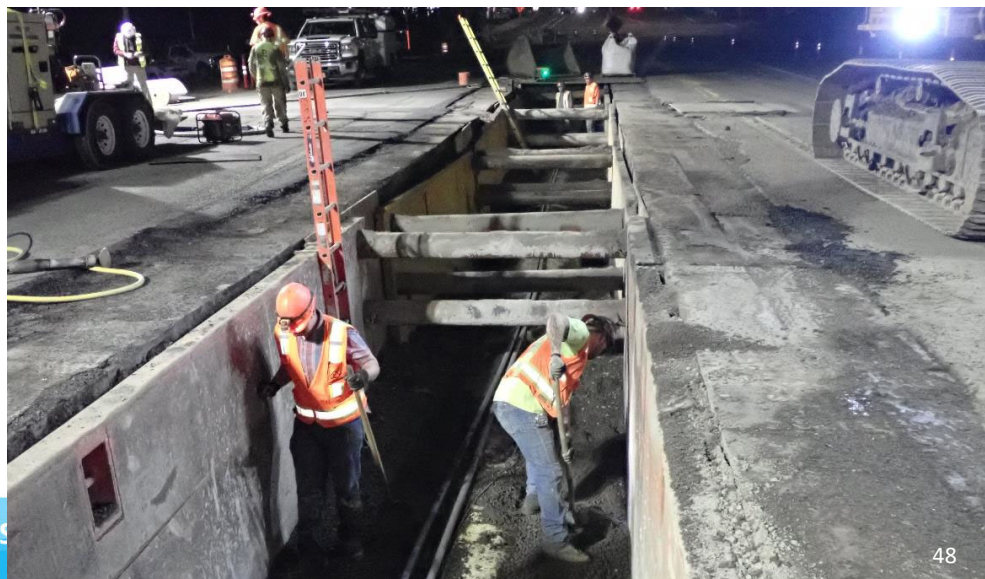
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Construction Photos – MPE_1.2

Installation of 48-inch waterline at night



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Construction Photos – MPE_1.2

Trench area restoration at end of night shift for 48-inch waterline installation



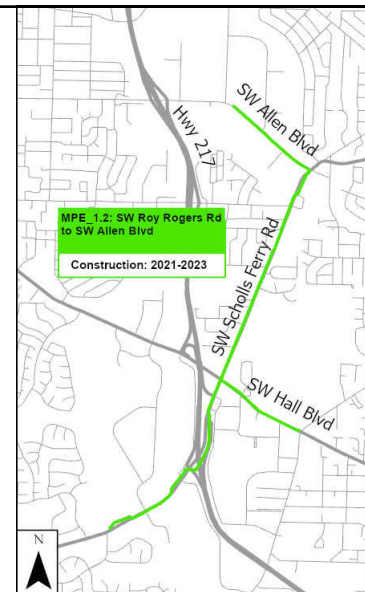
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MPE_1.2 Notable Topics

- External Coordination
 - Coordinating with ODOT on adjacent projects: may delay completion of MPE_1.2
- Potential Claims
 - None
- Delivery Challenges
 - None



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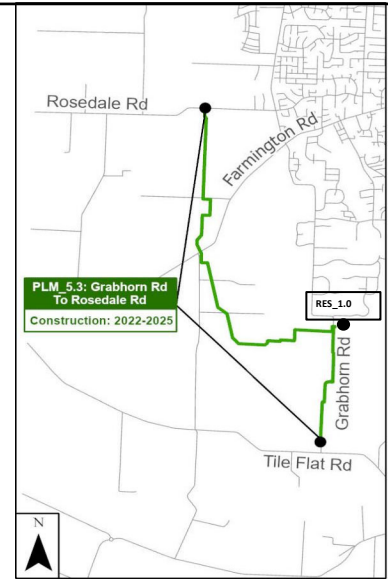
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RES_1.0 / PLM_5.3

Contractor: Hoffman-Fowler JV
 Designer: Black & Veatch / Jacobs

Current and Planned Activities:

- Mobilized temporary trailers to RES site
- Grubbing and initial earthwork at reservoir and staging area #1 sites
- Temporary haul road construction
- Construction of access road from Rosedale Rd. to north end of 66-inch waterline alignment



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Construction Photos – RES_1.0

Initial earthwork at RES site



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Construction Photos – RES_1.0

Grubbing on Staging Area #1



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Construction Photos – RES_1.0

Temporary haul road construction



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Construction Photos – RES_1.0

Temporary culvert
at Rosedale Rd.
access point



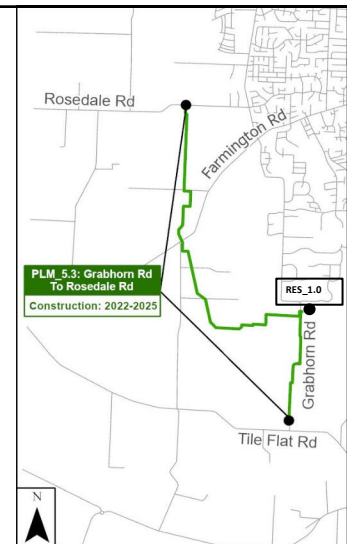
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RES_1.0/PLM_5.3 Notable Topics

- External Coordination
 - No issues
- Potential Claims
 - None
- Delivery Challenges
 - Easement acquisition delaying work in some areas



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WTP_1.0

Contractor: Sundt Construction, Inc.
Designer: CDM Smith

Current and Planned Activities:

- NTP issued April 11, 2022
- Mobilization of temporary trailers to site
- Pioneer road construction
- Temporary utilities
- Site grubbing



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Construction Photos - WTP_1.0

WTP_1.0 site



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Construction Photos - WTP_1.0

Grading for temporary trailers at WTP_1.0 site

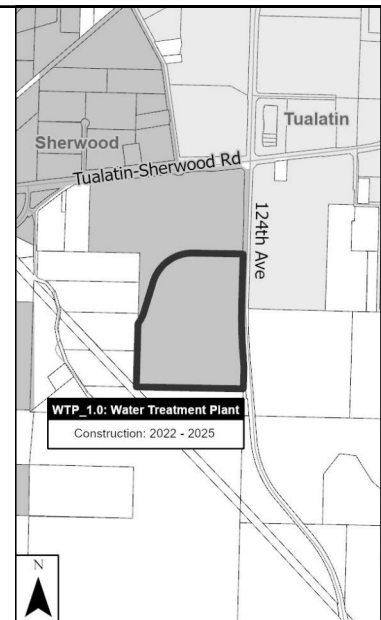


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WTP_1.0 Notable Topics

- External Coordination
 - No issues
- Potential Claims
 - None
- Delivery Challenges
 - None



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QUESTIONS

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Customer Information System (CIS) Update

Andrew Carlstrom, Customer Service Manager
May 3, 2022



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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 (Open Smartflex).**
 - Project will continue to build on the collaborative business relationship between TVWD and Clean Water Services.
 - TVWD/CWS are sharing costs, decision-making, and ownership of the new CIS.
 - TVWD is serving as the CIS “managing agency.”
 - CIS is a foundational modernization implementation for TVWD.

