Willamette Intake Facilities Commission
Board Meeting Agenda
Monday, January 25, 2021 | 6:00 – 7:30 PM
Microsoft Teams Meeting

Continuing COVID-19 guidelines, this meeting is a virtual only meeting. It will not be held at a physical location.

If you wish to attend via conference call and need dial-in information, please contact annette.rehms@tvwd.org or call 971-222-5957 by 3:00 p.m. on January 25, 2021. If you wish to address the WIF Board, please request the Public Comment Form and return it 48 hours prior to the day of the meeting. All testimony is electronically recorded.

REGULAR SESSION – 6:00 PM

CALL TO ORDER

1. GENERAL MANAGER’S REPORT – Dave Kraska
   Brief presentation on current activities relative to the WIF 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
   These items are considered to be routine and may be approved in one motion without separate discussion. Any Board member may request that an item be removed by motion for discussion and separate action. Any items requested to be removed from the Consent Agenda for separate discussion will be considered immediately after the Board has approved those items which do not require discussion.
   A. Approve the October 26, 2020 meeting minutes

4. BUSINESS AGENDA
   A. Election of Officers – Dave Kraska

5. INFORMATION ITEMS
   A. Semi-annual update on the WIF-related elements of the WWSP Raw Water Facilities Project – Dave Kraska
   B. Mission, Vision, Values & Goals – Dave Kraska/Christina Walter
   C. FY 2021-22 Annual Work Plan and Budget Preparation – Lisa Houghton
   D. Proposal to change the WIF System-wide Costs Allocation Method – Lisa Houghton
   E. Proposal to hire Consulting Firm to update Interim Financial Procedures – Paul Matthews
   F. Legislative Update – Joel Cary
   G. The next Board meeting is scheduled on April 26, 2021 via Microsoft Teams

6. COMMUNICATIONS AND NON-AGENDA ITEMS
   A. None scheduled

ADJOURNMENT
MEMO

Date: January 25, 2021

To: Willamette Intake Facilities Board of Commissioners

From: David Kraska, P.E., General Manager

Re: Willamette Intake Facilities General Manager’s Report

The following items will be covered during the report by the GM:

1. **Remote Meetings Etiquette** – Thank you for your continued flexibility as we hold our meetings remotely. We request participants continue to adhere to three basic rules:
   a. Please mute your microphone when you are not talking.
   b. Please identify yourself before you speak.
   c. If someone other than a Board member would like to ask a question or make a comment, please use the chat feature to let the General Manager know and wait to be acknowledged.

2. **Safety Minute** – David Kraska, will present the safety minute.

3. **WIF Board Member Tour** – At the July 2020 Board meeting, we discussed arranging tours of the Willamette Water Supply Program’s Raw Water Facilities Project focusing on the WIF-related elements. We subsequently determined that a virtual tour was more appropriate considering current COVID-19 precautions. A link to the video was provided to WIF Board members via email on December 18, 2020. Staff appreciate any feedback on the usefulness of the video and are willing to produce a similar update in the future if so desired by the WIF Commission Board.

   We are anticipating a second tour of the construction activities to occur in the late summer or fall of this year. The focus of that tour will be the intake screens replacement and the structural work occurring at the Raw Water Pump Station. We will monitor the COVID-19 situation during the year to assess whether that tour could be safely and effectively conducted in person.

4. **Curtailment Plan Update** – With the support of the WIF Operations Committee, staff continue to make progress on the draft WIF Curtailment Plan. The draft plan was submitted to the Operations Committee for review on January 6, 2021. Next activities for the Operations Committee include beginning to draft the WIF Operations Plan.

5. **Luckiamute Watershed Council** – The Luckiamute Watershed Council (LWC) is proposing a project that will control noxious weeds such as Himalayan blackberry and reed canary grass in a portion of the Willamette River watershed. The proposed project may also include cleaning up an unofficial dumpsite. Their proposed weed control efforts should enable native vegetation to reestablish in the watershed, which will improve water quality and provide habitat enhancements, and cleaning up the unofficial dumpsite that is purported to contain appliances and other large debris would be beneficial to river water quality. As their proposed actions will be beneficial to the watershed, to the river water quality,
and to our operations as drinking water providers, we provided a non-financial letter of support to the LWC for their proposed Upper Maxfield Creek Restoration Project as they pursue grant funding opportunities. A copy of that letter is attached to this General Manager’s report.

6. **Willamette Intake Facilities Insurance Renewal** - The 2021 renewal of WIF property and casualty insurance has been completed and the new policy took effect on January 1, 2021. There were no changes in coverage and the premium was within budget at $20,224.

7. **Acceptance of Financial Statements and Report of Independent Auditor** – One item in the consent agenda for today’s meeting is to consider accepting by motion both the financial statements for the fiscal year ended June 30, 2020 and the report of the independent auditor. As managing agency, TVWD has prepared the WIF Commission’s financial statements for the fiscal year ended June 30, 2020. Moss Adams LLP, the Commission’s independent auditor, has completed its audit of these financial statements. Moss Adams has provided an unmodified opinion on the Commission’s financial statements. An unmodified opinion is commonly referred to as a “clean audit”. Acceptance of the financial statements and the report of the independent auditor by the Commission Board validates the filing of the financial statements with the Oregon Secretary of State as required by Oregon law.

8. **Quarterly Financial Reports** – Task 4.b. of the Annual Work Plan requires the Managing Agency to prepare quarterly financial reports and provide them to the WIF Board as part of the packet. Attached to this General Manager’s report is the WIF quarterly financial statement for the period ending December 31, 2020.
Safety Minute:

ERGONOMIC RECOMMENDATIONS FOR LAPTOP USE

Williamette Intake Facilities Meeting
January 25, 2021

Laptop computers are lightweight, portable and convenient, allowing us to stay connected with the home, office and school from almost anywhere.

Unfortunately, the laptop’s compact design, with attached screen and keyboard, forces laptop users into awkward postures.

When the screen is at the right height, the keyboard position is too high; and when the keyboard is at the right height, the screen is too low.
Laptops nowadays with the current COVID situation, many people are using laptops as their main computer.

This creates an ongoing tradeoff between using a neutral head/neck posture and hand/wrist posture.

While laptops pose ergonomic challenges, there are ways to minimize the risk

**Follow these recommendations:**
- Find a comfortable chair that supports your back
- Monitor your hand/wrist posture and height
- Angle the laptop screen allowing for optimal viewing with your neck in as neutral alignment as possible
- Use a separate keyboard, mouse and monitor, if available
- Plan for frequent positional changes and postural breaks to allow for muscle recovery
Drinking Water Providers Partnership  
c/o GEOS Institute  
84 Fourth Street  
Ashland, OR  97520

Dear Oregon-Washington Drinking Water Providers Partnerships:

The Willamette Intake Facilities Commission (WIF) comprises six public agencies that are currently or will soon be using the Willamette River as a source for their drinking water supplies. The six agencies include Tualatin Valley Water District, and cities of Wilsonville, Sherwood, Tigard, Beaverton, and Hillsboro. Our point of connection to the Willamette River is in Wilsonville, approximately 12 miles upstream of the Willamette River falls.

We understand that the Luckiamute Watershed Council (LWC) is proposing a project that will control noxious weeds such as Himalayan blackberry and reed canary grass. The proposed project may also include cleaning up an unofficial dumpsite. The LWC’s proposed weed control efforts should enable native vegetation to reestablish in the watershed, which will improve water quality and provide habitat enhancements. We understand the unofficial dumpsite contains appliances and other large debris and that its cleanup would be beneficial to river water quality.

As our Commission represents public agencies that look to the Willamette River as a drinking water source, we are supportive of efforts that will enhance the health of its watershed. Therefore, the WIF Commission offers this letter of support for the Luckiamute Watershed Council’s proposed work. We believe that their proposed actions will be beneficial to the watershed, to the river water quality, and to our operations as drinking water providers.

Sincerely,

David Kraska, P.E.  
Willamette Intake Facility General Manager

Cc: Delora Kerber, P.E. – Wilsonville Public Works Director
Special Districts Insurance Services Trust
SDIS Liability Coverage Declarations

Certificate Number: 36P54399-5500
Coverage Period: 1/1/2021 through 12/31/2021

Named Participant:
Willamette River Water Intake Facilities Commission
1850 SW 170th Ave
Beaverton, OR 97003

Agent of Record:
Brown & Brown Northwest-Portland
PO Box 29018
Portland, OR 97296

Limits of Liability: SDIS Liability Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
<th>Deductible (2)</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Occurrence Limit of Liability</td>
<td>$5,000,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Per Wrongful Act Limit of Liability</td>
<td>$5,000,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Annual Aggregate Limit of Liability</td>
<td>No Limit</td>
<td>None</td>
<td>Included</td>
</tr>
</tbody>
</table>

Additional and Supplemental Coverages

Unless otherwise indicated in Section III Additional Coverages of the SDIS Liability Coverage Document, the following Additional Coverages are not in addition to the Total Limit of Liability identified above.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
<th>Coverage Period Total Limit</th>
<th>Deductible</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics Complaint Defense Costs</td>
<td>$5,000</td>
<td>$5,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>EEOC/BOLI Defense Cost</td>
<td>$5,000,000</td>
<td>None</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Premises Medical Expense</td>
<td>$5,000</td>
<td>$5,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Limited Pollution Coverage</td>
<td>$250,000</td>
<td>$250,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Applicators Pollution Coverage</td>
<td>$50,000</td>
<td>$50,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Injunctive Relief Defense Costs</td>
<td>$25,000</td>
<td>$25,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Fungal Pathogens (Mold) Defense Costs</td>
<td>$100,000</td>
<td>$100,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>OCITPA Expense Reimbursement</td>
<td>$100,000</td>
<td>$100,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Data Disclosure Liability</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Lead Sublimit Defense Costs</td>
<td>$50,000</td>
<td>$50,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Marine Salvage Expense Reimbursement</td>
<td>$250,000</td>
<td>$250,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Criminal Defense Costs</td>
<td>$100,000</td>
<td>$100,000</td>
<td>None</td>
<td>Included</td>
</tr>
<tr>
<td>Communicable Disease Defense</td>
<td>$50,000</td>
<td>$2,000,000</td>
<td>None</td>
<td>Included</td>
</tr>
</tbody>
</table>

**Total Contribution:** $853.00

**Forms applicable to Named Participant:**
SDIS Liability Coverage Document effective January 1, 2021

(1) $25,000,000 maximum limit for all SDIS Trust Participants involved in the same Occurrence or Wrongful Act.
(2) $10,000 controlled burn deductible if DPSST guidelines are not followed.
(3) $25,000 Employment Practices deductible for terminations when SDIS is not contacted for legal advice in advance.
(4) Injunctive Relief Defense Costs limited to $100,000 for all members of the Trust combined during the Coverage Period.
(5) OCITPA Expense Reimbursement limited to $500,000 for all members of the Trust combined during the Coverage Period.
(6) Data Disclosure Liability Limited to $5,000,000 for all members of the Trust combined during the Coverage Period.
(7) Lead Liability Defense Costs limited to $200,000 for all members of the Trust combined during the Coverage Period.
(8) Criminal Defense Costs limited to $500,000 for all members of the Trust combined during the Coverage Period.
(9) Communicable Disease Defense limited to $2,000,000 for all members of the Trust combined during the Coverage Period.

This certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Liability Coverage Document. This certificate represents only a brief summary of coverages. Other conditions and exclusions apply as described in the SDIS Liability Coverage Document. Titles referenced above are provided merely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Countersigned by: [Signature]

Authorized Representative, Special Districts Insurance Services Trust

Friday, January 1, 2021
Special Districts Insurance Services Trust (SDIS)
Auto Coverage Declarations

Certificate Number: 36P54399-5500
Coverage Period: 1/1/2021 through 12/31/2021

Named Participant: Willamette River Water Intake Facilities Commission
Agent of Record: Brown & Brown Northwest-Portland
1850 SW 170th Ave
Beaverton, OR 97003
PO Box 29018
Portland, OR 97296

Coverage is provided for only those coverages indicated below for which a contribution is shown.

Auto Liability Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Per Accident Limit of Liability</th>
<th>Deductible</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Liability Coverage</td>
<td>No Coverage</td>
<td>None</td>
<td>No Coverage</td>
</tr>
<tr>
<td>Non-Owned/Hired Auto Liability</td>
<td>$500,000</td>
<td>None</td>
<td>$175.00</td>
</tr>
</tbody>
</table>

Excess Auto Liability Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Per Accident Excess Limit of Liability</th>
<th>Deductible</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Auto Liability Coverage</td>
<td>No Coverage</td>
<td>None</td>
<td>No Coverage</td>
</tr>
<tr>
<td>Excess Non-Owned/Hired Auto Liability</td>
<td>$4,500,000</td>
<td>None</td>
<td>Included with Non-Owned/Hired AL Contribution</td>
</tr>
</tbody>
</table>

Auto Supplemental Coverage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit of Liability</th>
<th>Deductible</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Injury Protection</td>
<td>No Coverage</td>
<td>None</td>
<td>No Coverage</td>
</tr>
<tr>
<td>Uninsured/Underinsured Motorist Bodily Injury Coverage</td>
<td>No Coverage</td>
<td>None</td>
<td>No Coverage</td>
</tr>
</tbody>
</table>

Auto Physical Damage

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Per Accident Limit of Liability</th>
<th>Deductible</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Physical Damage</td>
<td>No Coverage</td>
<td>N/A</td>
<td>No Coverage</td>
</tr>
<tr>
<td>Hired Auto Physical Damage</td>
<td>$75,000</td>
<td>$100/$500</td>
<td>$206.00</td>
</tr>
</tbody>
</table>

This certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the coverage documents referenced above. This certificate represents only a brief summary of coverages. Other conditions and exclusions apply as described in the above-referenced coverage documents. Titles referenced above are provided merely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Countersigned by: [Signature]
Authorized Representative
Special Districts Insurance Services Trust
Friday, January 1, 2021
Special Districts Insurance Services
Property Coverage Declarations

Certificate Number: 36P54399-5500

Coverage Period: 1/1/2021 through 12/31/2021

Named Participant: Willamette River Water Intake Facilities Commission
1850 SW 170th Ave
Beaverton, OR 97003

Agent of Record: Brown & Brown Northwest-Portland
PO Box 29018
Portland, OR 97296

Scheduled Property Values:

$9,364,534  Buildings, Other Structures and Scheduled Outdoor Property
$0  Personal Property

Mobile Equipment, Scheduled Personal Property and Scheduled Fine Arts

Total Limit of Indemnification (Per Occurrence):

$9,364,534  The Trust shall not pay, or be liable for more than the Total Limit of Indemnification in any single "occurrence" during the Property Coverage Period, including all related costs and expenses, all costs of investigation, adjustment and payment of claims, but excluding the salaries of your regular employees and counsel on retainer.

$300,000,000  SDIS Per Occurrence Aggregate Loss Limit

Sublimits (Per Occurrence):
The subjects of coverage listed below are sub-limited within the "Occurrence" Total Limit of Indemnification shown above. The limits reflect the maximum amount the Trust will pay for losses involving these coverages. The titles below are provided merely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Sublimits for Covered Property:
(Reference Section VIII - Covered Property in the SDIS Property Coverage Document)

$250,000  Personal Property of Others within your Care, Custody, or Control, other than Mobile Equipment

$100,000  Property of Employees/Volunteers - (subject to a $5,000 maximum per person)

$100,000  Mobile Equipment of others that is within your Care, Custody or Control or Rented or Leased for up to 30 days

$10,000  Unscheduled Fine Arts (Fine Art may be specifically scheduled for higher limits)

Sublimits for Additional Coverages:
(Reference Section X - Additional Coverages in the SDIS Property Coverage Document)

$5,000,000  Debris Removal - (Sublimit is $5,000,000 or 25% of loss, whichever is less)

$50,000  Pollutant Clean-up and Removal From Land or Water- (Sublimit is $50,000 or 20% of the scheduled location(s) value whichever is less)

$10,000  Fungus as a Result of a "Covered Cause of Loss" - (Sublimit is $10,000 or 10% of the covered portion of the loss whichever is less)

$10,000  Preservation of Undamaged Covered Property - (Sublimit is $10,000 or 10% of the covered portion of the loss whichever is less)

$250,000  Professional Services - (Sublimit is $250,000 or 10% of the covered portion of the loss whichever is less)

$25,000  Fire Department Service Charge

$10,000  Recharging of Fire Extinguishing Equipment

$10,000  Arson Reward

$5,000,000  Increased Cost of Construction - Enforcement of Ordinance or Law - (Sublimit is $5,000,000 or 25% of loss, whichever is less)

$500,000  Increased Cost of Construction - Cost Resulting From Unforeseen Delay - (Sublimit is $500,000 or 25% of loss, whichever is less)
$500,000 Expenses for Restoration or Modification of Landscaping, Roadways, Paved Surfaces and Underground Utilities - (Sublimit is $500,000 or 25% of loss, whichever is less)

Sublimits for Additional Coverages - Business Income and Extra Expense:
(Reference Section XI - Additional Coverages - Business Income and Extra Expense in the SDIS Property Coverage Document)

$1,000,000 Business Income
$1,000,000 Extra Expense
$25,000 Enforcement of Order by Government Agency or Authority
$25,000 Business Income from Dependent Property
$100,000 Interruption of Utility Services
$25,000 Inability to Discharge Outgoing Sewage

Sublimits for Coverage Extensions:
(Reference Section XII - Coverage Extensions in the SDIS Property Coverage Document)

$2,000,000 Property in the Course of Construction. (If you have not complied with all of the notification requirements set forth in Section XII.A. within 90 days, the most the Trust will pay for property in the Course of Construction is $500,000. If after 90 days you have not complied with all the notification requirements set forth in Section XII.A. then no coverage will be provided for property in the Course of Construction).

$500,000 Newly Acquired or Constructed Property. (No coverage will be provided for newly acquired or constructed property unless you notify the Trust in writing no later than 90 days after the dates specified in section XII. A.)

$25,000 Unscheduled Outdoor Property
$250,000 Vandalism and Malicious Mischief to Tracks and Artificial Turf Fields
$250,000 Property in Transit
$250,000 Accounts Receivable
$50,000 Property Damaged by Overflow of Sewers or Drains
$100,000 Covered Leashold Interest - (Sublimit is lesser of amount listed here, or an amount pro-rated based on time between the Loss and the earlier of: Lease Expiration; Re-occupancy of leased property; or lease of new property)

$250,000 Valuable Papers and Records - (Sublimit is lesser of: Cost to research, replace, or restore the lost information; Actual Cash Value in blank state of paper, tape or other media if records are not actually researched, restored or replaced; or amount of sublimit listed here)

$25,000 Data Storage Media
$250,000 Miscellaneous Property Damaged by Specified Cause of Loss or Theft - (Sublimit lesser of: Appraised Value; Fair Market Value; or Sublimit listed here)

$9,364,534 Property Damaged by an Act of Terrorism or Sabotage. The most the Trust will pay for Property Damaged by an Act of Terrorism or Sabotage is described in Section XII.K.9.
Additional Sublimits and Deductibles (Per Occurrence):
Sublimits and Deductibles shown below, if any, are in addition to the sublimits shown above.

Locations Covered: Locations specifically listed on the Named Participant's Schedule of Property Values.
Perils Covered: Risks of Direct Physical Loss subject to the terms, conditions and exclusions of the current SDIS Property Coverage Document.
Deductibles: As indicated on the Schedule of Property Values on file with the Trust

Contribution: $7,876.00

Forms Applicable: SDIS Property Coverage Document effective January 1, 2021

This Declaration is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Property Coverage Document. This Declaration represents only a brief summary of coverages.

