

# Tualatin Valley Water District



Delivering the Best Water 💧 Service 💧 Value

## Board Work Session Minutes August 6, 2019

### **WORK SESSION – 6:00 PM**

#### **CALL TO ORDER**

Commissioners Present: Bernice Bagnall; Jim Doane, PE; Jim Duggan, PE; Todd Sanders; Dick Schmidt

Staff Present: Tom Hickmann, Chief Executive Officer; Dave Kraska, PE, Water Supply Program Director; Carrie Pak, PE, Chief Engineer; Paul Matthews, Chief Financial Officer; Annette Rehms, Administrative Assistant; David Shick, Controller; Justin Carlton, Finance and Administration Supervisor; Andrea Watson, Communications and Public Affairs Supervisor; Debbie Carper, District Recorder

#### **ANNOUNCEMENTS**

Mr. Hickmann announced the District has closed on the Water Infrastructure Finance and Innovation Act (WIFIA) loan and then he provided highlights of his first few days as Chief Executive Officer (see attached memo).

He asked Commissioners for feedback on whether or not to hold a work session in September, the day after Labor Day. Commissioner feedback was to cancel the meeting and postpone agenda items to future meetings.

Next, he pointed out the updates to the Board communications log that were attached to his memo.

Finally, he asked Commissioners for their availability to attend the upcoming rate open houses. They indicated:

- Commissioners Duggan and Sanders can attend on August 14. Commissioner Duggan will be unable to attend the full open house due to a prior commitment.
- Commissioners Bagnall, Doane and Schmidt can attend on August 24.

In response to a question, Mr. Matthews indicated the need for a rate increase despite the District's securing a WIFIA loan.

Mr. Matthews presented the safety minute on golf safety.

## 1. DISCUSSION ITEMS

### A. Review of Proposed Changes to Financial Reporting. *Staff Report – Paul Matthews*

Mr. Matthews displayed and distributed sample updates to financial reports, including newly developed operating contingency and capital projects reports (see attached presentation and handout).

In response to a question, staff said the Capital Improvement Plan (CIP) numbers in the capital projects report would tie back to the CIP if, at the time of the last CIP update, those projects already had project charters. Project charter development triggers the creation of project numbers.

Commissioners were supportive of the proposed changes.

### B. Willamette Water Supply System Commission Orientation Plans. *Staff Report – Dave Kraska*

Mr. Kraska debuted an abbreviated version of his upcoming presentation for the Willamette Water Supply System (WWSS) Commission, providing information on the WWSS mission and objectives, history and context, and vision and leadership information (see attached presentation).

In response to questions, staff said:

- The District's Budget Committee will serve as the budget committee for the WWSS Commission and will continue to follow the same budget development timeline. Given the District's biennial budget cycle, the opportunity for the TVWD Board to consider supplemental budgets for the WWSS provide flexibility to make annual changes.
- WWSS eminent domain decisions would be brought to the WWSS Commission for consideration for approval.
- No formal WWSS Commission decisions can be made without TVWD representation.
- Staff can bring relevant and statutorily applicable executive session topics related to WWSS Commission matters to the TVWD Board for discussion.

Commissioners discussed the sharing of information between the WWSS Commission and the TVWD Board. The District's WWSS Commission representative will provide briefings to the TVWD Board during regular TVWD Board meetings, and significant informational items can be shared in the Board's weekly email briefings.

Commissioners Doane, Sanders and Schmidt requested access to the supporting materials information to be provided to WWSS Commission members.

**ADJOURNMENT**

There being no further business, President Bagnall adjourned the meeting at 7:31 p.m.

---

Bernice Bagnall, President

---

Todd Sanders, Secretary



## MEMO

**Date:** August 6, 2019  
**To:** TVWD Board of Commissioners  
**From:** Tom Hickmann, CEO  
**Re:** CEO Announcements

---

I will cover the following items during the CEO's Announcements at the work session:

1. **Be Sure to Use Microphones** – Just a reminder to please be sure to use your microphone whenever you are speaking during the work session this evening. Also, please be sure to turn off your microphone when you are not speaking.
2. **Safety Minute** – Paul Matthews will present the safety minute this evening.
3. **TVWD Closes on WIFIA Loan** – Per the recent email sent to the Board, the District closed on the WIFIA loan last Friday, August 2. The final WIFIA interest rate is 2.39%. The District's efforts to secure a WIFIA loan started more than a year ago when TVWD and Hillsboro prepared a joint letter of interest that was submitted to EPA last July. Navigating our way through the WIFIA process has been a team effort and reflects excellent work on the part of Paul Matthews, the Finance Department, Clark Balfour, Andrea Watson and the Communications team, and staff from the Willamette Water Supply Program. This is a remarkable achievement and will benefit District customers for generations to come.

TVWD and Hillsboro are currently working on scheduling a WIFIA media event with Senator Merkley, to be held at one of the WWSP construction sites, later this fall. The Board's attendance is encouraged, and we will provide more details when they become available.

4. **CEO Transition Process Moves into Next Phase** – I'm happy to be here; I have moved into my office and have stepped into the role of CEO. During the three days I have been here, I have been able to meet with Mark, department managers and have started meeting with each of you. It is clear it is going to take some time for me to get up to speed on the many activities the District currently has underway. Mark and I have several meetings scheduled during the next few weeks to continue the process of helping me come up to speed on the numerous issues and is playing an advisory role on CEO duties and providing additional background briefings.

In the coming weeks and months, I will be meeting with every staff member as my schedule allows. I believe it is critically important for all staff to be comfortable in approaching me with issues and that I get a chance to know them.

5. **Scheduling Options for the September Work Session.** The Board is currently scheduled to hold a work session on Tuesday, September 3<sup>rd</sup>. Currently, the agenda for the September work session includes only two topics: 1) an update on Board goals, and 2) an update on meter reading vehicles. Since September 3<sup>rd</sup> is the day after Labor Day and we have a relatively light agenda, we want to obtain Board feedback on possible options for the September work session. Staff have identified three options: 1) meet as scheduled on September 3<sup>rd</sup>, 2) cancel the September 3<sup>rd</sup> work session and move the topics to the next work session on October 1, or 3) move the two work session topics to the next regular Board meeting scheduled for September 18<sup>th</sup> (planned agenda includes consideration of the resolution adopting water rates for 2019-2021). Board feedback on options for the September work session would be appreciated.
  6. **Board Communications Log** – There were three updates to the Board communications log this month. Staff followed up with Commissioner Doane in response to a request he had regarding pipeline construction work on SW Jenkins. Staff also followed up with Commissioner Doane in response to his concerns related to readability of the District’s proposed new website. Finally, attached is a summary of the meeting of the Board Finance Committee that was held on July 2, 2019.
-

## 2019 Board Communications Log

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

- Initial request sent to Mark (copy Board President)
- Mark 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
01-19	Sanders	Rate increase information	3/15/19	3/15/19	April 2
02-19	Schmidt	Diesel additive	3/20/19	3/27/19	April 2
03-19	Sanders	Harmful algal blooms, including JWC presentation	4/11/19, 4/13/19	4/15/19	June 4
04-19	Doane	Construction along Jenkins Road	7/12/19	7/17/19	August 6
05-19	Doane	Website readability concerns	7/17/19	7/24/19	August 6

Board Committee Information:

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

Meeting Date	Notes	Date Information Shared with the Full Board
<b>Finance Committee</b>		
January 29	Meeting synopsis prepared by Debbie Carper	March 5
February 26	Meeting synopsis prepared by Katherine Lipari DeSau	March 5
July 2	Meeting synopsis prepared by Debbie Carper	August 6
<b>Policy and Board Development Committee</b>		
<b>Strategic Planning Committee</b>		
<b>Water Supply Committee</b>		

**Debbie Carper**

---

**From:** Mark Knudson  
**Sent:** Thursday, July 18, 2019 7:28 AM  
**To:** Debbie Carper  
**Cc:** Carrie Pak; Tom Hickmann  
**Subject:** FW: Nike with Purple Pipe

Debbie – please include the following inquiry from Commissioner Doane in the next update to the Commissioner Communication Log.

