



TUALATIN VALLEY
WATER DISTRICT

WATER RATE PROPOSAL

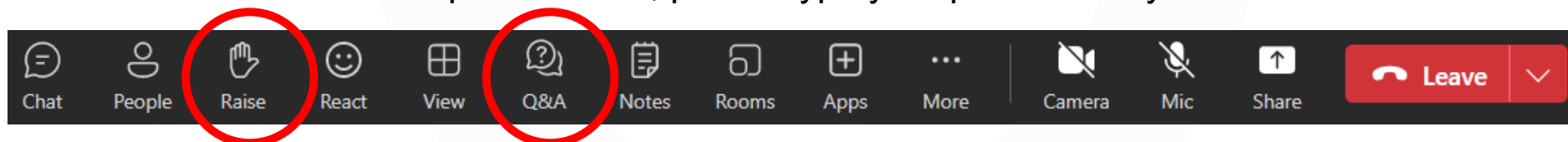


**Talkin' Water Information
Sessions**

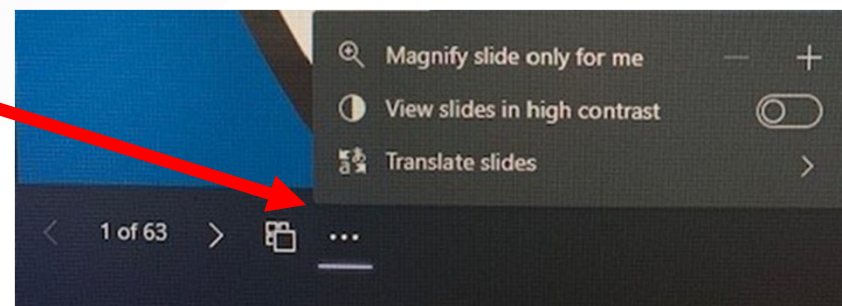
August 2, 2023

VIRTUAL EVENT GUIDELINES

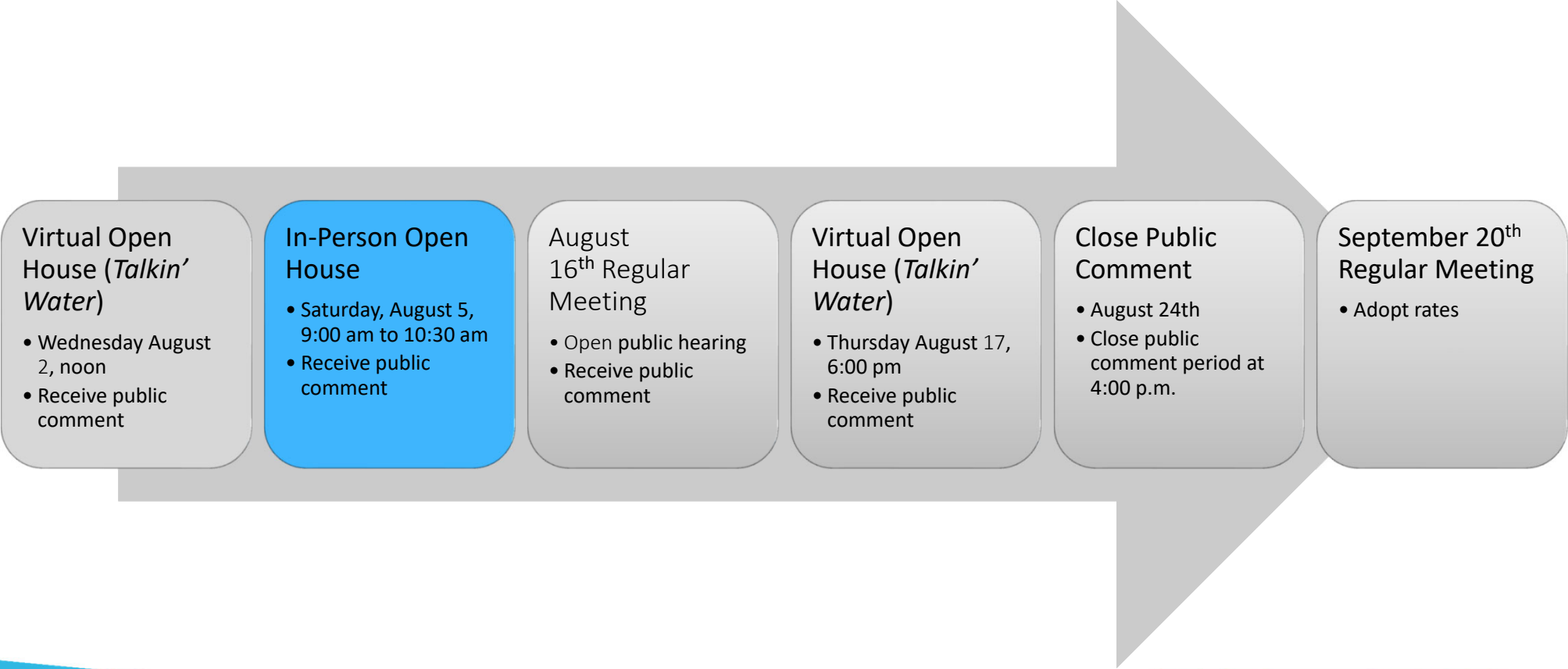
- Sessions are recorded.
- Please make sure your microphone is muted.
- Moderated Q&A after the presentation; please type your questions anytime.



- TVWD staff can call on you to speak during the Q&A. When finished, please mute your microphone again.
- If you have accessibility needs, click on the three dots to magnify or translate the slides.
- TVWD operates in an inclusive and discrimination-free manner to serve all customers.
- Staff may exclude participants who disrupt events.



Public Outreach Efforts



Virtual Open House (*Talkin' Water*)

- Wednesday August 2, noon
- Receive public comment

In-Person Open House

- Saturday, August 5, 9:00 am to 10:30 am
- Receive public comment

August 16th Regular Meeting

- Open public hearing
- Receive public comment

Virtual Open House (*Talkin' Water*)

- Thursday August 17, 6:00 pm
- Receive public comment

Close Public Comment

- August 24th
- Close public comment period at 4:00 p.m.

September 20th Regular Meeting

- Adopt rates

PRESENTERS



Tom Hickmann, P.E.
Chief Executive Officer



Dave Kraska, P.E.
Willamette Water Supply Program Director



Paul Matthews
Chief Financial Officer



TOM HICKMANN, P.E.