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Costs

- **Implementation estimate at implementation start: \$9.5 million**
 - External costs
 - Including CIS vendor, consultants, project space
 - Labor for staff allocated to project
 - Contingency
- **Current implementation estimate: \$12 million**
 - Additional external costs incurred from vendor, project consultants
 - Estimate to be updated in May, including labor, change requests for go-live
 - Primary cost driver: two schedule extensions
 - Aggressive initial project schedule
 - Delays in data conversion, integrations had downstream effects

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TVWD/CWS CIS Phasing and Agreements Overview

Phase I IGA

- Initiation through vendor selection, contract negotiation
- Authorized by both TVWD and CWS Boards June 2018

Status: Complete

Phase II IGA

- Implementation, stabilization of new TVWD/CWS CIS solution
- Framework for sharing external, labor costs
- TVWD, CWS Board authorization requests, April 2020

Status:
External costs being shared.
Labor approach not resolved but in process.

Phase III IGA

- Ongoing TVWD/CWS operations with new CIS

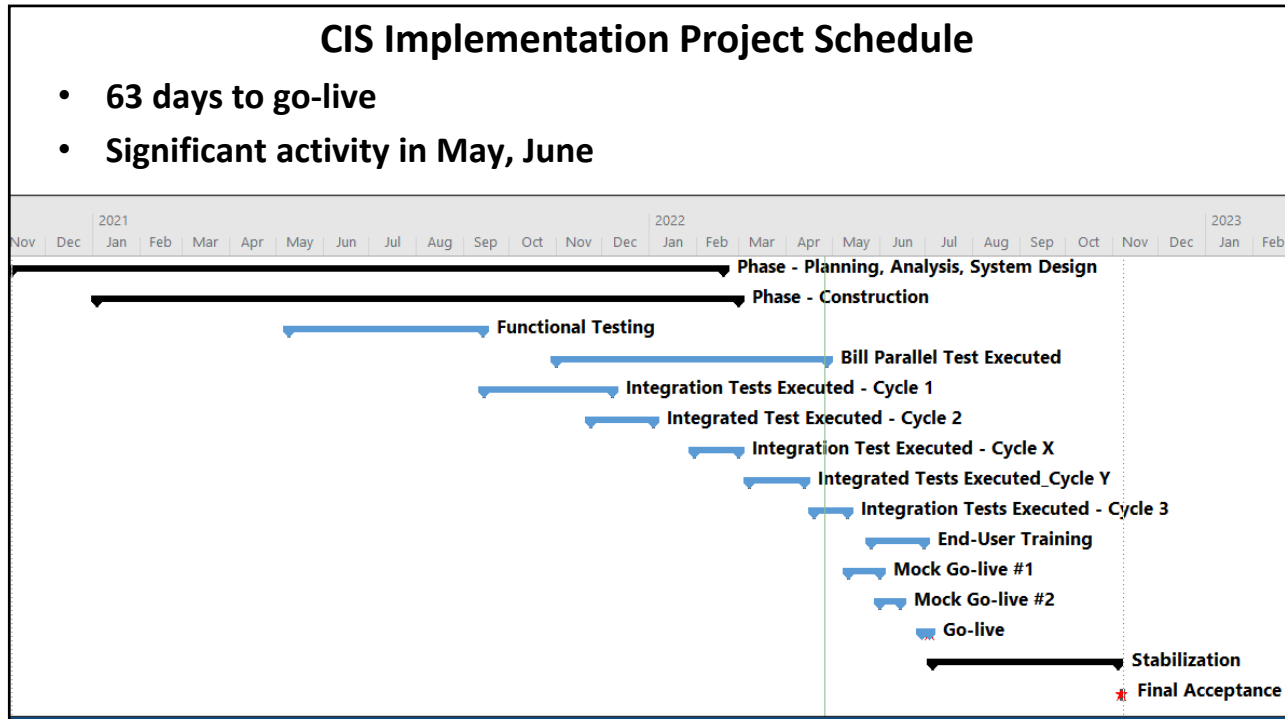
Status:
Finance teams working on “interim” cost sharing for 2022-2023. IGA III not yet started.

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On Track for July 5 Go-Live

- **No showstopper defects**
- **More than 1,500 test cases completed**
- **Final integration testing in process**
- **KPIs for data conversion have been met/exceeded**
- **Parallel bill testing yielded 99.99% accuracy**
- **Financial balancing review in process**
- **Training logistics, preparation in process**
- **First mock go-live exercise begins May 11**

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Project Status

●
●
●

Overall Project			
Project Areas	Schedule	Scope	Issues, Risks, Comments
Overall Project	● Y		
Planning	● C	● C	
Analysis	● C	● C	
Design	● C	● C	
Configuration & Development	● C	● C	
Conversion Design & Development	● C	● C	
Functional Testing	● C	● C	
Training	● G	● G	Final training material review underway
Conversion	● G	● G	Load accuracy and A/R targets exceeded
Integration Testing	● G	● G	Final integration test cycle is underway
Deployment	● G	● G	Cutover plan/checklist reviews underway

○ = Not Started
 ● = Complete
 ● = On Track
 ● = Late, With Mitigation
 ● = Delayed, No Mitigation

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June 2022 CIS User Training

Sample of Training Course Topics for CIS Users

Introduction to Open Smartflex
Customer Service Essentials
Billing Topics, Including Cycle Billing
Cityworks Functionality
Topics for Finance
Topics for Engineering
Topics for Clean Water Services
Cashiering
Customer Inquiries
Approvals
CSR Analyst Topics
Customer Portal
Adjustments, Collections, and Payment Management

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QUESTIONS?

