



TUALATIN VALLEY
WATER DISTRICT

Board Meeting Minutes

May 17, 2023

REGULAR SESSION – 6:00 PM

CALL TO ORDER

Commissioners Present: Jim Doane, PE; Jim Duggan, PE; Carl Fisher; Elliot Lisac, Todd Sanders

Staff Present: Tom Hickmann, Chief Executive Officer; Clark Balfour, General Counsel; Paul Matthews, Chief Financial Officer; Pete Boone, PE, Chief Operating Officer; Dave Kraska, PE, Water Supply Program Director; Andrew Carlstrom, Customer Service Manager; Andrea Watson, Communications and Public Affairs Supervisor; Tim Boylan, IT Services Director and Sam Kaufmann, District Recorder.

REPORTS BY THE CHIEF EXECUTIVE OFFICER AND MANAGEMENT STAFF

Tom Hickmann updated the Board on the Taylors Ferry Reservoirs and Site Seismic Improvements project. Mr. Hickmann also mentioned he recently sat down with some of the district's key customers and had a constructive conversation regarding water rates.

Joel Cary gave his report for the Water Resources Division and updated the Board on TVWD's progress in managing lead and copper levels.

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.

None.

PUBLIC COMMENT

There was none.



1. CONSENT AGENDA

- A. Approve the April 19, 2023, regular meeting minutes.
- B. Consider a Resolution endorsing the annexation to the Tualatin Valley Water District eleven tax lots and adjacent rights of ways located on NE Schaaf street and NE Pubols street.
- C. Chief Executive Officer Travel to Colombia.

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

2. BUSINESS AGENDA

- A. Rate Advisory Committee recommendations. *Staff Report – Paul Matthews*

Paul Matthews presented the Rate Advisory Committee recommendations. Jessie Dhillon and Carlos Romo commented on their experience in working with the Rate Advisory Committee and gave the board feedback on customer assistance.

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

- B. Update on District's planned revenue bond increase. *Staff Report – Paul Matthews*

Paul Matthews updated the Board on the district's planned revenue bond increase and described the next steps moving forward.

ADJOURNMENT

There being no further business, President Sanders adjourned the meeting at 7:37 p.m.

EXECUTIVE SESSION

An executive session of the Board was called under ORS 192.660(2)(e) to conduct deliberations to negotiate real property transactions.

Todd Sanders, President

Jim Doane, Secretary



MAY 24 TALKIN' WATER

TVWD's next virtual forum event will be held noon, May 24, and feature irrigation tips and backflow prevention. Pre-registration is not required for this event. You can find the link at: www.tvwd.org/talkingwater.

TAYLORS FERRY PROJECT UPDATE

In fall of 2021 The Taylors Ferry Reservoirs and Site Seismic Improvements project was set up to be delivered as a CM/GC or alternative delivery project and was authorized by the Board to pursue an alternative delivery.

The District received a single proposal from Emery & Sons Construction, in late fall of 2021 as the CM/GC.

District staff also pursued a \$12 million grant through FEMA and was awarded the grant in March of 2022. Staff discovered recently, based on how the CM/GC contract was set up and awarded, there is risk that FEMA would pull funding for this alternative delivery approach.

As a result, the CM/GC contract was cancelled and it will be rebid as low bid in September. This ensures we receive the full grant.

DEPARTMENT REPORT

Joel Cary, Water Resources Division Manager, will present the department report this evening.

Lead and Copper Rule Revisions Update

May 17, 2023



Agenda

01 Background

02 Inventory Process

03 Communications and Outreach

04 Funding and Next Steps

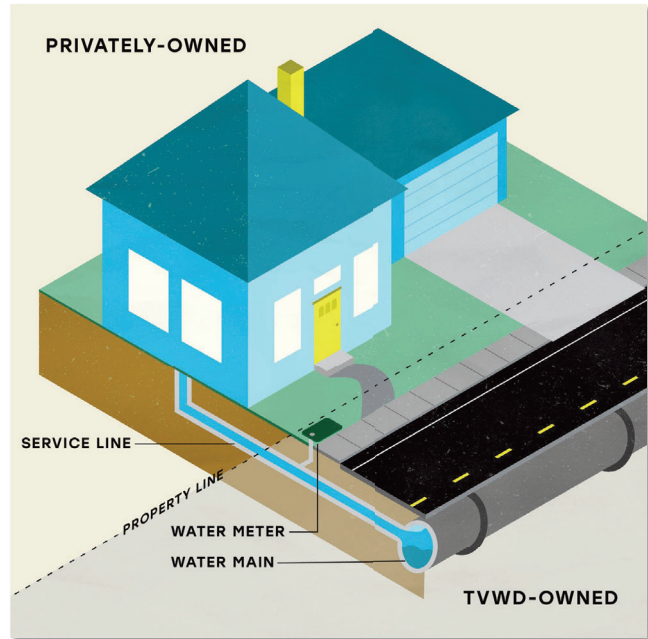
01

Background



Lead and Copper Rule Revisions (LCRR) Refresher

- LCRR published in 2019, effective 2021. October 16, 2024 compliance date
- Requires water systems to develop a lead service line (LSL) inventory
 - There are many other LCRR requirements, LSL inventory the most pressing
- Initial inventory to be completed by compliance date
- Not required to be submitted to OHA, but systems may be “audited”



Recap: July 2021 LCRR Board Update

- Established pilot approach for inventory using GIS-based process
- To date, no lead observed during inspections by staff
- Stated goals moving forward:
 - ✓ Fully develop TVWD's service line inventory methodology
 - ✓ Procure professional services for communications and technical support
 - ∅ Complete inventory with no “unknowns” by October 16, 2024, compliance date