Chief Executive Officer

Manages TVWD Operations

- Daily water delivery
- Capital Improvement Program
- Willamette Water Supply System
- Finance, Billing, Customer Service, Legal functions

District Priorities

- Willamette Water Supply System
- In-District Infrastructure
- Partnerships
- Seeking federal and state grants and support



WHAT'S DRIVING RATES

- Increased costs for the Willamette Water Supply System
 - Construction of new water pipes and facilities
 - Preparations to integrate the new water supply
- Proposed increases for typical bill by:
 - \$15.53 per month (22.0%) on November 1, 2023
 - \$15.04 per month (17.5%) on November 1, 2024

PURSUING FEDERAL AND STATE ASSISTANCE

Helping our elected leaders understand TVWD's importance to Oregon

Accomplishments to Date

- \$4 million grant received for the treatment plant.
- \$5 million grant received for Advanced Metering Infrastructure (AMI) project
- \$11 million grant received for Taylors Ferry Reservoir

Concerns of Our Customers

- How will the community benefit from the current investments in the Willamette?
- Are you managing costs responsibly?
- Are all customers, including corporations, paying their fair share?
- Some of my neighbors can't afford these investments. What are you doing to help them?



DAVE KRASKA, P.E.

Willamette Water Supply Program Director

Willamette Intake Facilities Commission General Manager


Willamette Water Supply System Commission General Manager

Manages the Willamette Water Supply Program

- Infrastructure Planning and Design
- Permit Acquisition
- Public Outreach and Communications
- Real Estate Acquisition
- Construction Management
- Schedule, Risk and Financial Controls

Priorities of the Willamette Water Supply Program

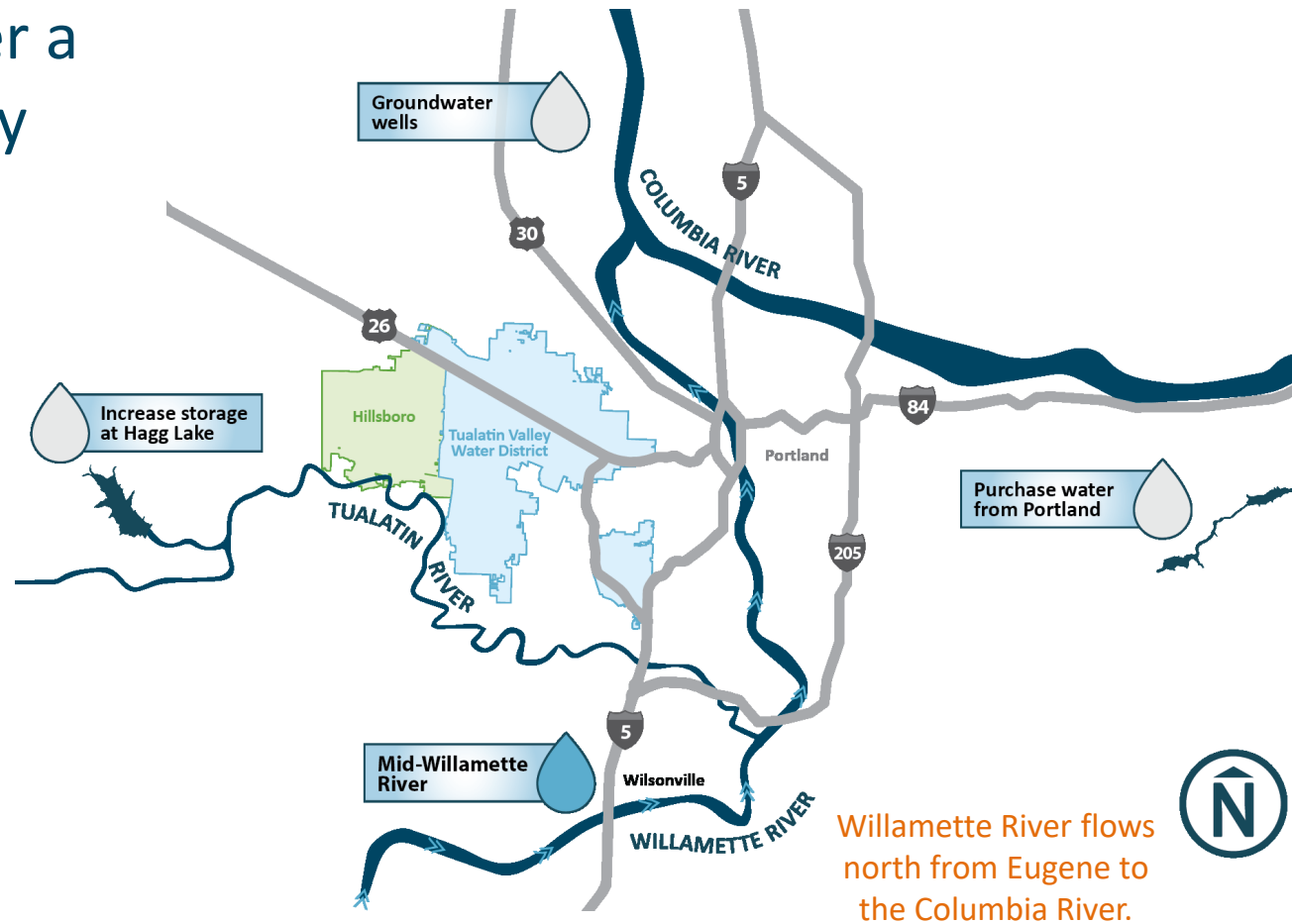
- Cost Management
- Safety/Risk Management
- Schedule: Complete on time



Willamette Water Supply Program Overview

TVWD and Hillsboro selected the Willamette River after a multi-year technical study and public input

- ✓ Lower cost – less impact on rates
- ✓ Excellent water quality
- ✓ Ownership
- ✓ Reliability
- ✓ Fewer environmental impacts



Willamette River flows north from Eugene to the Columbia River.