Thanks,  
Mark

---

**From:** Carrie Pak  
**Sent:** Wednesday, July 17, 2019 7:27 PM  
**To:** Mark Knudson  
**Subject:** RE: Nike with Purple Pipe

I let him know.

---

**From:** Mark Knudson  
**Sent:** Tuesday, July 16, 2019 3:22 PM  
**To:** Carrie Pak  
**Subject:** RE: Nike with Purple Pipe

Please make sure to tell Doane tomorrow night that you had somebody swing by the job site and talk with the contractor.

Thanks,  
Mark

---

**From:** Carrie Pak  
**Sent:** Tuesday, July 16, 2019 11:18 AM  
**To:** Mark Knudson  
**Subject:** RE: Nike with Purple Pipe

Just wanted to let you know that James spoke with the contractor on site yesterday. Waterline improvements are about three months out; no water pipe has been delivered to site yet. They are fully aware of our requirement for capping water pipes while they are stored.

Thanks,  
Carrie

---

**From:** Jim Doane  
**Sent:** Monday, July 15, 2019 9:54 AM  
**To:** Mark Knudson; [Carrie Pak](#)  
**Cc:** Bernice Bagnall; [Jim Doane](#)  
**Subject:** RE: Nike with Purple Pipe

Thanks, I was worried about Nike drilling irrigation wells. I absolutely can't distinguish blue from purple.

Jim

Sent from [Mail](#) for Windows 10

---

**From:** Mark Knudson  
**Sent:** Monday, July 15, 2019 8:02:14 AM  
**To:** Jim Doane; [Carrie Pak](#)  
**Cc:** Bernice Bagnall  
**Subject:** RE: Nike with Purple Pipe

Commissioner Doane,

The activity on the south side of Jenkins are utility relocates in advance of the County's widening project on Jenkins between Nike and 158<sup>th</sup> - I've driven by a couple of times in the last week and spotted the following:

- Natural gas pipe (NWN has the greatest activity right now)
- Stockpile of mid-size blue PVC – presumably storm
- Stockpile of larger diameter black pipe – unclear what this is for but it's likely either storm or Beaverton water line (no endcaps on the stored pipe so it's presumably not TVWD water)

But no purple pipe. Also, as far as we know, there is no source of reclaimed/non-potable water in the vicinity (closest would be Beaverton's project in South Cooper Mt ... several miles away).

Carrie will have one of our inspectors confirm. We'll let you know if it's anything other than the above.

Thanks,  
Mark

---

**From:** Jim Doane  
**Sent:** Friday, July 12, 2019 4:00 PM  
**To:** Mark Knudson; [Carrie Pak](#)  
**Cc:** Bernice Bagnall; [Jim Doane](#)  
**Subject:** Nike with Purple Pipe

Hi,

Being colorblind presents problems issues, but I believe that Nike is laying purple (non-potable water pipe on the southside of Jenkins road across from their headquarters. If so, are they about to dramatically reduce their irrigation water consumption from us?

Please have someone with true color vision follow up on this before the pipe is buried.

Jim

Sent from [Mail](#) for Windows 10



---

**From:** Andrea Watson  
**Sent:** Wednesday, July 31, 2019 9:50 AM  
**To:** Mark Knudson  
**Subject:** Commissioner Communications

Mark:

Commissioner Doane assisted the Communications team with website testing on June 24. This was to supplement the web vendors contrast testing to assure ADA compliance for color blind residents. Two areas were identified, both were black text on medium to dark blue buttons. Municode tested two options and the middle contrast option was selected and implemented as the trial solution.

Andrea Watson, APR

**Communications & Public Affairs Supervisor**

---

1850 SW 170<sup>th</sup> Ave, Beaverton, OR 97003

*direct* 503-848-3012 // *fax* 503-356-3179 // *office* 503-848-3000 // *mobile* 503-793-7330

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

**Tualatin Valley Water District**

Delivering the Best Water • Service • Value

**From:** Andrea Watson  
**Sent:** Thursday, July 18, 2019 9:22:20 AM  
**To:** Jim Doane  
**Cc:** Andrew Carlstrom; Mark Knudson; Bernice Bagnall  
**Subject:** Website Readability

Dear Commissioner Doane,

Thank you for raising concerns about the font and color contrast on the proposed website design. These issues will be addressed and taken seriously.

I am asking if you would consider having a meeting with me so we can look at the design on your computer, phone and tablets if those are devices that you use, and you can provide me with specific places that are challenging.

Then we can implement changes to assure that you and all other color blind residents can read our site.

In the past, you have told me that you don't want to be the spokesperson for this issue and I am sensitive to that. However, color blindness comes in several types and degrees, which mean that each color blind person sees the site differently. You make decisions for all the ratepayers, so it is important, possibly more important, that you can see it.

The new site will also have a page which outlines the website accessibility features and how anyone can request a needed accommodation.

Thank you for speaking up. I hope you will be willing to meet.

It would be a huge help to our testing, if we could meet at your home or at the Aloha Library so that we test the site on devices outside of TVWD, which may have different resolution and settings. Of course, Headquarters is an option if you prefer.

Thank you again for advocating for accessibility for everyone.

Andrea Watson, APR

**Communications & Public Affairs Supervisor**

---

1850 SW 170<sup>th</sup> Ave, Beaverton, OR 97003

*direct* 503-848-3012 // *fax* 503-356-3179 // *office* 503-848-3000 // *mobile* 503-793-7330

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

---

**Tualatin Valley Water District**

Delivering the Best Water • Service • Value

# Tualatin Valley Water District



Delivering the Best Water  Service  Value

## Finance Committee Meeting

July 2, 2019

### Meeting Notes

Attendees: Commissioners Bagnall and Duggan

Staff Present: Mark Knudson, PE, Chief Executive Officer; Paul Matthews, Chief Financial Officer; Joe Healy, Senior Management Analyst; Debbie Carper, District Recorder

#### 1. Education on Disclosure Requirements

Mr. Matthews described potential challenges related to debt disclosures (see attached presentation). Commissioners were open to a future training opportunity on best practices.

#### 2. Future Financials Reporting Concepts

Mr. Matthews listed recommended changes to financial reports and said samples would be provided at the August 6 Board work session. Commissioners found the proposed changes acceptable.

#### 3. Potential Audit Committee

Mr. Matthews described the best practice in having an Audit Committee and outlined the proposed committee's role and composition. Meetings would be held one or two times per year. Commissioners were fine with staff's recommendations.

#### 4. Rate Proposals

Mr. Matthews reviewed staff's proposed public outreach plan, which Commissioners found acceptable. He also listed key changes to Financial Plan assumptions and described major projected components of the plan, including capital improvements, project financing, debt service, operation and maintenance costs and resulting customer impacts.

After reviewing rate timing options, Commissioners favored the first option of even rate increases and requested that staff present that one scenario at the July 17 regular meeting in comparison to what had been projected during the last rate setting process in 2017.

## Tualatin Valley Water District



Delivering the Best Water 💧 Service 💧 Value

### 5. Block Threshold Analysis

Mr. Matthews outlined the current block thresholds and asked if Commissioners are interested in staff performing a new analysis. Mr. Knudson pointed out the need to consider timing with the Customer Information System (CIS) implementation and the District's entry into the bond market. Commissioners agreed with staff's recommended process to conduct an analysis after the current rate process and convene the Rate Advisory Committee if needed.

### 6. Others

Mr. Matthews introduced the topic of credit card payments for system development charges. Commissioners agreed with staff's recommendation to discuss changes to the payment process at a Board work session in the next few months and asked staff to compare payment processes with neighboring agencies.