02



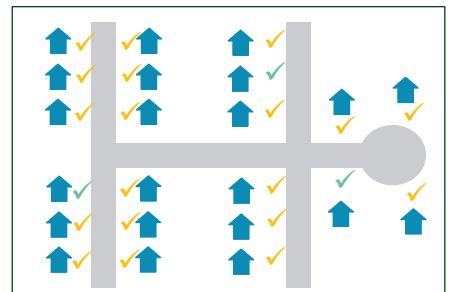
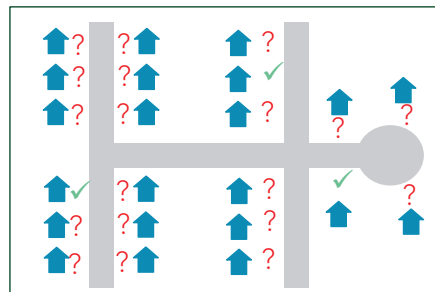
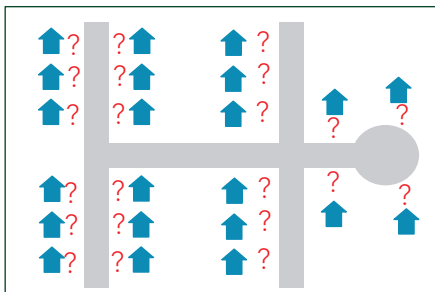
Communications and Outreach

TVWD Inventory Methodology

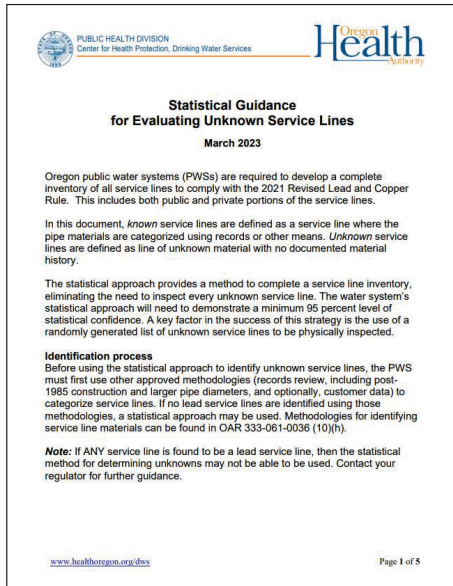
Service line material unknown

Field verification of a statistically-significant random sample set

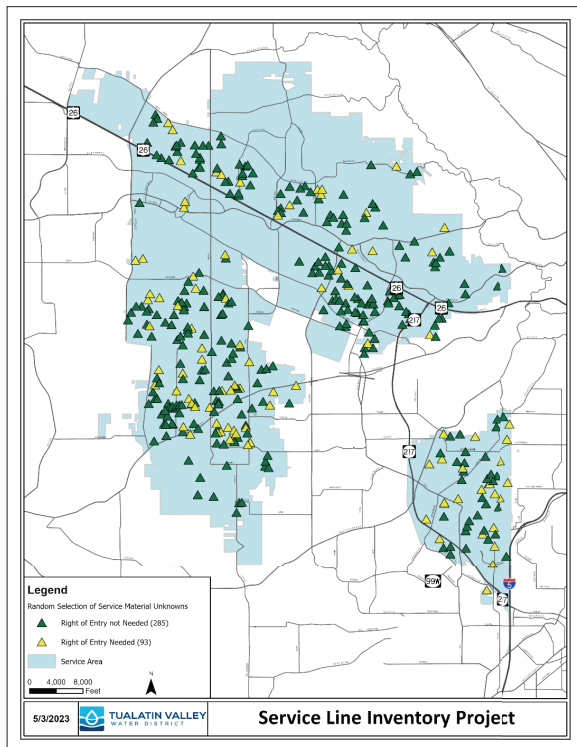
If inspected service lines are 'Non-Lead,' categorize unknowns as 'Non-Lead'



Inventory Approach Alignment with OHA Guidance



- TWWD’s process is near identical to OHA’s final guidance
- If any lead service line is found, consult with OHA
- One point inspection for each portion (i.e., public and private) side of unknown service line material

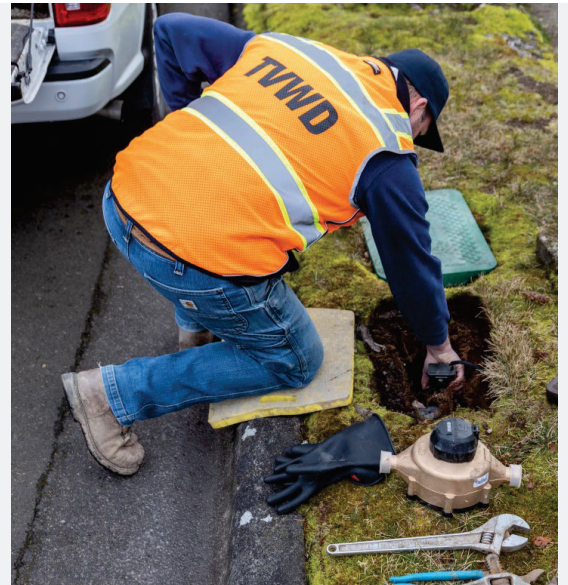


Inventory Selection Process

- Hierarchy of the process. What’s included:
 1. Owned by = TVWD
 2. Status = Active accounts
 3. Service diameter < 2-inches
 4. Tax lots date = 1985 and older
 5. System design standards = 1973 (Metzger) and 1979 (Wolf Creek) and older
- 26,778 customers meet status “unknown” under the LCRR
- 378 sites randomly selected

Sites Requiring Right-of-Entry Forms

- Of the 378 sites, most meters are within the Right-of-Way (ROW)
 - Sites outside of the ROW require a Right-of-Entry form and signature from the customer
- Of the 378 sites, 88 require a Right-of-Entry form