Countersigned by: [Signature]  
Special Districts Insurance Services  
Friday, January 1, 2021
THIS ENDORSEMENT MODIFIES AND AMENDS THE PROPERTY COVERAGE DOCUMENT
PLEASE READ IT CAREFULLY

As consideration for an additional contribution paid by the Named Participant, in the amount of $5,291.00, the Property Coverage Document is amended as follows:

Section XII. Coverage Extensions, is amended to add the following Coverage Extension:

L. Extension of Coverage for Property Damaged by Earth Movement

Subject to the additional conditions and limitations set forth below, we will indemnify you for direct physical loss or damage to Covered Property caused by or resulting from earth movement that occurs on premises listed on the Schedule of Property Values on file with the Trust.

1. This Coverage Extension is subject to per-occurrence deductibles as follows:

   a. The deductible shall be no less than the greater of:

      (1) $5,000;

      (2) two percent (2%) of the actual cash value of the Covered Property damaged by earth movement in a single occurrence on premises listed on the Schedule of Property Values on file with the Trust; or

      (3) the Deductible stated in the Declarations.

   b. The deductible shall be no more than the greater of:

      (1) $50,000; or

      (2) the Deductible stated in the Declarations.

2. For the purposes of this Coverage Extension only, earth movement means:

   a. sudden and accidental earthquake, seasequake, shock, tremor, landslide, submarine landslide, avalanche, subsidence, sinkhole collapse, mud flow, rock fall, volcanic activity, or any similar seismic activity, resulting in cracking, crumbling, lateral movement, rising, shifting, settling, sinking, or upheaval of land;

   b. flood that would not have occurred but for tsunami caused by, resulting from, or arising out of earth movement, regardless of any other cause or event that contributes concurrently or in any sequence to such flood; and

   c. collapse directly caused by earth movement.
3. **Earth movement** does not mean, and we will not indemnify you or anyone else for, damage caused by, resulting from, or consisting of:

a. Gradual cracking, crumbling, horizontal, lateral or vertical movement, rising, shifting, settling, sinking, or upheaval of land, occurring over a period of fourteen or more days, caused by, or arising out of artificial means or artificially created soil conditions, including contraction, corrosion, erosion, excessive or insufficient moisture, expansion, freezing, improperly compacted soil, insufficient fill, liquefaction, slope instability, slumping, subsidence, or thawing;

b. Gradual cracking, crumbling, horizontal, lateral or vertical movement, rising, shifting, settling, sinking, or upheaval of land, occurring over a period of fourteen or more days, caused by, or arising out of underground activity of animals, vegetation, or water; or

c. any water movement or flood, except for flood that would not have occurred but for tsunami caused by, resulting from, or arising out of earth movement as described in section XII.L.2, above.

4. All earth movement that occurs within a 72-hour period will constitute a single occurrence.

5. This **Coverage Extension** does not apply, and we will not indemnify you for any damage or loss caused by or resulting from earth movement, unless the damaged Covered Property is expressly identified on the Schedule of Property Values on file with the Trust as having coverage for earth movement.

6. This **Coverage Extension** does not apply, and we will not indemnify you for any damage or loss caused by or resulting from earth movement, unless the damage or loss occurs during the Property Coverage Period, and is discovered and reported to the Trust by you within one year of the ending date of the Property Coverage Period.

7. This **Coverage Extension** does not apply, and we will not indemnify you for any damage or loss caused by or resulting from earth movement, unless you notify us as soon as reasonably possible after the earth movement occurs and allow us to inspect the damaged Covered Property prior to making any repairs or replacing the damaged or destroyed Covered Property.

8. Indemnification under this **Coverage Extension** is subject to the following limits:

a. The most we will pay under this Coverage Extension for all damage or loss sustained by the Named Participant in any single occurrence is $9,364,534;

b. The most we will pay under this Coverage Extension for all damage or loss sustained by the Named Participant during the Coverage Period, is an Annual Aggregate Loss Limit of $9,364,534;

c. The SDIS Per-Occurrence Aggregate Loss Limit;

d. an SDIS Annual Aggregate Loss Limit of $300,000,000 for all damage or loss caused by, resulting from, or arising out of either earth movement, flood, or both.
9. Any amounts paid under this Coverage Extension are included in, subject to, and not in any event in addition to, the Total Limit of Indemnification stated in the Declarations.

This Endorsement only amends Section XII. Coverage Extensions of the Property Coverage Document, and does not modify, amend, waive or otherwise affect any of the other terms, conditions, limitations, exceptions, or exclusions of the Property Coverage Document.

Countersigned by: ____________________________
Special Districts Insurance Services

Friday, January 1, 2021
GM REPORT
ITEM 6.

Special Districts Insurance Services
Property Coverage Document
Flood Endorsement

Certificate Number: 36P54399-5500
Named Participant: Willamette River Water Intake Facilities Commission
1850 SW 170th Ave
Beaverton, OR 97003

Coverage Period: 1/1/2021 through 12/31/2021
Agent of Record: Brown & Brown Northwest-Portland
PO Box 29018
Portland, OR 97296

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THIS ENDORSEMENT MODIFIES AND AMENDS THE PROPERTY COVERAGE DOCUMENT
PLEASE READ IT CAREFULLY

As consideration for an additional contribution paid by the Named Participant, in the amount of $2,505.00, the Property Coverage Document is amended as follows:

Section XII. COVERAGE EXTENSIONS, is amended to add the following Coverage Extension:

M. Extension of Coverage for Property Damaged by Flood

Subject to the additional conditions and limitations set forth below, we will indemnify you for direct physical loss or damage to Covered Property caused by or resulting from flood, including collapse directly caused by flood, that occurs on premises listed on the Schedule of Property Values on file with the Trust.

1. This Coverage Extension is subject to per-occurrence deductibles as follows:

   a. If the damaged Covered Property is not a waterway structure and is located, either partially or wholly, within a federally designated 100-year or greater Special Flood Hazard Area (“SFHA”), as defined by the Federal Emergency Management Agency (“FEMA”), at the time of the occurrence, then the deductible shall be:

      (1) $500,000 per occurrence for damage to each covered building, other structure, outdoor property and scheduled outdoor property listed on the Schedule of Property Values on file with the Trust;

      (2) $500,000 per occurrence for damage to covered personal property, scheduled personal property, fine arts and scheduled fine arts located within each covered building, other structure, outdoor property and scheduled outdoor property listed on the Schedule of Property Values on file with the Trust; and

      (3) $500,000 per occurrence for damage to covered mobile equipment and scheduled mobile equipment listed on the Schedule of Property Values on file with the Trust.

   b. If the damaged Covered Property is not a waterway structure and is located wholly outside of a federally designated 100-year or greater SFHA, as defined by FEMA, at the time of the occurrence, then the deductible shall be:

      (1) no less than the greater of:

         (a) $5,000;

         (b) two percent (2%) of the actual cash value of the Covered Property damaged by flood in a single occurrence on premises listed on the Schedule of Property Values on file with the Trust; or

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15
(c) the Deductible stated in the Declarations; and

(2) no more than the greater of:

(a) $50,000; or

(b) the Deductible stated in the Declarations.

c. If the damaged Covered Property is a waterway structure then the deductible shall be:

(1) $100,000 per occurrence for damage to each waterway structure listed on the Schedule of Property Values on file with the Trust; and

(2) $100,000 per occurrence for damage to covered personal property, scheduled personal property, fine arts and scheduled fine arts located within, on, or attached to, each covered waterway structure listed on the Schedule of Property Values on file with the Trust.

2. All flood, including collapse directly caused by flood, that occurs within a 72-hour period will constitute a single occurrence.

3. Whether or not damaged Covered Property is located, either partially or wholly, within a federally designated 100-year or greater SFHA, as defined by FEMA, at the time of occurrence, will be determined solely by reference to FEMA Flood Maps and the FEMA Flood Map Service Center, regardless of any previous information, estimate, or designation provided by the Named Participant or appearing in the Declarations.

4. This Coverage Extension does not apply, and we will not indemnify you for any damage or loss caused by or resulting from flood, including collapse directly caused by flood, unless the damaged Covered Property is expressly identified on the Schedule of Property Values on file with the Trust as having coverage for flood.

5. This Coverage Extension does not apply, and we will not indemnify you for any damage or loss caused by or resulting from flood, including collapse directly caused by flood, unless the damage or loss occurs during the Property Coverage Period, and is discovered and reported to the Trust by you within one year of the ending of the Property Coverage Period.

6. This Coverage Extension does not apply, and we will not indemnify you for any damage or loss caused by or resulting from flood, including collapse directly caused by flood, unless you notify us as soon as reasonably possible after the flood occurs and allow us to inspect the damaged Covered Property prior to making any repairs or replacing the damaged or destroyed Covered Property.

7. This Coverage Extension does not apply to, and we will not indemnify you or anyone else for, any damage or loss to waterway structures located within five miles of the Oregon coast, whether or not expressly identified as Covered Property, caused by, exacerbated by, or arising out of flood unless damage or loss by flood is caused by a storm surge which occurs over a period of less than 72 hours.

a. For the purposes of this Coverage Extension only, waterway structures are defined as boardwalks, bridges, bulkheads, dams, dikes, docks, levees, piers, pilings, seawalls, wharves, breakwater and similar structures located on, in, or over water, and their corresponding appurtenances and accessories.

b. Storm surge is defined as an abnormal rise of water generated by a storm, over and above the predicted astronomical tide as determined by the National Oceanic and Atmospheric Administration (NOAA).
8. Indemnification under this Coverage Extension is subject to the following limits:

a. The most we will pay under this Coverage Extension for all damage or loss sustained by the Named Participant in any single occurrence is $9,364,534 ;

b. The most we will pay under this Coverage Extension for all damage or loss sustained by the Named Participant during the Coverage Period, is an Annual Aggregate Loss Limit of $9,364,534 ;

c. The SDIS Per-Occurrence Aggregate Loss Limit;

d. An SDIS Annual Aggregate Loss Limit of $50,000,000 for all damage or loss to Covered Property located, either partially or wholly, within a federally designated 100-year or greater SFHA as defined by FEMA.

e. An SDIS Annual Aggregate Loss Limit of $300,000,000 for all damage or loss caused by, resulting from, or arising out of earth movement, flood, or both.

9. Any amounts paid under this Coverage Extension are included in, subject to, and not in any event in addition to, the Total Limit of Indemnification stated in the Declarations.

This Endorsement amends Section XII. Coverage Extensions of the Property Coverage Document and does not modify, amend, waive or otherwise affect any of the other terms, conditions, limitations exceptions, or exclusions of the Property Coverage Document.

Countersigned by: ___________________________  Friday, January 1, 2021
Special Districts Insurance Services
**Certificate Number:** 36P54399-5500  
**Coverage Period:** 1/1/2021 through 12/31/2021  
**Named Participant:** Willamette River Water Intake Facilities Commission  
1850 SW 170th Ave  
Beaverton, OR 97003  
**Agent of Record:** Brown & Brown Northwest-Portland  
PO Box 29018  
Portland, OR 97296

<table>
<thead>
<tr>
<th>Covered Equipment</th>
<th>“Covered Equipment” as defined in the Coverage Form, located at Covered Property listed and specifically described on the Schedule of Property Values on file with the Trust (SDIS).</th>
</tr>
</thead>
</table>
| **Limit of Insurance** | $9,364,534  
Sub Limits | $1,000,000  
Business Income/Extra Expense (excludes any Named Participant generating electrical power for which a survey has not been completed and accepted by CNA)  
365 Days Ordinary Payroll  
$1,000,000 - (Indirect - Business Income)  
$250,000 - (Direct - Spoliation Damage) Utility Interruption  
$1,000,000 Contingent Business Income/Extra Expense  
$1,000,000 Spoliation Damage  
$10,000,000 Expediting Expense  
$1,000,000 Ammonia Contamination  
$1,000,000 Water Damage  
$1,000,000 Hazardous Substances  
$15,000 / 30 days Fungus, Wet and Dry Rot  
$1,000,000 Media and Data  
$1,000,000 Green Upgrades  
$2,500,000 Ordinance or Law: Demolition and Increased Cost of Construction for Undamaged Portion of Building  
120 Days - No Sublimit | Newly Acquired Locations  
Included | Brands and Labels  
Included | CFC Refrigerant  
Included | Computer Equipment  
Deductibles | $1,000 Direct Damage Deductible from any “One Breakdown” - Except as follows:  
Transformers and Secondary Miscellaneous Electrical Apparatus (MEA) | $10KVA - $10,000 minimum  
Internal Combustion Engines, Generator Units and Turbines | $30KVA - $10,000 minimum  
Spoliation Damage/Ammonia Contamination | $10,000 Combined  
24 Hours - Except 30 days for locations with power generation | Business Income/Extra Expense  
Utility Interruption | 24 Hours with a 24 Hour Waiting Period - Indirect  
5,000 - Direct | $5,000 - Direct  
Locations | Per Special Districts Insurance Services (SDIS) Covered Property listed and specifically described on the Schedule of Property Values on file with the Trust (SDIS). |

**Contribution:** $2,360.00

This Certificate represents only a brief summary of coverages. Please refer to the Continental Casualty Company Equipment Breakdown Protection Coverage Form for detailed coverages, exclusions, and conditions that may apply.

Countersigned by:  
**Frank Shults**  
Special Districts Insurance Services  
Friday, January 1, 2021
This Certificate of Insurance is a coverage description intended to provide important information about the protection available to the referenced Insured under the Crime Master Policy (the "Master Policy"). Keep this coverage description for your records. This coverage description is not an insurance policy and does not amend, extend or alter coverage afforded by the Master Policy described herein. The insurance afforded by the Master Policy as described herein is subject to all the terms, exclusions and conditions of such Master Policy. The period is specified in the Master Policy.

The Master Policy has been issued to: Special Districts Insurance Services Trust - see attached Schedule of Named Insured's listed per spreadsheet List of Special Districts Members, Scheduled Limits and Retentions. Address: 727 Center Street NE, Salem, Oregon, 97301. Policy Number: 105870359 Underwritten by: Travelers Casualty and Surety Company of America, Hartford, CT 06183 ("Travelers") to provide insurance to an Insured for as described in this Certificate.

<table>
<thead>
<tr>
<th>For Any One Loss</th>
<th>Limit</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Employee Theft - Per Loss Includes Faithful Performance of Duty, same limit as A1, CRI-7126 Non-Compensated Officers, Directors-includes Volunteer Workers as employees, Deletion of Bonded Employee and Treasurer/ Tax Collectors Exclusion - CRI-19044</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>A2. ERISA Fidelity - same limit as A.1 (CRI-19044)</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>B. Forgery or Alteration</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>C. On Premises</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>D. In Transit</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>E. Money Order Counterfeit Currency</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>F1. Computer Fraud</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>F2. Computer Restoration - same limit as A1 or maximum limit of $100,000</td>
<td>$100,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>G. Funds Transfer Fraud</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>H1. Personal Accounts Forgery or Alteration - same limit as A.</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

General Information:
Should you have any questions regarding the Master Policy or wish to view a complete copy of the Master Policy, please call Special Districts Insurance Services for general information at 1-800-285-5461
Special Districts Insurance Services

Comprehensive Crime Policy Certificate

Insured by the Travelers Casualty and Surety Company of America

<table>
<thead>
<tr>
<th>Item</th>
<th>Limit</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>$25,000</td>
<td>$0</td>
</tr>
<tr>
<td>or maximum of $25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRI-19070 Social Engineering Fraud</td>
<td>$500,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>I. Claims Expense $5,000</td>
<td>$5,000</td>
<td>$0</td>
</tr>
<tr>
<td>CRI-7072 Third Party Entity Funds Coverage</td>
<td>Not Covered</td>
<td>Not Covered</td>
</tr>
</tbody>
</table>

**Contribution:** $958

**Claim Filing and General Information including a complete copy of the Master Policy:**

Special Districts Association of Oregon
PO Box 23879
Tigard, OR
Phone: 800-305-1736

**Our claims staff will then coordinate and submit the official claim to:**

Travelers Casualty and Surety Company of America
Bond and Specialty Insurance Claim Department
Cindy Bruder, 6060 S. Willow Drive, Greenwood Village, CO 80111
Phone: 720-200-8476 Email: BFPCLAIMS@travelers.com

General Information:
Should you have any questions regarding the Master Policy or wish to view a complete copy of the Master Policy, please call Special Districts Insurance Services for general information at 1-800-285-5461
Special Districts Insurance Services
Liability Coverage Document
Additional Insured Endorsement

This endorsement modifies the coverage provided under the following:
SPECIAL DISTRICTS INSURANCE SERVICES LIABILITY COVERAGE DOCUMENT

In consideration of the contribution charged it is thus understood and agreed that this coverage document is amended as follows:

Section VII. DEFINITIONS, the PARTICIPANT definition is amended by adding the following:

i. The City of Wilsonville, its elected and appointed officials, officers, agents and employees, but only in respect to liability arising out of operations performed in accordance with the Ground Lease For Raw Water Pipeline Contract. The coverage provided herein shall be primary and not contributing with any other insurance available to those designated in this endorsement under any other third party liability policy.