# Financial Forecast Update and 2019-21 Water Rates

## *Board Finance Committee Meeting*

**Paul L. Matthews**

Chief Financial Officer



## **Presentation Overview**

- Education on disclosure requirements
- Financial Reporting
- Potential Audit Committee
- Rate Process
  - Public outreach plan
  - Updates to financial forecast
  - Rate adjustment scenarios
- Block Threshold Analysis
- Other Concerns

## Financial Disclosure Requirements

### Future Challenges

- Publicly traded debt can expose the District to tort liability if investors claim decisions were made on bad information provided by the District
- Should consider best practices to limit the District's exposure
- Not urgent, we have time to address these matters.
- Recent SDAO presentation sparked interest in CEO
- Future training opportunity for the Board?

## Financial Reporting

- Goal: streamline reporting to improve efficiency
- Approaches:
  - Standardized v. custom reports
  - Eliminate low-value reports (e.g., Consultant Report)

## Audit Committee

- GFOA Best Practice
  - Subcommittee of elected officials
  - Citizen members
- Role
  - Select auditors
  - Provide oversight of audit process
  - Review audit findings
- Thoughts on composition
  - Board Finance Committee, plus
  - Member of Budget Committee or local Certified Public Accountant

## Proposed Public Outreach Plan

### July 17th Regular Meeting

- Discuss rate proposals
- Receive direction from Board
- Establish public comment period

### Open Houses

- Week night (8/14) and weekend (8/24)
- Present one or more rate proposals
- Receive public comment

### August 21<sup>st</sup> Regular Meeting

- Open public hearing
- Receive public comment

### August 28th

- Close public comment at 4:00 p.m.

### September 18<sup>th</sup> Regular Meeting

- Adopt rates

## Key Changes to Assumptions since Financial Plan

### 2019-20 Financial Plan

- WIFIA proceeds\* = \$370 million
- WIFIA Int. Rate = 3.5%
- WIFIA repayments beginning FY2027
- Straight-line debt service on all Revenue Bonds
- FY2020 Beaverton Wheeling Rate = \$1.80/CCF

### WIFIA (and other) Updates

- ▲ WIFIA proceeds\* = \$387.25 million
- ▲ WIFIA Int. Rate = 2.75%
- ▲ WIFIA repayments beginning FY2028
- ▲ Interest-only payments on Revenue Bonds until FY2027
- ▼ FY2020 Beaverton Wheeling Rate = \$1.68/CCF

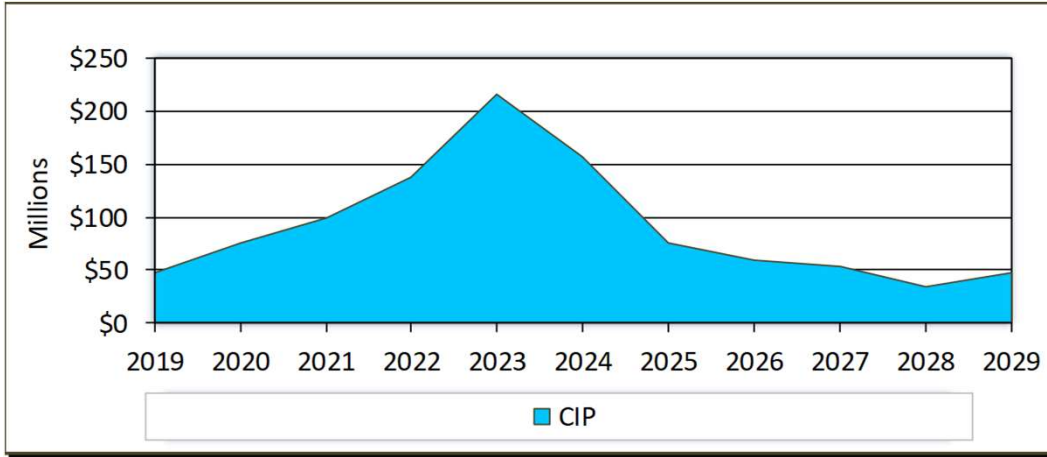
\*Proceeds for WWSP projects, net of issuance costs.

## Capital Improvements Plan (millions)

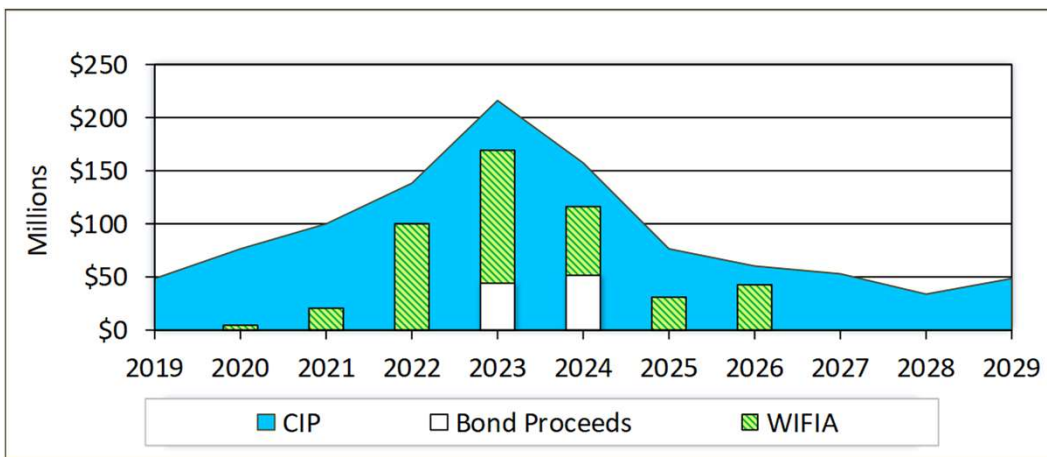
Description	10-yr Totals
WWSP (TVWD Share)	\$546.7
JWC (TVWD Share)	7.1
TVWD	403.3
<b>Total</b>	<b>\$957.1</b>



### Capital Improvements Plan by Fiscal Year



### Projected Financing by Fiscal Year



### Projected Annual Debt Service (millions)

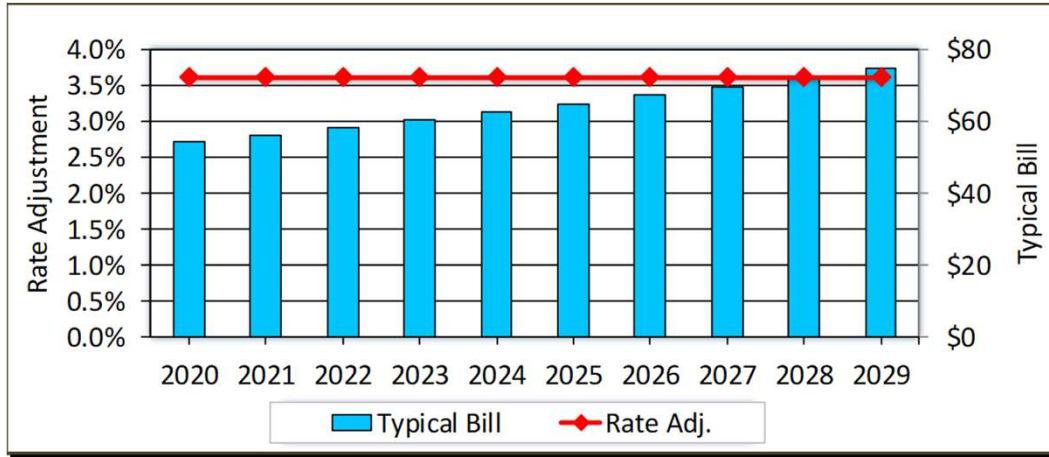
Year	Annual Debt Service	Year	Annual Debt Service
FY2020	\$0.0	FY2025	\$5.7
FY2021	0.0	FY2026	5.7
FY2022	0.0	FY2027	7.4
FY2023	1.7	FY2028	17.6
FY2024	4.6	FY2029	27.8

\* Note: Interest-only payments through FY2026.

