

Tualatin Valley Water District



Delivering the Best Water • Service • Value



BOARD WORK SESSION AGENDA*

April 7, 2020

President Bernice Bagnall

Treasurer Jim Duggan

Vice President Dick Schmidt

Secretary Todd Sanders

Acting Secretary Jim Doane

*To slow the spread of COVID-19, this meeting is dial-in only. It will not be held at a physical location. If you wish to attend via conference call and need dial-in information, please contact debbie.carper@tvwd.org or call 503-848-3014 by 4:30 p.m. on April 7, 2020. If you wish to address the TVWD Board, please request the Public Comment Form and return it 48 hours prior to the day of the meeting.

For online meeting information, Commissioner bios and more, visit www.tvwd.org.

VISION

Delivering the best water • service • value

MISSION STATEMENT

To provide our community quality water and customer service

VALUES

Reliability • Integrity • Stewardship • Excellence • Safety

WORK SESSION – 6:00 PM – MICROSOFT TEAMS MEETING*

CALL TO ORDER

ANNOUNCEMENTS

1. DISCUSSION ITEMS

- A. Willamette Water Supply System Commission Update. *Staff Report – Dave Kraska*
- B. Intergovernmental Agreement Between Clean Water Services and TVWD for Customer Information System (CIS) Implementation. *Staff Report – Andrew Carlstrom*
- C. Strategy for Issuing a Parity Certificate for the District’s Water Infrastructure Finance and Innovation Act (WIFIA) Bond. *Staff Report – Paul Matthews*

ADJOURNMENT

Tualatin Valley Water District



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To: Board of Commissioners

From: David Kraska, PE, Willamette Water Supply System Commission General Manager

Date: April 7, 2020

Subject: Willamette Water Supply System Commission Update

Key Concepts:

At each monthly work session, we will provide the TVWD Board with an update on the current activities of the Willamette Water Supply System (WWSS) Commission. Since the TVWD Board has one representative on the WWSS Commission Board, these reports provide a means of keeping the other TVWD Board members up-to-date on relevant information. The topics of this month's update are:

- Review the April 2020 WWSS Commission Board meeting agenda
- Review of the Approvals and Procurements Forecast
- Update on Willamette Water Supply Program (WWSP) activities

Background:

The next WWSS Commission Board meeting is scheduled for April 2, 2020. The agenda for that meeting is attached to this staff report. At the April meeting, the Board will consider approving modifications to the Management Authority Matrix, adopting a resolution of necessity for property along the MPE_1.0 project and approving a construction contract change order for the PLM_1.2 project. There is one informational item: a discussion of the planned business agenda items for the May WWSS Commission Board meeting.

The Approvals and Procurements Forecast (Forecast) is a WWSP tool that provides a summary of recent decisions made and a look ahead to what decisions and approvals are coming up in the next few months. The Forecast is divided along the various types of approvals and procurements that occur on the WWSP and the different approval levels: Program Director, WWSS Committees and WWSS Board. This document is a companion to the Management Authority Matrix that was approved by the WWSS Commission Board at its September 5, 2019 meeting. At the April TVWD work session, we will present a review of the current Forecast that covers the months of March through May 2020.

Activity on the WWSP will continue to increase over the next several years as more of our projects enter the construction phase. To enable this, we are working to complete our planning, permitting and real estate activities, though some of these are likely to continue for the next couple years. Active final design work will also continue for the next few years. We currently have four projects in construction. At the April work session, we will update the Board on our project delivery progress, including our current construction projects.

Budget Impact:

Informational item only. No budget impacts.

Staff Contact Information:

David Kraska, PE; WWSS Commission General Manager; 503-941-4561; david.kraska@tvwd.org

Attachments:

WWSS Commission April Board Meeting Agenda
WWSP Approvals and Procurements Forecast

Management Staff Initials:

Chief Executive Officer	AKH	Customer Service Manager	N/A
Chief Engineer	N/A	IT Services Director	N/A
Chief Financial Officer	N/A	Human Resources Director	N/A
General Counsel	N/A	Water Supply Program Director	AKH

**Willamette Water Supply System
Board Meeting Agenda
Thursday, April 2, 2020 | 12:00 – 2:00 PM**

Skype Dial-in Conference

To slow the spread of COVID-19, this meeting is dial-in only. It will not be held at a physical location.