Willamette River Water Intake Facilities Commission

Named Participant

Additional Participant

Friday, January 1, 2021
Effective Date

1/1/2021 through 12/31/2021
Coverage Period

36P54399-5500
Policy Number

1/1/2021
Willamette River Water Intake Facilities Commi  
Agent: Brown & Brown Northwest-Portland

**Schedule of Property Values - Section 1**  
Building, Other Structures and Scheduled Outdoor Property

**Premises: WIF**

<table>
<thead>
<tr>
<th>Structure</th>
<th>Coverage Class: Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pump Station with Wet Well</td>
<td></td>
</tr>
<tr>
<td>54399P10967</td>
<td>Const. Class: Fire Resistant</td>
</tr>
<tr>
<td>10350 SW Arrowhead Creek Lane</td>
<td>Prot. Class: 6</td>
</tr>
<tr>
<td>YR. Built: 2001</td>
<td># Stories: 6</td>
</tr>
<tr>
<td>% Sprinkler: Fire Alm.</td>
<td>Yes</td>
</tr>
<tr>
<td>Flood Cov.: Yes</td>
<td>Flood Zone **: Effective Date 1/1/2021</td>
</tr>
<tr>
<td>Structure Value: $5,829,985</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal Property Value: $0</td>
</tr>
<tr>
<td>City: Wilsonville</td>
<td>Zip: 97070</td>
</tr>
<tr>
<td>Valuation: Replacement</td>
<td>SQF.: 3,166</td>
</tr>
<tr>
<td>Security Alm: Yes</td>
<td>Vacant (Y/N): No</td>
</tr>
<tr>
<td>Deductible: $5,000</td>
<td>Contribution: $4,711</td>
</tr>
<tr>
<td>Appraiser: CBIZ</td>
<td>Date: 02/22/2018</td>
</tr>
<tr>
<td>Appraisal Rpt Code: 01-01</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structure: Screen and Intake Pipe</th>
<th>Coverage Class: Scheduled Outdoor Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>54399P10966</td>
<td>Const. Class: Fire Resistant</td>
</tr>
<tr>
<td>10350 Arrowhead Creek Lane</td>
<td>Prot. Class: 6</td>
</tr>
<tr>
<td>YR. Built: 2001</td>
<td># Stories: 6</td>
</tr>
<tr>
<td>% Sprinkler: Fire Alm.</td>
<td>No</td>
</tr>
<tr>
<td>Flood Cov.: Yes</td>
<td>Flood Zone **: Effective Date 1/1/2021</td>
</tr>
<tr>
<td>Structure Value: $3,534,549</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal Property Value: $0</td>
</tr>
<tr>
<td>City: Wilsonville</td>
<td>Zip: 97070</td>
</tr>
<tr>
<td>Valuation: Replacement</td>
<td>SQF.:</td>
</tr>
<tr>
<td>Security Alm: No</td>
<td>Vacant (Y/N): No</td>
</tr>
<tr>
<td>Deductible: $5,000</td>
<td>Contribution: $3,165</td>
</tr>
<tr>
<td>Appraiser Date:</td>
<td>Appraisal Rpt Code:</td>
</tr>
<tr>
<td>Comment:</td>
<td></td>
</tr>
</tbody>
</table>

**Construction Class Options**

| Fire Resistant Value Options Protection Class |
|---|---|---|
| Noncombustible Actual Cash Value Fire Protection Class is determined by the level of fire protection in your area. Your local fire department should be able to tell you which Protection Class your property is in. |
| Modified Fire Resistant Replacement Cost |
| Masonry Noncombustible Stated Value |

**Premises Total Contribution: $7,876**

**Total Building, Other Structure and Scheduled Outdoor Property Value: $9,364,534**

**Total Personal Property Value: $0**

**Total Value: $9,364,534**

**Total Contribution: $7,876**
## General Liability Schedule

**Per Occurrence Deductible:** $0.00

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Unit</th>
<th>Amount</th>
<th>Effective Date</th>
<th>Expiration Date</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>540150</td>
<td>2020-2021 Budgeted Personal Services *</td>
<td>Dollars</td>
<td>0</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540160</td>
<td>2020-2021 Budgeted Materials and Supplies *</td>
<td>Dollars</td>
<td>169,800</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$673</td>
</tr>
<tr>
<td>540170</td>
<td>2020-2021 Budgeted Contingencies *</td>
<td>Dollars</td>
<td>18,000</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540170H</td>
<td>2020-2021 Budgeted Contingencies Hydro*</td>
<td>Dollars</td>
<td>18,000</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540180</td>
<td>Number of Employees</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540190</td>
<td>Number of Volunteers</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540192</td>
<td>Number of Board Members</td>
<td>Each</td>
<td>6</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540200</td>
<td>District Size</td>
<td>Sq Miles</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>540210</td>
<td>Population Served</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54039</td>
<td>Pipe Line</td>
<td>Miles</td>
<td>0</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54100</td>
<td>Number of Drones (UAVs) Owned or Operated</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54215</td>
<td>Buildings &amp; Premises - Occupied by District</td>
<td>Sq ft</td>
<td>3,186</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54400</td>
<td>Number of Boats</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54411</td>
<td>Water Delivered Annually - Millions of Gallon</td>
<td>Gallons</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54522</td>
<td>Water District Lakes or Reservoirs</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54522H</td>
<td>Lakes or Reservoirs - Hydro Project</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54700</td>
<td>Water District Dams</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54700H</td>
<td>Water District Dams - Hydro Project</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54900</td>
<td>Dollars Paid For Services</td>
<td>Dollars</td>
<td>187,800</td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54946</td>
<td>Water Mains or Connections</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54996</td>
<td>Fire Hydrants</td>
<td>Each</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54997</td>
<td>Events/Fundraisers - No Alcohol Served</td>
<td>Days</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
<tr>
<td>54998</td>
<td>Events/Fundraisers - Alcohol Served</td>
<td>Days</td>
<td></td>
<td>1/1/2021</td>
<td>12/31/2021</td>
<td>$0</td>
</tr>
</tbody>
</table>

$673
### Special Districts Insurance Services - Policy Year 2020-2021 Comparison Report

**Willamette River Water Intake Facilities Commission**

Brown & Brown Northwest-Portland

The following comparison shows the difference in contributions from the 2020 policy year to the 2021 policy year renewal. The following summary shows the amounts and percentages that have changed from 2020 to 2021. This summary is intended only to give you a general idea of the rating components that influence contributions.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Annualized 2020 Contribution</th>
<th>2021 Contribution after rate and best practices changes</th>
<th>Change after rate and best practices changes</th>
<th>% change after rate and best practices changes</th>
<th>Change in Exposures</th>
<th>2021 Contribution after exposure, and all other changes</th>
<th>Total contribution change</th>
<th>Total % contribution change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability</td>
<td>$847</td>
<td>$847</td>
<td>$0</td>
<td>-0.04%</td>
<td>See Below</td>
<td>$853</td>
<td>$6</td>
<td>0.71%</td>
</tr>
<tr>
<td>Auto Liability</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Non-Owned Auto Liability</td>
<td>$175</td>
<td>$175</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$175</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Auto Physical Damage</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
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<td>$7,876</td>
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<td>7.10%</td>
</tr>
<tr>
<td>Earthquake</td>
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<td>$5,187</td>
<td>$247</td>
<td>5.00%</td>
<td>$183,618</td>
<td>$5,291</td>
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<td>Flood</td>
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<td>$2,579</td>
<td>$123</td>
<td>5.00%</td>
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#### Pass Through Coverages

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<th>Coverage</th>
<th>Annualized 2020 Contribution</th>
<th>2021 Contribution after rate and best practices changes</th>
<th>Change after rate and best practices changes</th>
<th>% change after rate and best practices changes</th>
<th>Change in Exposures</th>
<th>2021 Contribution after exposure, and all other changes</th>
<th>Total contribution change</th>
<th>Total % contribution change</th>
</tr>
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<tbody>
<tr>
<td>Boiler and Machinery</td>
<td>$2,314</td>
<td>$183,618</td>
<td></td>
<td></td>
<td>$2,360</td>
<td>$46</td>
<td>1.99%</td>
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<tr>
<td>Crime</td>
<td>$958</td>
<td>$958</td>
<td></td>
<td></td>
<td>$0</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
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<td>$20,924</td>
<td></td>
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<td>$3,418</td>
<td>$46</td>
<td>1.41%</td>
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#### TOTAL ALL LINES

<table>
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<tr>
<th>Coverage</th>
<th>Annualized 2020 Contribution</th>
<th>2021 Contribution after rate and best practices changes</th>
<th>Change after rate and best practices changes</th>
<th>% change after rate and best practices changes</th>
<th>Change in Exposures</th>
<th>2021 Contribution after exposure, and all other changes</th>
<th>Total contribution change</th>
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</thead>
<tbody>
<tr>
<td>Boiler and Machinery</td>
<td>$2,314</td>
<td>$183,618</td>
<td></td>
<td></td>
<td>$2,360</td>
<td>$46</td>
<td>1.99%</td>
<td></td>
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<tr>
<td>Crime</td>
<td>$958</td>
<td>$958</td>
<td></td>
<td></td>
<td>$0</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$3,272</td>
<td>$20,924</td>
<td></td>
<td></td>
<td>$3,418</td>
<td>$46</td>
<td>1.41%</td>
<td></td>
</tr>
</tbody>
</table>

#### 10-Year Annual Contribution History

![Diagram showing 10-Year Annual Contribution History](attachment:image.png)

#### General Liability Exposure Comparison

<table>
<thead>
<tr>
<th>Description</th>
<th>Last Year</th>
<th>Current Year</th>
<th>Difference</th>
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<tr>
<td>Events/Fundraisers - Alcohol Served</td>
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<td></td>
<td>0</td>
</tr>
<tr>
<td>Water District Dams - Hydro Project</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Water District Dams</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Lakes or Reservoirs - Hydro Project</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Water District Lakes or Reservoirs</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>2020-2021 Budgeted Materials and Supplies *</td>
<td>176,815</td>
<td>169,900</td>
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<tr>
<td>2020-2021 Budgeted Personal Services *</td>
<td>0</td>
<td>0</td>
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</table>

#### Longevity Credit

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</tr>
</thead>
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<tr>
<td>$0</td>
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</tbody>
</table>

* Longevity Credit: See Longevity Credit Memo for details

#### Loss Ratio

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<tr>
<th>Description</th>
<th>2015-2019 Loss Ratio</th>
<th>% Credit</th>
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<tbody>
<tr>
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<tr>
<td>2021</td>
<td>10.00%</td>
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### Willamette Intake Facility Commission

For the annual budget period ending June 30, 2021

For the quarter ended December 31, 2020

**Unaudited Activity for the Quarter**

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<thead>
<tr>
<th>Budget</th>
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<th>Variance</th>
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<td>$(27,335)</td>
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<tr>
<td>1,700,500</td>
<td>898,861</td>
<td>$(807,639)</td>
</tr>
<tr>
<td>1,795,287</td>
<td>960,313</td>
<td>$(834,974)</td>
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<tr>
<td>-</td>
<td>9,325</td>
<td>$9,325</td>
</tr>
</tbody>
</table>

**Total Resources**

- **Beginning Fund Balance**: $1,795,287
  - **Ending Fund Balance**: $960,313

**Unaudited Annual Budget**

<table>
<thead>
<tr>
<th>Budget</th>
<th>To date</th>
<th>Actual</th>
<th>Variance</th>
<th>Remaining</th>
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</thead>
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<tr>
<td>84,288</td>
<td>61,452</td>
<td>22,835</td>
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<td></td>
</tr>
<tr>
<td>1,700,500</td>
<td>898,861</td>
<td>807,639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,500</td>
<td>-</td>
<td>4,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,795,287</td>
<td>960,313</td>
<td>834,974</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>9,325</td>
<td>$(9,325)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Requirements**

- **Beginning Fund Balance**: $1,795,287
  - **Ending Fund Balance**: $960,313

**Resources**

- **Revenues**
  - **Contributions**: $355,150
  - **Capital contributions**: $6,825,998

**Requirements**

- **Materials and Services**: $337,150
- **Capital Outlay**: $6,825,998
- **Contingency**: $18,000

These statements unaudited and are preliminary.
REGULAR SESSION – 6:00 PM

CALL TO ORDER AND ROLL CALL

Commissioners present:
- Tualatin Valley Water District (TVWD): Jim Doane (Chair)
- City of Beaverton: Marc San Soucie
- City of Hillsboro: John Godsey
- City of Sherwood: Sean Garland (Vice Chair)
- City of Tigard: John Goodhouse
- City of Wilsonville: Kristin Akervall

Managing Agency Staff present:
- WIF Commission General Manager / Willamette Water Supply Program (WWSP) Director: Dave Kraska
- TVWD General Counsel: Clark Balfour
- WWSP Assistant Director: Joelle Bennett
- WWSP Finance Manager: Lisa Houghton
- TVWD Water Resources Division Manager: Joel Cary
- WWSP Permitting & Outreach Manager: Christina Walter
- WIF Commission Recorder / WWSP Administrative Assistant: Annette Rehms

Committee Members present:
- Management Committee:
  - TVWD: Tom Hickmann
  - City of Hillsboro: Niki Iverson
  - City of Sherwood: Craig Sheldon
  - City of Tigard: Brian Rager
  - City of Wilsonville: Delora Kerber (alternate)

- Operations Committee:
  - TVWD: Carrie Pak
  - City of Beaverton: David Winship
  - City of Hillsboro: Jessica Dorsey

Other Attendees:
- Holly Tichenor – Water Systems Consulting
- Rob Annear – Geosyntec
- Susan Schlangen – Water Systems Consulting

1. GENERAL MANAGER’S REPORT

Mr. Kraska presented the General Manager’s report, which included a safety moment on Fall safety tips, a Raw Water Facilities project update, progress on the Curtailment Plan, a request to obtain electronic signatures for past and future board meeting minutes and resolutions, and the delivery of the quarterly financial report for the period ending September 30, 2020.

Upon discussion, the Board provided their preferences for the December site tour, which can be held in-person with the option for a video tour. Goodhouse – in-person, Doane – video, Godsey – video, San Soucie – video, Garland – video, Akervall – open to either
Upon discussion, the Board consented to using Adobe Sign to obtain electronic signatures for approved Board meeting minutes and resolutions.

2. PUBLIC COMMENT
There were no public comments.

3. CONSENT AGENDA
   A. Approve the July 27, 2020 meeting minutes

Motion was made by San Soucie, seconded by Godsey, to approve the Consent Agenda as presented. The motion passed unanimously with Doane, Garland, Godsey, Goodhouse, Akervall, and San Soucie voting in favor.

4. BUSINESS AGENDA
   A. None

5. INFORMATION ITEMS
   A. Legislative Update

Mr. Cary presented the staff report providing a summary of the communication with Oregon Legislative members about the financial impacts to water providers from COVID-19. He also highlighted that the Harmful Algal Blooms (HABs) Workgroup helped prepare two draft concepts for the 2021 Legislative Session: 1) supplying the Oregon Department of Environmental Quality with additional cyanotoxin testing equipment to support the requirements for seasonal drinking water providers, and 2) consolidating resources into a centralized, publicly facing website for improved coordination. Mr. Cary also noted that the wildfire impacts on Oregon water providers has become the focus of recent Legislative engagement and state-wide coordination.

B. Thermal Trading Plan Update

Ms. Walter presented the staff report providing an update on the WWSS Thermal Trading Plan, including overview of background, comments received, outcome of the recent public hearing, current status of the Oregon Department of Environmental Quality’s (DEQ) approval of the plan, and next steps. (see attachment)

C. Mission, Vision, Values & Goals

Ms. Walter presented the staff report providing an update on the WIF Mission, Vision, Values, & Goals (MVVG) development including an overview of key accomplishments, background, and recognition of the MVVG Working Group representatives from each of the WIF partner agencies as well as the WWSP.

Ms. Walter then turned the topic over to Water Systems Consulting to facilitate the first Board update on the progress developing the WIF Mission, Vision, Values, & Goals. Ms. Tichenor walked the Board through results from the Board member interviews as well as results from the first working group discussion. Feedback from both sources was well aligned.

Ms. Tichenor then requested Board feedback on the following three key questions: (see attachment)

1. What is your top priority for developing strong partnerships?
2. What is your top priority for protecting the watershed?
3. What is your top priority for becoming regional influencers?

Notes taken on the Board members’ responses to these questions are captured in the attached presentation file.

D. The next Board meeting is scheduled on January 25, 2021, via Microsoft Teams
6. COMMUNICATIONS AND NON-AGENDA ITEMS
   
   A. None scheduled.

ADJOURNMENT

There being no further questions or business, Chairman Doane adjourned the meeting at 7:03 p.m.

Jim Doane, Chair

Sean Garland, Vice Chair
Draft Willamette Water Supply System Thermal Trading Plan
Response to Public Comment
DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.
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Comments from: Water Watch .................................................................................................................. 8

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Introduction

This Response to Public Comments document addresses written and verbal comments received regarding the Draft Willamette Water Supply System Thermal Trading Plan dated August, 2019. The individuals and organizations shown in Table 1 provided comments on the Draft Willamette Water Supply System (WWSS) Thermal Trading Plan during the Public Comment Periods: the first comment period occurred between March 20 and April 3, 2020. During this first comment period, a public hearing was requested by WaterWatch and Willamette Riverkeeper. This public hearing will be referred to as a second comment period. The second comment period consisted of a virtual public hearing on July 1, 2020. Additional written comments were also accepted due to the COVID-19 pandemic, and to provide accessibility for anyone not able to attend the hearing virtually. Individuals representing three groups provided verbal comments during the second comment period: WaterWatch, WWSS, and Clean Water Services. The WaterWatch verbal comments were similar to their written comments, and therefore are not addressed separately in this document. All written and verbal comments received during the two public comment periods have been reviewed by DEQ and are addressed in this document. In total there were 24 unique comments from 11 entities. Whenever a comment was substantively the same across two or more commenters, the DEQ grouped that comment and provides a single response. For example several commenters objected to the WWSS request for a 1.7:1 ratio, and the DEQ has provided a single response to that comment. The DEQ has requested five modifications to the TTP based on the comments.

Table 1: Commenters on the August 2019 Draft Willamette Water Supply System Thermal Trading Plan

<table>
<thead>
<tr>
<th>Commenter #</th>
<th>Commenter</th>
<th>Type</th>
<th>Acronym</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bureau of Environmental Services</td>
<td>Written</td>
<td>BES</td>
</tr>
<tr>
<td>2</td>
<td>Dale Feik</td>
<td>Written</td>
<td>DF</td>
</tr>
<tr>
<td>3</td>
<td>Marissa Houlberg (First Period)</td>
<td>Written</td>
<td>MH</td>
</tr>
<tr>
<td>4</td>
<td>Oregon Department of Agriculture</td>
<td>Written</td>
<td>ODA</td>
</tr>
<tr>
<td>5</td>
<td>Willamette Riverkeeper</td>
<td>Written</td>
<td>WR</td>
</tr>
<tr>
<td>6</td>
<td>Water Watch</td>
<td>Written</td>
<td>WW</td>
</tr>
<tr>
<td>7</td>
<td>Northwest Environmental Advocates</td>
<td>Written</td>
<td>NEA</td>
</tr>
<tr>
<td>8</td>
<td>Clean Water Services</td>
<td>Verbal</td>
<td>CWS</td>
</tr>
<tr>
<td>9</td>
<td>Marissa Houlberg (Second Period)</td>
<td>Written</td>
<td>MH</td>
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<tr>
<td>10</td>
<td>Water Watch</td>
<td>Verbal</td>
<td>WW</td>
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<td>Oregon Wild</td>
<td>Written</td>
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<tr>
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<td>Willamette Water Supply Program</td>
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<tr>
<td>14</td>
<td>NOAA</td>
<td>Written</td>
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</table>
Comments from: Bureau of Environmental Services

BES#1: Suggested Change ID #1

**Description: Downsize Trading Area**

**Comment:** Size of trading area is too large to meaningfully evaluate.

**Response:** The trading area was revised by the WWSS to better reflect the locations where trading projects are feasible. For example, BMPs installed in watersheds above reservoirs are unlikely to provide thermal benefits downstream from those reservoirs. The initial description of trading area was consistent with the DEQ’s IMD and OARs relevant to trading. Trading area is defined in OAR 340-039-0005(5) as a “watershed or other hydrologically-connected geographic area, as defined within a water quality management plan adopted for a TMDL, trading framework, or trading plan. A trading area must encompass the location of the discharge to be offset, or its downstream point of impact, if applicable, and the trading project to be implemented.” The DEQ’s IMD generally encourages applicants to establish trading areas that are broad in geographic scope: “…a trading program should be large enough to encompass the universe of sources that contribute to the specific water quality problem that is to be addressed through trading.” Given that the pollutant (heat) is added to water throughout the basin, it is possible for trading projects to lower temperatures in streams throughout the basin.

BES#2: Suggested Change ID #2

**Description: Incorporate Attenuation Ratios**

**Comment:** DEQ should incorporate attenuation ratios to account for the loss of thermal benefits between a credit-generating location and the point of credit use.

**Response:** The trading ratio is based upon the unique circumstances of the proposed trade and its elements, the particular trading area, the parameter to be traded, Best Management Practices (BMPs) used to generate credits, and other considerations. For the WWSS trading plan, the 2:1 trading ratio represents an appropriate balance of all trading requirements under OAR 340-039-0043.

BES#3: Suggested Change ID #3

**Description: Keep 2:1 Trading Ratio**

**Comment:** Reducing the standard 2:1 trading ratio may result in a net loss of thermal benefits to the environment if the project were to withdraw the full 150 MGD prior to 2085. Rather than reducing the trading ratio from 2:1 to 1.7:1, WaterWatch suggests the ratio should be increased due to attenuation and climate change.