### Projected O&M Costs (millions)

Year	Annual O&M	Year	Annual O&M
FY2020	\$53.8	FY2025	\$52.5
FY2021	53.5	FY2026	54.6
FY2022	55.3	FY2027	51.8
FY2023	48.0	FY2028	54.0
FY2024	50.2	FY2029	56.5

### Projected Customer Impacts



### Risks to the Forecast

Higher Costs from Portland	Interest Rates	Capital Expenditures	Others
<ul style="list-style-type: none"> <li>• Costs for treatment facilities</li> <li>• Changes to peaking factors</li> <li>• Contract difficulties</li> <li>• Other O&amp;M and CIP</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of tax-exempt bonds</li> <li>• Reduction in credit rating</li> <li>• General increase in interest rates</li> </ul>	<ul style="list-style-type: none"> <li>• Timing/unplanned failure</li> <li>• Project definitions</li> <li>• Construction costs</li> <li>• Loss of a partner</li> </ul>	<ul style="list-style-type: none"> <li>• Economic downturn</li> <li>• Changes in water demands</li> <li>• Annexations with withdrawals</li> <li>• Curtailment of water sales</li> <li>• PERS costs</li> </ul>

## Positive Risks (Opportunities) to the Forecast

### Capital Expenditures

- Value engineering
- Project definition
- Construction costs
- Gaining partners

### Others

- Faster development within the District
- Lower interest costs
- PERS Side Account
- Other unexpected savings

## Rate Timing Options

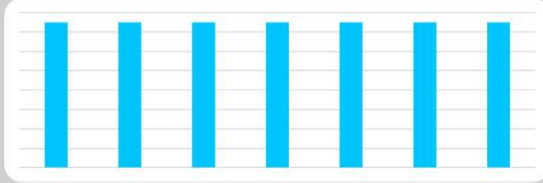
### Option 1 – Even Over Time

- Forecast-based rate increases through FY2031

### Option 2 – Lower Increases First Year

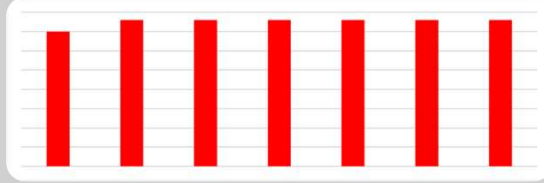
- Inflationary increase in FY2020
- Forecast-based rate increases for remainder through 2031

### Rate Timing Options



#### Option 1 – Even Over Time

- Pros
  - More predictable for customers
  - Avoids large increase
  - Continued message to bond market regarding financial management
- Cons
  - Less near-term rate relief for customers





#### Option 2 – Lower Increase First Year

- Pros
  - More near-term rate relief for customers
- Cons
  - Weakens message to bond market regarding financial management
  - Increases future rate adjustments
  - Slightly increases financial risk

### Annual Rate Adjustments by Scenario



Rate Options	Years	Scenario	
		Financial Plan	WIFIA Updates
	FY2020-31	3.90%	3.60%
	FY2020	3.50%	3.50%
	FY2021-31	4.00%	3.60%

### Typical Monthly Savings Compared to Rate Option 1

Rate Options	Years	Scenario			
		Financial Plan		WIFIA Updates	
	FY2020	3.9%	—	3.6%	—
	FY2021	3.9%	—	3.6%	—
	FY2020	3.5%	\$0.21	3.5%	\$0.05
	FY2021	4.0%	\$0.16	3.6%	\$0.05

### Typical Monthly Bills by Scenario

*Current Typical Bill: \$52.44*

Rate Options	Years	Scenario			
		Financial Plan		WIFIA Updates	
	FY2020	3.9%	\$54.49	3.6%	\$54.33
	FY2021	3.9%	\$56.61	3.6%	\$56.28
	FY2020	3.5%	\$54.28	3.5%	\$54.28
	FY2021	4.0%	\$56.45	3.6%	\$56.23

## Requested Direction on Rate Adjustments

1. How many scenarios to present at July 17<sup>th</sup> Regular Meeting?
2. Which scenario(s) should be presented?
3. Schedule for public process

## Block Threshold Analysis

- Current thresholds
  - Single-family residential: 14 CCF/month
  - All other classes: 140% of 12-month moving average
- Based on threshold analysis circa 2004
  - Single-family residential:
    - Average peak-season consumption = 14 CCF/month
    - Average annual consumption = 10 CCF/month
  - All others: average peak-season factor = 140%
- Concerns
  - Current relevance of 2004 analysis
  - Public process if analysis shows differing results

## Recommended Process

- Conduct threshold analysis after current rate process
- If change indicated, convene Rate Advisory Committee to review policy issues
- Potential adjustment(s) during 2021 rate update

## Requested Direction on Block Threshold Analysis

1. Timing?
2. Rate Advisory Committee?



# Proposed Financial Report Revisions

August 6, 2019

Paul Matthews  
Chief Financial Officer



## Budget Performance Report – Fund

Budget Performance Report  
General Fund (01)  
For the Period Ending July 31, 2019  
*Unaudited*



Activity for the Month			Biennial						
Budget	Actual	Variance	Revenues	2019-21 Budget	Budget to Date	2019-21 Actual	Variance	Budget Remaining	
\$ 8,047,833	6,461,688	(1,586,145)	Water Sales - Volume Charges	\$ 119,226,201	\$ 8,047,833	\$ 6,461,688	\$ (1,586,145)	\$ 112,764,513	
1,257,247	1,355,098	97,851	Water Sales - Fixed Charges	30,022,286	1,257,247	1,355,098	97,851	28,667,188	
61,601	72,049	10,448	Rights-of-Way Fees Collected	1,446,000	61,601	72,049	10,448	1,373,951	
22,147	49,985	27,838	Administrative Services	1,178,848	22,147	49,985	27,838	1,128,863	
52,804	5,077	(47,727)	Contract Reimbursements	2,928,724	52,804	5,077	(47,727)	2,923,647	
26,686	26,399	(287)	Interest Revenue	585,000	26,686	26,399	(287)	558,601	
9,840	1,155	(8,685)	Other Revenues	592,770	9,840	1,155	(8,685)	591,615	
211,843	251,420	39,577	Sales to Other Funds	10,194,616	211,843	251,420	39,577	9,943,196	
<b>\$ 9,690,001</b>	<b>\$ 8,222,869</b>	<b>\$ (1,467,132)</b>	<b>Total Revenues</b>	<b>\$ 166,174,445</b>	<b>\$ 9,690,001</b>	<b>\$ 8,222,869</b>	<b>\$ (1,467,132)</b>	<b>\$ 157,951,576</b>	
			<b>Expenses</b>						
\$ 1,651,190	\$ 970,498	\$ 680,692	Personnel Services	\$ 43,524,022	\$ 1,651,190	\$ 970,498	\$ (680,692)	\$ 42,553,524	
2,394,178	(848,833)	3,243,011	Materials and Services	42,131,217	2,394,178	(848,833)	3,243,011	38,888,206	
18,024	-	18,024	Capital Outlay	212,200	18,024	-	18,024	194,176	
10,706,700	-	10,706,700	Special Payments	21,446,000	10,706,700	-	10,706,700	10,739,300	
17,662,214	-	17,662,214	Transfers to Other Funds	76,482,822	17,662,214	-	17,662,214	58,820,608	
<b>\$ 32,432,306</b>	<b>\$ 121,665</b>	<b>\$ 32,310,641</b>	<b>Total Expenses</b>	<b>\$ 183,796,261</b>	<b>\$ 32,432,306</b>	<b>\$ 121,665</b>	<b>\$ 30,949,257</b>	<b>\$ 151,195,814</b>	

Delivering the Best Water Service Value

2

## Budget Performance Report – Department

Budget Performance Report  
 Administrative Services Department  
 For the Period Ending July 31, 2019