Inventory Schedule

- Inventory will start in July 2023 and continue through fall of 2024
 - Sites with easy access and that do not require a Right-of-Entry form will be inspected first
- Completion is expected prior to LCRR compliance date of October 16, 2024



03

Project Funding and Next Steps



Primary Outreach Goals



1

Build upon updated Mission, Vision, and Values

2

Improve upon the new TVWD brand

3

Engage in a different way with customers, beyond billing

4

Educate audiences on TVWD's water system and work

Staff-Led Approach to Communications Goals

Staff participated three workshops to develop the project approach and engagement goals

Workshop 1: Develop Stakeholder Prioritization and Project Goals

Workshop 2: Refine Master Messaging, Visual Brand, and Materials

Workshop 3: Refine Toolkit and Engagement Strategy

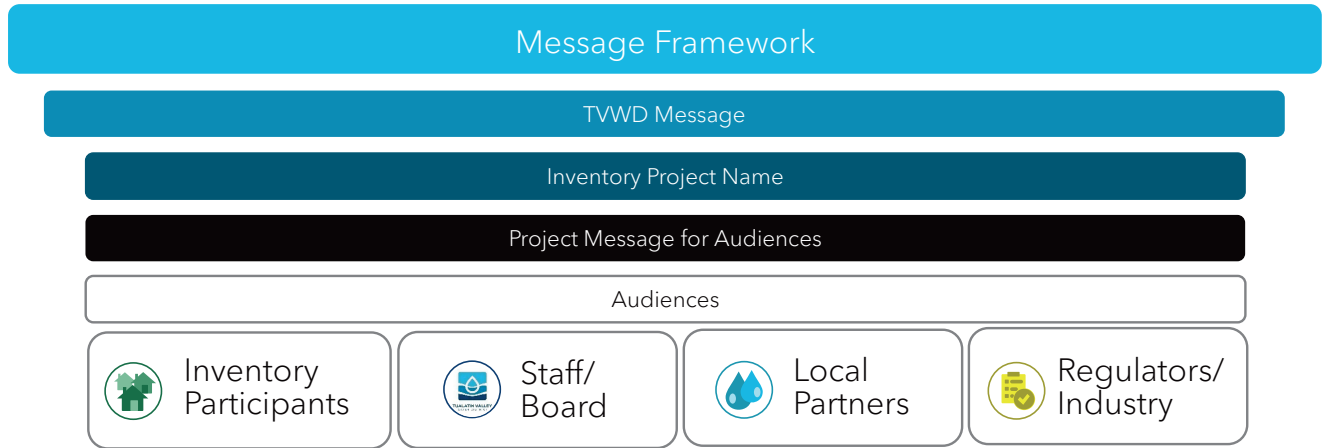


Audience Prioritization

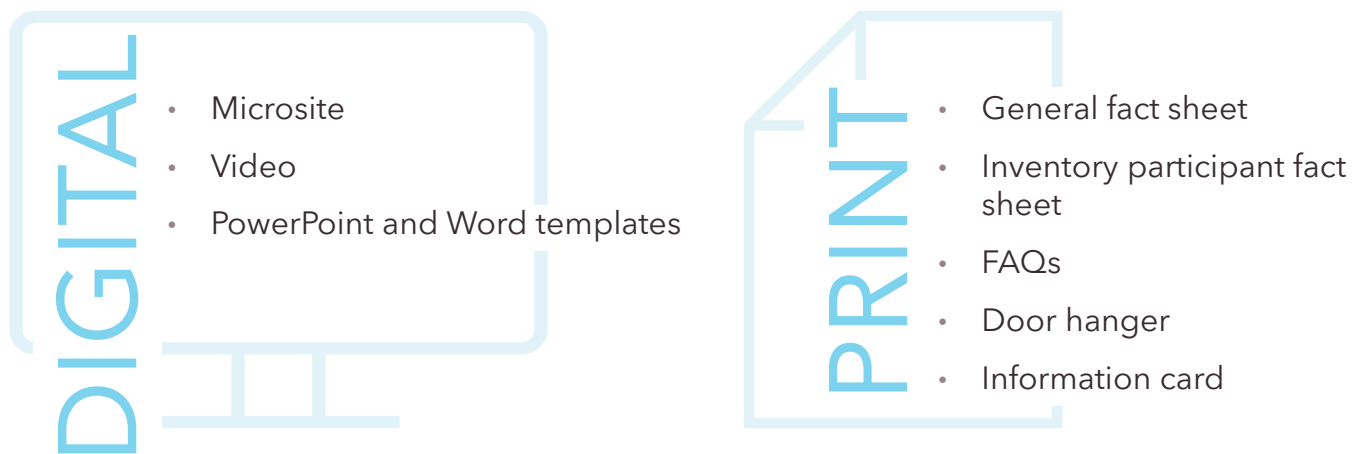
Initial planning identified and prioritized stakeholder groups based on impact and degree of involvement during service line inventory.



Message Framework



Public Outreach Toolkit



Microsite

- Located outside of TVWD website
- Promote a broader message and understanding of what TVWD does
- Flexibility to use the new brand elements: imagery, footage, and graphics
- Customizable to add new TVWD projects, as they arise



keepingwatersafe.org

Fact Sheets



Inventory Participant Fact Sheet (tri-fold)



General Fact Sheet (tri-fold)

Video Content

- Two videos will be developed: general and inventory participant
- Provides broader awareness of TVWD's work
 - Demonstrates staff expertise and commitment to public service
- Integrated into other TVWD efforts



Staff Toolkit

- Communications guidance document
- Staff messaging guide
 - Talking points
 - FAQs
 - Messaging dos/don'ts



04

Project Funding



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External Funding Findings



- OHA has yet to apply for Bipartisan Infrastructure Law (BIL) lead service line replacement (LSLR) funding
- BIL-LSLR funding available for water systems considered disadvantaged communities
- TVWD not considered disadvantaged



Closing Comments

Outreach approach and tools are intended to build community trust and overall awareness of TVWD's services

- Service Line Inventory project
- Set the stage for future projects, such as WSI
- Supports new Mission, Vision, Values statements

Phase 2 will begin in July 2023 and last through the October deadline

- Proactive implementation of remaining LCRR elements
- Addressing new monitoring requirements, like "find and fix"
- Continued outreach support
- Tracking forthcoming Lead and Copper Rule Improvements (LCRI)

Thank you!