If DEQ allows the use of a reduced trading ratio, DEQ should also include limits on the projects water withdrawals to ensure that the trading plan provides a net environmental benefit; that the thermal impacts do not occur before the realized thermal benefits.

**Response:** The applicant had requested lowering the trading ratio due to the fact that they are generating credits years before they are used. However, the trading ratio is also used to account for many other variables under OAR 340-039-0043. The DEQ requested and accepted a 2:1 trading ratio to account for any combination of the following: 1)
attenuation of water quality benefits between credit-generating BMPs and point of use; 2) uncertainty of BMP performance; 3) uncertainty of water quality benefit measurement; or 4) types of risk not associated with BMP performance.

BES#4: Suggested Change ID #4

**Description: Account for Climate Change**

**Comment:** If the thermal benefits are intended to address future thermal impacts, they should be calculated based on expected conditions of 2085, not 2001. Using 2001 may represent a conservative modeling scenario. If not adequately sized, the project could exacerbate impacts related to river temperature, decreased summer flow, and disconnected habitats. NWEA argues that plan doesn’t account for climate change impacts; references a soon-to-be-outdated 2006 TMDL. “…climate change is…likely to eclipse a very dry year in 2001.”

**Response:** Human alteration of the atmosphere has changed the timing, amounts, and quality of water on earth. The DEQ agrees that changes to climate may be relevant to some elements of the trading plan. For example, the DEQ expects that elements of planting plans will be managed adaptively to account for changes in growing seasons of individual plant species. That said, the regional scale of climate prediction is a poor match to the patchy and localized nature of individual water quality trading projects. (Each pixel within a mainstream climate models is often thousands of square miles in size.) Moreover, it is the DEQ’s view that restoration of riparian areas increases resiliency and provides water quality benefits beyond the lowering of temperature during critical migration and spawning periods.

BES#5: Suggested Change ID #5

**Description: Describe public availability of information on WWSS credit generation, acquisition, and usage**

**Comment:** The plan only proposes to “evaluate posting trading credit information.” A description of how this information will be made available to the public is a required component of a trading plan (OAR 340-039-0025(5)(i)) and should be included in the proposed thermal trading plan.

**Response:** If approved by the DEQ, the WWSS Thermal Trading Plan will be available via the WWSS website. The DEQ will evaluate ways to post all information regarding trading activities, including annual reports, to its website. The DEQ does not possess this capability at this time. The WWSS is also evaluating posting trading credit information to a public website. Water Quality trading rules do not require DEQ to post annual reports on its web site. Like all public records, in the event a particular document submitted to DEQ is not available on a website, it would be available via a public records request. Annual Report information may also be located on a third party website.

BES#6: Suggested Change ID #6

**Description: Specify a date or date range for credit calculations**

**Comment:** The proposed trading plan includes a description of when maximum thermal impacts are anticipated, but it does not specify the modeling date that will be used for credit calculations. The modeling date should align with the timing of the greatest impact and be specified in the trading plan.

**Response:** The WWSS trading plan presents timelines for credit generation in Tables 4 and 5. Maximum impact is estimated (Figure 1) for the period 2025 to 2085, based on flow data from a low-flow year (2001). The DEQ may request a specific date for credit calculations, and adjust that date to account for changes in project timelines.
**BES#7: Suggested Change ID #7**

**Description:** Describe alternative BMPs and public process for evaluating them

**Comment:** Many of the details for alternate BMPs, such as the method used for thermal credit quantification, are not fully described. It is unclear if a revision of the trading plan (OAR 340-039-0025(7)) and the required opportunity for public notice and comment would occur if WWSS were to pursue a BMP other than riparian shade (BES). NWEA wants to know if public comment will be allowed on each new BMP.

**Response:** After public notice and comment and DEQ approval of a trading plan, individual trading projects that are implemented pursuant to the trading plan must be consistent with the approved trading plan but are not required to be made available for public notice under OAR 340-039-0025(3). Requiring public notice and comment for implementation of each project would add unnecessary delay and process to trading. ORS 468B.555(3)(c) directs DEQ to minimize administrative requirements in order to encourage and facilitate pollutant trading. DEQ’s approach in this instance is a reasonable application of this requirement. Projects that are not implemented in accordance with the approved plan are not eligible for credit generation.

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**BES#8: Suggested Change ID #8**

**Description:** Clarify relationship between credit life and monitoring cycle.

**Comment:** The relationship between the credit life and the monitoring cycle is unclear. It is important to clearly crosswalk the phases of credit life with the monitoring cycle so that it is clear to the public when the required monitoring activities will occur and the associated performance criteria.

**Response:** The performance criteria and monitoring schedule listed in Table 5 and Appendix B address this concern to the satisfaction of the DEQ.

---

**Comments from: Dale Feik**

**DF#1: Suggested Change ID #18**

**Description:** EPA Clean Water Standards

**Comment:** Will the EPA Clean Water temperature standards be met by this proposed Thermal Trading Plan?

**Response:** Water quality trading is one compliance option among several available to meet regulatory requirements under the federal Clean Water Act, including water quality standards. The WWSS trading plan falls under section 401 of the Clean Water Act, thus putting the plan under the State of Oregon’s regulatory purview. The EPA has published guidance in support of water quality trading. For example, in 2003 EPA published a water quality trading policy that endorses trading as a means of both attaining pollutant reductions and as a way to achieve ancillary environmental benefits. Trading plans include annual reports submitted to DEQ according to OAR 340-039-0017(3). Attainment of the water quality standard will take time and accordingly compliance with the trading plan is deemed compliance with the temperature conditions of the certification. In the event any report demonstrates non-compliance with trading plan (401 water quality certification) conditions, DEQ will follow up as appropriate.
Comments from: Marissa Houlberg

MH#1: Suggested Change ID #19

Description: Accountability and Future Demand

Comment: Who is going to hold WWSS members accountable consistently? Doesn’t the WWSS need the additional water from the USACE storage to meet their future demand?

Response: Water quality trading rules under OAR Chapter 340, Division 39 are intended to address important and essential elements of DEQ’s water quality trading program, with appropriate standards for accountability, enforceability and provisions to ensure transparency. DEQ believes that the rules strike a balance between program accountability and transparency with flexibility desired by regulated participants. The rules require annual reporting on trading plan implementation specific to each trading project and performance over the past year. These requirements are essential to ensure that trades are generating credits they are intended to generate and that this information is available for verification. When the elements of the Willamette Water Supply System Thermal Trading Plan are approved by the DEQ, those elements become enforceable conditions under section 401 of the Clean Water Act.

The DEQ takes no position on the WWSS’s future water needs and the possibility of using USACE stored water to meet that need.

MH#2: Suggested Change ID #19

Description: Accountability and Future Demand

Comment: Who is going to hold WWSS members accountable consistently? Doesn’t the WWSS need the additional water from the USACE storage to meet their future demand?

Response: Water quality trading rules under OAR Chapter 340, Division 39 are intended to address important and essential elements of DEQ’s water quality trading program, with appropriate standards for accountability, enforceability and provisions to ensure transparency. DEQ believes that the rules strike a balance between program accountability and transparency with flexibility desired by regulated participants. The rules require annual reporting on trading plan implementation specific to each trading project and performance over the past year. These requirements are essential to ensure that trades are generating credits they are intended to generate and that this information is available for verification. When the elements of the Willamette Water Supply System Thermal Trading Plan are approved by the DEQ, those elements become enforceable conditions under section 401 of the Clean Water Act.

The DEQ takes no position on the WWSS’s future water needs and the possibility of using USACE stored water to meet that need.
Comments from: Oregon Department of Agriculture

ODA#1: Suggested Change ID #17

Description: Edits and Clarifications

Comment: The Oregon Department of Agriculture is submitting the following three comments during the public comment period.

1. Page 4, Table 1, item (b), Oregon Department of Agriculture. Under the column for “Baseline Requirement”, please change the word “Program” to “Area Rules”, in two places. Baseline on agricultural lands is the regulations, AKA “Area Rules”, rather than the entire WQ “Program”. Note: the current wording in the shorter list on Page 3 is correct.

2. Page 7, 1st paragraph, refers to “the 10-year floodplain”. However, Appendix C, Page 4, Section 3.1, refers to “the 100-year floodplain”. It seems likely that the numbers on both pages should be the same.

3. Page 14, 1st paragraph and Table 4. The 1st paragraph explains clearly that the credit life would begin in 2026. It would be helpful to add that information to Table 4, e.g. add “credit life begins” in the 2026 row, and also clarify in the 2022 row that credit generation begins, but not credit life.

Response: The DEQ requested that the WWSS make the changes listed by Cheryl Hummon of the ODA. The WWSS made the revisions as requested. The DEQ appreciates the helpful ODA comment.

Comments from: Willamette Riverkeeper

WR#1: Suggested Change ID #1

Description: Downsize Trading Area

Comment: Size of trading area is too large to meaningfully evaluate.

Response: The trading area was revised by the WWSS to better reflect the locations where trading projects are feasible. For example, BMPs installed in watersheds above reservoirs are unlikely to provide thermal benefits downstream from those reservoirs. The initial description of trading area was consistent with the DEQ’s IMD and OARs relevant to trading. Trading area is defined in OAR 340-039-0005(5) as a “watershed or other hydrologically-connected geographic area, as defined within a water quality management plan adopted for a TMDL, trading framework, or trading plan. A trading area must encompass the location of the discharge to be offset, or its downstream point of impact, if applicable, and the trading project to be implemented.” The DEQ’s IMD generally encourages applicants to establish trading areas that are broad in geographic scope; “...a trading program should be large enough to encompass the universe of sources that contribute to the specific water quality problem that is to be addressed through trading.” Given that the pollutant (heat) is added to water throughout the basin, it is possible for trading projects to lower temperatures in streams throughout the basin.

WR#2: Suggested Change ID #3
Description: Keep 2:1 Trading Ratio

Comment: Reducing the standard 2:1 trading ratio may result in a net loss of thermal benefits to the environment if the project were to withdraw the full 150 MGD prior to 2085. Rather than reducing the trading ratio from 2:1 to 1.7:1, WaterWatch suggests the ratio should be increased due to attenuation and climate change.

If DEQ allows the use of a reduced trading ratio, DEQ should also include limits on the projects water withdrawals to ensure that the trading plan provides a net environmental benefit; that the thermal impacts do not occur before the realized thermal benefits.

Response: The applicant had requested lowering the trading ratio due to the fact that they are generating credits years before they are used. However, the trading ratio is also used to account for many other variables under OAR 340-039-0043. The DEQ requested and accepted a 2:1 trading ratio to account for any combination of the following: 1) attenuation of water quality benefits between credit-generating BMPs and point of use; 2) uncertainty of BMP performance; 3) uncertainty of water quality benefit measurement; or 4) types of risk not associated with BMP performance.

WR#3: Suggested Change ID #4

Description: Account for Climate Change

Comment: If the thermal benefits are intended to address future thermal impacts, they should be calculated based on expected conditions of 2085, not 2001. Using 2001 may represent a conservative modeling scenario. If not adequately sized, the project could exacerbate impacts related to river temperature, decreased summer flow, and disconnected habitats. NWEA argues that plan doesn’t account for climate change impacts; references a soon-to-be-outdated 2006 TMDL. “…climate change is…likely to eclipse a very dry year in 2001.”

Response: Human alteration of the atmosphere has changed the timing, amounts, and quality of water on earth. The DEQ agrees that changes to climate may be relevant to some elements of the trading plan. For example, the DEQ expects that elements of planting plans will be managed adaptively to account for changes in growing seasons of individual plant species. That said, the regional scale of climate prediction is a poor match to the patchy and localized nature of individual water quality trading projects. (Each pixel within a mainstream climate models is often thousands of square miles in size.) Moreover, it is the DEQ’s view that restoration of riparian areas increases resiliency and provides water quality benefits beyond the lowering of temperature during critical migration and spawning periods.

WR#4: Suggested Change ID #9

Description: Present specific projects (BMPs) and locations for the public to evaluate

Comment: The Plan is unspecific on what projects will occur and where. Nor does the Plan clearly link its proposed BMPs with decreases in temperature, which is the pollutant the WWSS’s withdrawals will cause. Without this basic information, there is no way the Plan can estimate the credits the WWSS may generate, nor is there any way for DEQ to assess whether the Plan complies with OAR 340-039-0025.

Response: Annual reports submitted to the DEQ will provide specific project (BMP) details. From the DEQ’s perspective, only BMPs that meet quality standards may be used to generate credits for pollutant (heat) trading. The DEQ has the obligation to evaluate proposed trading plans (including BMPs). All trading plans are subject to public review and comment. Although trading projects will be evaluated by the DEQ, under OAR 340-039-0025 (3), individual trading projects do not require separate public notice and comment. The DEQ’s position is that it would be neither efficient nor useful to require the inclusion of all possible BMPs in trading plan proposals. With traditional
compliance methods there is no corollary requirement for public comment on alternative mitigation methods and the basis for each of those. To require traders to propose alternatives would result in a cumbersome and inefficient review and approval process.

WR#5: Suggested Change ID #10

**Description:** Establish and define the trading baseline

**Comment:** Three commenters argued that the plan does not adequately address the trading baseline. Baseline-related comments included the following: The WWSS Plan proposes to evaluate baseline in the future (Willamette Riverkeeper). There isn’t a way to determine if a project, shading or otherwise, is already required by the regulatory “baseline.” (WaterWatch). NWEA makes several comments about baseline requirements: WWSS shouldn’t be the entity to determine regulatory baseline; regulatory baseline is complex, possibly unknowable; asserts that the plan concludes no baseline requirements are applicable to NPDES permits; the public can’t comment on the regulatory baseline because it’s wholly unevaluated; commission not equipped to determine regulatory baseline of federal plans, 401s, local ordinances, tribal laws, other nonpoint source requirements and compensatory sites.

**Response:** The DEQ has reviewed the WWSS plan to ensure that credits are generated from project results that are above the trading baseline. Under the WWSS plan, and consistent with OAR 340-039-0030 and OAR 340-039-0025(5)(b), baseline is based on current regulations. Whenever those regulations change, the baseline will be reevaluated and amended accordingly. The DEQ recognizes that time will pass between trading plan approval and trading project initiation, and therefore regulatory requirements that make up trading baseline may change or be revised over the course of a trade. The WWSS trading plan identifies existing regulations such as ODA area rules, Oregon Department of Forestry forest practices rules and local ordinances that make up the existing baseline and will be later used to identify applicable location-specific regulations and to quantify trade project-specific baseline water quality benefits. Identifying applicable regulations at the time of trading plan proposal helps ensure that the most up-to-date versions of these regulations are applied at the time of individual project initiation. Trade credit users will document in their annual reports baseline conditions for each trading project initiated in the reporting period.

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**Comments from: Water Watch**

WW#1: Suggested Change ID #2

**Description:** Incorporate Attenuation Ratios

**Comment:** DEQ should incorporate attenuation ratios to account for the loss of thermal benefits between a credit-generating location and the point of credit use.

**Response:** The trading ratio is based upon the unique circumstances of the proposed trade and its elements, the particular trading area, the parameter to be traded, Best Management Practices (BMPs) used to generate credits, and other considerations. For the WWSS trading plan, the 2:1 trading ratio represents an appropriate balance of all trading requirements under OAR 340-039-0043.
WW#2: Suggested Change ID #3

**Description: Keep 2:1 Trading Ratio**

**Comment:** Reducing the standard 2:1 trading ratio may result in a net loss of thermal benefits to the environment if the project were to withdraw the full 150 MGD prior to 2085. Rather than reducing the trading ratio from 2:1 to 1.7:1, WaterWatch suggests the ratio should be increased due to attenuation and climate change.

If DEQ allows the use of a reduced trading ratio, DEQ should also include limits on the projects water withdrawals to ensure that the trading plan provides a net environmental benefit; that the thermal impacts do not occur before the realized thermal benefits.

**Response:** The applicant had requested lowering the trading ratio due to the fact that they are generating credits years before they are used. However, the trading ratio is also used to account for many other variables under OAR 340-039-0043. The DEQ requested and accepted a 2:1 trading ratio to account for any combination of the following: 1) attenuation of water quality benefits between credit-generating BMPs and point of use; 2) uncertainty of BMP performance; 3) uncertainty of water quality benefit measurement; or 4) types of risk not associated with BMP performance.

WW#3: Suggested Change ID #4

**Description: Account for Climate Change**

**Comment:** If the thermal benefits are intended to address future thermal impacts, they should be calculated based on expected conditions of 2085, not 2001. Using 2001 may represent a conservative modeling scenario. If not adequately sized, the project could exacerbate impacts related to river temperature, decreased summer flow, and disconnected habitats. NWEA argues that plan doesn’t account for climate change impacts; references a soon-to-be-outdated 2006 TMDL. “…climate change is…likely to eclipse a very dry year in 2001.”

**Response:** Human alteration of the atmosphere has changed the timing, amounts, and quality of water on earth. The DEQ agrees that changes to climate may be relevant to some elements of the trading plan. For example, the DEQ expects that elements of planting plans will be managed adaptively to account for changes in growing seasons of individual plant species. That said, the regional scale of climate prediction is a poor match to the patchy and localized nature of individual water quality trading projects. (Each pixel within a mainstream climate models is often thousands of square miles in size.) Moreover, it is the DEQ’s view that restoration of riparian areas increases resiliency and provides water quality benefits beyond the lowering of temperature during critical migration and spawning periods.

WW#4: Suggested Change ID #9

**Description: Present specific projects (BMPs) and locations for the public to evaluate**

**Comment:** The Plan is unspecific on what projects will occur and where. Nor does the Plan clearly link its proposed BMPs with decreases in temperature, which is the pollutant the WWSS’s withdrawals will cause. Without this basic information, there is no way the Plan can estimate the credits the WWSS may generate, nor is there any way for DEQ to assess whether the Plan complies with OAR 340-039-0025.

**Response:** Annual reports submitted to the DEQ will provide specific project (BMP) details. From the DEQ’s perspective, only BMPs that meet quality standards may be used to generate credits for pollutant (heat) trading. The DEQ has the obligation to evaluate proposed trading plans (including BMPs). All trading plans are subject to public review and comment. Although trading projects will be evaluated by the DEQ, under OAR 340-039-0025 (3),
individual trading projects do not require separate public notice and comment. The DEQ’s position is that it would be neither efficient nor useful to require the inclusion of all possible BMPs in trading plan proposals. With traditional compliance methods there is no corollary requirement for public comment on alternative mitigation methods and the basis for each of those. To require traders to propose alternatives would result in a cumbersome and inefficient review and approval process.

WW#5: Suggested Change ID #10

**Description:** Establish and define the trading baseline

**Comment:** Three commenters argued that the plan does not adequately address the trading baseline. Baseline-related comments included the following: The WWSS Plan proposes to evaluate baseline in the future (Willamette Riverkeeper). There isn’t a way to determine if a project, shading or otherwise, is already required by the regulatory “baseline.” (WaterWatch). NWEA makes several comments about baseline requirements: WWSS shouldn’t be the entity to determine regulatory baseline; regulatory baseline is complex, possibly unknowable; asserts that the plan concludes no baseline requirements are applicable to NPDES permits; the public can’t comment on the regulatory baseline because it’s wholly unevaluated; commission not equipped to determine regulatory baseline of federal plans, 401s, local ordinances, tribal laws, other nonpoint source requirements and compensatory sites.

