

Tualatin Valley Water District



Delivering the Best Water • Service • Value



BOARD WORK SESSION AGENDA*

June 2, 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 email debbie.carper@tvwd.org or call 503-848-3014 by 4:30 p.m. on June 2, 2020.

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 – ONLINE MEETING*

CALL TO ORDER

ANNOUNCEMENTS

1. DISCUSSION ITEMS

- A. Willamette Water Supply System Commission Update. *Staff Report – Dave Kraska*
- B. Overview of System Development Charge Methodology. *Staff Report – Paul Matthews*
- C. Update on Impact of COVID-19 Crisis on the District’s Financial Performance. *Staff Report – Paul Matthews*
- D. Update to Rules and Regulations. *Staff Report – Clark Balfour*

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: June 2, 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 June 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 June 4, 2020. The agenda for that meeting is attached to this staff report. At the June meeting, there are six Business Agenda items for the Board to act on:

1. Adopt WWSS IGA Exhibit 1 Amendment to Modify Allocation of Reservoir Capacity
2. Approve WWSP and Construction Management Services FY 2021 Annual Work Plan
3. Approve PLW_1.3 Construction Contract
4. Adopt Revised Fiscal Year 2020-2021 Annual Work Plan and Budget and WWSP Capital Improvement Plan (Baseline 5.2)
5. Adopt PLM_4.3 Resolution of Public Necessity
6. Establish Board Meeting Dates for FY 2021

There is one informational item on the June agenda: a discussion of the planned business agenda items for the July 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 June TVWD work session, we will present a review of the current Forecast that covers the months of May through July 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 five projects in construction, and a sixth will begin construction in the next month or two. At the June TVWD work session, we will update the Board on our project delivery progress and on 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 June 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 Commission
Board Meeting Agenda
Thursday, June 4, 2020 | 12:00 – 2:00 PM

Microsoft Teams Dial-in Conference

(Introductory statements below assume a virtual meeting.)

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 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 May 7, 2020 meeting minutes.

4. BUSINESS AGENDA

- A. Adopt WWSS IGA Exhibit 1 Amendment to Modify Allocation of Reservoir Capacity – Dave Kraska
- B. Approve Willamette Water Supply Program (WWSP) and Construction Management Services FY 2021 Annual Work Plan – Dave Kraska
- C. Approve PLW_1.3 Construction Contract – Mike Britch
- D. Adopt Revised Fiscal Year 2020-2021 Annual Work Plan and Budget and WWSP Capital Improvement Plan (Baseline 5.2) – Dave Kraska
- E. Adopt PLM_4.3 Resolution of Public Necessity – Joelle Bennett
- F. Establish Board Meeting Dates for FY 2021 – Dave Kraska

5. INFORMATION ITEMS

- A. Planned July Business Agenda Items – *Joelle Bennett*
- B. The next Board meeting is scheduled on July 2, 2020, at Tualatin Valley Water District – Board Room or via Conference Call (TBD)

6. COMMUNICATIONS AND NON-AGENDA ITEMS

- A. None scheduled.

ADJOURNMENT

Approvals and Procurement Forecast: May 2020 through July 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. WWSP 2020 Rebaseline Schedule and Budget; FY 2021 Revised WWSS Budget	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t
		Execute	N/A	N/A	N/A
Real Estate	2. PLM_4.3 Resolution of Need	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t
	3. PLM_5.3 Resolution of Need	Approve	N/A	MC: 6/18/2020 t	7/2/2020 t
IGAs, MOUs, Permit Commitments, & Similar Agreements	4. PLW_1.2 WCLUT Design IGA Amendment 1	Approve	N/A	MC: 10/16/2019 a	12/5/2019 a
		Execute	6/16/2020 t	N/A	N/A
	5. RES_1.0 Emergency Responder (Sheriff) Training Exercise Agreement	Approve	N/A	MC: 4/23/2020 a	5/7/2020 a
		Execute	5/12/2020 a	N/A	N/A
	6. WWSS IGA Exhibit 1 Amendment <ul style="list-style-type: none"> Modify allocation of Reservoir Capacity Add a City of Beaverton Turnout on Grabhorn Road Make minor housekeeping edit 	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t
		Execute	6/5/2020 t	N/A	N/A
	7. WWSS IGA Exhibit 1 to modify Allocation of Reservoir Capacity	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t
		Execute	6/5/2020 t	N/A	N/A
8. COB_1.0 Design IGA Amendment 1 to add a City of Beaverton Hall Boulevard 16-inch pipeline to COB_1.0	Approve	N/A	MC: 6/18/2020 t	7/2/2020 t	
	Execute	7/3/2020 t	N/A	N/A	
Contracts	9. PLW_1.3 Construction Contract <ul style="list-style-type: none"> Goal: Construction Contractor for waterline construction from Farmington to Kinnaman Approximate value: \$29 M Contractor: Tapani Publish Request for Proposals: 2/21/2020 a Proposal Due Date: 4/16/2020 a Rec. of Award: 4/23/2020 a Notice of Intent to Award: 4/27/2020 a Limited Notice to Proceed: 6/5/2020 t Notice to Proceed: 8/6/2020 t 	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t
		Execute	6/5/2020 t	N/A	N/A