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Communications and Outreach for Rate Advisory Committee and Rate Setting

Andrea Watson
Communications and Public Affairs Supervisor



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COMMUNICATIONS AND OUTREACH

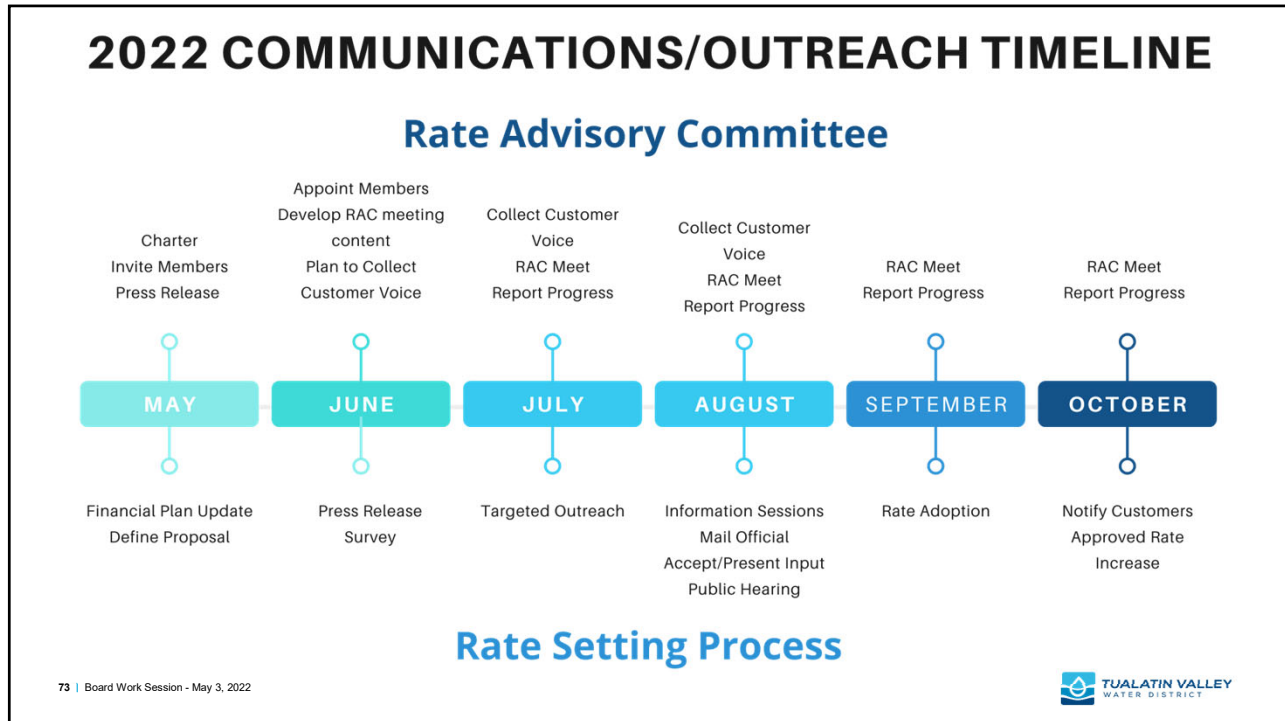
Objectives

<p>Rate Advisory Committee</p> <ul style="list-style-type: none"> • Identify membership • Complete Charter • Appoint Members • Report Progress • Receive Recommendations • Report Accomplishments of RAC • Report on Actions taken from the recommendation list 	<p>Rate Setting Process</p> <ul style="list-style-type: none"> • Inform Customers of Proposal, opportunities to be involved • Meet required notifications as stated in the statutory process • Collect and report customer input • Conduct information sessions and outreach at events • Targeted outreach for key customers
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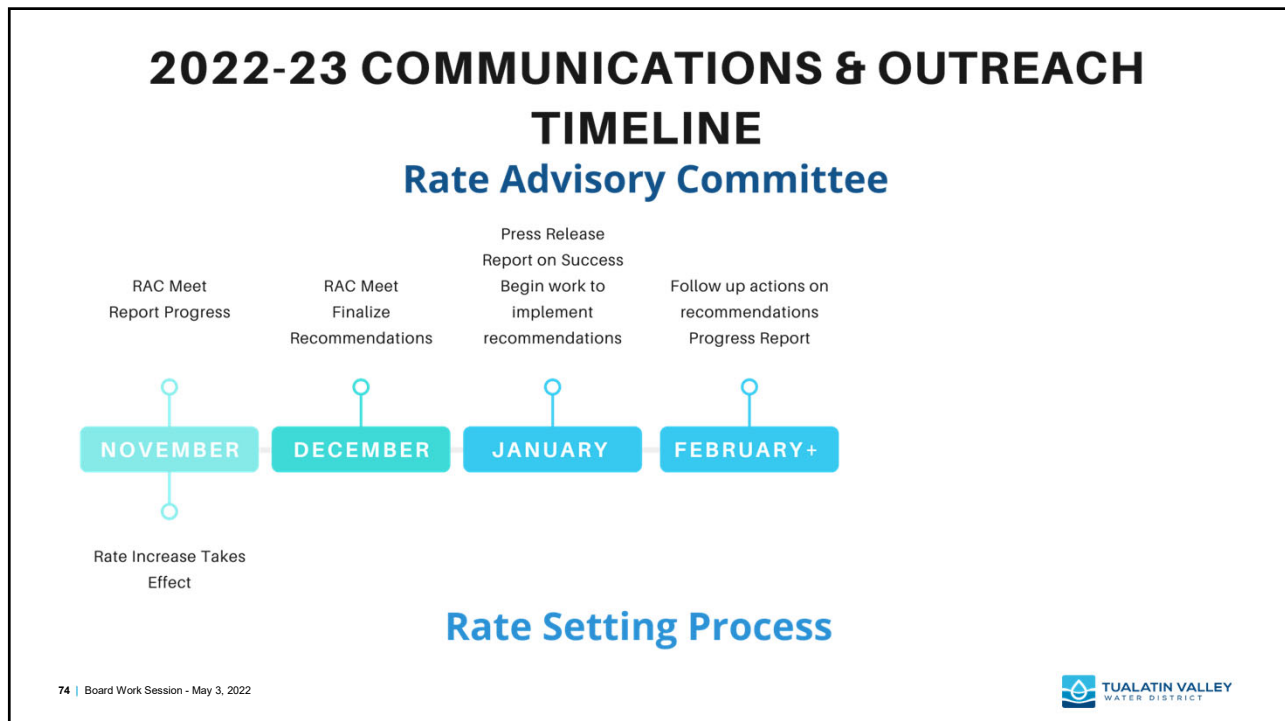
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2022 Board Communications Log