Joel Cary
Water Resources Division Manager



Commissioner Communications



Public Comment



Consent Agenda



CONSENT AGENDA

- A. Approve the April 19, 2023, regular meeting minutes.
- B. Consider a Resolution endorsing the annexation to the Tualatin Valley Water District eleven tax lots and adjacent rights of ways located on NE Schaaf street and NE Pubols street.
- C. Chief Executive Officer travel to Columbia.

Business Agenda



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TVWD BOARD OF
COMMISSIONERS MEETING

Rate Advisory Committee

MAY 17, 2023



TUALATIN VALLEY
WATER DISTRICT

AGENDA OVERVIEW

Topic
Setting the Stage
2022-2023 RAC Overview
Meeting Highlights
Rate Advisory Committee Recommendation and Advice
Customer Assistance Program Implementation

SETTING THE STAGE



Our water sustains thriving communities—
every day for everyone.



TUALATIN VALLEY
WATER DISTRICT

EVOLUTION OF WATER RATES

1990's: Excess-use per CCF rate created.

- One rate for up to a set amount.
- Another for use exceeding amount.



2004: Monthly threshold lowered to 14 CCF per month.

- Pro conservation.
- Rate blocks adjusted.



2012: Fire protection costs moved to fixed charges.

- Pro revenue stability + equity.
- Block rates + thresholds confirmed.



2017: RAC convened

- Focus on affordability.
- Block rates + thresholds confirmed.
- Recommendations generated.

2022: RAC convened

- Revisiting affordability.
- Focus on financially vulnerable customers.



TYPES OF ASSISTANCE PROGRAMS USED BY PEER UTILITIES

Options for Supporting Financially Vulnerable Customers

Bill Discounts

- Reduce bills by set % or \$

Flexible Terms

- More time to pay or things like "budget billing"

Rate Structures

- Lower rate schedule z

Water Efficiency

- Fixture rebates to reduce usage targeted to low-income customers

Temporary Assistance

- Bill forgiveness or other help in emergencies

- Flexible Pay Plan
- Equal Pay Plan

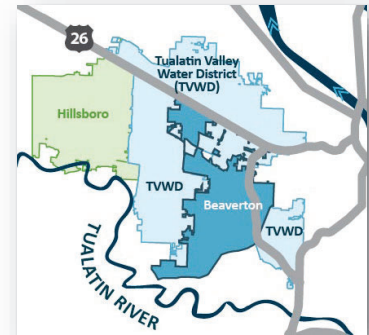
TVWD

- ✓ Emergency Assistance Program

2016-2017 RAC EFFORT AND RECOMMENDATIONS

Affordability Recommendations

- Monthly billing
- Levelized billing
- Temporary/emergency assistance
- Penalty forgiveness
- Low-income rate



CONVENING THE 2022 – 2023 RAC

RAC members represent diverse backgrounds and expertise, multiple customer classifications and district-wide geographic coverage.

TVWD Board Appointed RAC Members

Allie Syes	June Boone
Carlos Romo	Kyle Walker
Chai Saecheo	Lisa Montesana
Chris Brown	Long Tran
Daryl Manullang	Madi Hyde
Deanna Palm	Samantha Rico
*Erin Walsh	Steve Marks
Jessie Dhillon	Todd Speight
	*Zach Lindahl

**Members transitioned off the RAC*

1 Why Now 2 Affordability 3 Learn More 4 Comment Card

tvwd.org/2022RAC

Web Links

Info About Meeting #1: October 18, 2022, Return to RAC

RAC ASSIGNMENT

Issue 1. Affordability for financially vulnerable TVWD customers

- Is there a need for a more reliable and permanent Customer Assistance Program in addition to emergency assistance?
- How should the program be funded?
- What eligibility qualifications are appropriate?
- How should the program be implemented?

Issue 2. Rate structure adjustments to reduce revenue volatility (fixed and volume charges)

- What impacts on the customer experience should be considered as the Board considers rate structure changes that?

2022-2023 RAC OVERVIEW

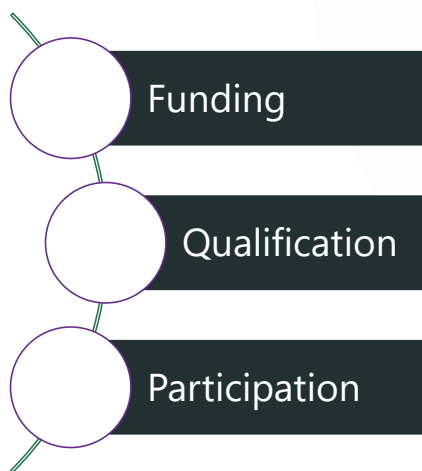
RAC SCHEDULE

RAC Board Engagement

- Commissioner Jim Duggan, RAC Liaison
- Commissioner Carl Fisher, RAC Liaison
- Jim Doane, Participating Commissioner

Date	Meeting Topic
October 18, 2022	Meeting #1-Kickoff
November 15, 2022	Meeting #2—Customer Assistance Program
December 13	Meeting #3—TVWD Rate Structure (fixed & variable components)
January 17, 2023	Meeting #4—Discuss and Develop Responses to Policy Questions
February 21	Meeting #5—Finalize Responses to Policy Questions
March 21	Meeting #6—Convene (if necessary)