Willamette Water Supply Program Mission

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



TUALATIN VALLEY
WATER DISTRICT



Hillsboro
OREGON



Beaverton
OREGON



Willamette Water Supply System (WWSS) Overview

1. Willamette River intake, located in Wilsonville
2. New state-of-the-art water treatment plant
3. 30+ miles of large diameter transmission pipeline
4. Water storage tanks



New Seismic Guidelines and Standards

- Pipeline, water tanks and state-of-the-art water treatment plant strengthened at key locations
- Additional investment made at the locations identified as higher risk

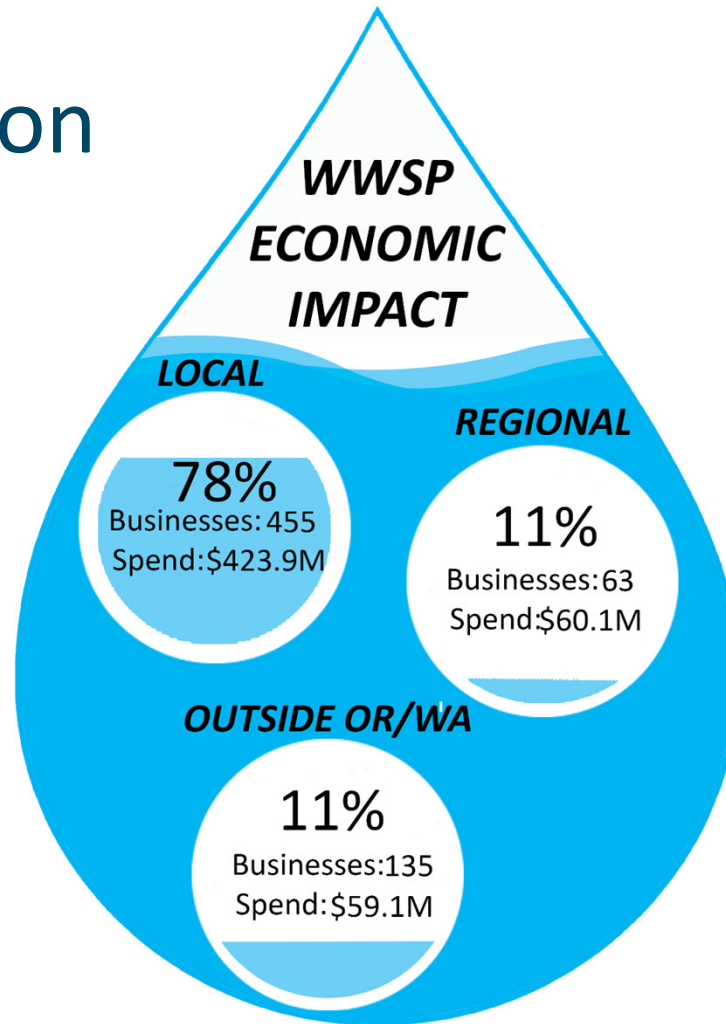


Economic Considerations

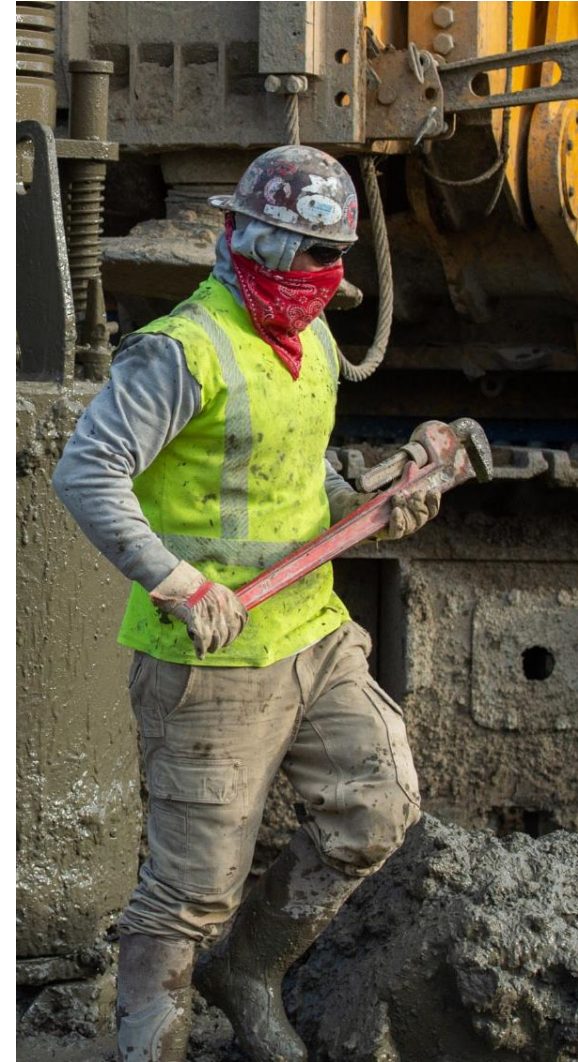


Business Utilization

- Notable Updates
 - Local spend down 6%
 - Regional spend increased 6%
 - Local and Regional spend over \$480 million or 89%



Data through Q4 2022



Partnership projects save money and reduce construction impacts



Kinsman Road Project
Partnership with Wilsonville & Oregon
Department of Transportation



124th Avenue Partnership Project
Partnership with Washington County



South Hillsboro Area Pipeline Project
Coordinated with Newland



Program Cost History

History of Cost Estimates and Baseline Budgets

2013 Long-term Supply Planning Study Willamette - Wilsonville estimate:
M&I = \$1.01B in 2020 dollars (\$1.24B escalated to 2026)

2016 Preliminary Design and Value Engineering Report: \$1.3B

Year	Baseline	Total Budget (\$B)	Management Reserve (\$M)	Notes
2016	1.1	1.17	90.7	Management Reserve estimated
2017	2.1	1.23	75.0	WTP moved, RWF predesign completed
2018	3.1	1.23	57.0	RWF construction phased, added Blake St.
2019	4.1	1.26	43.3	Program refinements, MPE_1.0
2020	5.1	1.31	39.4	WTP & PLW_2.0 refinements, added COB_1.0
2021	6.1	1.29	52.9	WWSS MC & Board actions to control cost
2022	7.0	1.62	78.9	Budget increase from extreme inflation
2023	8.1	1.62	58.8	Draws from MR due to higher bids

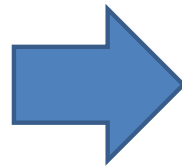
Recent Construction Bids Brought the Reality of Current Inflationary Conditions to Light