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

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

Item Number	Requestor	Subject	Date Submitted	Response Date	Date Information Shared with Full Board

Board Committee Information:

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

Meeting Date	Notes	Date Information Shared with the Full Board
Finance Committee		
January 13	Meeting synopsis prepared by Katherine Lipari DeSau	January 31, 2022
March 10	Meeting synopsis prepared by Debbie Carper	April 5, 2022
April 26	Meeting synopsis prepared by Debbie Carper	May 3, 2022
Policy and Board Development Committee		
Strategic Planning Committee		
Water Supply Committee		
January 12	Meeting synopsis prepared by Katherine Lipari DeSau	January 31, 2022



**Finance Committee Meeting
April 26, 2022**

Meeting Notes

The meeting started at 2:01 p.m.

Attendees: Commissioners Bernice Bagnall and Jim Duggan

Staff Present: Tom Hickmann, P.E., Chief Executive Officer; Paul Matthews, Chief Financial Officer; Andrew Carlstrom, Customer Service Manager; Andrea Watson, Communications and Public Affairs Supervisor; Joe Healy, Senior Management Analyst; Debbie Carper, District Recorder

1. Update on Customer Information System (CIS) Project

Mr. Carlstrom reviewed the CIS project purpose, implementation project schedule, status of project areas and said the project is on track for a July 5 go-live (see attached presentation). He also listed some of the upcoming training course topics, described updated project costs and provided information on completed and upcoming intergovernmental agreements with Clean Water Services.

In response to a question, Mr. Carlstrom clarified that labor costs are internal staff costs, mostly from staff completely dedicated to the project whose positions have been backfilled. Mr. Matthews added staff uses specific project numbers to record the time spent on the CIS project on their timesheets and the costs include the fully loaded hourly staff rates (i.e., raw salary, labor burden and indirect overhead costs).

2. Review of Cost of Living Adjustment (COLA) Policy

Mr. Hickmann said he has talked with staff numerous times about concern over the projected increase to personnel costs driven by how inflation factors into the pay adjustment formula.

Mr. Matthews described the cost concerns in detail, noting the Bureau of Labor and Statistics' most recent report shows year-over-year inflation is at 8.4% for the month of March (see attached presentation). He graphically showed how the COLA floor has compared to inflation and how it has benefited employees in times of low inflation.

Mr. Hickmann said his recommendation is a 5% cap with the Board taking action by resolution to make the decision easier to track for future discussions. He noted the pay adjustment formula will be evaluated during the upcoming classification and compensation study.

Commissioners advised staff to include language in the draft resolution that indicates the classification and compensation study results may override the resolution and that any dramatic inflationary increases in the future would trigger additional Board discussion. Mr. Hickmann said the resolution would require Board discussion any time the COLA floor or ceiling is reached.

Commissioners agreed a 5% COLA ceiling is acceptable to include in the draft resolution for Board consideration.

3. Discuss Potential Contract Extension for Moss Adams

Mr. Matthews noted Board Policies require Board approval of contracts with external auditors, and staff recommends extending the contract with Moss Adams to provide continuity in anticipation of completion of the Willamette Water Supply System.

Commissioners were supportive of extending the Moss Adams contract and placing the item on the Consent Agenda for action at the May Board meeting.

4. Discuss Rate Advisory Committee (RAC) Membership and Outreach Strategy

Ms. Watson indicated the outreach strategies for RAC membership and the rate setting process will be designed around what the District wants to accomplish with each. She shared a draft outreach timeline (see attachment).

Mr. Matthews noted staff will follow the usual process of opening the rate public hearing at the August Board meeting and take comments through early September before closing the hearing and considering adopting new rates at the September meeting. He indicated the RAC will focus on making recommendations to the Board on topics like affordability and the fixed and variable rate components rather than the size or frequency of rate increases.

Commissioner Bagnall suggested holding a Talkin' Water virtual forum on the RAC.

Commissioners expressed support for staff's RAC membership and rate setting outreach plans.

There was discussion about various federal and District customer assistance funding programs.

The meeting adjourned at 3:15 p.m.