KEY CONSIDERATIONS FOR ASSISTANCE PROGRAMS



Utilities need to consider how to pay for these programs

- The cost of the assistance has to be paid for
- Potential for some impact on other ratepayers

Most assistance programs call for some kind of income qualification

- Utilities usually do not have resources for it
- Rely on third-party income verification (e.g. SNAP)

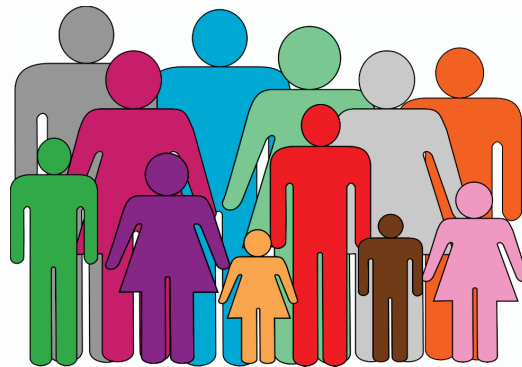
Participation levels for most assistance programs are low to very low as % of qualified customers

- Customers still have to apply in most every case
- Most of them don't

MEETING HIGHLIGHTS

RAC MEETING 1 – ASSISTANCE PROGRAMS

- What does TVWD currently do to assist customers in need.
- What other types of affordability programs are used by peer communities.



RAC MEETING 2 – WHAT DOES IT MEAN? ASSISTANCE PROGRAM CONSIDERATIONS

Needs

Qualification

Participation

Funding

The Question

What metric do you want to manage to?

What is the demographic group?

How many do we expect to actually participate?

What is the District's financial commitment?

The Outcome

How much assistance per eligible account is needed?

The maximum number of customers who potentially qualify.

The expected number of customers who potentially qualify.

Given the above, how much will be needed in total and where will it come from?

MEETING 2 – AFFORDABILITY, ASSISTANCE, AND COMMUNITY VALUES



AR₂₀

	3-person household (6.0 ccf)	4-person household (8.0 ccf)
a. TVWD monthly price	\$60.86	\$74.35
b. Clean Water Services monthly price	55.77	60.11
c. 20 th percentile income	\$3,920	\$3,920
d. <u>Estimated other essential expenses</u>	<u>2,469</u>	<u>2,631</u>
e. <u>Discretionary income (c-d)</u>	<u>\$1,451</u>	<u>\$1,289</u>
TVWD AR₂₀ (a + e)	4.2%	5.8%
TVWD+CWS combined AR₂₀ ((a+b) + e)	8.0%	10.4%

A family of four at the 20th income percentile must spend 5.8% of its discretionary income to pay their water bill



Featured Speaker:

52 Manny Teodoro

MEETING 2 – AFFORDABILITY, ASSISTANCE, AND COMMUNITY VALUES



HOW MUCH SHOULD HOUSEHOLDS OF LIMITED MEANS HAVE TO PAY FOR WATER?

WHAT SACRIFICES SHOULD A LOW-INCOME HOUSEHOLD HAVE TO MAKE TO PAY THE WATER BILL?

	3-person household (6.0 ccf)	4-person household (8.0 ccf)
a. TVWD monthly price	\$60.86	\$74.35
b. Clean Water Services monthly price	55.77	60.11
c. Minimum wage per hour	14.75	14.75
TVWD <i>HM</i> (a + c)	4.1	5.0
TVWD+CWS combined <i>HM</i> ([a+b] + c)	7.9	9.1

A worker earning minimum wage must work five hours a month to pay for basic water service for a family of four

Featured Speaker:

53 Manny Teodoro

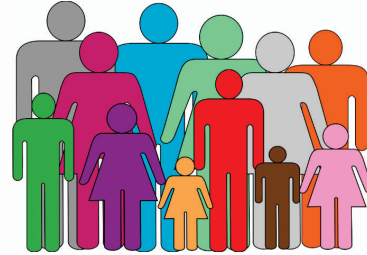


MEETING 3 – ROUNDTABLE DISCUSSION TOPICS

1. Who should be the focus of our assistance efforts?
2. How should we apply the assistance?
3. How should the cost of the program be recovered?

QUESTION 1 – WHO SHOULD BE THE FOCUS OF ASSISTANCE EFFORTS?

- Only Low-income
- Elderly
- Disabled
- Veterans
- Other?



QUESTIONS 2 – HOW SHOULD ASSISTANCE BE APPLIED?

- Fixed percentage of bill?
- Fixed amount?
- Lifeline rate structure
- Other?

QUESTION 3 – HOW SHOULD THE COST OF THE PROGRAM BE RECOVERED?



Everyone (all customers) = 60,720



Single family residential only = 56,376



Other?

MEETING 4 – BUILDING ON CAP FEEDBACK FROM THE RAC

Who is the Focus?

- Low Income Households
- Household Size Matters
- Avoiding Disconnections is Important
- Evaluate Self-Certification of Income
- Single-Family Residential
- Other Factors (Disability, Elderly, Etc.), not as Important

How Much Relief?

- % Discount to Bill, Preferred
- Discount Based on Income Level is More Effective
- Conservation Message is Important
- Lifeline Rate, Not Preferred
- Fixed \$, Not Preferred

How to Recover the Costs?