Type	Description	Projected Action	Body/Position (projected action date)		
			Program Director	WWSS Committees	WWSS Commission Board
Contract Amendments and Change Orders (above Program Director's Authority)	10. WTP_1.0 Design Amendment for Scope Modifications	Approve	N/A	MC: 4/23/2020 a	5/7/2020 a
		Execute	5/12/2020 t	N/A	N/A
	<ul style="list-style-type: none"> • Goal: Amend contract for design services related to additional engineering services • Value: \$885,133 • Engineer: CDM Smith 				
	11. RWF_1.0 Contract Amendment for Guaranteed Maximum Price (GMP) for Phase 1 Construction	Approve	N/A	MC: 4/23/2020 a	5/7/2020 a
		Execute	5/13/2020 a	N/A	N/A
	<ul style="list-style-type: none"> • Goal: Amend contract to include GMP for phase 1 construction • Value: \$49M • Contractor: Kiewit 				
12. WWSP Program and Construction Management Services FY 2021 Annual Work Plan	Approve	N/A	MC: 5/21/2020 t	6/4/2020 t	
	Execute	6/5/2020 t	N/A	N/A	
<ul style="list-style-type: none"> • Goal: Approve scope, staffing, and fee for program and construction management services for FY 2021 • Value: \$13M • Contractor: Stantec 					
Local Contract Review Board (LCRB) Actions	13. Findings for Exemption from Competitive Bidding for RES_1.0, PLM_5.3	Approve	N/A	MC: 4/23/2020 a	7/2/2020 t
		Execute	N/A	N/A	N/A
<ul style="list-style-type: none"> • Board approval to initiate public comment 5/7/2020 a 					

Tualatin Valley Water District



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To: Board of Commissioners

From: Paul L. Matthews, Chief Financial Officer

Date: June 2, 2020

Subject: Overview of System Development Charge Methodology

Key Concepts:

- Ordinance 01-12 governs the development of system development charges (SDCs) for TVWD.
- At the Board's January 7, 2020 work session, staff presented information about the District's current SDC methodology. Based on comments from Commissioners at that work session, staff will present information on the underpinnings of the District's current SDC methodology.
- The purpose of this presentation is to provide Board members with basic information on SDCs on which they can base future SDC policies for the District.

Background:

The District's SDC Ordinance (Ordinance 01-12) governs the administration of SDCs for TVWD. The SDC Ordinance was adopted effective August 17, 2012 and largely based on Resolution 01-91. The SDC Ordinance and Resolution 01-91 both comply with Oregon Revised Statutes (ORS) 223.297 through 223.314.

Based on the discussions during the Board's January 7, 2020 work session, staff wishes to present basic information about the District's current SDC methodology and overall approach. This discussion is for informational purposes only and there are no specific policy questions for the Board at this time. However, the purpose of this presentation is to provide an enhanced understanding of SDCs to the Board for its ultimate consideration of the District's overall SDC methodology.

Budget Impact:

None. The costs of preparing this information item are appropriated in 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	GRH	Customer Service Manager	N/A
Chief Engineer	CEP	IT Services Director	N/A
Chief Financial Officer	POW	Human Resources Director	N/A
General Counsel	CS	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: June 2, 2020

Subject: Update on Impact of COVID-19 Crisis on the District's Financial Performance

Key Concepts:

- The COVID-19 crisis has significantly affected the local economy and our customers.
- The effect on the local economy may affect the District's future revenue, collections and expenses.
- The Chief Executive Officer has formed a Financial Response Team to monitor the situation and prepare proposals for his consideration.

Background:

The Board of Commissioners has requested that staff present information about how the current COVID-19 crisis could affect the District's financial performance and its customers' ability to pay water bills. Staff is monitoring various metrics as indicators of impacts on future revenue, collections and expenses.

Staff has developed reporting tools to monitor the impacts of COVID-19. Staff will present the status of the District's financial situation using those new tools.

Budget Impact:

None. The costs of preparing this information item are appropriated in District's 2019-21 Biennial Budget; however, the findings from this briefing, and future briefings, may provide the Board information that it may use to modify the District's current 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	TRH	Customer Service Manager	AC
Chief Engineer	CEP	IT Services Director	TB
Chief Financial Officer	POW	Human Resources Director	AB
General Counsel	CS	Water Supply Program Director	TS

Tualatin Valley Water District



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To: Board of Commissioners
From: Clark Balfour, General Counsel
Date: June 2, 2020
Subject: Update to Rules and Regulations

Key Concepts:

- By ordinance, the Board has adopted Rules and Regulations that govern the use of the District's system.
- The Rules and Regulations have been periodically amended and restated, most recently by Ordinance 02-18.
- Staff proposes amendments to Ordinance 02-18 which will require adoption through an ordinance process.
- The first reading of the proposed ordinance is currently scheduled for June 17 and the second for July 15.
- If adopted according to the proposed schedule, the new provisions would be effective on August 15, 2020, unless the Board chooses a later effective date.