Customer Information System (CIS) Update TVWD Board Finance Committee

April 26, 2022

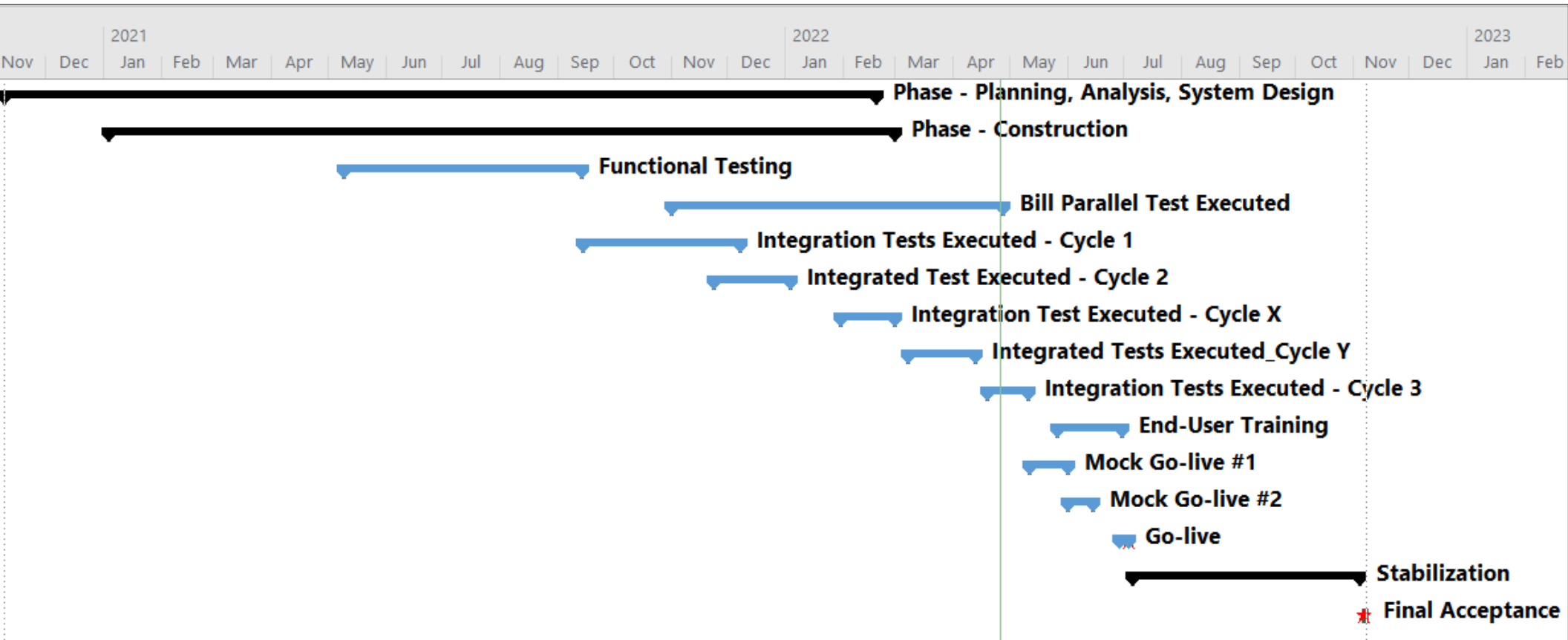
Customer Information System (CIS)

Project Purpose

- **Replace TVWD's aging, customized Utility Billing ("UB") system with a commercial, off-the-shelf Customer Information System (Open Smartflex).**
 - Project will continue to build on the collaborative business relationship between TVWD and Clean Water Services.
 - TVWD/CWS are sharing costs, decision-making, and ownership of the new CIS.
 - TVWD is serving as the CIS "managing agency."
 - CIS is a foundational modernization implementation for TVWD.

CIS Implementation Project Schedule

- 70 days to go-live
- Significant activity in May, June



Project Status



Overall Project Y			
Project Areas	Schedule	Scope	Issues, Risks, Comments
Planning	C	C	
Analysis	C	C	
Design	C	C	
Configuration & Development	C	C	
Conversion Design & Development	C	C	
Functional Testing	C	C	
Training	G	G	Final training material review underway
Conversion	G	G	Load accuracy and A/R targets exceeded
Integration Testing	Y	G	ITC3 is underway, 6 bill cycles planned
Deployment	G	G	Cutover plan/checklist reviews underway

= Not Started
 = Complete
 = On Track
 = Late, With Mitigation
 = Delayed, No Mitigation

On Track for July 5 Go-Live

- **No showstopper defects**
- **More than 1,500 test cases completed**
- **KPIs for data conversion have been met/exceeded**
- **Parallel bill testing yielded 99.99% accuracy**
- **Financial balancing returning few differences that cannot be explained**
- **Training logistics, preparation in progress**
- **“Run book” discussions underway for Mock go-live exercises**

June 2022 CIS User Training

Sample of Training Course Topics for CIS Users
Introduction to Open Smartflex
Customer Service Essentials
Billing Topics, Including Cycle Billing
Cityworks Functionality
Topics for Finance
Topics for Engineering
Topics for Clean Water Services
Cashiering
Customer Inquiries
Approvals
CSR Analyst Topics
Customer Portal
Adjustments, Collections, and Payment Management

Costs

- **Implementation estimate at implementation start: \$9.5 million**
 - External costs
 - Including CIS vendor, consultants, project space
 - Labor for staff allocated to project
 - Contingency
- **Current implementation estimate: \$12 million**
 - Additional external costs incurred from vendor, project consultants
 - Estimate to be updated in May, including labor
 - Primary cost driver: two schedule extensions
 - Aggressive initial project schedule
 - Delays in data conversion, integrations had downstream effects

TVWD/CWS CIS Phasing and Agreements Overview

Phase I IGA

- Initiation through vendor selection, contract negotiation
- Authorized by both TVWD and CWS Boards June 2018

Status: Complete

Phase II IGA

- Implementation, stabilization of new TVWD/CWS CIS solution
- Framework for sharing external, labor costs
- TVWD, CWS Board authorization requests, April 2020

Status:
External costs being shared.
Labor approach not resolved but in process.

Phase III IGA

- Ongoing TVWD/CWS operations with new CIS

Status:
Finance teams working on “interim” cost sharing for 2022-2023. IGA III not yet started.



QUESTIONS?



Review of COLA Policy

Board Finance Committee

April 26, 2022

Personnel Services Immediate Concerns

Pay Adjustment Formula

- Includes CPI as a factor in the formula
- Multiplied by other factors to determine pay increases
- Multiplier effect has profound impacts during periods of high inflation
- 2 percent floor protects employees during periods of low inflation

Pay Adjustment Formula

$$\text{Increase} = \frac{\text{Score}}{2.75} \times \frac{1.20}{\text{Compa-Ratio}} \times \% \Delta \text{CPI}$$

Score

- Score assessed by supervisor during performance review
- Range from 1 to 5 with 3 being “meets expectations”

Compa-Ratio

- Percentage measure of employee’s current pay to the middle of range
- Range from 0.80 (bottom of grade) to 1.20 (top of grade)

CPI

- CPI-U All items – West - Size Class A
- Measured through May of year as reported by Bureau of Labor Statistics in June