- Recover from Combo of Fixed and Volume Charges
- TVWD Survey = Support for \$2 - \$2.50 per Month Funding in Bills
- Recover from All Customers vs. Residential Only – Preferred
- Concern for Multi-Family Class Paying into the Subsidy

CAP COMPARISON OF KEY FEATURES

Feature	Concept #1 % Discount	Concept #2 Size of Household	Concept #3 Program Sized Based on Survey Results
Type of relief	Fixed % Discount from Total Water Bill	Fixed \$ Discount per No. of Household Members	Fixed % Discount from Total Water Bill
Large household strategy	Discount Scales with Water Bill	Fixed Discount – Requires Knowing Household Size	Discount Scales with Water Bill
What determines the discount?	Targets 4 hrs. min. wage metric for typical bill	1 CCF per person provided for free each month	From TVWD survey result: \$2.50/mo. Funding level
Who is the focus?	Low Income (LIHEAP)*	Low Income (LIHEAP)*	Low Income (LIHEAP)*
Program cost recovered from:	All Customers	All Customers	All Customers
Allocation of program Cost	80% Volume Charge 20% Fixed Monthly Charge	80% Volume Charge 20% Fixed Monthly Charge	80% Volume Charge 20% Fixed Monthly Charge

Note: Current Emergency Assistance Program (EAP) will continue as is.

CAP COMPARISON OF KEY FEATURES

Feature	Concept #1 % Discount	Concept #2 Size of Household	Concept #3 Program Sized Based on Survey Results
Type of relief	Fixed % Discount from Total Water Bill	Fixed \$ Discount per No. of Household Members	Fixed % Discount from Total Water Bill
Large household strategy	Discount Scales with Water Bill	Fixed Discount – Requires Knowing Household Size	Discount Scales with Water Bill
What determines the discount?	Targets 4 hrs. min. wage metric for typical bill	1 CCF per person provided for free each month	From TVWD survey result: \$2.50/mo. Funding level
Who is the focus?	<p>Same for All Concepts</p> <ul style="list-style-type: none"> ▪ Low Income (LIHEAP)* ▪ All Customers ▪ 80% Volume Charge ▪ 20% Fixed Monthly Charge 		
Program cost recovered from:			
Allocation of program Cost			

Note: Current Emergency Assistance Program (EAP) will continue as is.

MEETING 5 & 6 – PERCENT DISCOUNT CUSTOMER ASSISTANCE PROGRAM OVERVIEW

Who Can Qualify?

Single-family residential customers who qualify for the federal Low Income Home Energy Assistance Program (LIHEAP)

How Much Assistance is Available?

20% discount to the customer's water bill, to be managed by the Board in the future to maintain the program objectives.

How is the CAP Funded?

From a \$0.16 extra fixed charge for all customers every month, plus a \$0.05 addition to the volumetric water rates.

Program Estimates

Estimated Qualifying Households	9,000
Estimated Participation	3,000
Typical Discount Provided/Mo.	\$15.89
Estimated Annual Program	\$570,000

Note: Initial program needs are estimates only. The Board will have the discretion to adjust the program parameters as needed.

CUSTOMER ASSISTANCE PROGRAM

Example Brochure

Customer Assistance Programs

Get help paying your water bill

Programas de Asistencia al Cliente

Obtenga ayuda para pagar su factura de agua

Assistance to Pay Your Bill

To help keep the water on, the District has immediate funding available to assist customers facing financial hardship pay their water bill.

- Emergency Assistance provides customers with a one time credit for life's surprises.
- Our NEW Customer Assistance Program provides a discount on each drinking water bill

Who's Eligible?
Income-qualified single-family residential customers at or below 60% of Oregon medium income per household size.

How Much is Available?
Customer Assistance provides a 20% discount off of each bill and Emergency Assistance receive a credit for up to 28 CCP's of water and fixed charges towards their balance.

How to Apply?
The District works with Community Action to get customers enrolled – visit tvwd.org to learn more or www.wash.org to apply.

What you'll need to apply:

- Recent copies of your bill
- Photo ID and proof of income for anyone 18 years or older
- Documentation showing income from Social Security, Unemployment Insurance, Pension Funds, or disability, etc.
- Social security numbers for everyone residing in the house
- Contact us if you need help

Asistencia para pagar su factura

Para ayudar a mantener el suministro de agua, el Distrito tiene fondos inmediatos disponibles para ayudar a los clientes que enfrentan dificultades financieras a pagar su factura de agua.

- Emergency Assistance brinda a los clientes un crédito único para las sorpresas de la vida.
- Nuestro NUEVO Programa de Asistencia al Cliente brinda un descuento en cada factura de agua potable

¿Quién es elegible?
Clientes residenciales unifamiliares calificados con ingresos iguales o inferiores al 60 % del ingreso medio de Oregon por tamaño de hogar.

¿Cuánto hay disponible?
Asistencia al cliente ofrece un 20 % de descuento en cada factura y Asistencia de emergencia recibe un crédito de hasta 28 CCP de agua y cargos fijos para su saldo.

¿Cómo aplicar?
El Distrito trabaja con Community Action para inscribir a los clientes: visite tvwd.org para obtener más información o www.wash.org para presentar su solicitud.

Lo que necesitará aplicar:

- Copias recientes de su factura
- Identificación con foto y comprobante de ingresos para cualquier persona mayor de 18 años
- Documentación que acredite los ingresos de la Seguridad Social, Seguro de Desempleo, Fondos de Pensiones, invalidez, etc.
- Números de seguro social de todas las personas que residen en la casa
- Contáctenos si necesita ayuda

facebook.com/TVWDNews
twitter.com/TVWDNews
@tualatinvalleywaterdistric9704
nextdoor.com

1850 SW 170th Ave
Beaverton, OR 97003
www.tvwd.org
(503) 848-3000
CustomerService@TVWD.org

RAC RECOMMENDATIONS & ADVICE

Jessie Dhillon, Representing RAC Members

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CUSTOMER ASSISTANCE PROGRAM RECOMMENDATION

The RAC unanimously recommended the proposed Customer Assistance Program and keeping the District's current Emergency Program.