*Unaudited*  
**Administration (Dept. 10)**

Activity for the Month		
Budget	Actual	Variance
\$ 79,283	\$ 34,093	\$ 45,190
501,488	131,930	369,558
18,000	-	18,000
<b>598,771</b>	<b>166,024</b>	<b>432,747</b>
51,128	32,098	19,030
10,223	1,790	8,493
<b>61,351</b>	<b>33,828</b>	<b>27,523</b>
27,848	17,071	10,777
26,428	497	25,931
<b>54,276</b>	<b>17,568</b>	<b>36,708</b>
<b>\$ 714,398</b>	<b>\$ 217,419</b>	<b>\$ 496,979</b>
\$ 158,259	\$ 83,262	\$ 74,997
538,139	134,157	403,982
18,000	-	18,000
<b>\$ 714,398</b>	<b>\$ 217,419</b>	<b>\$ 496,979</b>

**General Services (Div. 01)**

Personnel Services	1,634,145	79,283	34,093	45,190	1,600,052
Materials & Services	2,265,480	501,488	131,930	369,558	1,895,922
Capital Outlay	18,000	18,000	-	18,000	-
<b>Division Total</b>	<b>3,917,625</b>	<b>598,771</b>	<b>166,024</b>	<b>432,747</b>	<b>3,495,974</b>

**Human Resources (Div. 11)**

Personnel Services	1,321,621	51,128	32,098	19,030	1,302,591
Materials & Services	512,870	10,223	1,790	8,493	504,377
<b>Division Total</b>	<b>1,834,491</b>	<b>61,351</b>	<b>33,828</b>	<b>27,523</b>	<b>1,806,968</b>

**Risk Management (Div 12)**

Personnel Services	720,957	27,848	17,071	10,777	710,180
Materials & Services	832,620	26,428	497	25,931	806,689
<b>Division Total</b>	<b>1,553,577</b>	<b>54,276</b>	<b>17,568</b>	<b>36,708</b>	<b>1,516,869</b>

**Department Total**

<b>\$ 7,305,693</b>	<b>\$ 714,398</b>	<b>\$ 217,419</b>	<b>\$ 496,979</b>	<b>\$ 6,819,811</b>
---------------------	-------------------	-------------------	-------------------	---------------------

**Department Summary**

Personnel Services	\$ 3,676,723	\$ 158,259	\$ 83,262	\$ 74,997	\$ 3,612,822
Materials & Services	\$ 3,610,970	\$ 538,139	\$ 134,157	\$ 403,982	\$ 3,206,988
Capital Outlay	\$ 18,000	\$ 18,000	\$ -	\$ 18,000	\$ -
<b>Department Total</b>	<b>\$ 7,305,693</b>	<b>\$ 714,398</b>	<b>\$ 217,419</b>	<b>\$ 496,979</b>	<b>\$ 6,819,811</b>

Biennial

2019-21 Budget	Budget to Date	2019-21 Actual	Variance	Budget Remaining
\$ 1,634,145	\$ 79,283	\$ 34,093	\$ 45,190	\$ 1,600,052
2,265,480	501,488	131,930	369,558	1,895,922
18,000	18,000	-	18,000	-
<b>3,917,625</b>	<b>598,771</b>	<b>166,024</b>	<b>432,747</b>	<b>3,495,974</b>
1,321,621	51,128	32,098	19,030	1,302,591
512,870	10,223	1,790	8,493	504,377
<b>1,834,491</b>	<b>61,351</b>	<b>33,828</b>	<b>27,523</b>	<b>1,806,968</b>
720,957	27,848	17,071	10,777	710,180
832,620	26,428	497	25,931	806,689
<b>1,553,577</b>	<b>54,276</b>	<b>17,568</b>	<b>36,708</b>	<b>1,516,869</b>
<b>\$ 7,305,693</b>	<b>\$ 714,398</b>	<b>\$ 217,419</b>	<b>\$ 496,979</b>	<b>\$ 6,819,811</b>

## Operating Contingency Report

Operating Contingency Report  
 For the Period Ending July 31, 2019



*Unaudited*

General Fund (01)	Amount	Resolution #	Transferred To	Comments
Adopted Budget	\$ 15,000,000	18-19	N/A	Adoption of the 19-21 Biennial Budget
11/20/2019	\$ (100,000)	XX-19	Materials & Services	Adding \$100k for additional widgets for engineering services
Remaining Contingency	\$ 14,900,000			
WIF Fund (41)	Amount	Resolution #	Transferred To	Comments
Adopted Budget	\$ 36,000	18-19	N/A	Adoption of the 19-21 Biennial Budget
Remaining Contingency	\$ 36,000			
WWSS Fund (41)	Amount	Resolution #	Transferred To	Comments
Adopted Budget	\$ 173,000	18-19	N/A	Adoption of the 19-21 Biennial Budget
Remaining Contingency	\$ 173,000			

# Willamette Water Supply

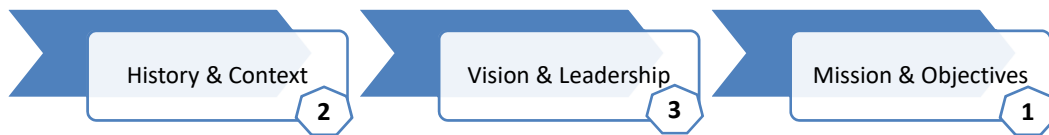
*Our Reliable Water*

## Willamette Water Supply System Leadership Orientation

August 2019

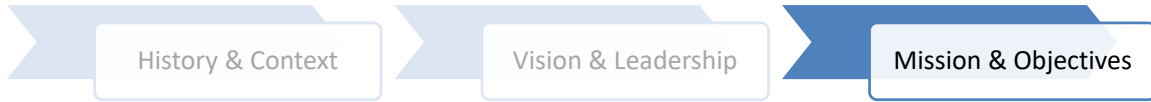
### Introduction

- Purpose: Provide WWSS background information to assist incoming leaders
- Outline



- Supporting Materials

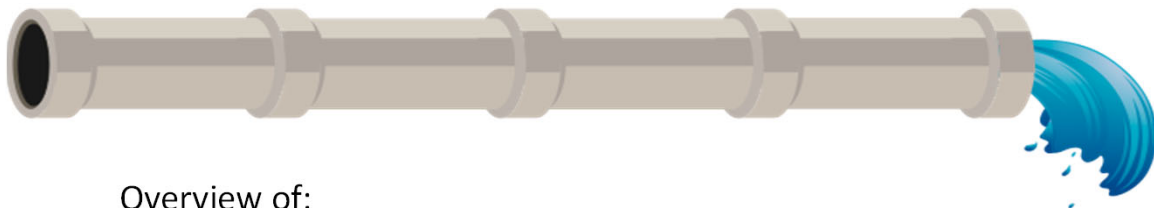
## WWSS is guided by a mission and key objectives



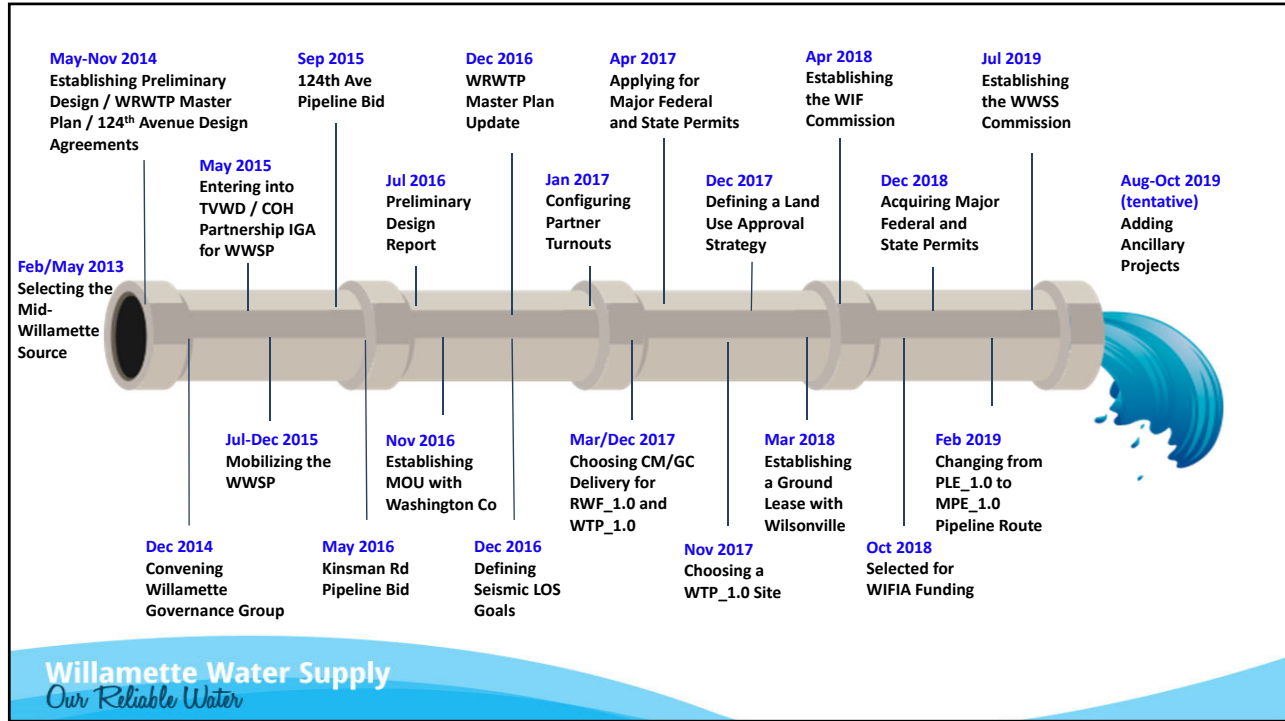
**Mission:** To provide a cost-effective, reliable and resilient water supply system by July 2026, that benefits current and future generations of the communities we serve and supports a vibrant local economy