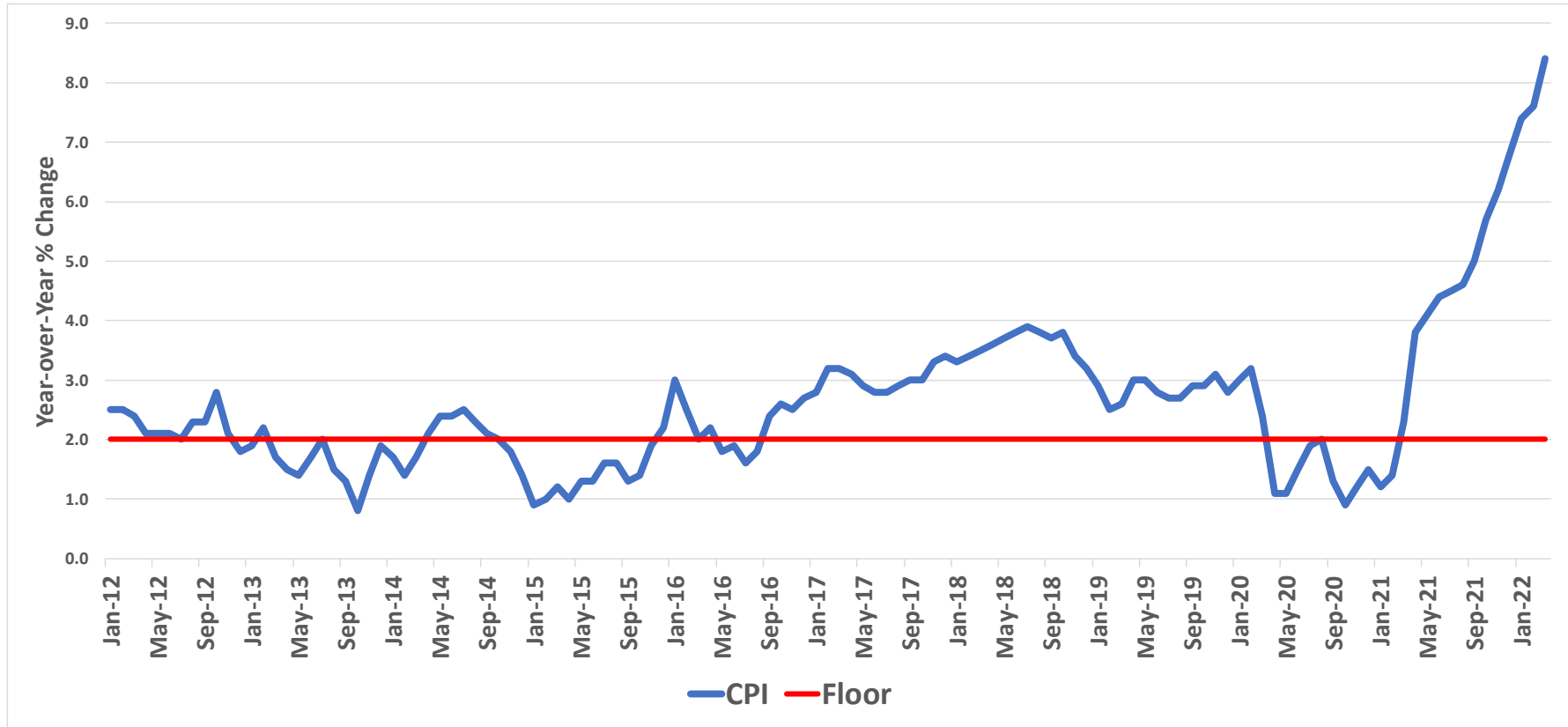
Pay-for-Performance Formula

Compa-Ratio	Score	CPI	Increase	Merit Portion
<u>Early Career</u>				
0.80	3.00	2.00%	3.27%	1.27%
0.80	3.00	7.40%	12.11%	4.71%
<u>Mid-Career</u>				
1.00	3.00	2.00%	2.62%	0.62%
1.00	3.00	7.40%	9.69%	2.29%
<u>Late Career</u>				
1.10	3.00	2.00%	2.38%	0.38%
1.10	3.00	7.40%	8.81%	1.41%