Who can qualify?

Single-family residential customers who qualify for the federal Low Income Home Energy Assistance Program (LIHEAP).

How much assistance is available?

20% discount to the customer's water bill, to be managed by the Board in the future to maintain the program objectives.

How is the Customer Assistance Program funded?

From a \$0.16 extra fixed monthly charge for all customers plus a \$0.05 addition to the volumetric water rates.

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WHAT FEATURES THE RAC SUPPORTED

- ✓ Addresses water affordability needs
- ✓ Percentage discount addresses water use difference between household size
- ✓ Enjoys a simple structure
- ✓ Provides flexibility to adjust program parameters: funding level, percent discount
- ✓ Third-party administer increases participation and reduces District administration effort

RAC ADVICE: FIXED VS. VOLUME CHARGES

Should the District change its rate structure to recover more of its costs from fixed charges than it currently does to improve revenue stability?

The RAC considered the impacts of increasing fixed charges on District revenue recovery and customers' bills and provided the following advice:

1. Clearly state the need for the change.
2. Gather more data—and consider the timing of other initiatives and projects—to be better able to determine the course of action.
3. Work not to impact low-water users and low-income customers.

“Need to articulate why.”
“What other changes could be made?”
“Need data.”

CUSTOMER ASSISTANCE PROGRAM IMPLEMENTATION

CUSTOMER ASSISTANCE PROGRAM STRUCTURE

Responsible Department	Third-Party Administrator	Transparency	Funding
<ul style="list-style-type: none">• Customer Service Department manages the program• Financial/budget management• Partnership management• Promotion	<ul style="list-style-type: none">• Partnership with local agency to qualify customers and offer other services• Excellent relationship with Community Action of Washington County – hope to continue that relationship	<ul style="list-style-type: none">• Track participation and report utilization to the Board monthly through TVWD’s existing <i>Month-in-Review</i>• Funding subject to TVWD’s Citizen Budget Process	<ul style="list-style-type: none">• Included in TVWD’s proposed biennial budget• Board and Budget Committee will assess program needs and funding capacity on biennial basis• Management will monitor needs and apprise the Board of any budget challenges

Board consideration and adoption of a new Customer Assistance Program will be the first step in setting up a Program—expected to be implemented over the Annual Fiscal Year 2023-2024.

REQUESTED ACTION

By motion, acceptance the of recommendation of the 2022-2023 Rate Advisory Committee.



Update on Bond Sale

Regular Board Meeting

Paul L. Matthews, Chief Financial Officer

May 17, 2023

Update on Bond Sale

Key Details

- Competitive sale
- \$73.3 million with proceeds anticipated to be \$82.5 million
- Parity obligations issued under the authority of Ordinance 01-19
- Tax-exempt bonds with maturities spanning 30 years



Key Players

Municipal Advisor

- Provides market advice
- Structures the issue
- Leads the team

Legal Counsel

- General Counsel
- Bond Counsel
- Disclosure Counsel
- Tax Counsel

Credit Rating Agencies

- Assess creditworthiness of issuer
- Periodically re-assess creditworthiness

Preliminary Official Statement

- Official document that discloses information relevant to investors'
- Updated with Official Statement once pricing is complete

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2023

NEW ISSUE - BOOK-ENTRY-ONLY **RATINGS: S&P AA-
Fitch AA+
See "Ratings" herein**

\$73,315,000*
TUALATIN VALLEY WATER DISTRICT, OREGON
Water Revenue Bonds, Series 2023

DATED: Date of Delivery **DUCE: June 1, as shown on inside cover**

The Water Revenue Bonds, Series 2023 (the "2023 Bonds") will be issued by Tualatin Valley Water District, Oregon, (the "District"). The 2023 Bonds, outstanding Parity Bonds, and any obligations issued on a parity with the 2023 Bonds are special obligations of the District payable solely from the Net Revenues of the District's Water System and related amounts as provided by the Master Water System Revenue Bond Declaration and the form of the Second Supplement to the Master Declaration, both attached hereto. The 2023 Bonds are not secured by a reserve, the Bond Reserve Account or any subaccount therein. Neither the full faith and credit, nor the taxing power of the District, is pledged for the payment of principal or interest on the 2023 Bonds. The 2023 Bonds do not constitute a general obligation of the District, and do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the District. See "SECURITY FOR THE 2023 BONDS" herein.

The 2023 Bonds are issued in book-entry-only form in denominations of \$5,000 within a single maturity or integral multiples thereof. The 2023 Bonds are registered bonds issued in the name of Code & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. (See APPENDIX E - "BOOK-ENTRY ONLY SYSTEM" herein.) Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2023 to the registered owner at the address appearing on the 2023 Bond register as of the close of business on the 15th day of the month (the "Record Date") preceding each interest payment date. Interest will be paid through the principal trust offices of the District's registrar and paying agent, currently U.S. Bank Trust Company, National Association (the "Paying Agent"). So long as the 2023 Bonds remain subject to the book-entry-only system, principal and interest payments are to be remitted by the Paying Agent directly to DTC who, in turn, will be required to distribute such payments to DTC Participants for ultimate distribution to the Beneficial Owners.

The proceeds of the sale of the 2023 Bonds will be used to finance projects related to the Water System and to providing water to the Water System, and to pay the costs of issuance. See "THE PROJECTS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2023 Bonds are subject to redemption as described herein. See "THE 2023 BONDS - Redemption Provisions" herein.

See Maturity Schedule on Inside Cover

The 2023 Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel. It is expected that the 2023 Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about May 31, 2023 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

*Preliminary, subject to change.