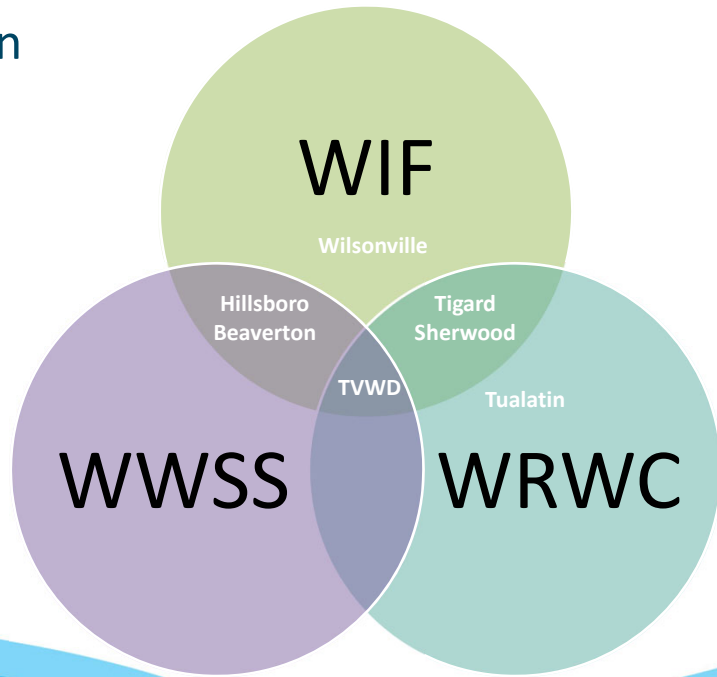
## The past 6.5 years have been productive



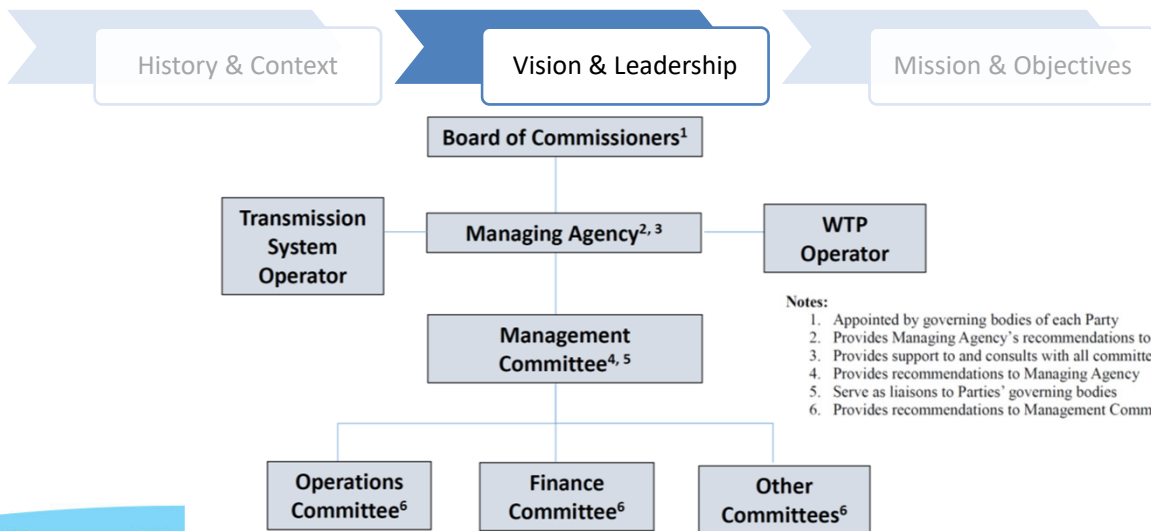
- Overview of:
- Key milestones
  - Rationale/benefits



WWSS is founded on intergovernmental partnerships



## WWSS governance structure is defined in the IGA



## WWSS Board Powers and Duties

Article 5.4 in the WWSS IGA

- Powers and duties likely to be regularly exercised
  - 5.4.2. Adopt ordinances, resolutions and rules or regulations
  - 5.4.4. Adopt a budget
  - 5.4.6. Adopt a work plan in association with the budget
  - 5.4.7. Approve capital improvement plans, which may include the current fiscal year
  - 5.4.8. Adopt contracting rules and serve as the Local Contract Review Board under ORS Chapter 279A
  - 5.4.9. Approve and periodically update a Master Plan and Operations Plan for the WWSS

## WWSS Board Powers and Duties

Article 5.4 in the WWSS IGA

- Powers and duties likely to be regularly exercised
  - 5.4.16. Cause a financial audit to be conducted annually
  - 5.4.17. Review and obtain appropriate insurance and fidelity coverages
  - 5.4.18. Oversee the management and operation of the Managing Agency
  - 5.4.19. Approve contracts as set forth in Exhibit 5; acquire real property by negotiation, lease, sale or condemnation; and dispose of surplus real and personal property

## WWSS Board Powers and Duties

Article 5.4 in the WWSS IGA

- Other powers and duties
  - 5.4.1. Appoint a Managing Agency
  - 5.4.3. Approve an operations and management contract(s) as needed
  - 5.4.5. Hire employees as it deems necessary
  - 5.4.10. Recommend membership by another Municipal Water Provider
  - 5.4.11. Approve modifications or amendments to the Exhibits
  - 5.4.12. Approve and periodically update an Emergency Response Plan

## WWSS Board Powers and Duties

Article 5.4 in the WWSS IGA

- Other powers and duties
  - 5.4.13. Approve and periodically update a Curtailment Plan
  - 5.4.14. Approve any lease that has a term less than one year or longer than five years
  - 5.4.15. Approve and periodically update overuse plans
  - 5.4.20. Delegate to the Managing Agency, in writing, any functions of the Board and change those delegations from time to time
  - 5.4.21. Take other actions necessary and proper to manage, operate and maintain the WWSS