Reservoir and Related Pipeline

- Estimated cost: \$117M
- Bid price: \$143M

Water Treatment Plant

- Estimated cost: \$292M
- Bid price: \$427M



\$315 million increase for customers

Total project costs rise from \$1.3 billion to approximately \$1.6 billion

Revisiting Long-Term Supply Options Verified that WWSS Is Still the Best Solution

Alternative	Status Since 2013	Fatal Flaws
Northern Groundwater Supply	No studies, planning, investigations or investments have been made	<ul style="list-style-type: none"> • Uncertain implementation • Significant cost risk • Would not complete by 2026
Portland	Portland is implementing corrosion control and filtration	<ul style="list-style-type: none"> • Significantly higher cost • Lower level of seismic resiliency • No ownership of supply • Would not complete by 2026
Hagg Lake Dam Raise Project	U.S. Bureau of Reclamation will only improve dam safety and not capacity	<ul style="list-style-type: none"> • Would not provide needed capacity • Would not be complete by 2026

Seven Ways We Are Still Working to Control Costs



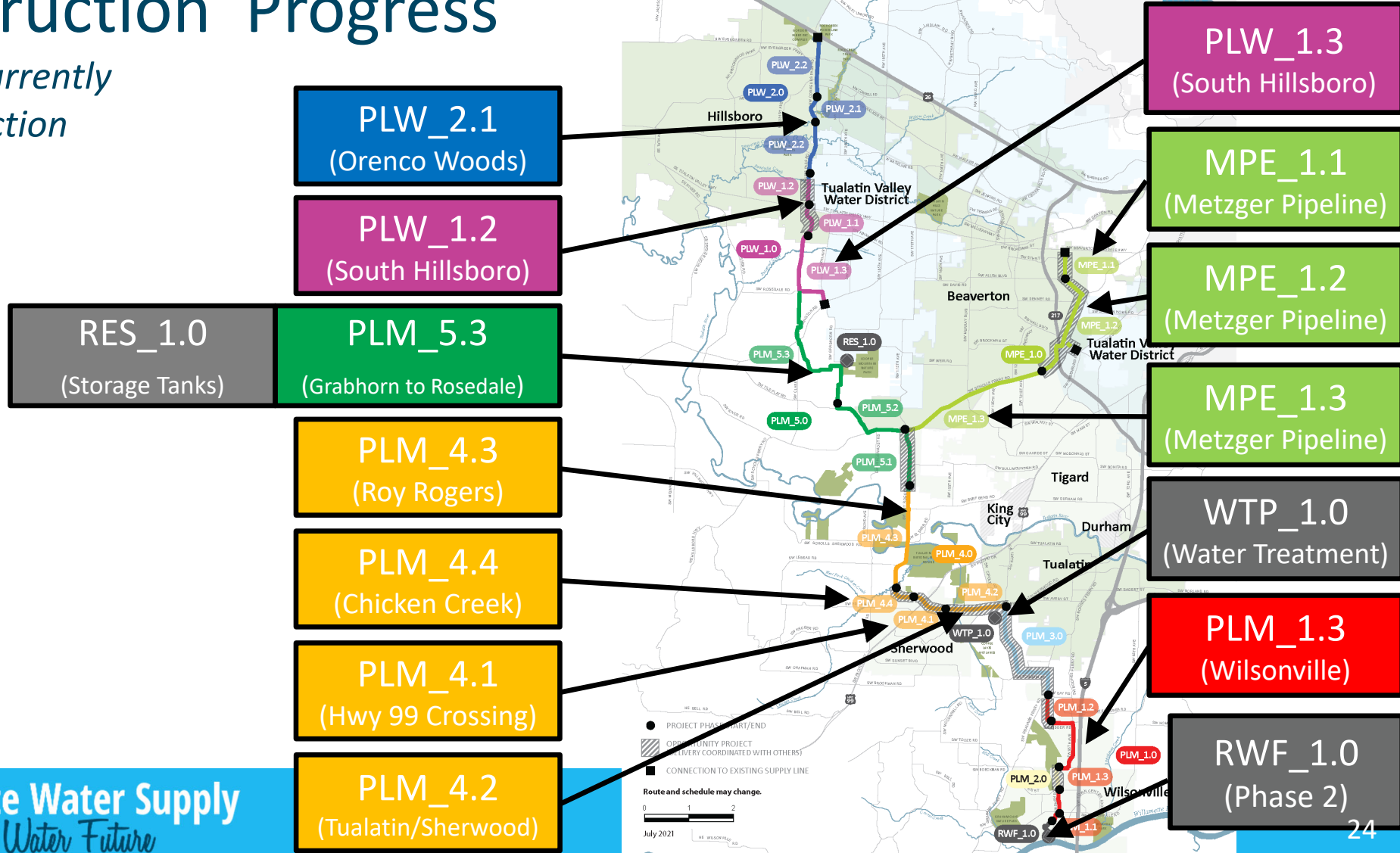
1. Cut more than \$50M in project costs
2. Maximize competition
3. Negotiate the best price and quality for services and goods
4. Make cost effective engineering design decisions
5. Proactively manage risks early
6. Partner on projects
7. Rigorously manage all aspects of the Program to stay on schedule



Construction Highlights

Construction Progress

Projects currently in construction





Seismic improvements at the river intake

Construction Photos – Raw Water Facilities

Lower Site: Work Complete



Construction Photos – Raw Water Facilities

Upper Site:
Electrical
Building
CMU wall
progress.
Backfilling
around
Transformer
slab.



Construction Photos – Pipeline in Wilsonville

66-inch pipe installation on 95th Avenue.



Construction Photos – Water Treatment Plant

WTP site
looking south



Construction Photos – Pipeline in Sherwood

66” pipe
installation
looking west
near Tualatin-
Sherwood Rd.
and Baler Way



Construction Photos – Pipeline Around Cooper Mountain

66" waterline installation
with Staging Area #1 and
RES site in background





PAUL MATTHEWS

Chief Financial Officer


Manages the District's Financial Affairs

- Oversees the Financial Management Cycle
- Budget, Financial Planning and Analysis, Rate Setting
- Accounting and Auditing
- Debt and Investments
- Procurement

District Priorities

- Manage financial risks
- Maintain access to low-cost financing
- Drive business efficiency and accountability