**Response:** The DEQ has reviewed the WWSS plan to ensure that credits are generated from project results that are above the trading baseline. Under the WWSS plan, and consistent with OAR 340-039-0030 and OAR 340-039-0025(5)(b), baseline is based on current regulations. Whenever those regulations change, the baseline will be reevaluated and amended accordingly. The DEQ recognizes that time will pass between trading plan approval and trading project initiation, and therefore regulatory requirements that make up trading baseline may change or be revised over the course of a trade. The WWSS trading plan identifies existing regulations such as ODA area rules, Oregon Department of Forestry forest practices rules and local ordinances that make up the existing baseline and will be later used to identify applicable location-specific regulations and to quantify trade project-specific baseline water quality benefits. Identifying applicable regulations at the time of trading plan proposal helps ensure that the most up-to-date versions of these regulations are applied at the time of individual project initiation. Trade credit users will document in their annual reports baseline conditions for each trading project initiated in the reporting period.

WW#6: Suggested Change ID #11

**Description:** Exclude 56 cfs “flow augmentation” from permit S-55045

**Comment:** City of Hillsboro, a member of the WWSS, purchased a water right of 56 cubic feet per second (cfs) from the City of Salem (Permit S-45565). In calculating the heat load from WWSS’s future water withdrawals, the plan appears to give WWSS credit for leaving the 56 cfs in the river from Salem to Wilsonville. Salem did not expect to ever need the water or therefore to withdraw it from the river. The reality is that WWSS will be withdrawing 56 cfs (in addition to other withdrawals) that would otherwise have stayed in the river.

**Response:** The WWSS appropriately modeled heat in the Willamette River and included the 56 cfs in their calculations. WaterWatch states that Salem did not expect to withdraw this 56 cfs from the Willamette River. However, it is not evident to the DEQ that the City of Salem had no intention to use this water. The original application S-55010 by the city of Salem requested 200 cfs from the Willamette River. The permit holder (City of Salem) had until 2086 to prove they are putting the water to beneficial use, and the DEQ has no reason to doubt the original intent of the applicant.
WW#7: Suggested Change ID #12

**Description:** Assume maximum permitted water withdrawal when modeling temperature impacts

**Comment:** “[t]he temperature impacts of the withdrawals were evaluated based on water demand estimates . . . by David Evans and Associates (2017).” (Trading Plan, p. 8.) If water demand and maximum permitted withdrawal are different, temperature impacts should be modeled assuming maximum withdrawals permitted by WWSS’s water rights and permits.

**Response:** It is appropriate for cities to estimate future water use, and reasonable for the WWSS to base their water quality trading plan on those estimates. DEQ retains its regulatory oversight through its review of annual reports to ensure credits are generated as planned.

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WW#8: Suggested Change ID #13

**Description:** Include temperature impacts from use of stored water when modeling

**Comment:** WWSS will be able to call for release of the stored water, thereby changing the time when that water flows downstream (in August instead of September, for example). That could create a positive temperature impact upstream when the water is released, but it will create a negative temperature impact (from the reservoirs to the ocean) when the water that would otherwise have been released is no longer available because it was released earlier to satisfy a call by WWSS.

**Response:** The DEQ is aware that the WWSS has no current plans to use stored water to offset thermal impacts. It is possible that the WWSS may pursue the use of stored water in the future. In the event that the WWSS chooses to pursue the use of stored water to offset their temperature impacts, the DEQ requests that the WWSS account for stored water releases in their annual WQ trading reports. Specifically, the following items would need to be addressed in the report: 1) thermally stratified reservoirs within the Willamette Valley, 2) the WWSS securing the right to use water from these reservoirs for thermal offset, 3) the eventual emptying of these reservoirs to the point of releasing warm epilimnetic water from these reservoirs into the Willamette River.

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WW#9: Suggested Change ID #14

**Description:** Exclude possibility of using USACE water to mitigate temperature impacts

**Comment:** WaterWatch states that WWSS cannot use stored water from Army Corps of Engineers reservoirs to mitigate its temperature impacts. It is not clear at this point that WWSS will ever be able to get a contract for water from Corps reservoirs. If WWSS gets a future contract to use stored water, it will be for municipal use, not flow augmentation. Any stored water that WWSS gets a contract to use would be stored water that would otherwise be released to support target flows or fish.

NWEA objects to inchoate nature of stored water mitigation (“an idea without any details”) and 56 cfs municipal use permit, and argues it should be incorporated into the 401 certification.

**Response:** The WWSS is allowed to pursue a wide range of options to generate thermal trading credits. Under OAR 340-039-0005 (1), “BMPs include, but are not limited to structural and nonstructural controls and practices and flow augmentation.” Details regarding trading plan implementation and credit generation will be communicated to DEQ through the annual report. Details contained in annual reports are additive to other monitoring required by the 401 certification. In the event any report demonstrates non-compliance with 401 water quality certification conditions, DEQ will follow up as appropriate.
Comments from: Northwest Environmental Advocates

NEA#1: Suggested Change ID #4

Description: Account for Climate Change

Comment: If the thermal benefits are intended to address future thermal impacts, they should be calculated based on expected conditions of 2085, not 2001. Using 2001 may represent a conservative modeling scenario. If not adequately sized, the project could exacerbate impacts related to river temperature, decreased summer flow, and disconnected habitats. NWEA argues that plan doesn’t account for climate change impacts; references a soon-to-be-outdated 2006 TMDL. “…climate change is...likely to eclipse a very dry year in 2001.”

Response: Human alteration of the atmosphere has changed the timing, amounts, and quality of water on earth. The DEQ agrees that changes to climate may be relevant to some elements of the trading plan. For example, the DEQ expects that elements of planting plans will be managed adaptively to account for changes in growing seasons of individual plant species. That said, the regional scale of climate prediction is a poor match to the patchy and localized nature of individual water quality trading projects. (Each pixel within a mainstream climate models is often thousands of square miles in size.) Moreover, it is the DEQ’s view that restoration of riparian areas increases resiliency and provides water quality benefits beyond the lowering of temperature during critical migration and spawning periods.

NEA#2: Suggested Change ID #7

Description: Describe alternative BMPs and public process for evaluating them

Comment: Many of the details for alternate BMPs, such as the method used for thermal credit quantification, are not fully described. It is unclear if a revision of the trading plan (OAR 340-039-0025(7)) and the required opportunity for public notice and comment would occur if WWSS were to pursue a BMP other than riparian shade (BES). NWEA wants to know if public comment will be allowed on each new BMP.

Response: After public notice and comment and DEQ approval of a trading plan, individual trading projects that are implemented pursuant to the trading plan must be consistent with the approved trading plan but are not required to be made available for public notice under OAR 340-039-0025(3). Requiring public notice and comment for implementation of each project would add unnecessary delay and process to trading. ORS 468B.555(3)(c) directs DEQ to minimize administrative requirements in order to encourage and facilitate pollutant trading. DEQ’s approach in this instance is a reasonable application of this requirement. Projects that are not implemented in accordance with the approved plan are not eligible for credit generation.

NEA#3: Suggested Change ID #10

Description: Establish and define the trading baseline

Comment: Three commenters argued that the plan does not adequately address the trading baseline. Baseline-related comments included the following: The WWSS Plan proposes to evaluate baseline in the future (Willamette Riverkeeper). There isn’t a way to determine if a project, shading or otherwise, is already required by the regulatory “baseline.” (WaterWatch). NWEA makes several comments about baseline requirements: WWSS shouldn’t be the
entity to determine regulatory baseline; regulatory baseline is complex, possibly unknowable; asserts that the plan concludes no baseline requirements are applicable to NPDES permits; the public can’t comment on the regulatory baseline because it’s wholly unevaluated; commission not equipped to determine regulatory baseline of federal plans, 401s, local ordinances, tribal laws, other nonpoint source requirements and compensatory sites.

**Response:** The DEQ has reviewed the WWSS plan to ensure that credits are generated from project results that are above the trading baseline. Under the WWSS plan, and consistent with OAR 340-039-0025(5)(b), baseline is based on current regulations. Whenever those regulations change, the baseline will be reevaluated and amended accordingly. The DEQ recognizes that time will pass between trading plan approval and trading project initiation, and therefore regulatory requirements that make up trading baseline may change or be revised over the course of a trade. The WWSS trading plan identifies existing regulations such as ODA area rules, Oregon Department of Forestry forest practices rules and local ordinances that make up the existing baseline and will be later used to identify applicable location-specific regulations and to quantify trade project-specific baseline water quality benefits. Identifying applicable regulations at the time of trading plan proposal helps ensure that the most up-to-date versions of these regulations are applied at the time of individual project initiation. Trade credit users will document in their annual reports baseline conditions for each trading project initiated in the reporting period.

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**NEA#4: Suggested Change ID #14**

**Description:** Exclude possibility of using USACE water to mitigate temperature impacts

**Comment:** WaterWatch states that WWSS cannot use stored water from Army Corps of Engineers reservoirs to mitigate its temperature impacts. It is not clear at this point that WWSS will ever be able to get a contract for water from Corps reservoirs. If WWSS gets a future contract to use stored water, it will be for municipal use, not flow augmentation. Any stored water that WWSS gets a contract to use would be stored water that would otherwise be released to support target flows or fish.

NWEA objects to inchoate nature of stored water mitigation (“an idea without any details”) and 56 cfs municipal use permit, and argues it should be incorporated into the 401 certification.

**Response:** The WWSS is allowed to pursue a wide range of options to generate thermal trading credits. Under OAR 340-039-0005 (1), “BMPs include, but are not limited to structural and nonstructural controls and practices and flow augmentation.” Details regarding trading plan implementation and credit generation will be communicated to DEQ through the annual report. Details contained in annual reports are additive to other monitoring required by the 401 certification. In the event any report demonstrates non-compliance with 401 water quality certification conditions, DEQ will follow up as appropriate.

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**NEA#5: Suggested Change ID #15**

**Description:** List local ordinances

**Comment:** NWEA argues that there are some local ordinances in place that should be included in the plan, but it’s not their job to list them. The plan (Table 1) states about local ordinances: “Not applicable.”

**Response:** The DEQ appreciates the thoughtful comment. The trading plan identifies regulations such as ODA area rules, Oregon Department of Forestry forest practices rules and local ordinances that will be later used to identify applicable location-specific regulations and to quantify trade project-specific baseline water quality benefits. Identifying the source of all applicable regulations at the time of trading plan proposal is meant to ensure that the most up-to-date versions of these regulations are applied at the time of individual project initiation. Trade credit users will
document their annual reports baseline conditions for each trading project initiated in the reporting period. Local ordinances will be listed to the satisfaction of the DEQ in annual reports.

The DEQ recognized that in Table 1 of the Draft WWSS Plan, the row titled: “(f) local ordinances” states “Not applicable.” under baseline requirement. The DEQ agrees that local ordinances applicable to individual BMPs may be identified at a future point in time (an eventuality that is alluded to in the draft plan). The DEQ has requested and accepted a WWSS update to this plan to state that when identified, local ordinances are applicable to the project. The Trading Plan has been updated to address this comment.

NEA#6: Suggested Change ID #16

**Description:** Post third-party verification on DEQ website

**Comment:** “The only acceptable location of verification is DEQ’s website because it is a public agency.”

**Response:** The DEQ is currently evaluating ways to post all information regarding trading activities, including annual reports, to its website. The WWSS is also evaluating posting trading credit information to a public website. Water Quality trading rules do not require DEQ to post annual reports on its web site. Like all public records, in the event a particular document submitted to DEQ is not available on a website, it would be available via a public records request. This verification information may also be located on a third party website.

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Comments from: Clean Water Services

CWS#1: Suggested Change ID #20

**Description:** Promote ancillary environmental benefits

**Comment:** The DEQ is encouraged to continue to support innovative and effective trading programs that are designed to achieve broader environmental benefits beyond just fulfillment of the temperature requirements. For example, the two additional types of BMPs, Floodplain Resiliency and In-stream Habitat Restoration, focus on habitat improvements and improving cold water refuges.

**Response:** Thank you for the thoughtful comment. The commenter brings attention to the use of trading to promote holistic watershed health. Trading can provide ancillary environmental benefits such as: carbon sequestration, flood prevention, riparian improvement, and habitat enhancement. The DEQ acknowledges and encourages trading as a strategy to provide these benefits.

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Comments from: Oregon Wild

OW#1: Suggested Change ID #23

**Description:** Mitigate at the point of diversion, not at the point of maximum impact
**Comment:** The DEQ is asked to require that all thermal impacts be mitigated, and the mitigation actions should be located upstream of the point of diversion, so that there are not any unmitigated impacts at the point of diversion, or at any point downstream of the point of diversion.

**Response:** All water quality trading areas must be described in a manner that is consistent with OAR 340-039-0005(5). The trading area described in the WWSS thermal trading plan is in accordance with this rule. The trading area described in the plan includes watersheds below the point of diversion and above the point of maximum impact. The DEQ is aware that the WWSS has researched locations to implement BMPs in those watersheds.

The commenter requests that all BMPs to mitigate thermal impacts be located upstream of the point of diversion (POD). However the DEQ anticipates that some BMPs will be located in watersheds above the point of maximum impact but below the POD. Trades may occur in this area because those trades result in heat load reductions called for in a TMDL. TMDLs target pollutant load reductions to comply with water quality standards at the point of maximum cumulative impact from human caused sources of pollution.

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**Comments from: Willamette Water Supply Program**

**WWSP#1: Suggested Change ID #21**

**Description:** Additional Context

**Comment:** WWSS representatives provide details and context for the proposed thermal trading plan.

**Response:** Jacob Krall and Rob Annear of Geosyntec Consultants wrote a technical memo to Christina Walter and Jill Chomycia of the Willamette Water Supply Program. The subject of the memo was: “Technical Clarifications on the Willamette Water Supply System (WWSS) Thermal Trading Plan.” The memo responds to a subset of the comments made by WaterWatch during the first comment period. The DEQ appreciates the additional context and background information about the restoration projects under consideration by the WWSS.

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**WWSP#2: Suggested Change ID #22**

**Description:** Two Water Quality Trading Projects

**Comment:** The Willamette Water Supply System has identified and researched two projects that would offset thermal impacts associates with this project: 1) Molalla River State Park Floodplain Forest and Riparian Area Health Restoration Project located at the confluence of the Molalla, Hooding, and Willamette Rivers; and 2) the Chicken Creek Habitat Project to restore habitat along the historic channel within the Tualatin Wildlife Refuge.

**Response:** The DEQ appreciates that the Willamette Water Supply System has identified and researched these two projects. The DEQ encourages this type of proactive work on behalf of all stream restoration practitioners.
Comments from: NOAA

NO#1: Suggested Change ID #24

Description: Coordinate With NOAA

Comment: NOAA wants to learn more; NOAA has concerns regarding our existing Biological Opinion that need to be addressed; and, NOAA want to coordinate with the DEQ.

Response: The DEQ appreciates the opportunity to collaborate with NOAA, and welcomes NOAA input and interest in Water Quality Trading.
Mission | Vision | Values | Goals

WIFC BOARD PRESENTATION

October 26, 2020 | 6:00 PM Board Meeting
Create a shared vision, understand gaps / perspectives and success for the WIF Commission

Build engaging workshop interactions that progressively advance M, V, V, G

Facilitate a well-crafted and designed mission, vision, values and goals

Why Here? Why Now?
The Core Ingredients

**MISSION**
Why the Commission exists—its purpose, goal or critical function especially as it relates to *watershed protection and water rights*.

**VISION**
An aspirational view of what the Commission wants to be in the future.

**VALUES**
The Commission’s foundational character—how it conducts business and how it is perceived.

**GOALS**
The Commission’s prioritized areas of focus that will drive strategies and actions to achieve your M, V, V.
PART 1: THE BACKGROUND

PROJECT SCHEDULE

2021

AUG SEPT OCT NOV DEC JAN FEB MAR APRIL MAY JUNE

PROJECT MANAGEMENT

Preparation and Kick-off: Review background documents and material and initial group sessions

Workshops: Input from Commission

Vision, Mission, and Goals Development: Commission and staff review and craft/final

Shared vision of success

Workshops & planning framework

Mission, vision, and goals draft

5C.
Board Member Interviews
Board Input

Desired Outcomes

Build strong partnership and collaboration

Construct WIF on schedule, on budget

Responsible, reliable facility operations

Leverage influence to protect watershed

Adapt to uncertainties in future
Board Desired Outcomes for Process

- Unified Voice
- Guidelines for Priority Setting & Decision Making
- Defined Success
- Mechanisms to Communicate Purpose (w/ public)
Board Input on Areas of Focus

... general question to what degree?

- Water Quality and Watershed Protection
- Curtailment planning & Future Supply Needs
- Construction, Operation of Facility
- Disaster / emergency preparedness
- Long-term planning >30 years out
- Education

DEI
Part 2

Workgroup Workshop

- Desired Outcomes
- Long-Term Visioning
- Why/Mission-Focused Discussion
We asked...

*responses very consistent with Board.*

- Aligning goals, investments and priorities
- Effective management of WIF
- Protecting Willamette River Watershed
- Proactively managing water rights
- Creating partnerships and shared ownership
- Aligned communications around purpose and mission
We asked...

*what is possibility when we envision success of WIFC 20 years from now?*
THEMES related to mission and vision. WIFC is recognized as:

**Strong Partners**
- Results-focused collaboration
- Long-term aligned vision and plans
- Shared Purpose
- Partnering for Watershed

**Watershed Protectors**
- Supporting source water protection
- Protecting habitat and environment
- Resiliency to disasters

**Regional Influencers**
- Advocating for legislation
- Providing Watershed Education
- Securing funding and support
What is your desire for WIFC in this area?

Your 1 Top Priority or question for:

Strong Partners

Results-focused collaboration

Long-term aligned vision and plans

Shared Purpose

Partnering for Watershed

Commissioner Goodhouse: good to have relationships with our legislators; agency and legislative partnerships are important; keeping communication lines open, having staff that has eyes on the future; constant contact with partners is crucial; proactive in relationship building so can act fast when it matters

Commissioner San Soucie: 3/4 subheadings are strong, would pick out "long-term aligned vision and plans" but all contribute to theme

Commissioner Doane: how long will commission last? Is there a role beyond the facility construction

Commissioner Garland: "long term aligned vision and plans" is what I'm looking for; at this scale, it will make it easier to communicate to the public if we are aligned, to express why
What is your desire for WIFC in this area?

Your 1 Top Priority or question for:

Watershed Protectors

- Supporting source water protection
- Protecting habitat and environment
- Resiliency to disasters

Commissioner Doane: need to look as far into the future as possible - new emphasis on water quality we aren’t considering; in particular microplastics /extent of issue; need to assure customers. We don’t control releases into the Willamette, we need our interests at table - state or federal level.

Commissioner San Soucie: source water protection encompasses all three.

Commissioner Godsey: watershed upstream with many inputs - monitor; need involvement in upstream impacts

Councillor Goodhouse: make sure water is safe and clean and amount we withdraw is safe to environment; disaster preparedness a focus
What is your desire for WIFC in this area?

Your 1 Top Priority or question for:

- Advocating for legislation
- Providing Watershed Education
- Securing funding and support

Regional Influencers

Commissioner San Soucie: relationships with entities that control sources/releases. Coordination with other entities on education for stronger results

Councillor Goodhouse: education important, get simple facts out to the public/users; important to know where water is coming from and what is happening in the region/system, how to protect water source, how supply and quality are impacted. WIFC advocate for legislation - designated staff person or firm/lobbyist? and identify approach.