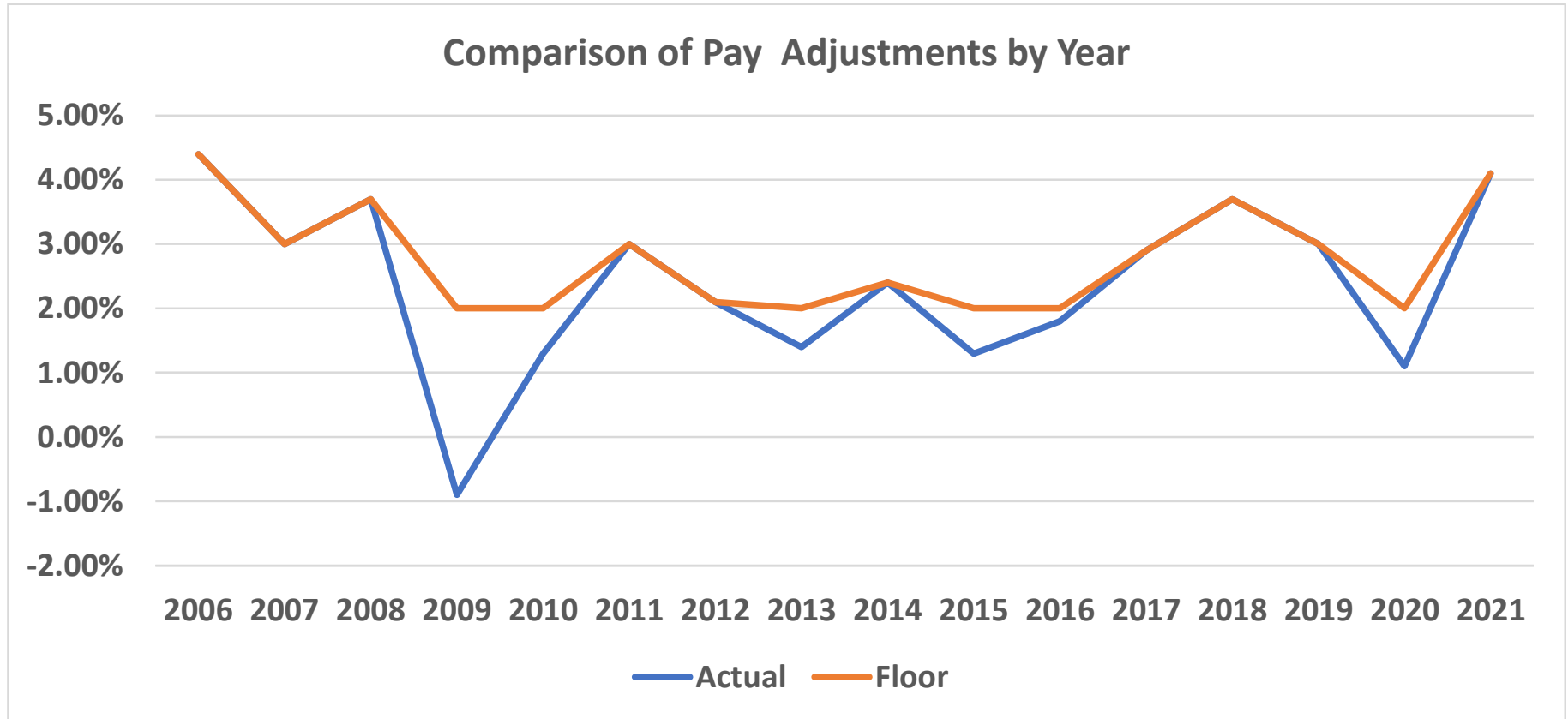
Consideration of COLA Cap

CPI	Estimated Average Pay Increase
3.00%	4.7%
5.00%	7.9%
6.00%	9.6%
7.00%	11.2%
8.00%	12.8%
8.40%	13.5%
9.00%	14.4%
9.50%	15.3%