How We Saved Customers Money



<p>Managed Operating Expenses</p>	<ul style="list-style-type: none"> • Managed operating budgets to generate over \$12 million in savings during most recent biennium.
<p>Deferred Capital Project</p>	<ul style="list-style-type: none"> • Delayed building pipelines and reservoir to better align with District's cashflow
<p>Partnered with Others</p>	<ul style="list-style-type: none"> • Achieve economies of scale by partnering with other utilities and local governments
<p>Finding Other Resources</p>	<ul style="list-style-type: none"> • Generated over \$6 million in interest earnings by changing WIFIA draw strategy • Approximately \$20 million in Federal grants

How We Saved Customers Money

Healthcare Costs

- District purchases high-deductible plan
- Self-insured for portion of deductible
- Wellness plan at TVWD incentivizes effective use of healthcare spending
- 4.5% decrease in healthcare premiums from District's insurer

WIFIA Draw

- District's interest rate from WIFIA 1.35%
- Current investment rates generate over \$6 million in earnings to offset expenses

MAJOR RATE DRIVERS

How your Money Is Used



Construction of the additional water supply

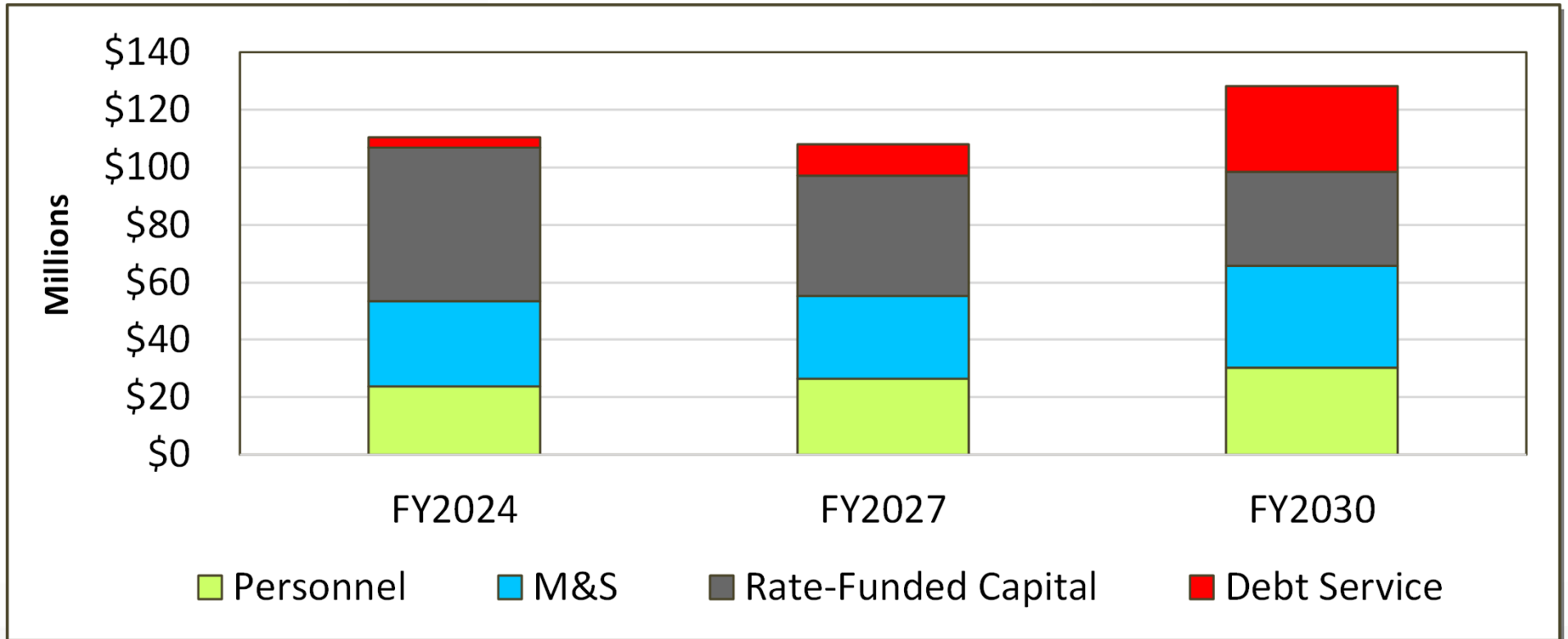


Maintenance and operations of the water system