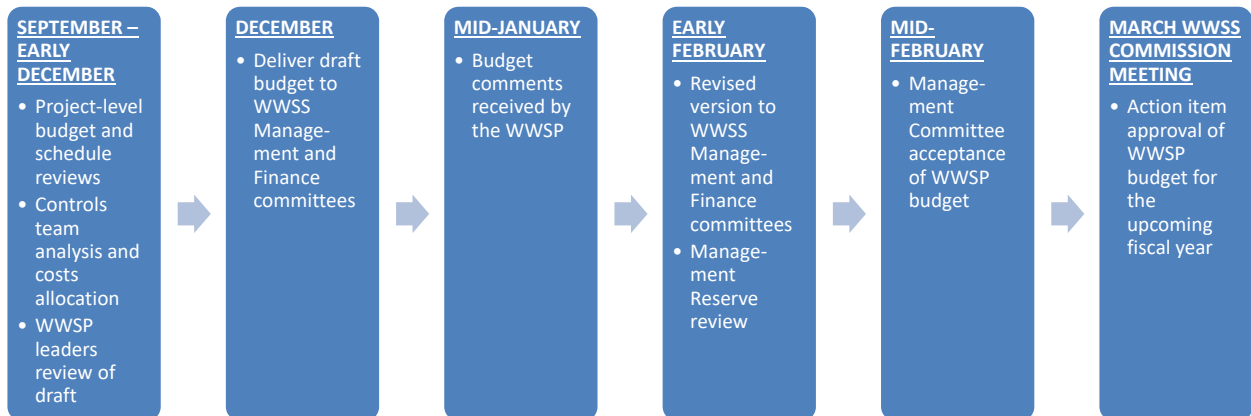


## WWSS Commission Orientation

- Typical month includes one Board meeting and one packet to review
  - Meetings on first Thursday of the month at noon
  - Packets delivered one week prior to meeting
- On (hopefully) rare occasions, special meetings will need to be called

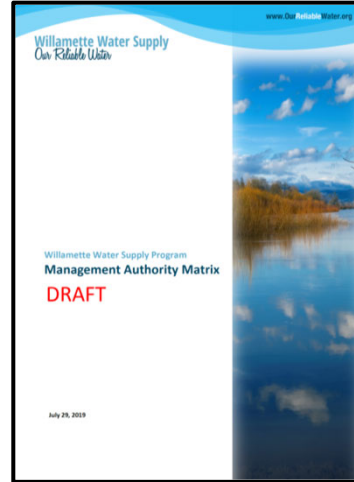
SEPTEMBER 2019						
SUN	MON	TUES	WED	THUR	FRI	SAT
01	02	03	04	05 WWSS Board Meeting	06	07
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 WWSS Board Packet Delivery	27	28
29	30	01	02	03 WWSS Board Meeting	04	05
06	07	08	09	10	11	12

## WWSP Budget Preparation Schedule



## Draft WWSS Management Authority Matrix (MAM)

- Built on WWSP MAM
- Actions and authority levels
  - WWSS IGA
  - Proposals from ~4 years of WWSP delivery
- Focus on WWSS capital delivery only
- Examples
  - IGA execution
  - Property acquisition
  - Large contract execution
  - Large change order execution (active construction)



## Example: IGA execution

Action	WWSS Managing Agency		WWSS	WWSS
	Functional Manager	Program Director	Committees	Board
Authority Level	Tier IV	Tier III	Tier II	Tier I
<b>IGAs, MOUs, Permit Commitments, and Similar Agreements <sup>1</sup></b>				
IGAs, MOUs, project agreements, and similar intergovernmental agreements	Recommend	Recommend	MC Recommend	Approve

## Example: Property acquisition

Action	WWSS Managing Agency		WWSS	WWSS
	Functional Manager	Program Director	Committees	Board
Authority Level	Tier IV	Tier III	Tier II	Tier I
<b>Real Estate</b>				
Declaration of public necessity	Recommend	Recommend	MC Informed	Approve
Transactions ≤\$150k and <u>without</u> Eminent Domain	Recommend	Approve		
Transactions >\$150k or <u>with</u> Eminent Domain	Recommend	Recommend	MC Recommend	Approve

## Example: Large contract execution

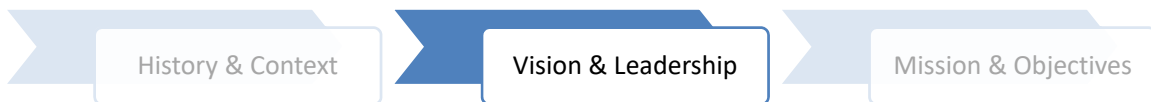
Action	WWSS Managing Agency		WWSS	WWSS
	Functional Manager	Program Director	Committees	Board
Authority Level	Tier IV	Tier III	Tier II	Tier I
<b>Contracts <sup>1,3</sup></b>				
Solicitations, intent to award contract, and contract negotiations	Recommend	Approve		
Contract execution <sup>4</sup>	Recommend	Approve if ≤\$500k; otherwise Recommend	MC Recommend if >\$500k	Approve if >\$500k

## Example: Large change order execution (active construction)

Action	WWSS Managing Agency		WWSS	WWSS
	Functional Manager	Program Director	Committees	Board
Authority Level	Tier IV	Tier III	Tier II	Tier I
Amendment or change order	Approve if ≤\$100k or ≤30 days; otherwise Recommend	Approve if ≤\$500k or >30 days; otherwise Recommend	MC Recommend if >\$500k	Approve if >\$500k

If necessary, Program Director exercises IGA Exhibit 5 II.C authority to maintain construction progress; provides after-action report

## WWSS requires Board vision and leadership to succeed



### Leadership Support

- Set priorities
  - For the WWSS staff
    - Annual work plan
    - Monthly meetings
  - For agency staff involved in the WWSS, including change management
- Make decisions
- Model and expect collaborative behavior
- Provide resources
  - Staff
  - Funds
- Communicate
  - Share with other officials
  - Share with staff
  - Other stakeholders
  - With the Program
    - Regular business → WWSS General Manager (cc Management Committee rep.)
    - Concerned stakeholders → Marlys Mock
  - Ratepayers → Partner organization

## Overview of Supporting Materials Notebook

1. Mission and Guiding Principles
2. Program History
3. WWSS Map
4. Baseline Schedule
5. Budget Summary
6. Organization Chart
7. Contact List
8. Activity Calendar
9. Management Authority Matrix (proposed) and Forecast
10. IGAs, MOUs and Agreements List
11. Outreach Approach Summary
12. Operations Planning Summary
13. Selected Reports