Commissioner Doane: consider funding for education at the school level, we can help younger generations understand relationship with water

Commissioner Akervall: articulating communication is an undercurrent, theme common to all these areas. Communications between member agencies as well as with legislative partners should be included as a goal/value
Mission | Vision | Values | Goals
WIFC BOARD PRESENTATION
October 26, 2020 | 6:00 PM Board Meeting
WIF COMMISSION STAFF REPORT

To: Board of Commissioners
From: Paul L. Matthews, Chief Financial Officer
Date: January 25, 2021
Subject: Accept Financial Statements and Report of Independent Auditor

Requested Board Action:
Consider accepting the financial statements for the fiscal year ended June 30, 2020 and the report of the independent auditor by motion.

Key Concepts:
- As managing agency, TVWD has prepared the WIF Commission’s financial statements for the fiscal years ended June 30, 2020. Moss Adams LLP, the Commission’s independent auditor, has completed its audit of these financial statements.
- Moss Adams has provided an unmodified opinion on the Commission’s financial statements. An unmodified opinion is commonly referred to as a “clean audit”.
- Acceptance of the financial statements and the report of the independent auditor by the Commission Board validates the filing of the financial statements with the Oregon Secretary of State as required by Oregon law.

Background:
As the managing agency, TVWD staff has prepared the WIF Commission’s financial statements for the year ended June 30, 2020. Moss Adams, LLC, has completed its independent audit of the Commission’s financial statements consistent with Oregon law and the Intergovernmental Agreement forming the WIF Commission. The financial statements for the fiscal year ended June 30, 2020 and the report of the independent auditor is attached to this staff report.

The WIF Commission received an unmodified opinion from Moss Adams which indicates that the Commission’s financial statements fairly represents the financial position of the Commission as of June 30, 2020 in all material respects, and in conformity with the generally accepted accounting principles. The opinion also states that the Commission has complied with Oregon budget law and other statutory and contractual provisions.

Staff submitted the financial statements to the Office of the Oregon Secretary of State as required by Oregon law.

Budget Impact:
None. The conduct of the audit and preparation of the financial statements are included in the WIF Commission’s current budget.
January 25, 2021
Accept Financial Statements and Report of Independent Auditor

**Staff Contact Information:**
Paul Matthews; Chief Financial Officer; (503) 848-3017 paul.matthews@tvwd.org
David Shick; Controller; (503) 848-3032 david.shick@tvwd.org

**Attachments:**
- Willamette Intake Facilities Commission Final SAS Letter
- Willamette Intake Facilities Commission Financial Statements for the fiscal year ended June 30, 2020

**Management Staff Initials:**

<table>
<thead>
<tr>
<th>General Manager</th>
<th>TVWD General Counsel</th>
<th>TVWD Chief Financial Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>
COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

WILLAMETTE INTAKE FACILITIES COMMISSION

June 30, 2020
Communications with Those Charged with Governance

To the Board of Commissioners  
Willamette Intake Facilities Commission

We have audited the financial statements of Willamette Intake Facilities Commission (the “Commission”) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 4, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated June 12, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Willamette Intake Facilities Commission’s internal control over financial reporting. Accordingly, we considered Willamette Intake Facilities Commission’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in Management’s Discussion & Analysis does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.
Planned Scope and Timing of the Audit
We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated June 12, 2020.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Willamette Intake Facilities Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2020. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures
The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Significant Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2020.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Commission’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Commissioners and management of Willamette Intake Facilities Commission and is not intended to be and should not be used by anyone other than these specified parties.

Portland, Oregon
December 4, 2020
Willamette Intake Facilities Commission

Financial Statements

For the fiscal years ended
June 30, 2020 and 2019
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<th>Page</th>
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<td>Management's Discussion and Analysis</td>
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<tr>
<td>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</td>
<td></td>
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<td><strong>Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</strong></td>
<td>23</td>
</tr>
<tr>
<td><strong>Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Auditing Standards</strong></td>
<td>25</td>
</tr>
</tbody>
</table>
WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

WIF Board Members as of June 30, 2020

Jim Doane, Chair
Commissioner, Tualatin Valley Water District

Sean Garland, Vice Chair
Mayor, City of Sherwood

John Godsey, Board Member
Chair, City of Hillsboro Utilities Commission

John Goodhouse, Board Member
Councilor, City of Tigard

Tim Knapp, Board Member
Mayor, City of Wilsonville

Marc San Soucie, Board Member
Councilor, City of Beaverton

WIF Registered Agent

Tom Hickmann, PE
Tualatin Valley Water District
1850 SW 170th Avenue
Beaverton, OR 97003
Ph: (503) 848-3000
Report of Independent Auditors

The Board of Commissioners
Willamette Intake Facilities Commission

Report on the Financial Statements

We have audited the accompanying basic financial statements of Willamette Intake Facilities Commission ("Commission") which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Willamette Intake Facilities Commission as of June 30, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission’s financial statements. The schedule of revenues, expenditures and changes in fund balance – budget and actual are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2020 on our consideration of Willamette Intake Facilities Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Willamette Intake Facilities Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Willamette Intake Facilities Commission’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 4, 2020, on our consideration of the District’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.
MANAGEMENT’S DISCUSSION AND ANALYSIS
As management of the Willamette Intake Facilities Commission (the Commission), a joint venture of Tualatin Valley Water District and the cities of Wilsonville, Sherwood, Hillsboro, Tigard, and Beaverton, we offer readers of the Commission’s financial statements this narrative overview and analysis of the Commission’s financial activities for the fiscal years ended June 30, 2020 and June 30, 2019. The Commission was formed in April 2018 to own, operate, and maintain the Willamette intake facilities.

These financial statements include this Management’s Discussion and Analysis (MD&A) section to provide users of the basic financial statements with an overview and analysis of the statements.

Financial Highlights

- Net position (asset minus liabilities) was $10,091,848 and $9,682,495 at June 30, 2020 and June 30, 2019 respectively.
- As of June 30, 2020 the Commission had no outstanding debt.
- Net investment in capital assets is the largest portion of the Commission’s net position. Net position increased by $409,353 and $2,208,249 for years ended June 30, 2020 and June 30, 2019, respectively. Construction in progress increased by $0.6 million and $2.1 million for years ended June 30, 2020 and June 30, 2019, respectively. Capital assets were contributed by the parties to the Commission in 2020 and 2019.

Overview of the Financial Statements

Taken together the sections of the financial statements provide a comprehensive financial look at the Commission. The individual components of the report include the following:

- **Management’s Discussion and Analysis.** This section of the report provides an overview of financial highlights and economic factors affecting the Commission.

- **Basic Financial Statements.** This section includes the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and Notes to Basic Financial Statements. The Statements focus on an entity-wide presentation using the accrual basis of accounting. They are designed to resemble more closely private-sector financial statements in that all activities are consolidated into a total for the Commission.

  - The Statements of Net Position focuses on resources available for future operations. This statement presents a snap-shot of the assets of the Commission, its liabilities, and the net difference.
  - The Statements of Revenues, Expenses and Changes in Net Position focuses on the current year operating results and the change in capital as a result of the current year operations.
The Statements of Cash Flows focuses on how the Commission obtained and expended its available cash and investments.

Notes to Basic Financial Statements. This section provides additional disclosures required by generally accepted accounting principles and provides information to assist the reader in understanding the Commission’s financial condition.

Statements of Net Position

The Commission’s assets exceeded liabilities by $10,091,848 and $9,682,495 at June 30, 2020 and June 30, 2019, an increase of 4.2% from 2019 as shown in Table 1. Net investment in capital assets represents the largest portion of the Commission’s net position at $9,823,734. A condensed version of the statements of Net Position as of June 30, 2020 and June 30, 2019 is as follows:

Table 1:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$258,489</td>
<td>$164,700</td>
<td>$-</td>
<td>$93,789</td>
<td>$258,489</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,625</td>
<td>9,658</td>
<td>-</td>
<td>(33)</td>
<td>9,625</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>10,082,190</td>
<td>9,672,837</td>
<td>7,474,246</td>
<td>409,353</td>
<td>2,607,344</td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,350,304</td>
<td>9,847,195</td>
<td>7,474,246</td>
<td>93,789</td>
<td>2,876,058</td>
</tr>
<tr>
<td>Accounts Payable and accrued liabilities / retainage</td>
<td>258,456</td>
<td>164,700</td>
<td>-</td>
<td>93,756</td>
<td>258,456</td>
</tr>
<tr>
<td>Net Investment in capital assets</td>
<td>9,823,734</td>
<td>9,672,837</td>
<td>7,474,246</td>
<td>150,897</td>
<td>2,349,488</td>
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<tr>
<td>Unrestricted</td>
<td>258,114</td>
<td>9,653</td>
<td>-</td>
<td>258,455</td>
<td>258,114</td>
</tr>
<tr>
<td>Net Position</td>
<td>$10,091,848</td>
<td>$9,882,495</td>
<td>$7,474,246</td>
<td>$409,353</td>
<td>$2,617,602</td>
</tr>
</tbody>
</table>
WILLAMETTE INTAKE FACILITIES COMMISSION  
Beaverton, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019

Statements of Revenues, Expenses and Changes in Net Position

A condensed version of the Commission’s Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2020, and June 30, 2019 is as follows:

| Table 2: |
|-----------------|---------|---------|-----------------|-----------------|
|                | 2020    | 2019    | 2018            | Change          |
| Administrative Services | $74,455  | $73,092  | $ -             | $1,363          | $74,455  |
| Operating Expenses     | 248,011  | 236,991  | 28,146          | 11,020          | 219,865  |
| Operating Loss         | (173,556)| (163,899)| (28,146)        | (9,657)         | (145,410)|
| Capital Contributions  | 582,909  | 2,372,148| 7,502,392       | (1,789,239)     | (6,919,483)|
| Change in Net Position | 409,353  | 2,208,249| 7,474,246       | (1,798,096)     | (7,964,893)|
| Net Position, beginning of | 9,682,495| 7,474,246| -               | 2,208,249      | 9,682,495|
| Net Position, end of period | $10,091,848| $9,682,495| $7,474,246     | $409,353        | $2,617,602|

The operating expenses for the Commission’s activities totaled $248,011 and $236,991 for the years ended June 30, 2020 and June 30, 2019 respectively, a 4.6% increase from 2019. Operating expenses consist of administrative cost and depreciation on capital assets. Capital contributions consist of capital assets contributed by the parties to the Commission in FY 2019 and FY 2018.

Capital Assets

The Commission has net capital assets of approximately $10.1 million and $9.7 million as of June 30, 2020 and June 30, 2019 respectively. These assets comprise the raw water intake and associated buildings and improvements at the Willamette River Water Treatment Plant.

| Table 3: |
|-----------------|---------|---------|---------|
|                | 2020    | 2019    | 2018    |
| Construction in progress, non-depreciable assets | $2,677,057| $2,094,148| $ - |
| Raw water intake, net | 5,765,579| 5,865,995| 5,688,412|
| Buildings and improvements, net | 1,639,554| 1,712,694| 1,785,834|
| Total Capital Assets, net | $10,082,190| $9,672,837| $7,474,246|
Debt Administration

As of June 30, 2020 and 2019, the Commission has no outstanding debt.

Economic Factors

The Commission was formed in April 2018 to own, operate and maintain the Willamette intake facilities located at the Willamette River Water Treatment Plant. Tualatin Valley Water District (the District) was appointed managing agent. Financial records are maintained by the District. Major goals of the Commission are to increase the WIF’s capacity to withdraw water from the Willamette River from 120 million gallons per day (MGD) to 150 MGD and to make substantial seismic upgrades. Improvements to the WIF are underway and are anticipated to be completed by 2026.

Financial Contact

The Commission’s financial statements are designed to present users including taxpayers, citizens, customers, investors, and creditors with a general overview of the Commission’s finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact Tualatin Valley Water District’s Chief Financial Officer at 1850 SW 170th Avenue, Beaverton, Oregon, 97003.
### WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

#### STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$ 258,489</td>
<td>$ 164,700</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,625</td>
<td>9,658</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>268,114</td>
<td>174,358</td>
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<tr>
<td>Capital assets, non-depreciable assets</td>
<td>2,677,057</td>
<td>2,094,148</td>
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<tr>
<td>Capital assets, net of depreciation</td>
<td>7,405,133</td>
<td>7,578,689</td>
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<tr>
<td>Total Noncurrent Assets</td>
<td>10,082,190</td>
<td>9,672,837</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$ 10,350,304</strong></td>
<td><strong>$ 9,847,195</strong></td>
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<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$ 256,277</td>
<td>$ 164,700</td>
</tr>
<tr>
<td>Retainage payable</td>
<td>2,179</td>
<td>-</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>258,456</td>
<td>164,700</td>
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<table>
<thead>
<tr>
<th>NET POSITION</th>
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<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>9,823,734</td>
<td>9,672,837</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>268,114</td>
<td>9,658</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>10,091,848</strong></td>
<td><strong>9,682,495</strong></td>
</tr>
</tbody>
</table>

| **TOTAL LIABILITIES AND NET POSITION**      | **$ 10,350,304** | **$ 9,847,195** |

The accompanying notes are an integral part of the financial statements.
## WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>$ 74,455</td>
<td>$ 73,092</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td>74,455</td>
<td>63,434</td>
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<tr>
<td>Depreciation</td>
<td>173,556</td>
<td>173,557</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>248,011</td>
<td>236,991</td>
</tr>
<tr>
<td><strong>OPERATING LOSS</strong></td>
<td>(173,556)</td>
<td>(163,899)</td>
</tr>
<tr>
<td><strong>CAPITAL CONTRIBUTIONS</strong></td>
<td>582,909</td>
<td>2,372,148</td>
</tr>
<tr>
<td><strong>CHANGE IN NET POSITION</strong></td>
<td>409,353</td>
<td>2,208,249</td>
</tr>
<tr>
<td><strong>NET POSITION, beginning of period</strong></td>
<td>9,682,495</td>
<td>7,474,246</td>
</tr>
<tr>
<td><strong>NET POSITION, end of period</strong></td>
<td>$ 10,091,848</td>
<td>$ 9,682,495</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
## WILLAMETTE INTAKE FACILITIES COMMISSION
Beaverton, Oregon

### STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reimbursements from joint venturers</td>
<td>$74,455</td>
<td>$73,092</td>
</tr>
<tr>
<td>Paid to suppliers for goods and supplies</td>
<td>$(74,455)</td>
<td>$(73,092)</td>
</tr>
<tr>
<td><strong>NET CASH FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CASH AND INVESTMENTS, beginning of period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>CASH AND INVESTMENTS, end of period</strong></td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

### RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:

Operating loss | $ (173,556) | $ (163,899)

**Adjustments to reconcile operating loss to net cash from (used by) operating activities:**

- **Depreciation**: 173,556, 173,557
- **Change in operating accounts:**
  - Accounts receivable: (93,789), (164,700)
  - Prepaid expenses: 33, (9,658)
  - Accounts payable and accrued liabilities: 93,756, 164,700

**NET CASH FROM OPERATING ACTIVITIES**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital assets contributed by joint venturers | $582,909 | $2,372,148

The accompanying notes are an integral part of the financial statements.
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Willamette Intake Facilities Commission (the Commission) was organized in April 2018 under Oregon Revised Statutes (ORS), Chapter 190 and was established by an agreement between the cities of Wilsonville, Hillsboro, Tigard, Beaverton, Sherwood, and Tualatin Valley Water District (the District). The Commission is governed by a six-member board, with one member appointed by each party. The purpose of the Commission is to provide for the ownership, management, and operation of the Willamette intake facilities (WIF) which are used to withdraw and transmit water to the parties. The Commission is managed by Tualatin Valley Water District.

Expenses are allocated on a unit basis by the Commission. Each joint venturers’ apportioned share of the general administration expenses is determined by the following formula: 25% of the administrative costs for the fiscal year is divided evenly among the Commission’s membership; the remainder is divided among the Commission membership according to their percentage share of the capacity ownership in the intake facilities.

Operations, maintenance, and repair expenses that result from the use of the facilities are allocated based on each party’s proportionate use of the WIF. Operations, maintenance, and repair expenses unrelated to usage are allocated based on each party’s proportionate ownership of the WIF.

The following ownership percentages were in effect at June 30, 2020:

<table>
<thead>
<tr>
<th>Ownership Percentage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tualatin Valley Water District</td>
<td>39.4 %</td>
</tr>
<tr>
<td>City of Wilsonville</td>
<td>16.7</td>
</tr>
<tr>
<td>City of Sherwood</td>
<td>6.5</td>
</tr>
<tr>
<td>City of Tigard</td>
<td>10.0</td>
</tr>
<tr>
<td>City of Hillsboro</td>
<td>24.1</td>
</tr>
<tr>
<td>City of Beaverton</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Basis of Presentation and Accounting
For financial reporting purposes, the Commission reports its operations on an enterprise fund basis. Enterprise funds (a propriety fund type) are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and net position associated with the operations are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is used for financial reporting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating revenues result from providing services to the joint venturers. All revenues not meeting this definition are reported as nonoperating revenues. Operating expenses are defined as those expenses directly related to providing services.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and other disclosures. Accordingly, actual results may differ from those estimates.

Accounts Receivable

Accounts receivable are recorded as earned and no allowance for doubtful accounts is required as all receivables are due from the joint venturers.

Capital Assets

Capital assets are recorded at cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. All costs associated with the acquisition or construction of capital assets are contributed by the joint venturers.

The Commission defines capital assets as assets with an initial cost of $7,500 and an estimated useful life of more than one year.

Depreciation on capital assets placed in service is computed on the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw water intake</td>
<td>75</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>40</td>
</tr>
</tbody>
</table>

Net Position

The Commission’s net position consists of the various net earnings from operating revenues and expenses and contributions of capital. Net position is classified in the following two components: net investment in capital assets, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and capital-related accounts payable. Unrestricted net position consists of all other net positions not included in other categories.
BUDGETS

The Commission is an organization formed under ORS, Chapter 190 Intergovernmental Agreement (IGA) which requires the Board to adopt a work plan and budget. The Commission is accounted for as a fund within the structure of the District, where the budget is prepared and legally adopted for the Commission as part of the total budget for the District. The budget is prepared on a biennial basis as a separate fund on the modified accrual basis of accounting and complies with Oregon Local Budget Law. The level of budgetary control is established at the object classifications (personnel services, materials and services, capital outlay, operating transfers and contingency).