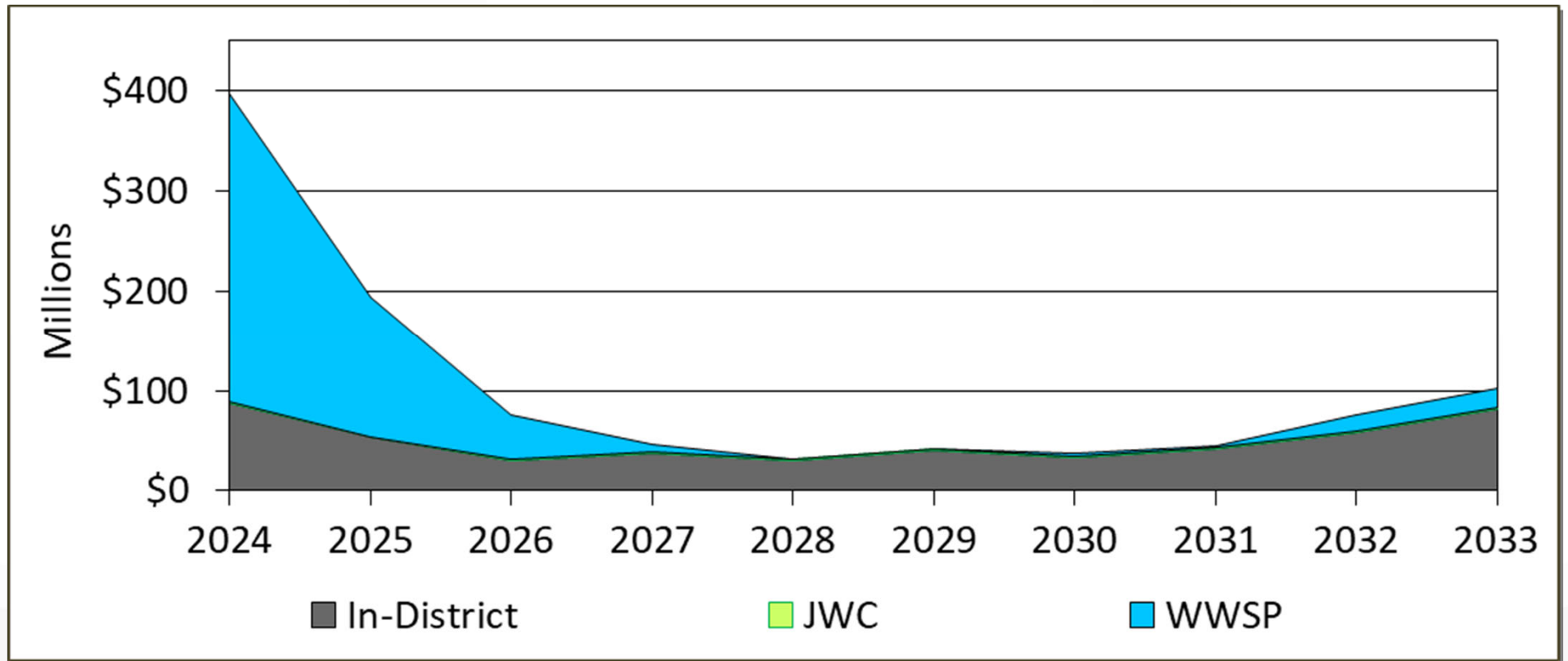


Purchased Water

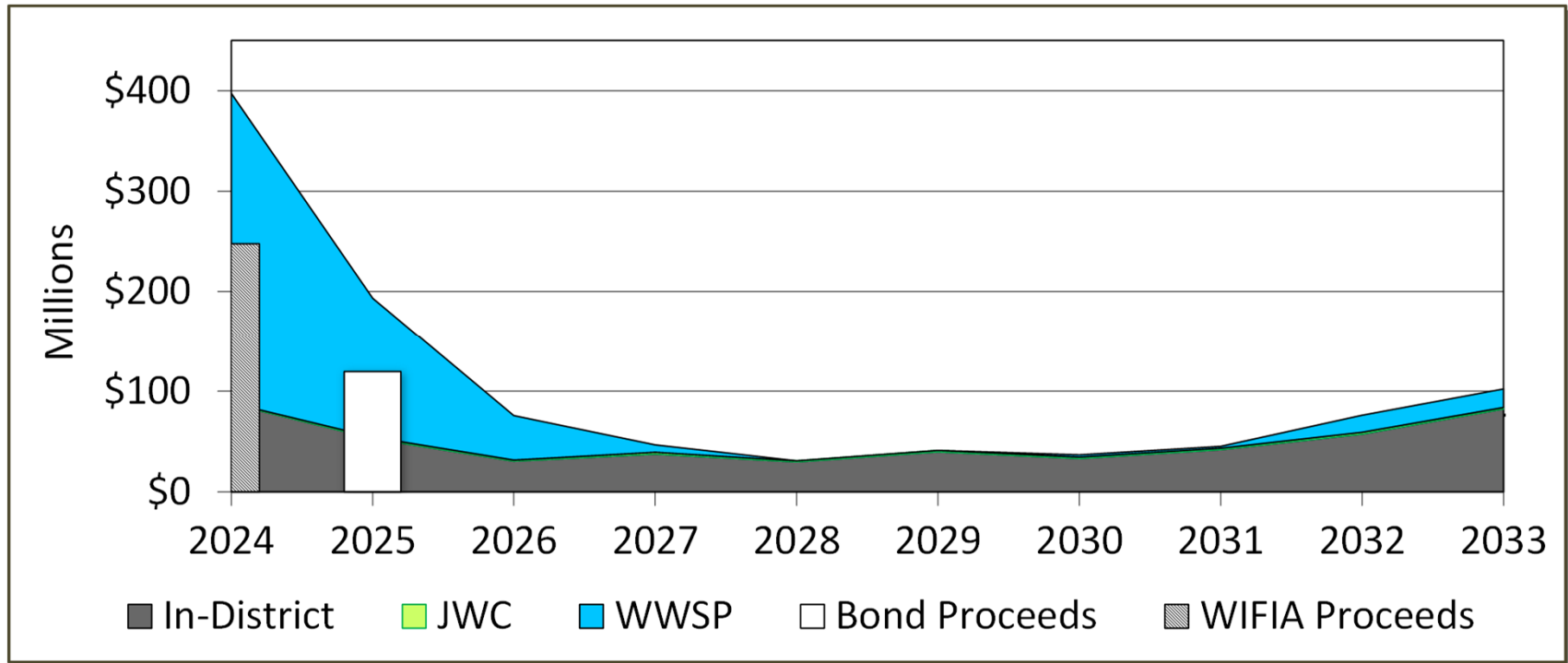
NUMBER IN CONTEXT



NEAR-TERM INFRASTRUCTURE INVESTMENTS



PLANNED DEBT FINANCING BY FISCAL YEAR

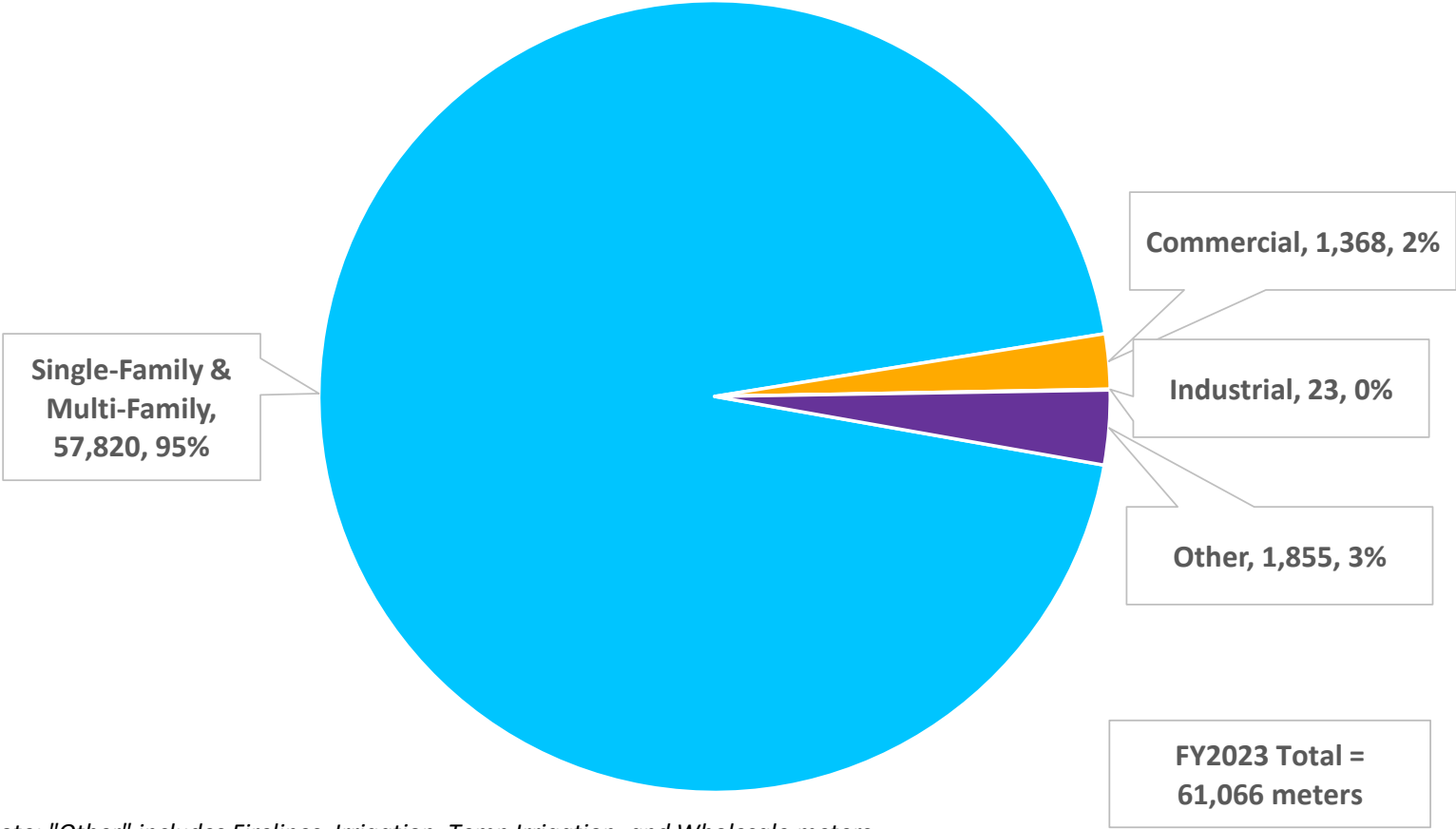


	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Totals
WIFIA	\$144.1	-	-	-	-	-	-	-	-	-	\$144.1
Bonds	-	119.8	-	-	-	-	-	-	-	-	119.8
Totals	\$144.1	\$119.8	-	-	-	-	-	-	-	-	\$263.9

Are all customers, including corporations, paying their fair share?

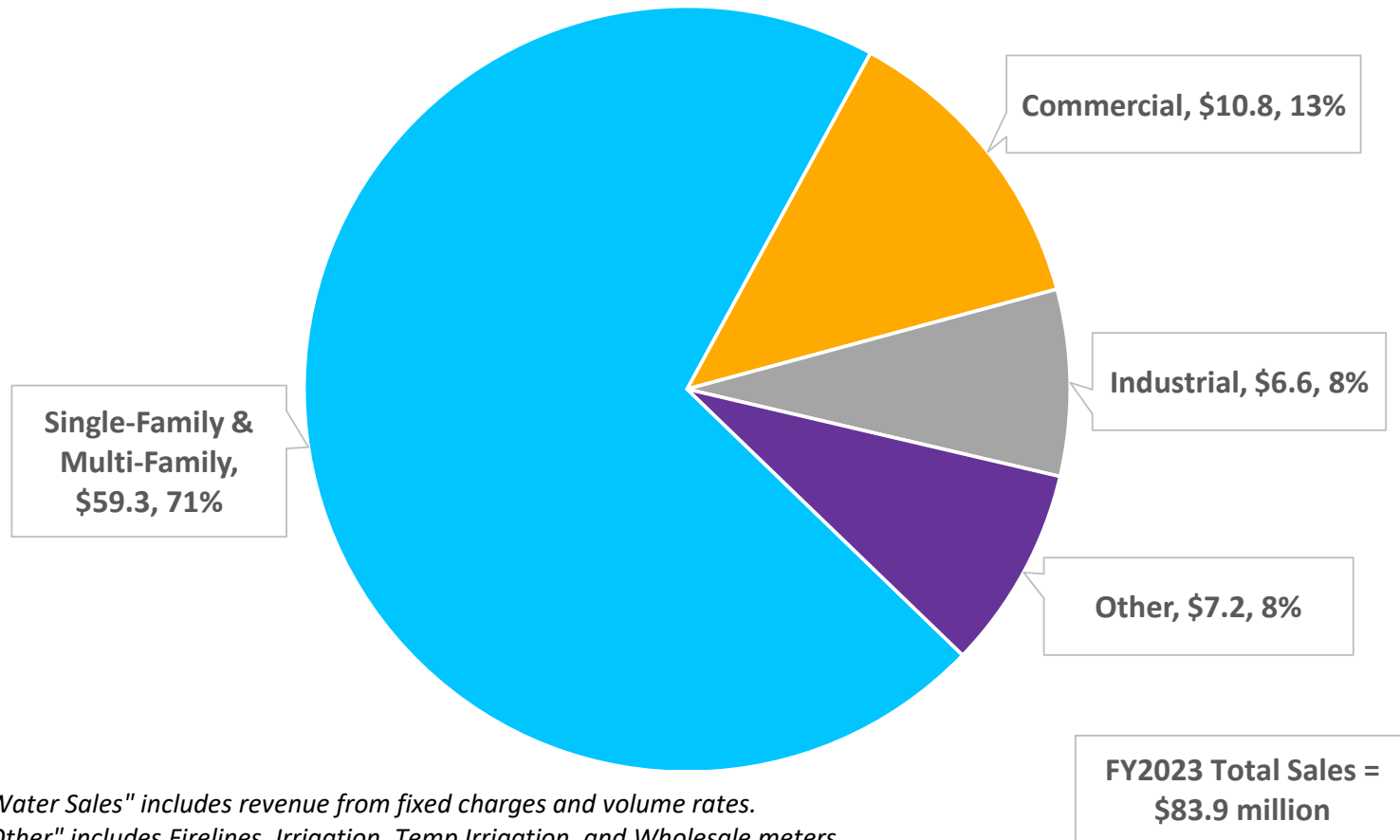


FY2023 Meters by Customer Class



Note: "Other" includes Firelines, Irrigation, Temp Irrigation, and Wholesale meters.