## DISCUSSION & THANK YOU

**TUALATIN VALLEY WATER DISTRICT**  
**Capital Project Agenda Report (Open Projects Only)**  
**June 30, 2019**

Project Details	Description	Project Budget	Current Month Expenditures	Project to Date Expenditures	Remaining
<b>Fund 11</b>					
<b>CIP: Source</b>					
	C12414 Miller Hill Road ASR	4,705,365	103,671	7,857,096	(3,151,731)
	C12467 Cornelius Pass Facility Intertie Improvements	619,500	-	1,019	618,481
<b>CIP: Source Total</b>		<b>5,324,865</b>	<b>103,671</b>	<b>7,858,115</b>	<b>(2,533,250)</b>
<b>CIP: Land</b>					
	C12569 NW 135th Ave Main Replacement	1,000,000	30,594	61,626	938,374
<b>CIP: Land Total</b>		<b>1,000,000</b>	<b>30,594</b>	<b>61,626</b>	<b>938,374</b>
<b>CIP: Storage</b>					
	C12503 Grabhorn Reservoir Replacement	14,497,000	1,389,264	12,477,437	2,019,563
	C12609 Taylors Ferry Reservoir Replacement & Seismic Upgrades	-	60,642	91,885	(91,885)
	C12610 Inglewood and Thompson Reservoir Repair	-	1,086,029	1,109,653	(1,109,653)
<b>CIP: Storage Total</b>		<b>14,497,000</b>	<b>2,535,936</b>	<b>13,678,975</b>	<b>818,025</b>
<b>CIP: Pump Stations</b>					
	C12557 Catlin Crest/Viewmont Pump Station Replacement	588,800	27,196	66,903	521,897
	C12603 Florence Lane PRV Replacement	-	6,513	7,580	(7,580)
<b>CIP: Pump Stations Total</b>		<b>588,800</b>	<b>33,709</b>	<b>74,483</b>	<b>514,317</b>
<b>CIP: Pipeline</b>					
	C12288 PRVs Below Regulators	275,000	-	14,190	260,810
	C12377 SW 201st St, SW Clarion St, SW Pecan St Replacement	142,119	-	2,119	140,000
	C12379 SW Cambridge Dr., SW Cambridge Ct. Replacement	117,922	-	3,066	114,856
	C12596 SW Skiver & 202nd Main Replacement	395,500	318,669	373,984	21,516
	C12601 Walker Rd. Bridge	-	123	123	(123)
	C12611 Barnes Road Piping Improvement	-	12,842	39,554	(39,554)
	C12615 Taylors Ferry Culvert 24" & 6", and 80th Culvert 16"	-	7,851	19,246	(19,246)
	C12617 2019 FELLING SHORING TRAILER - UNIT 883	-	10,892	11,014	(11,014)
	C12619 NW 112th Ave Culvert 6"	-	8,315	10,010	(10,010)
	C12620 NW Tillamook Dr. Emergency Main Replacement	-	71,325	121,443	(121,443)
	C12622 Headquarters Lobby Improvements	-	3,310	3,310	(3,310)
	C12625 2019 Toyota Highlander Hybrid - UNIT 305	-	39,762	40,204	(40,204)
	C12628 Server Room HVAC	-	14,953	14,953	(14,953)
	C12629 Safety Railings	-	67,424	67,424	(67,424)
<b>CIP: Pipeline Total</b>		<b>930,541</b>	<b>555,465</b>	<b>720,640</b>	<b>209,901</b>
<b>CIP: Pipeline: Mains Replacement</b>					
	C12492 Jenkins Rd. Bridge	190,000	26,950	79,999	110,001
	C12546 SW 107th at Walker Main Replacement	357,000	-	33,868	323,132
	C12555 SW 119th - Cornell to Coleman - Mainline Replacement	853,000	6,445	100,714	752,286
	C12560 SW 165th @ SW Marcile Ln-Install 500' of 8" DIP	171,000	-	89,007	81,993
	C12572 SW Division - 160th to 165th Main Replacement	179,500	-	2,985	176,515
<b>CIP: Pipeline: Mains Replacement Total</b>		<b>1,750,500</b>	<b>33,395</b>	<b>306,572</b>	<b>1,443,928</b>
<b>CIP: Pipeline: Upgrades &amp; Renewal</b>					
	C12537 175th Ave and Kemmer Rd Roundabout	631,000	2,233	491,017	139,983
	C12538 80th Ave 8" DI, Hemlock to Elmwood	108,000	-	84,102	23,898
	C12559 SW 198th Ave Wash Cty Rd Proj, Fmgtn Rd - Shaw	575,000	123,129	311,147	263,853
<b>CIP: Pipeline: Upgrades &amp; Renewal Total</b>		<b>1,314,000</b>	<b>125,362</b>	<b>886,266</b>	<b>427,734</b>
<b>CIP: Facilities</b>					
	C12478 WCSL Emergency Pump Station Storage Facility	150,000	-	1,419	148,581
	C12487 Radio Site Improvements	150,000	30,845	212,144	(62,144)
	C12564 Upgrade existing sedimentation vault at TVWD's dewatering facility	15,500	-	541	14,959
<b>CIP: Facilities Total</b>		<b>315,500</b>	<b>30,845</b>	<b>214,104</b>	<b>101,396</b>
<b>CIP: Fleet</b>					
	C12602 CyberLock	-	691	42,511	(42,511)
	C12606 2019 F-750 Dump Truck	-	93,775	96,002	(96,002)
<b>CIP: Fleet Total</b>		<b>-</b>	<b>94,466</b>	<b>138,513</b>	<b>(138,513)</b>
<b>Fund 11 Total</b>		<b>25,721,206</b>	<b>3,543,443</b>	<b>23,939,293</b>	<b>1,781,913</b>

**TUALATIN VALLEY WATER DISTRICT**  
**Capital Project Agenda Report (Open Projects Only)**  
**June 30, 2019**

Project Details	Description	Project Budget	Current Month Expenditures	Project to Date Expenditures	Remaining
<b>Fund 15</b>					
<b>WWSP System Wide - Capital</b>					
W101	Program Management	7,635,116	306,277	8,814,181	(1,179,065)
W102	Program Controls	3,486,403	166,981	4,314,531	(828,128)
W103	Procurement & Contract Admin	879,633	54,777	1,193,752	(314,119)
W104	Permitting & Mitigation	4,025,732	200,105	4,451,364	(425,632)
W105	Public Outreach	2,686,531	113,060	2,531,408	155,123
W106	Design Management	6,343,628	389,257	8,690,785	(2,347,157)
W107	Construction Management	3,177,540	162,291	2,692,404	485,136
W108	Legal	802,749	25,863	441,664	361,085
W109	Information Technology	102,793	1,409	110,447	(7,654)
W110	Real Estate - Main	3,569,890	122,236	1,139,941	2,429,949
W111	Real Estate - Western Ext.	597,856	9,559	201,777	396,080
W112	Real Estate - Eastern Ext.	351,581	2,252	106,984	244,597
W113	Real Estate - Water Treatment Plant	527,290	210	232,344	294,946
W114	Real Estate - Terminal Storage	1,158,759	38,575	397,016	761,743
W115	System Integration	444,784	39,101	189,796	254,988
<b>WWSP System Wide - Capital Total</b>		<b>35,790,286</b>	<b>1,631,951</b>	<b>35,508,395</b>	<b>281,891</b>
<b>WWSP - Project Specific - Capital</b>					
W210	PLM 1.0	1,358,114	363,047	3,235,878	(1,877,764)
W211	PLM_1.1	-	2,360	9,784	(9,784)
W220	PLM 2.0 - Kinsman Rd	5,980,060	872	5,144,383	835,677
W230	PLM 3.0 - SW 124th	14,443,999	6,048	13,627,952	816,047
W240	PLM 4.0 - 124th to Beef Bend	5,516,532	102,417	4,447,142	1,069,390
W250	PLM 5.0 Beef Bend to Farmington	3,643,085	880,921	7,523,738	(3,880,653)
W252	PLM_5.2	-	977,898	1,027,412	(1,027,412)
W310	PLW 1.0 - Farmington to Frances	5,353,196	402,105	5,372,672	(19,476)
W311	PLW_1.1 Blanton to TV Highway	-	447,023	7,435,944	(7,435,944)
W320	PLW 2.0	-	19,368	208,607	(208,607)
W410	MPE 1.0	-	25,541	1,493,455	(1,493,455)
W510	Raw Water Facility Upgrades	2,410,214	499,628	6,319,298	(3,909,084)
W600	Distributed Control System	-	89,840	402,689	(402,689)
W610	WTP_1.0	-	366,563	4,658,677	(4,658,677)
W710	RES_1.0	-	7,577	237,694	(237,694)
W900	Wilsonville Ground Lease	694,308	173,577	694,308	-
W901	PLM_2.0 Easement for #31W11C00900	103,632	-	103,632	-
W902	Reservoir Site 2 Land -	2,503,146	-	2,503,146	-
W903	Easement Folder No. 03019-11 for PLW_1.1	8,600	-	8,600	-
W904	PLM_2 Easement #31W14B 00282 and 00292	5,098	-	5,098	-
W906	PLW_2 ODOT Rail Property No. 98090533	94,000	-	94,000	-
W907	WTP Property	7,275,704	-	7,275,704	-
W909	PLM_5.2 ID1S2350001003	-	-	2,203	(2,203)
W910	Reservoir Property	-	(283,854)	2,700,000	(2,700,000)
<b>WWSP - Project Specific - Capital Total</b>		<b>49,389,688</b>	<b>4,080,932</b>	<b>74,532,016</b>	<b>(25,142,328)</b>
<b>Fund 15 Total</b>		<b>85,179,974</b>	<b>5,712,884</b>	<b>110,040,411</b>	<b>(24,860,437)</b>
<b>Grand Total</b>		<b>110,901,180</b>	<b>9,256,327</b>	<b>133,979,703</b>	<b>(23,078,524)</b>