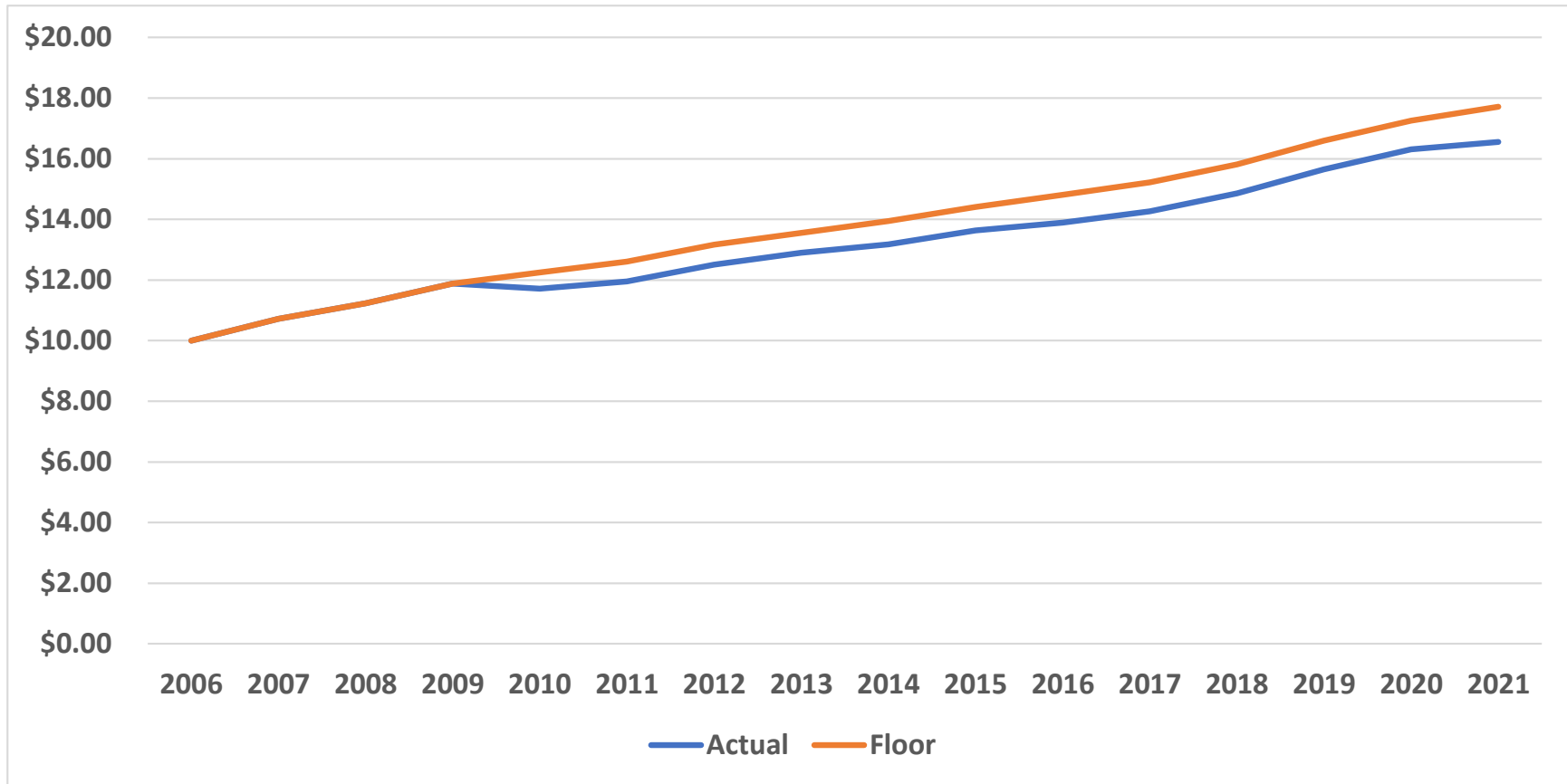
CPI Used for Salary Adjustments



Affect of Salary Floor



Hypothetical Hourly Rate Increases



Consideration of COLA Cap

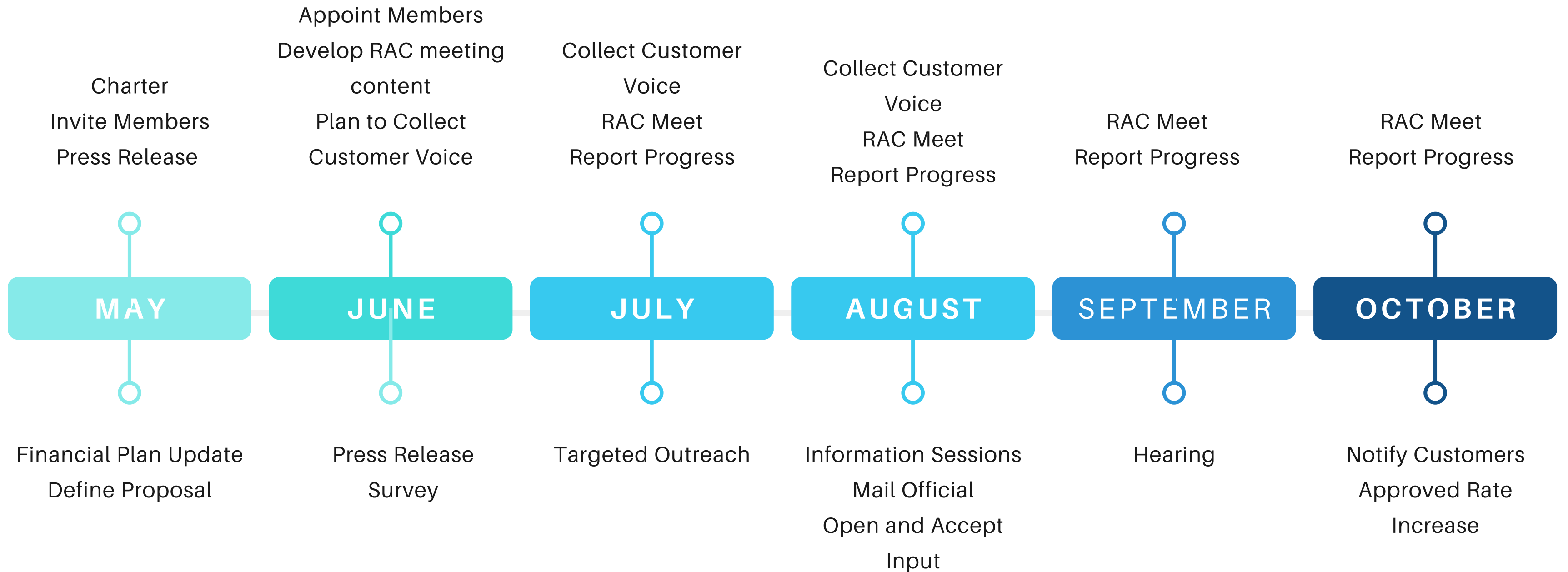
CPI	Estimated Average Pay Increase
3.00%	4.7%
5.00%	7.9%
6.00%	9.6%
7.00%	11.2%
8.00%	12.8%
8.40%	13.5%
9.00%	14.4%
9.50%	15.3%



Discussion, Questions and Answers

COMMUNICATIONS/OUTREACH TIMELINE

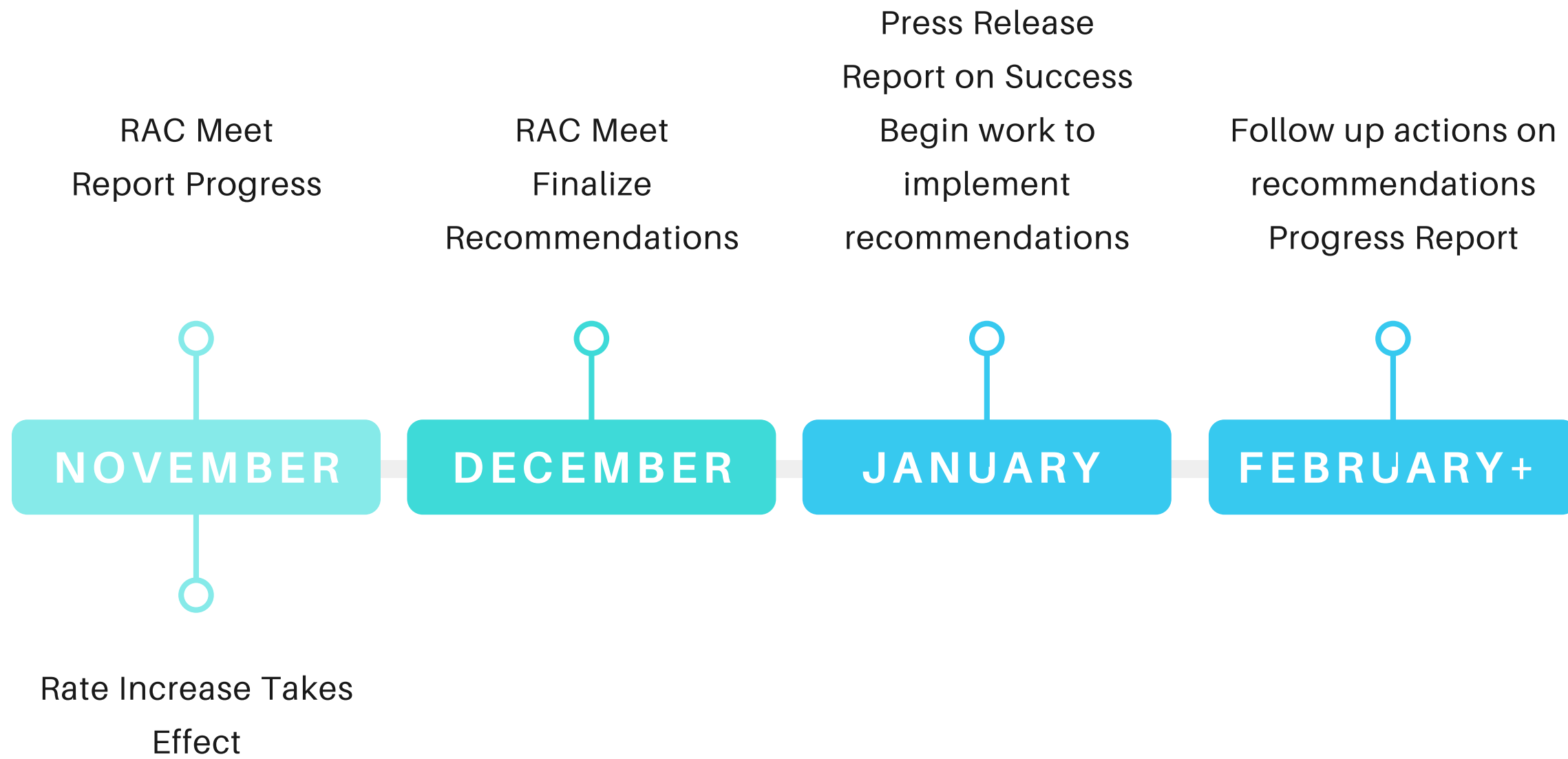
Rate Advisory Committee



Rate Setting Process

COMMUNICATIONS/OUTREACH TIMELINE

Rate Advisory Committee



Rate Setting Process