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- If you wish to attend via conference call and need dial-in information, please contact Faye.Branton@twwd.org or call 503-969-0031. • If you wish to address the Willamette Water Supply System Board, please request the Public Comment Form and return it 48 hours prior to the day of the meeting. • **All testimony is electronically recorded.**
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REGULAR SESSION – 12:00 PM

CALL TO ORDER

1. GENERAL MANAGER'S REPORT – Dave Kraska

(Brief presentation on current activities relative to the WWSS Commission)

2. PUBLIC COMMENT

(This time is set aside for persons wishing to address the Board on items on the Consent Agenda, as well as matters not on the agenda. Additional public comment will be invited on agenda items as they are presented. Each person is limited to five minutes, unless an extension is granted by the Board. Should three or more people testify on the same topic, each person will be limited to three minutes.)

3. CONSENT AGENDA

(The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)

- A. Approve the March 5, 2020 meeting minutes.
- B. Approve the March 17, 2020 special meeting minutes.

4. BUSINESS AGENDA

- A. Approve Modifications to WWSS Management Authority Matrix – *Dave Kraska*
- B. Adopt MPE_1.0 Resolution of Necessity – *Joelle Bennett*
- C. Approve PLM_1.2 Construction Contract (City of Wilsonville Contract) Change Order to add Day Road Crossing – *Mike Britch*

5. INFORMATION ITEMS

- A. Planned May Business Agenda Items – *Joelle Bennett*
- B. The next Board meeting is scheduled on May 7, 2020, at Hillsboro Civic Center, Room 113B/C, 150 E. Main Street, Hillsboro, Oregon or via Skype Conference

6. COMMUNICATIONS AND NON-AGENDA ITEMS

- A. None scheduled.

ADJOURNMENT

Approvals and Procurement Forecast: March 2020 through May 2020

This report provides a three-month projection of (1) forthcoming actions under the WWSS Management Authority Matrix and (2) ongoing and forthcoming procurements.

a = Actual date
 e = Email approval
 FC = Finance Committee
 LCRB = Local Contract Review Board
 MC = Management Committee
 N/A = Not applicable
 OC = Operations Committee

Rec. = Recommendation
 t = Tentative date
 TBD = To be determined; sufficient information not available to project a date
 Note: Dates in **red text** indicate meetings needed outside the normal meeting schedule

Type	Description	Projected Action	Body/Position (projected action date)		
			Program Director	WWSS Committees	WWSS Board
Program Baseline or Related Plans	1. WWSS FY 2020-21 Annual Work Plan	Approve	N/A	MC: 2/20/2020 a FC & OC: 1/16/2020 a	3/5/2020 a
		Execute	N/A	N/A	N/A
	2. WWSP 2020 Rebaseline Schedule and Budget	Approve	N/A	MC: TBD	TBD
		Execute	N/A	N/A	N/A
Real Estate	3. PLW_1.3 Resolution of Need	Approve	N/A	MC: 1/23/2020 a	2/6/2020 a
	4. MPE_1.0 Resolution of Need	Approve	N/A	MC: 3/19/2020 t	4/2/2020 t
	5. PLM_4.3 Resolution of Need	Approve	N/A	MC: 5/21/2020 t	6/5/2020 t
IGAs, MOUs, Permit Commitments, & Similar Agreements	6. PLW_1.3 Hagg Lane (Butternut Creek) Agreement Amendment	Approve	N/A	N/A	N/A
		Execute	3/31/2020 t	N/A	N/A
	7. PLW_1.2 WCLUT Design IGA Amendment 1	Approve	N/A	N/A	N/A
		Execute	3/17/2020 t	N/A	N/A
	8. PLM_5.2 Metropolitan Land Group Developer Agreement	Approve	N/A	N/A	N/A
		Execute	3/31/2020 t	N/A	N/A
	9. RES_1.0 Emergency Responder (Sheriff) Training Exercise Agreement	Approve	N/A	MC: 3/19/2020 t	4/2/2020 t
		Execute	4/3/2020 t	N/A	N/A
	10. RES_1.0 Emergency Responder (TVFR) Training Exercise Agreement	Approve	N/A	MC: 4/23/2020 t	5/7/2020 t
		Execute	5/8/2020 t	N/A	N/A
Contracts	11. PLW_1.3 Construction Contract	Approve	N/A	MC:4/23/2020 t	5/7/2020 t
		Execute	5/8/2020 t	N/A	N/A
					<ul style="list-style-type: none"> • Goal: Construction Contractor for waterline construction from Farmington to Kinnaman • Approximate value: \$32 M • Contractor: TBD • Publish Request for Proposals: 2/21/2020 a • Proposal Due Date: 3/31/2020 t • Rec. of Award: 4/8/2020 t • Notice of Intent to Award: 4/10/2020 t • Limited Notice to Proceed: 5/8/2020 t • Notice to Proceed: 7/8/2020 t