2. CAPITAL ASSETS

The changes in components of capital assets for the year ended June 30, 2020 were as follows:

<table>
<thead>
<tr>
<th>Capital Assets, not being depreciated:</th>
<th>Balance</th>
<th>Additions</th>
<th>Transfers</th>
<th>Disposals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction in progress</td>
<td>$2,094,148</td>
<td>$582,909</td>
<td>-</td>
<td>-</td>
<td>$2,677,057</td>
</tr>
<tr>
<td>Total Capital Assets not being depreciated</td>
<td>2,094,148</td>
<td>582,909</td>
<td>-</td>
<td>-</td>
<td>2,677,057</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Assets being depreciated:</th>
<th>Balance</th>
<th>Additions</th>
<th>Transfers</th>
<th>Disposals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw water intake</td>
<td>5,982,368</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,982,368</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>1,798,024</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,798,024</td>
</tr>
<tr>
<td>Total Capital Assets being depreciated</td>
<td>7,780,392</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,780,392</td>
</tr>
</tbody>
</table>

Less accumulated depreciation for:

| Raw water intake                      | (116,173) | (100,416) | -         | -         | (216,589) |
| Buildings and Improvements            | (65,330)  | (73,140)  | -         | -         | (138,470) |
| Total accumulated depreciation        | (201,703) | (173,556) | -         | -         | (375,259) |

Total Capital Assets being depreciated, net | 7,578,689 | (173,556) | -         | -         | 7,405,133 |

Total capital Assets, net | $5,672,837 | $409,353 | -         | -         | $10,082,190 |
The changes in components of capital assets for the year ended June 30, 2019 were as follows:

<table>
<thead>
<tr>
<th>Capital Assets, not being depreciated:</th>
<th>Balance</th>
<th>Additions</th>
<th>Transfers</th>
<th>Disposals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction in progress</td>
<td>$ -</td>
<td>$ 2,094,148</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,094,148</td>
</tr>
<tr>
<td>Total Capital Assets not being depreciated</td>
<td>-</td>
<td>$ 2,094,148</td>
<td>-</td>
<td>-</td>
<td>$ 2,094,148</td>
</tr>
</tbody>
</table>

Capital Assets being depreciated:

| Raw water intake                  | 1,798,024 |
| Buildings and Improvements        | 5,704,368 |

Total Capital Assets being depreciated: 7,502,392

Less accumulated depreciation for:

| Raw water intake                  | (13,556)  |
| Buildings and Improvements        | (12,190)  |

Total accumulated depreciation: (28,146)

Total Capital Assets being depreciated, net: 7,474,246

Total capital Assets, net: $ 7,474,246 $ 2,198,591 $ - $ - $ 9,672,837

### 3. NET POSITION BY JOINT VENTURER

Changes in net position for the years ending June 30, 2020 and June 30, 2019 are as follows:

<table>
<thead>
<tr>
<th>Equity</th>
<th>Tualatin Valley Water District</th>
<th>City of Wilsonville</th>
<th>City of Sherwood</th>
<th>City of Tigard</th>
<th>City of Hillsboro</th>
<th>City of Beaverton</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 1,077,058</td>
<td>$ 125,000</td>
<td>$ 145,404</td>
<td>$ 73,453</td>
<td>$ 659,963</td>
<td>$ 91,210</td>
<td>$ 2,372,148</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>24,644</td>
<td>12,200</td>
<td>6,609</td>
<td>8,537</td>
<td>16,527</td>
<td>4,855</td>
<td>73,092</td>
</tr>
<tr>
<td>Change in Member's Capital</td>
<td>(93,374)</td>
<td>(39,506)</td>
<td>(15,333)</td>
<td>(23,699)</td>
<td>(57,186)</td>
<td>(7,692)</td>
<td>(236,991)</td>
</tr>
<tr>
<td>Balance June 30, 2019</td>
<td>3,953,180</td>
<td>1,343,392</td>
<td>620,065</td>
<td>1,005,705</td>
<td>2,422,828</td>
<td>337,324</td>
<td>9,682,495</td>
</tr>
<tr>
<td>Contributions</td>
<td>279,388</td>
<td>37,880</td>
<td>70,882</td>
<td>71,142</td>
<td>23,608</td>
<td>582,909</td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>25,104</td>
<td>12,428</td>
<td>6,732</td>
<td>8,686</td>
<td>16,560</td>
<td>74,455</td>
<td></td>
</tr>
<tr>
<td>Change in Member's Capital</td>
<td>(97,716)</td>
<td>(41,418)</td>
<td>(16,121)</td>
<td>(24,801)</td>
<td>(59,772)</td>
<td>(8,184)</td>
<td>(248,011)</td>
</tr>
<tr>
<td>Balance June 30, 2020</td>
<td>$ 4,159,956</td>
<td>$ 1,314,402</td>
<td>$ 648,565</td>
<td>$ 1,060,472</td>
<td>$ 2,550,759</td>
<td>$ 357,093</td>
<td>$ 10,091,848</td>
</tr>
</tbody>
</table>
4. OTHER INFORMATION

Risk Management

The Commission is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, and natural disasters for which the Commission carries commercial insurance. The Commission does not engage in risk financing activities where risk is retained (self-insurance).

Related-party Transactions

Management fees paid by the Commission to the District were $48,719 and $38,149 for years ended June 30, 2020 and June 30, 2019, respectively. Reimbursements from joint venturers were as follows for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2020 Service Revenue &amp; Contributions from Venturers</th>
<th>2019 Service Revenue &amp; Contributions from Venturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tualatin Valley Water District</td>
<td>$ 304,492</td>
<td>$ 1,101,702</td>
</tr>
<tr>
<td>City of Wilsonville</td>
<td>12,428</td>
<td>137,200</td>
</tr>
<tr>
<td>City of Sherwood</td>
<td>44,621</td>
<td>152,073</td>
</tr>
<tr>
<td>City of Tigard</td>
<td>79,568</td>
<td>281,980</td>
</tr>
<tr>
<td>City of Hillsboro</td>
<td>187,702</td>
<td>876,220</td>
</tr>
<tr>
<td>City of Beaverton</td>
<td>28,553</td>
<td>98,065</td>
</tr>
<tr>
<td>Contributions from Venturers</td>
<td>$ 657,364</td>
<td>$ 2,445,240</td>
</tr>
</tbody>
</table>
SUPPLEMENTAL INFORMATION
# SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED JUNE 30, 2020 AND 2019

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual Fiscal Year 2020</th>
<th>Variance with final budget</th>
<th>Actual Fiscal Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>$194,815</td>
<td>$194,815</td>
<td>$74,453</td>
<td>$(120,362)</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>731,827</td>
<td>731,827</td>
<td>582,909</td>
<td>$(148,918)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>926,642</td>
<td>926,642</td>
<td>657,362</td>
<td>(269,280)</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials and Services</td>
<td>194,815</td>
<td>194,815</td>
<td>74,454</td>
<td>120,360</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>731,827</td>
<td>731,827</td>
<td>582,908</td>
<td>148,919</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>926,642</td>
<td>926,642</td>
<td>657,362</td>
<td>269,279</td>
</tr>
<tr>
<td>Excess of revenues over expenditures, and net change in fund balance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BEGINNING FUND BALANCE</td>
<td>-</td>
<td>-</td>
<td>9,658</td>
<td>9,658</td>
</tr>
<tr>
<td>ENDING FUND BALANCE</td>
<td>$</td>
<td>$</td>
<td>9,658</td>
<td>$ 9,658</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconciliation of changes in Net position</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td></td>
<td>582,909</td>
<td>2,372,148</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(173,556)</td>
<td>(173,557)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in Net Position</td>
<td>$409,353</td>
<td>$2,208,249</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Commissioners
Willamette Intake Facilities Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Willamette Intake Facilities Commission ("Commission") as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willamette Intake Facilities Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Portland, Oregon
December 4, 2020
Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Auditing Standards

Board of Commissioners
Willamette Intake Facilities Commission

We have audited the basic financial statements of Willamette Intake Facilities Commission (the “Commission”) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 4, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330 of Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance of which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.
The results of our tests disclosed no matters of noncompliance with those provisions that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julie Desimone, Partner
for Moss Adams LLP
Portland, Oregon
December 4, 2020
About the Willamette Intake Facilities Commission

The Willamette Intake Facilities Commission is responsible for oversight of the management and operation of the Willamette Intake Facilities (WIF) in a prudent, economic and efficient manner to:

- Provide water to the existing Willamette River Water Treatment Plant and the future Willamette Water Supply System Water Treatment Plant
- Preserve and protect the Commission members’ water rights
- Support the function of the WIF
- Support watershed planning and management

The Willamette Intake Facilities Commission is a partnership formed under ORS Chapter 190 between Tualatin Valley Water District and the cities of Wilsonville, Sherwood, Hillsboro, Tigard, and Beaverton. For more information, visit tvwd.org/wif.
WIF COMMISSION STAFF REPORT

To: Board of Commissioners

From: David Kraska, P.E., General Manager

Date: January 25, 2021

Subject: Election of Officers for 2021

Requested Board Action:
The WIF Commission to elect a Chair and Vice-Chair for the 2021 calendar year.

Key Concepts:
- Current WIF officers include Jim Doane, Chair and Sean Garland, Vice Chair.
- The Commission needs to nominate and elect officers for the 2021 calendar year.

Background:
The Willamette Intake Facilities Intergovernmental Agreement, effective April 18, 2018, includes:

“4.6 Officers. The Board shall annually elect from its Members a chair and a vice chair, who shall be officers of the Board. The elections shall occur at the first meeting of the Board in each calendar year, unless otherwise agreed. The chair shall serve as the presiding officer. In the absence of the chair, the vice chair shall serve as presiding officer. Officers shall serve at the pleasure of the Board or until a successor is appointed.”

Budget Impact:
None.

Staff Contact Information:
David Kraska, P.E.; General Manager; 503-941-4561; david.kraska@tvwd.org

Attachments:
None

Management Staff Initials:

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<tr>
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<th>TVWD General Counsel</th>
<th>TVWD Chief Financial Officer</th>
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WIF COMMISSION STAFF REPORT

To:  Board of Commissioners
From:  David Kraska, P.E., General Manager
Date:  January 25, 2021
Subject:  Semi-annual update on the Willamette Intake Facilities (WIF)-related elements of the Willamette Water Supply Program’s (WWSP) Raw Water Facilities Project

Key Concepts:
- On a semi-annual basis, the WIF Commission will receive an update on the WIF-related elements of the RWF_1.0 project
- This update will present the current status of the project, the WIF budget, and the overall project schedule

Background:
The RWF_1.0 project, which is part of the Willamette Water Supply System (WWSS), includes upgrades to the WIF including replacing the screens, expanding the air burst system, and improving the seismic resiliency. This semi-annual update is intended to keep the WIF Commission apprised of the regular progress being made on this project.

Our last update was provided to the WIF Board at the July 2020 meeting. The update included information on the WIF budget and RWF_1.0 construction schedule.

There are two phases of construction planned for the RWF_1.0 project. The majority of improvements to the WIF infrastructure are included in the first phase (Phase 1), however, there a few improvements in second phase (Phase 2). Since the July 2020 update, the contractor has completed the following work elements:
- Upper site mass excavation
- Lower site access road for ground improvements
- Upper site continuous flight auger (CFA) piles

Current construction activities include:
- Ground improvements
- Spoils handling for the ground improvements
- CFA piles at the lower site for the air burst receiver tank and electrical ductbank
- Coordination for the raw water pump station seismic retrofit improvements

The in-water work, including screen replacement, is scheduled to start in the summer of 2021. Phase 1 of construction is currently scheduled to be completed in February of 2022; however, work may extend past that date by several months due to additional time needed by the subcontractor performing the ground improvements. Phase 2 of construction is planned to start in September of 2022.
Semi-annual update on the WIF-related elements of the WWSP Raw Water Facilities Project

Budget Impact:
The team is currently evaluating cost and schedule information from the contractor and will report more information in the future.

Staff Contact Information:
David Kraska, P.E.; General Manager; 503-941-4561; david.kraska@tvwd.org

Attachments:
None

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Semi-annual Update on the WIF-related Elements of the Raw Water Facilities Project

Outline

• Overview of RWF_1.0 Project

• Construction Cost Update

• Completed and Current Construction Activities

• Construction Schedule Update
WIF-Related Elements of the WWSS’s RWF_1.0 Project

- WIF Elements
- WWSS Elements
- Air Burst System Improvements
- New Fish Screens
- Raw Water Pipeline and Electrical Duct Bank
- Standby Power, Surge Control, and Upper Site Electrical Building
- Mechanical Pump Station Upgrades
- Seismic Improvement for Caisson and Pump Building

Construction Cost Update

- No construction cost changes to report
Completed Construction Elements

Mass Excavation

Upper Site CFA Piles

Current Activities – Ground Improvements

Jet Grout

Batch Plant

Deep Soil Mixing
Current Activities – Ground Improvement Spoils Handling

Current Activities

- CFA piles in Park for electrical ductbank
- Trenchless crossing launching and receiving shafts
- CFA piles for air burst receiver tank
- Coordination for the raw water pump station seismic retrofit improvements
RWF_1.0 Schedule Update

✓ NTP issued on June 22, 2020
✓ Upper site mass excavation: July to September 2020
✓ Lower site access road: August to September 2020
✓ Piles at upper site for electrical building: November 2020 to December 2020
  • Deep soil mixing for caisson stabilization: October 2020 to May 2021
  • Jet grout for pipeline stabilization: February 2021 to August 2021

RWF_1.0 Schedule Update

• Screen protection piles: June 2021 to July 2021
• Intake screen replacement: June to October 2021
• Raw water pump station building improvements: August to November 2021
• Trenchless crossing: September 2020 to September 2021
• Raw water pipeline: August 2021 to February 2022
Summary of Schedule Changes

- Potential phase 1 schedule impact of 3 months
  - Additional time (3 months) projected by sub contractor for ground improvements
  - Ground improvement work on critical path
- Contractor working on recovery schedule to be submitted for review
- More information to be provided in the future on potential cost and schedule impacts

QUESTIONS?
WIF COMMISSION STAFF REPORT

To: Board of Commissioners
From: Christina Walter, WWSP Permitting and Outreach Manager
Date: January 25, 2021
Subject: Mission, Vision, Values, and Goals Update

Key Concepts:
Development of WIF Commission’s Mission, Vision, Values and Goals (MVVG)
- Request for Proposal (RFP) selection process completed in September- facilitator, Water Systems Consulting, Inc. (WSC) awarded contract
- Informational interviews with all WIF Board members completed week of September 21, 2020
- Workshops with MVVG Working Group held September 30, November 18, and December 16, 2020
- Draft Mission, Vision, and Values statements have been created

Background:
In September, staff began working with WSC project lead staff, Holly Tichenor and Susan Schlangen, in the development of MVVG statements related to watershed planning and water rights stewardship as related to the Mid-Willamette River. WSC launched the work effort with the working group by gathering insights and perspectives provided by the WIF Board Commissioners during the one-on-one informal interviews held in September. Board input provided the MVVG Working Group guidance, perspective, and the direction on issues that they should consider while developing the MVVGs.

Desired outcomes from the MVVG development process as expressed by the Board in summary include: Building a strong partnership and collaboration; Constructing the WIF on schedule and on budget; Developing responsible, reliable facility operations; Leveraging influence to protect watershed; and Creating a foundation to adapt to uncertainties in the future.

The Working Group’s desired outcomes for the MVVG creation process (identified during the first workshop) included:

- Aligning interests, goals, investments, and priorities
- Clarifying operations measures of success: cost, compliance, efficiencies
- Looking toward future needs together
- Proactively managing water rights
- Creating partnerships and shared ownership
- Building a product that clearly communicates mission for public and elected officials

Additionally, the Working Group worked on visioning activities in the first workshop. The following themes emerged from that forward-looking activity.

- Strong Partnerships
- Watershed Protectors
- Regional Influencers
The next MVVG Working Group Workshop was held on November 18th. The focus of that session was centered on the topic of “Values and the Keys to Success.” Elements that were drawn out and discussed included: How we work together; What we believe; Unique skills of WIF; Further Work on the Mission and Vision as a continuation from the first workshop; Keys to Success especially as it relates to the mission in the areas of: Environmental, Social and Economic. Following that meeting, WSC prepared initial drafts of mission, vision, and value statements. The statements were compositions and refinement of the Working Group’s contributions during the first two workshops.

The Working Group reviewed the draft mission, vision and value statements at the December 16th Workshop and discussed the risks and challenges that Commission’s partners would encounter in realizing these statements. WSC led discussion exercises for the Working Group to analyze and then refine the word choices within the statements. The following are the results:

**Mission** (why the Commission exists – its purpose or critical function):

**TO RESPONSIBLY SECURE SAFE AND RELIABLE WILLAMETTE RIVER DRINKING WATER SUPPLY**

**Vision** (aspirational view of what the Commission will achieve in the future):

**TO BECOME A TRUSTED STEWARD OF THE WILLAMETTE RIVER WATERSHED**

We apply science, innovation, and advocacy for resilient and clean water stewardship.
We improve awareness, provide education, and build support for watershed protection.
We advocate at all levels for investment and policy to advance clean water solutions.

**Values** (Commission’s foundational character – how it conducts business and how its perceived):

*Unified: We are devoted to cooperative solutions*
*Responsible: We are dedicated to cost-effective and responsible water management*
*Credible: We are committed to data-driven and science-based decision making*

In addition to these mission, vision, and values statements, 3 pillars were derived from the desired outcomes of the November workshop. These pillars serve as the functional foundation to bridge the mission, vision and values to goals:

- Effective WIF Operations – We are dedicated to effective utility management to deliver consistent operations and quality service to our communities
- Water Quality Protection – We pursue access to reliable water supply to meet the needs of the region and participating agencies
- Water Supply Stewardship – We engage in existing, emerging, and potential risks that may impact water quality at the intake facility ahead of treatment

Attached is a MVVG Development Update Summary.

The Working Group’s next Workshop will be February 17th during which the group will take the feedback from the Commission on the draft mission, vision, and values statements and focus the discussion and group exercises to draft goals.
The MVVG Working Group consists of representatives of each of the WIF partner agencies as well as the WWSP. The Working Group members are:

- Dave Kraska – WIF General Manager/WWSP Program Director
- Joelle Bennett – WWSP, Assistant Program Director
- Christina Walter – WWSP, Permitting & Outreach Manager
- Joel Cary – TVWD, Water Resources Division Manager
- Carrie Pak - TVWD, Chief Engineer
- John Goodrich – City of Tigard, Utilities Director
- David Winship – City of Beaverton, Principal Engineer
- Rich Sattler – City of Sherwood, Public Works Director
- Delora Kerber – City of Wilsonville, Public Works Director
- Jessica Dorsey – City of Hillsboro, Water Resources Manager

Budget Impact:
Informational item. No Board action required.

Staff Contact Information:
David Kraska, P.E.; General Manager; 503-941-4561; david.kraska@tvwd.org
Christina Walter, Permitting and Outreach Manager; (503) 840-3830; christina.walter@tvwd.org

Attachments:
2021-01-25 – MVVG Development Update Summary
2021-01-25 – MVVG Update PowerPoint Slides

Management Staff Initials:

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WIF COMMISSION WORKING GROUP

MVVG Development

THE CORE INGREDIENTS

✔ MISSION
✔ VISION
✔ VALUES
✔ PILLARS
☐ GOALS

MISSION
Why the Commission exists—its purpose, goal or critical function.

To responsibly secure safe and reliable Willamette River drinking water supply.

VISION
An aspirational view of what the Commission will achieve in the future.

To become a trusted steward of the Willamette River watershed.

VALUES
The Commission’s foundational character—how it conducts business and how it is perceived.

We apply science, innovation, and advocacy for resilient and clean water stewardship.

We improve awareness, provide education, and build support for watershed protection.

We advocate at all levels for investment and policy to advance clean water solutions.

UNIFIED
We are devoted to cooperative solutions.

RESPONSIBLE
We are dedicated to cost-effective and responsible water management.

CREDIBLE
We are committed to data-driven and science-based decision making.

Photo courtesy of the Lower Columbia Estuary Partnership
GOAL SETTING will Build From the 3 Pillars
Strategic pillars hold the mission and vision and give focus to the goals.