FY2023 Water Sales by Customer Class (\$ in millions)



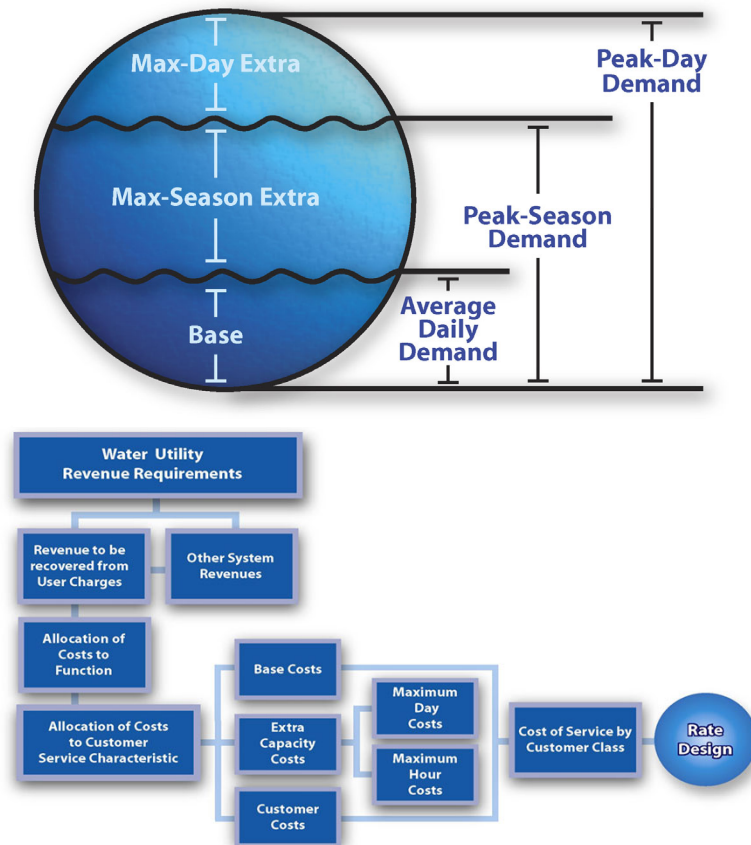
EXAMPLE OF INDUSTRIAL CUSTOMER IMPACT

Industrial Customer Meter			
8-Inch Meter	Current	Nov 2023	Nov 2024
Fixed Charge	\$497	\$606	\$712
Volume Charge	\$199,837	\$243,801	\$286,467
Total	\$200,334	\$244,407	\$287,178
Monthly Increase		\$44,073	\$42,771

Cost-of-Service Basis for Setting Water Rates

Guiding Principles

- Industry-standard approach to ensure customers pay in proportion to the cost imposed on the system
- Avoids subsidies among classes of customers
- Ensures new customers pay their fair share



Some of my neighbors can't afford these investments. What are you doing to help them?



RATE ADVISORY COMMITTEE (RAC) ASSIGNMENT

Issue 1. Affordability for financially vulnerable TVWD customers

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

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

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

CONVENING THE 2022 – 2023 RAC

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

RAC Members

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

**Members transitioned off the RAC*



tvwd.org/2022RAC

Web Links

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

CUSTOMER ASSISTANCE PROGRAM RECOMMENDATION

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

Who can qualify?

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

How much assistance is available?

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

How is the Customer Assistance Program funded?

From all customers recovered proportionately from both fixed and volume charges

Proposed Rate Adjustments



PROPOSED FIXED MONTHLY CHARGES

Meter Size	Current	Proposed	
		Nov 2023	Nov 2024
5/8 Inch	\$21.25	\$25.93	\$30.47
3/4 Inch	23.41	28.56	33.56
1 Inch	28.85	35.20	41.36
1.5 Inch	38.77	47.30	55.58
2 Inch	57.18	69.76	81.97
3 Inch	159.22	194.25	228.24
4 Inch	213.34	260.27	305.82
6 Inch	343.82	419.46	492.87

PROPOSED VOLUME RATES (\$/CCF)

Volumetric Rates (\$/CCF)	Current	Proposed	
		Nov 2023	Nov 2024
Block 1	\$7.03	\$8.58	\$10.08
Block 2	\$10.02	\$12.22	\$14.36

¹ One CCF is 100 cubic feet of water or about 748 gallons.

² Single-Family Residential Class: Block 1 = Water use up to 28 CCF every two months.
 Block 2 = All consumption over 28 CCF every two months.

³ All other classes: Block 1 = Water use up to 140% of 12-month moving avg.
 Block 2 = All consumption exceeding the Block 1 threshold.

CUSTOMER IMPACT

(TYPICAL CUSTOMER USING 7 CCF¹ PER MONTH)

Typical Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2023	Nov 2024
Fixed Charge	\$21.25	\$25.93	\$30.47
Volume Charge	\$49.21	\$60.06	\$70.56
Total	\$70.46	\$85.99	\$101.03
Monthly Increase			\$15.04
		\$15.53	

¹One CCF is 100 cubic feet of water or about 748 gallons. Typical customer at TVWD uses 7 CCF per month.

CUSTOMER IMPACT

(ABOVE AVERAGE CUSTOMER USING 12 CCF¹ PER MONTH)

Above Average Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2023	Nov 2024
Fixed Charge	\$21.25	\$25.93	\$30.47
Volume Charge	\$84.36	\$102.96	\$120.96
Total	<u>\$105.61</u>	<u>\$128.89</u>	<u>\$151.43</u>
Monthly Increase		\$23.28	\$22.54

¹ One CCF is 100 cubic feet of water or about 748 gallons.

CUSTOMER IMPACT

(HIGH-USE CUSTOMER USING 28 CCF ¹ PER MONTH)

High-Use Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2023	Nov 2024
Fixed Charge	\$21.25	\$25.93	\$30.47
Volume Charge	\$238.70	\$291.20	\$342.16
Total	<u>\$259.95</u>	<u>\$317.13</u>	<u>\$372.63</u>
Monthly Increase		\$57.18	\$55.50

¹ One CCF is 100 cubic feet of water or about 748 gallons.

Closing



Concerns of Our Customers

- How will the community benefit from the current investments in the Willamette?
- Are you managing costs responsibly?
- Are all customers, including corporations, paying their fair share?
- Some of my neighbors can't afford these investments. What are you doing to help them?



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QUESTIONS AND ANSWERS