Type	Description	Projected Action	Body/Position (projected action date)		
			Program Director	WWSS Committees	WWSS Commission Board
Contract Amendments and Change Orders <i>continued</i> (above Program Director's Authority)	12. PLM_5.3 Design Amendment for Implementing Selected Alternative Alignment	Approve	N/A	MC: 2/20/2020 a	3/5/2020 a
		Execute	3/6/2020 a	N/A	N/A
	13. PLM_1.2 Construction Contract Change Order to add Day Road Crossing	Approve	N/A	MC: 3/19/2020 t	4/2/2020 t
		Execute	4/3/2020 t (by Wilsonville)	N/A	N/A
	14. WTP_1.0 Design Amendment for Scope Modifications	Approve	N/A	MC: 4/23/2020 t	5/7/2020 t
		Execute	5/8/2020 t	N/A	N/A
15. RWF_1.0 Contract Amendment for Guaranteed Maximum Price (GMP) for Phase 1 Construction	Approve	N/A	MC: 4/23/2020 t	5/7/2020 t	
	Execute	5/8/2020 t	N/A	N/A	
Local Contract Review Board (LCRB) Rules Exemption	16. Findings for Exemption from Competitive Bidding for RES_1.0, PLM_5.3	Approve	N/A	4/23/2020 t	6/4/2020 t
		Execute	N/A	N/A	N/A
Other Actions	17. WWSP Management Authority Matrix Revisions	Approve	N/A	3/19/2020 t	4/2/2020 t
		Execute	N/A	N/A	N/A

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Tualatin Valley Water District



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To: Board of Commissioners

From: Andrew Carlstrom, Customer Service Manager

Date: April 7, 2020

Subject: Intergovernmental Agreement (IGA) Between Clean Water Services and TVWD for Customer Information System (CIS) Implementation

Key Concepts:

- The CIS project is a collaboration between TVWD and Clean Water Services (the “Partners”).
- The Partners have completed the CIS vendor selection process and are now negotiating a contract.
- At the April 15 Board meeting, staff will request Board authorization of an implementation agreement with Clean Water Services (CWS).

Background:

CWS and TVWD are working together to select and implement a new CIS. The new system will replace TVWD’s billing application that went into production in February 2007 with a commercial off-the-shelf system solution for customer billing, customer care functions and a robust customer self-service portal.

The project is a multiyear, multiphase technology project that relies on best practices in utility industry CIS implementations and delivery of a CIS solution. CWS and TVWD jointly own the project with TVWD serving as the managing partner of the project and of the new CIS after cutover.

The adopted 2019-21 biennial budget included funding for a new CIS, and in June 2018 the Board approved the first of three anticipated CIS-related intergovernmental agreements (IGAs) between the District and CWS. The phases and agreements are for: (I) CIS vendor selection; (II) system implementation; and (III) ongoing operations under the new CIS.

The selected vendor is Open International, LLC. If a contract is reached, implementation is expected to start in June 2020 with a 14- to 16-month implementation period (go-live in summer/fall 2021) and four months of post-go-live stabilization. The budget estimate for the complete project is \$9.5 million and includes software licenses, consulting and vendor services, third-party services, internal labor and facility costs.

The Phase II IGA (implementation), which staff will present to the Board for authorization on April 15, 2020, will identify the types of costs to be shared by CWS and TVWD and will authorize management to create a task-based cost structure to equitably allocate project costs shared by both parties and those borne by each individual party.

CWS is expected to request that its Board of Directors authorize acceptance of the Phase II IGA with TVWD at an April 21, 2020 Washington County Board of Commissioners meeting.

Budget Impact:

The budget for the CIS project is \$9.51 million, including external and internal costs. TVWD is funding the project through the Capital Improvement Plan (CIP). If both Partners' Boards approve the Phase II IGA, CWS and TVWD will share project costs based on the jointly developed task-based cost structure.

Staff Contact Information:

Andrew Carlstrom; Customer Service Manager; 503-848-3024; andrew.carlstrom@tvwd.org

Attachments:

None.

Management Staff Initials:

Chief Executive Officer	TRH	Customer Service Manager	AC
Chief Engineer	CEP	IT Services Director	TB
Chief Financial Officer	Pon	Human Resources Director	N/A
General Counsel	CB	Water Supply Program Director	N/A

Tualatin Valley Water District



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To: Board of Commissioners

From: Paul L. Matthews, Chief Financial Officer

Date: April 7, 2020

Subject: Strategy for Issuing a Parity Certificate for the District's WIFIA Bond

Key Concepts:

- The District's Water Infrastructure Finance and Innovation Act (WIFIA) loan requires the District's Chief Financial Officer (CFO) to issue a Parity Certificate to allow disbursement of funds from the WIFIA loan.
- The District has several options for issuing Parity Certificates for the WIFIA loan that present differing risks and opportunities. These options may affect future rate increases required by the District's Master Water System Revenue Bond Declaration (Master Declaration).
- Information on these risks and opportunities was presented to the Board's Finance Committee in March.
- Because the strategy on issuing the Parity Certificate may affect future rates, the Finance Committee and staff desire a review by the entire Board.