PILLAR 1
Effective WIF Operations
We are dedicated to effective utility management to deliver consistent operations and quality service to our communities

PILLAR 2
Water Quality Protection
We pursue access to reliable water supply to meet the needs of the region and participating agencies

PILLAR 3
Water Supply Stewardship
We engage in existing, emerging, and potential risks that may impact water quality at the intake facility ahead of treatment

The MVVG Working Group in conjunction with WSC is developing the foundation for the WIF Commission Strategic Plan. The Working Group consists of the following partner agency representatives:

Dave Kraska – WIF General Manager/WWSP Program Director
Joelle Bennett – WWSP, Assistant Program Director
Christina Walter – WWSP, Permitting & Outreach Manager
Joel Cary – TVWD, Water Resources Division Manager
Carrie Pak - TVWD, Chief Engineer

John Goodrich – City of Tigard, Utilities Director
David Winship – City of Beaverton, Principal Engineer
Rich Sattler – City of Sherwood, Public Works Director
Delora Kerber – City of Wilsonville, Public Works Director
Jessica Dorsey – City of Hillsboro, Water Resources Manager

Prepared by WSC | Last Updated: 1/15/2021
MISSION

Why the Commission exists—its purpose, goal or critical function.

To responsibly secure safe and reliable Willamette River drinking water supply.
VISION

An aspirational view of what the Commission will achieve in the future.

To become a trusted steward of the Willamette River watershed.

We apply science, innovation and advocacy for resilient and clean water stewardship.

We improve awareness, provide education and build support for watershed protection.

We advocate at all levels for investment and policy to advance clean water solutions.
VALUES
The Commission’s foundational character—how it conducts business and how it is perceived.

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To responsibly secure safe and reliable Willamette River drinking water supply.

To become a trusted steward of the Willamette River watershed.

We apply science, innovation and advocacy for resilient and clean water stewardship.

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3 Pillars
Strategic pillars hold the mission and vision and give focus to the goals.

Effective WIF Operations
We are dedicated to effective utility management to deliver consistent operations and quality service to our communities.

Water Supply Stewardship
We pursue access to reliable water supply to meet the needs of the region and participating agencies.

Water Quality Protection
We engage in existing, emerging and potential risks that may impact water quality at the intake facility ahead of treatment.
WIF COMMISSION STAFF REPORT

To: Board of Commissioners

From: Lisa Houghton, WWSP Finance Manager

Date: January 25, 2021

Subject: Fiscal Year 2021-2022 Annual Work Plan and Budget Preparation

Requested Board Action:
Informational item. No Board action required.

Key Concepts:
- Exhibit 8 of the Willamette Intake Facilities (WIF) Intergovernmental Agreement (IGA) establishes the WIF Budget Calendar.
- TVWD, as the Managing Agency, prepared a draft annual work plan (AWP) and budget for review by the Operations and Finance committees in accordance with the calendar.
- The AWP provides the scope of work to be performed by the Managing Agency for the 2022 fiscal year, in accordance with the WIF IGA.
- The details of the AWP and budget will be reviewed, modified, and finalized by the WIF committees prior to presentation to the WIF Board for adoption in April.

Background:
Article 5.6 of the WIF IGA specifies the powers and duties of the Managing Agency, TVWD. TVWD prepared a draft version of the AWP to address those Managing Agency duties that are relevant to the 2022 fiscal year (FY). TVWD also prepared a draft budget for the AWP. The first draft of the AWP and budget was shared with the Operations and Finance committees on January 13, 2021.

The draft FY 22 AWP includes all the same tasks as the current AWP, with the following proposed additional items, which are under consideration by the WIF Committees:

1. General Administration
   b. Development of watershed/source water protection.

2. Finance Administration
   a. Finalization of financial procedures.

The WIF Operations and Finance committees met on January 13, 2021 to discuss the first draft of the AWP and budget. The Managing Agency will prepare an updated version in time to be delivered to the Management Committee by March 15, 2021. Depending on the requested changes, additional meetings will be held to facilitate providing a final recommended version of the FY 22 AWP and budget to the WIF Board by March 31, 2021.

Budget Impact:
The budget for the FY 22 AWP is still under development. A final budget, along with the final AWP, will be presented for consideration at the April Board meeting.

Staff Contact Information:
Lisa Houghton, WWSP Finance Manager; lisa.houghton@tvwd.org

Attachments:
Annual Work Plan and Budget Preparation presentation

Management Staff Initials:

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WIF ANNUAL WORK PLAN (AWP) REVIEW

Outline

- Schedule

- Modifications from the current AWP
  - General Administration
  - Finance Administration
Annual Work Plan and Budget Preparation

December 2020
Managing Agency (TVWD)
- Prepare Draft Annual Work Plan and Budget

Finance & Ops Committees
- Review and Consolidate Comments

Management Committee
- Review and Comment

March 2021
Managing Agency (TVWD)
- Deliver to Board for Consideration and Approval

AWP and Budget Preparation

WIF IGA Exhibit 8 Budget Calendar

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<td>Preliminary capital improvement project list</td>
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<td>Preliminary budget</td>
<td>January 15</td>
<td>Operations and Finance Committees</td>
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<tr>
<td>Draft budget</td>
<td>March 15</td>
<td>Management Committee</td>
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<td>Proposed budget</td>
<td>March 31</td>
<td>Board</td>
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Schedule for Completing the FY 2021-22 AWP and Budget

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<th>Date</th>
<th>Activity</th>
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<tr>
<td>January 6, 2021</td>
<td>First drafts emailed to Operations and Finance Committees</td>
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<tr>
<td>January 13, 2021</td>
<td>Operations and Finance committees meeting to review and edit the drafts</td>
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<tr>
<td>February 17, 2021</td>
<td>Optional Operations and Finance committees meeting to review and edit the drafts (meeting convenes as needed)</td>
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<td>March 17, 2021</td>
<td>Revised FY 22 AWP and Budget to Management Committee for consideration</td>
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<tr>
<td>April 26, 2021</td>
<td>Proposed FY 22 AWP and Budget to WIF Board for consideration and action</td>
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FY 2021–22 Annual Work Plan

- Task List:
  - General Administration
  - Capital Projects Management
  - Annual Work Plan and Budget Development
  - Finance Administration
  - Operations Committee Administration
  - Management Committee Administration
  - Administer WIF Board of Commissioners Meetings
FY 2021–22 WIF General Administration
Changes from the current year AWP

• Administration of Infrastructure Operations and Maintenance
  – Plans development
    • Complete Draft Curtailment Plan and update if needed
    • Develop a Draft Operations Plan
    • Develop Outline of the Emergency Operations Plan

• Communications and Public Outreach
  – General communications and public outreach efforts related to the construction work at the WRWTP, delivered through the WWSS

Overall Plans Development Schedule

* Operations and Curtailment plans to be developed first. Emergency operations plans to follow.
FY 2021–22 WIF General Administration (continued)
Changes from the current year AWP

• Task 1.g.ii.
  Source water protection/watershed monitoring – Utilize the WIF’s Mission, Vision, Values, and Goals established during FY21 to initiate the development of source water protection and watershed monitoring plans. Procure consultant services to support this activity in a phased approach in terms of development and implementation.

• Development of WIF’s Mission, Vision, Values, and Goals is underway:
  Efforts during remainder of FY21 will establish the next steps in source water protection/watershed monitoring or other areas, Committees will be involved in this task and/or if this task needs to be refined to meet WIF objectives.

FY 2021–22 Finance Administration
Changes from the current year AWP

• Administer Finance Committee Meetings
  Tasks 4.a.i.-iv.: Administer separate Finance Committee meetings beginning in FY 21-22 rather than the joint Finance and Operations Committee meetings help in prior years.
  • Separate meetings will allow each of the committees to focus attention on their respective areas of expertise, reduce the number of topics presented at meetings and reduce the time commitment of committee members.
  • All three committees will continue to be updated on issues impacted the WIF
FY 2021–22 Finance Administration
Changes from the current year AWP

• Coordinate with the Finance Committee to retain consultants to develop financial procedures. Specific processes the Committee will be consulted with include:
  • Tasks 4.b.i.: Development of the Scope of Work and Request for Proposals for consultants
  • Task 4.b. ii.: Evaluation and selection of consultant
  • Task 4.b.iii.: Review of financial procedures presented to the Commission for their approval

QUESTIONS?
Key Concepts:
- TVWD, as the Managing Agency, is responsible for the permitting, design, construction and commissioning of the Intake Facility Expansion Project (RWF_1.0).
- TVWD utilizes two cost allocation methods to determine the cost shares of direct costs and system-wide costs apportioned to the WIF components of the RWF_1.0:
  - Direct costs are allocated as outlined in the WIF IGA Exhibit 11. No change to the method is under consideration.
  - System-wide costs are allocated as outlined in the RWF_1.0 Project Plan. This method is under consideration for revision.
- The revised method will apportion system-wide costs equal to ten percent (10%) of the project’s direct costs to the WIF components of the project. Benefits from implementing the revised method will include more timely billings to the WIF partners and related reimbursements to TVWD, providing more timely final costs to WIF partners for capitalizing the assets when they become operational in 2022 and a minor decrease in the system-wide costs apportioned to the WIF components of the RWF_1.0.
- The WIF Management and Finance Committees approved moving the resolution forward for Board consideration.
- A resolution adopting the amended RWF_1.0 Project Plan will be presented to the Board at the April 25, 2021 meeting for consideration and adoption.

Background:
The RWF_1.0 Project Plan was adopted by the Board on October 29, 2018 to clarify procedural and accounting processes not clearly defined in the Willamette Intake Purchase and Sale Agreements or the Willamette Intake Facilities Intergovernmental Agreement. The document contains six sections: 1) Introduction, 2) Project Description, 3) Governance Structure and Approvals, 4) Funding, 5) Budget and Reporting and 6) Ownership.

Sub section 4.2 System-wide Costs outlines the existing method of allocating those costs to the WIF components of the RWF_1.0 project. This section will be amended to incorporate the revised cost allocation method.

Budget Impact:
The adoption of the revised system-wide cost allocation method is estimated to result in a minor reduction in the WIF’s total capital outlay for the RWF_1.0 project over the life of the project.
Staff Contact Information:
Lisa Houghton, WWSP Finance Manager; lisa.houghton@tvwd.org

Attachments:
PPT Presentation - Raw Water Facility Change to WIF System-wide Costs Allocation Method

Management Staff Initials:

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Raw Water Facility (RWF_1.0)
Change to WIF System-wide Costs Allocation Method

Cost Allocation Methods used on RWF_1.0

TVWD, the managing agency, uses cost allocation methods to determine the cost shares of direct costs and system wide costs apportioned to the WIF components of the RWF_1.0

- Direct costs are allocated as outlined in the WIF IGA Exhibit 11 adopted on 4.18.2018. No change to this method is under consideration.
- System-wide costs are allocated as outlined in the RWF_1.0 Project Plan adopted on 10.29.2018. This method is under consideration for revision.

- WWSP incurs project direct costs and system-wide costs
- TVWD used cost allocation methods to distribute costs to WIF partners. WIF partners reimburse TVWD for costs incurred
- TVWD reviews year to date costs incurred and trues up WIF partner cost shares annually
Change to System-wide Cost Allocation Method

- The revised method will apportion system-wide costs equal to ten percent (10%) of the RWF_1.0 project's direct costs.
- The revised method is estimated to result in a minor decrease in the system-wide costs apportioned to the WIF components of the RWF_1.0 over the life of the project.

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<tr>
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<tr>
<td>Construction Management</td>
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<tr>
<td>Engineering Services during Construction</td>
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<td>Contingency</td>
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Advantages of Adopting Proposed Method

- More timely billings to WIF partners and reimbursements to TVWD
- Easier to prepare timely annual true-ups for partners
- Better data for WIF partners to record capital assets scheduled for commercial use in calendar 2022
Status of Committee Review and Board Action

- November 17, 2020: Received Finance Committee Approval
- December 16, 2020: Received Management Committee Approval
- January 25, 2021: Information presented to Board
- April 26, 2021: Scheduled for Board consideration and action

Questions?
To: Board of Commissioners

From: Paul L. Matthews, Chief Financial Officer

Date: January 25, 2021

Subject: Update to Interim Financial Procedures

Key Concepts:
- Exhibit 9 of the intergovernmental agreement (IGA) that formed the Willamette Intake Facilities (WIF) Commission contained *Interim Financial Procedures* to govern the financial operations of the WIF.
- Section 6.3 of the IGA also forms a Finance Committee whose responsibilities include making “...recommendations on the financial procedures to be developed and implemented by the Managing Agency.”
- The WIF Finance Committee recommended to the Management Committee that the WIF, in coordination with the Willamette Water Supply System (WWSS) Commission, hire a consultant to assist in the development of the financial procedures.
- The Management Committee recommended the WIF’s cost for the consultant be limited to no more than $25,000. The Managing Agency is considering including this cost in the upcoming annual work plan and budget.

Background:
The IGA that formed the WIF Commission included interim financial procedures as an exhibit (Exhibit 9) that could be updated by the WIF Commission Board. The interim financial procedures were deemed suitable for the period between the adoption of the IGA and the transfer of operations of the WIF facilities from the City of Wilsonville to the WIF Commission. New financial procedures were anticipated to support the operational requirements of the WIF after the transfer.

Section 6.3 of the WIF IGA assigns the WIF Finance Committee the task of recommending new financial procedures to the Managing Agency. The WIF Finance Committee unanimously recommended that the Managing Agency secure the services of a consultant to assist in the development of the financial procedures.

The specific scope of work for the consultant will be developed collaboratively with the Finance Committee members. However, the scope is expected to include matters related to financial reporting, budget preparation, and rate-setting.

The Finance Committee presented its recommendation to retain the services of a consultant to the WIF Management Committee at a joint Finance/Management Committee meeting on December 16, 2020. At that meeting, the Management Committee approved the recommendation of the Finance Committee with the stipulation that the WIF’s costs would be no more than $25,000.

Budget Impact:
This is an informational item only with no direct impact on the budget. However, if the upcoming budget authorizes the use of a consultant to develop the financial procedures, the cost for the WIF is expected to be no more than $25,000.

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

Attachments:
None
Management Staff Initials:

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WIF COMMISSION STAFF REPORT

To: Board of Commissioners

From: Joel Cary, TVWD Water Resources Division Manager

Date: January 25, 2021

Subject: Legislative Update

Key Concepts:
- Wildfire impacts to water providers has been the focus of recent Legislative engagement and state-wide coordination
- The Harmful Algal Blooms (HABs) Workgroup developed two proposals for consideration by members of the House Committee on Water for the 2021 Legislative Session
- The Willamette Reallocation was authorized in the Water Resources and Development Act of 2020, passed on December 21 as part of the Consolidated Appropriations Act
- A material preference legislative concept (i.e., plastic pipe bill) has been reintroduced for the upcoming session

Background:
There continues to be several areas of ongoing legislative engagement. Key details regarding these activities are provided below. In addition, the 2021 Oregon Session began January 19. WIF Commission Board members will be updated during the April Board meeting about Session activities, current bills, and other progress related to legislative engagement.

Oregon Wildfires:
The Oregon Water Utility Council (OWUC) spearheaded several areas of specific outreach after the statewide wildfires in 2020. A subcommittee of OWUC was convened to help facilitate this work, which led to several notable areas of engagement. Chief among these was presenting to the Senate Natural and Environmental Resources Committee and the House Committee on Water during two separate hearings in December. The goal of these efforts was to 1) educate Legislative members on the near and potential long-term wildfire impacts to drinking and wastewater providers across the state and 2) emphasize that water providers are critical to public health protection during natural disasters. Details about treatment operations were provided, the emerging relationship between wildfires and cyanobacterial HABs (cyanoHABs), and how Oregon’s water industry organizations responded during and after these events in several severely impacted communities in the Santiam and McKenzie River watersheds (both parts of the broader Willamette River watersheds). The OWUC Wildfire Subcommittee also hosted several meetings to discuss wildfire debris removal and restoration with the Oregon Department of Environmental Quality (DEQ), the Oregon Health Authority (OHA), the Oregon Department of Transportation, and industrial forestry representatives such as Weyerhaeuser. This level of outreach and engagement will continue into the 2021 Session as Oregon’s Legislative members seek to address the aftermath of last year’s unprecedented wildfire season.

HABs Legislative Workgroup:
Workgroup leads convened a series of meetings in November and December to address multiple recommendations made during the Workgroup’s initial report from 2019 along with how to incorporate the results of the statewide 2020 HABs stakeholder survey. After several drafts, the Workgroup landed on two proposed Legislative Concepts (LC) for consideration by members of the Water Committee:
Legislative Concept No. 1 (Monitoring and Laboratory Analysis) – Includes laboratory equipment and supplies, and chemist and field monitoring positions at DEQ to develop and implement an increasingly proactive monitoring program for waterbodies susceptible to cyanoHABs while further supporting drinking water analytical requirements and ongoing research needs.

Legislative Concept No. 2 (Analysis, Coordination, and Communication) – Includes OHA Coordinator position to work with local, state, federal and tribal water management and water quality partners to provide outreach and engagement to a variety of stakeholders, including enhanced collaboration with DEQ. Includes DEQ analyst to analyze water quality, satellite information, and remote sensing data in the development of watershed management plans to mitigate the severity and duration of cyanoHABs.

Combined these two LCs represent a comprehensive, state-wide approach to address the prediction, prevention, and response to cyanoHABs for all stakeholders. Given budget constraints at the state level it’s unclear how these LCs will be further revised by the Legislature; however, members of the HABs Workgroup felt it was important to provide this set of recommendations in order to present a complete program for review and debate. It’s likely they will be modified or combined in some manner, at which point Workgroup members will be able to provide additional feedback.

United State Army Corp of Engineers (USACE) Willamette Reallocation Authorization:
Of significant importance for this year is that the USACE’s Willamette Reallocation Project language was included in the passage of the federal Water Resources and Development Act of 2020 on December 21. This represent an important milestone in a decades-long effort to secure access to stored water in federally managed reservoirs within the Willamette Basin (e.g., Green Peter, Foster, Dexter Reservoirs) for municipal interests. The Oregon Water Resources Department (OWRD) has already proposed funds in their initial 21-22 budget request for a variety of activities related to state-level implementation. For example, OWRD in partnership with the Oregon Department of Fish and Wildlife will need to engage in a multi-year effort to coordinate basin activities, provide technical analyses, develop instream flow targets, manage contested cases, and address any necessary law changes. With the Reallocation passed, Legislative activity surrounding necessary fixes to state water rights transfers will gain significant importance during the 2021 Session. WIF Commission Board members will be provided a detailed update on this item during the April Board meeting.

Material Preference Legislative Concept:
This item has been renewed by a member of the Oregon House of Representatives for the 2021 Session. As you may recall, materials preference legislation – commonly referred to as the ‘plastic pipe bill’ – was also introduced and subsequently dropped during Oregon’s 2020 Session as a result of widespread opposition. In summary, the current draft LC language states:

- “Prohibits local government, local contracting agency or local contract review board from enacting, adopting or enforcing ordinance, resolution, rule or other law that prohibits, restricts or limits evaluation, comparison or use of pipe or piping materials for water project if pipe or piping materials meet current standards or performance specifications of specified organizations and moneys appropriated from State Treasury directly or indirectly provided funding for water project.”

Legislative engagement on this item remains a high priority. On December 29, OWUC leadership met with the American Chemistry Council lobbyist supporting the draft LC. A variety of items were discussed, including project specific designs standards versus adopted agency standards for system development, how water suppliers evaluate and ‘field trial’ different materials or products, the long-term operations and maintenance consequences of having multiple system materials, and local government procurement rules. Additional outreach is being planned with members of the House on this matter as the 2021 Session gets underway.
Budget Impact:
Informational items only; no impact to 2021-2022 WIF Budget.

Staff Contact Information:
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Attachments:
None

Management Staff Initials:

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