District's Bond Ratings

Tualatin Valley Water District, Oregon; Water/Sewer

Credit Profile

US\$83.0 mil wtr rev bonds ser 2023 due 06/01/2053		
Long Term Rating	AA+/Stable	New
Tualatin Vy Wtr Dist		
Long Term Rating	AA+/Stable	Affirmed

• The outlook is stable.

Security

The series 2023 bonds are secured by the net revenues of the district's water system. Provisions include a rate covenant requiring net revenues annual debt service coverage (DSC) of at least 1.2x and coverage revenues (net revenues less system development charges) annual DSC of 1.15x. Provisions also include an additional bonds test of 1.25x maximum annual debt service (MADS) and 1.15x MADS for net revenues and coverage revenues, respectively. The bonds are not secured by a debt service reserve. After the current transaction, the district will have \$299 million in debt outstanding consisting of the series 2023 bonds and the \$216 million draw on its Water Infrastructure Finance and Innovation Act (WIFIA) loan.

Credit overview

The rating is supported by the district's upcoming rate plans, maintenance of robust reserves, and our expectation that DSC will be maintained at more than 2.0x as debt service ramps up and the district progresses through its large capital improvement plan during the next six years. The district has rigorous long-term financial and capital planning practices and a track record of implementing rate increases that are supportive of its financial profile. Key credit risks center on the district's execution of the \$1.6 billion Willamette Water Supply System (WWSS) project. The WWSS project is intended to replace the district's existing water supply purchased from the city of Portland while also meeting the district's future water demands. The WWSS supply is scheduled to be available by 2026. The district has secured subsidized financing from the U.S. Environmental Protection Agency's WIFIA funding program to fund a significant portion of the WWSS. The district plans to issue additional debt and can fund the remainder of project costs.

The WWSS is being jointly developed with the cities of Hillsboro and Beaverton, and the three parties are working

FitchRatings

Tualatin Valley W: Oregon

New Issue Summary

Sale Date: The bonds will sell via competition on or about May 31, 2023.
Series: \$73,315,000 Water Revenue Bonds, Series 2023.
Purpose: Bond proceeds will be used to finance projects related to the Water System and the district's portion of the WWSS project, as well as to pay issuance costs.
Security: The revenue bonds and Water Infrastructure Finance and Innovation Act (WIFIA) loan are secured by a pledge of net revenues of the water system, etc.

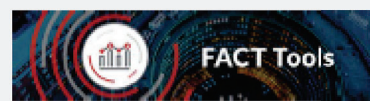
Tualatin Valley Water District's "AA+" water revenue bond Default Rating (DR) reflects its exceptionally low but very strong revenue defensibility and very low operational debt to adjusted funds available for debt service. Fitch Ratings expects leverage to increase from the high end of the current capital expansion, with the district's cash exceeding adjusted debt and approach 2.0x over the short term, before declining over the intermediate period. However, sustained leverage above 1.6x would likely lead to negative rating action.

The operating cost burden is very low and the system plan beyond the current capital expansion, with the district's cash exceeding adjusted debt and approach 2.0x over the short term, before declining over the intermediate period. However, sustained leverage above 1.6x would likely lead to negative rating action.

Key Rating Drivers

Revenue Defensibility: "aa" Solid Rate Flexibility, Very Strong Service Area. The district's bond has the legal ability to set rates, and rates are affordable for a significant majority of the population (nearly 80%). Management expects continued significant rate increases over the next several years, consistent with the district's board-approved 2023 financial strategy, to support the CIP. All system revenues are derived from its monopolistic business line. The service area benefits from above-average incomes and below-average unemployment in the Portland MSA.

Operating Risk: "aa" Very Low Cost Burden, Reaching Peak of Capital Cycle. The operating cost burden is low but has been on an upward trend over the past five years. The low life cycle ratio indicates moderate investment needs. Capital spending will increase considerably in the coming years to complete the district's new water supply project, resulting in a relatively stable to declining life cycle ratio.



Ratings

Long-Term Issuer Default Rating **AA+**

New Issue

\$73,060,000 Water Revenue Bonds, Series 2023 **AA+**

Outstanding Debt

WIFIA Loan **AA+**

Rating Outlook

Stable

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Cross-Walk of Bond Ratings

Description	Rating Agency			Note
	Standard & Poor's	Moody's	Fitch	
Extremely strong capacity	AAA	Aaa	AAA	
Very strong capacity	AA+	Aa1	AA+	
Very strong capacity	AA	Aa2	AA	
Very strong capacity	AA-	Aa3	AA-	
Strong capacity	A+	A1	A+	
Strong capacity	A	A2	A	
Strong capacity	A-	A3		
Adequate capacity	BBB+	Baa1	BBB+	
Adequate capacity	BBB	Baa2	BBB	
Adequate capacity	BBB-	Baa3	BBB-	Lowest investment grade
Less vulnerable	BB+	Ba1	BB+	Highest speculative grade
Less vulnerable	BB	Ba2	BB	
Less vulnerable	BB-	Ba3	BB-	
More Vulnerable	B+	B1	B+	
More Vulnerable	B	B2	B	
More Vulnerable	B-	B3	B-	
Currently vulnerable	CCC+	Caa1	CCC+	
Currently vulnerable	CCC	Caa2	CCC	
Currently vulnerable	CCC-	Caa3	CCC-	
Currently highly vulnerable	CC	Ca	CC	
Currently highly vulnerable	C	C	C	
Default	D		D	

Next Steps

Key Items (Pending morning of May 17th)

- Issue parity certificate based on pricing
- Execute Continuing Disclosure Certificate
- Other closing activities for the bond sale on May 31, 2023
- Document reimbursement amount
- Manage investment of bond proceeds



Discussion, Questions, and Answers

Update on Bond Sale

Board Regular Meeting

May 17, 2023



**Questions, Answers,
and Discussion**





TUALATIN VALLEY
WATER DISTRICT

Adjournment