Background:

Staff has conducted a periodic review of the Rules and Regulations and recommends amendments to be adopted through the ordinance process. There are clarification changes, changes to obtain language consistency and more substantive changes. The substantive changes are:

Section 19 Line Extension

This discussion primarily concerns the distribution system. Much of the District's distribution system was constructed by private owners/developers who constructed the facilities and then donated them. The Board has also recognized that there is more than merely extending a water line to serve property. Additional facilities may be required to complete loops and other water system betterments that are more beneficial for District operations or system strength. For that reason, the Board adopted mechanisms for the District to pay for those additional facilities or improvements that are more for the benefit of the District and beyond what would be required for the owner/developer's project. Sometimes that allocation can be precise, while other times we are faced with a rough proportionality test. With that in mind, we suggest further changes to the authorized methods to extend or expand the District's system to address typical issues.

The four methods typically used to expand the system are:

1. Owner/Developer Line Extension Constructed by and at Owner/Developer Expense
2. Owner/Developer Line Extension Constructed by District at Owner/Developer Expense

3. District Initiated Construction with Proportional Cost added to Connection Fee at Time of Connection
4. District Initiated or Landowner(s) Petition for Local Improvement

Upsizing or Additional Facilities

Often, we ask for additional facilities or upsizing of facilities to serve future customers and ask the owner/developer to install them. We pay that cost of additional facilities or the incremental cost of upsizing. We may also need authority to require and include additional facilities to connect the line the owner/developer is extending with another line already in place or under construction by another party. The benefit to the District is obtaining a stronger looped system with redundant methods of service delivery. Staff needs explicit authority to require these types of facilities, and payment therefore, recognizing that there may be more/less benefit to the parties to be considered in the equitable allocation of the owner/developer and District monetary contributions. The proposed changes speak to these issues.

Methods of Financing

The typical methods of financing additions to the system are:

1. Owner/Developer Constructed and Financed
2. Owner/Developer Constructed and Financed with Reimbursement Agreement
3. District Constructed but Owner/Developer Financed (rare)
4. District Initiated and Constructed with Surcharge Collected at Time of Connection
5. District or Landowner Initiated Local Improvement District

Method 3 is rarely used because owners/developers often feel they can design and construct the water system improvements less expensively than if TVWD personnel did the work. Method 4 is the “if you build it, they will come” model. It has been used in new areas but not for many years. Method 5 has not been used by the District since the late 1980s. Our last Local Improvement District paid off the bond holders in the early 2000s.

The complications come from Methods 1 and 2. Method 1 is easiest because it often means the construction of the extension, completing loops or other improvements to the District’s adjacent or contiguous system, that clearly benefits only the owner/developer.

Method 2 has presented more challenges because Method 2 is usually a longer extension, by an owner/developer, from the end of the District’s system to and through the subject property. The extension passes intervening properties that now have access to District water and may wish to connect. ORS 264.320 authorizes the owner/developer to ask for an agreement for reimbursement of the proportionate share of design and construction costs incurred, if any of those intervening properties connect to the line within 10 years. For years, at the staff level, the District has prepared Reimbursement Agreements, notified property owners of the potential charge if they connect, recorded them and collected and remitted funds on an annual basis for the 10-year term.

The proposed changes are procedural and substantive. On the substantive side, we seek clarification that an intervening property owner, who is bringing water to its development from another direction, can be required to connect to the line extension where there is a Reimbursement Agreement. This recognizes there is a partial benefit when indirect service comes from the subject line, allowing a more

equitable allocation of the “proportionate” cost of the line subject to reimbursement. We believe our Rules and Regulations should provide flexibility in the allocation of costs to recognize proportionality.

On the procedural side, we think a more formal process, closer to a Local Improvement District, is necessary to withstand a due process challenge. First, we believe the owner/developer should prepare a petition, on forms provided by the District, to create a Reimbursement District. If complete, then staff will recommend that the Board conduct a hearing, after notice of the proposed Reimbursement District, with proposed allocation of cost per the benefitted properties, is mailed to all affected landowners. At the Board hearing, the benefitted landowners can submit written or oral testimony as to whether the property is benefitted, the methodology for cost allocation is in error or the amount of allocation should be reduced. The Board would then approve, approve with modifications or deny and send the petition back for re-crafting. It is a right of the owner/developer so it can't be denied outright with prejudice and no opportunity for re-filing.

Notice of the final decision would be mailed to all affected landowners. Staff would prepare the Reimbursement Agreement in accord with the Board's order, and it would be executed and recorded in the County records.

Budget Impact:

None

Staff Contact Information:

Clark Balfour; General Counsel; 503-848-3061; clark.balfour@tvwd.org

Carrie Pak, PE; Chief Engineer; 503-848-3045; carrie.pak@tvwd.org

Attachments:

None

Management Staff Initials:

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