Background:

The District's WIFIA loan has a draw feature that allows the District to access the loan funds when three requirements are met:

1. The District has substantiated its Eligible Project Costs to the satisfaction of the U.S. EPA's WIFIA Program (WIFIA Program).
2. The requested draw does not exceed the maximum draw by federal fiscal year (FFY) included in the WIFIA Loan Agreement (WLA).
3. The CFO has issued a Parity Certificate determining the District's has sufficient net revenues to meet the additional bonds test for the cumulative draws as required by the District's Master Declaration.

Draws against the District's WIFIA loan are called disbursements.

Requirements for Disbursement

Eligible Project Costs

The District has a process at the Willamette Water Supply Program (WWSP) to submit the necessary substantiation to the WIFIA Program to establish that the costs of the Willamette Intake Facilities (WIF)

Strategy for Issuing a Parity Certificate for the District's WIFIA Bond

and Willamette Water Supply System (WWSS) meet the criteria for Eligible Project Costs under the WIFIA loan. Compliance with the terms of the WIFIA loan affect both the District and its partner, the City of Hillsboro. The WWSP controls compliance through its various program controls which include contractual requirements on WWSP contractors, permit compliance, etc. Once the WWSP submits the substantiation of Eligible Project Costs, the WIFIA Program will allow disbursements of the WIFIA loan against the incurred Eligible Project Costs.

Maximum Disbursements by FFY

The WLA has a maximum disbursement amount by FFY through FFY 2026 (i.e., October 1, 2025 through September 30, 2026). Any amount that that would otherwise be available for disbursement that is not disbursed in a FFY automatically is available to the District in subsequent FFYs. Depending on market interest rates, the District may choose to delay the disbursements of some or all of its WIFIA loan and access lower-cost, short-term borrowings. The District's WLA allows the following annual maximum disbursements:

Federal Fiscal Year	Maximum Annual Disbursement
2020	\$5,000,000
2021	20,000,000
2022	100,000,000
2023	125,000,000
2024	65,000,000
2025	30,000,000
2026	42,748,990
Total	\$387,748,990

Parity Certificates

The third condition precedent to disbursement of funds from the WIFIA loan is that the District's CFO has issued a certificate stating that the District's net revenues are sufficient to meet the requirements of the Master Declaration.¹ This is the so-called "additional bonds test". The Parity Certificate establishes that the District has sufficient financial capacity to repay the additional bonds, including the additional amount borrowed under the WIFIA loan.²

In preparing the Parity Certificate, the CFO determines the maximum annual debt service by determining which portion of the District's WIFIA loan will be covered by the Parity Certificate. In fact,

¹ The District's Master Declaration has a two-part test for net revenues. The first test is that net revenues (as determined by the Master Declaration) are at least 125% of the maximum annual debt service of the additional debt being certified. The second test eliminates system development charges from the calculation of net revenues and defines this adjusted amount as "coverage revenues". Under the second test, coverage revenues must be at least equal to 115% of the maximum annual debt service of the additional debt being certified.

² For technical reasons, the WIFIA loan is considered one bond; however, the WLA requires the District to meet the additional bonds test to access the funds available under the WIFIA loan. Although this arrangement is different from typical revenue bond issues, it serves a similar purpose and is in the District's financial interest.

Strategy for Issuing a Parity Certificate for the District's WIFIA Bond

the CFO can issue a Parity Certificate for all or a portion of the District's \$388 million WIFIA loan. Establishing a strategy around the timing of when and how much of the WIFIA loan should be so certified is the policy question being brought to the Board during this work session.

Policy Considerations

There are several policy considerations for the District's Board of Commissioners. These considerations will be presented during the work session. These include assessing the trade-off in risks associated with varying amounts of the WIFIA loan being included in the initial Parity Certificate. Staff will present information on these risks and receive feedback from Commissioners to determine the most appropriate strategy.

Budget Impact:

None. The costs of issuing the Parity Certificate are appropriated in the District's 2019-21 Biennial Budget. Also, capital outlay funded by the WIFIA loan are also appropriated within the District's 2019-21 Biennial Budget.





Staff Contact Information:

Paul L. Matthews; Chief Financial Officer; 503-848-3017; paul.matthews@tvwd.org

Attachments:

None

Management Staff Initials:

Chief Executive Officer		Customer Service Manager	N/A
Chief Engineer		IT Services Director	N/A
Chief Financial Officer		Human Resources Director	N/A
General Counsel		Water Supply Program Director	