



TUALATIN VALLEY
WATER DISTRICT

WATER RATE PROPOSAL

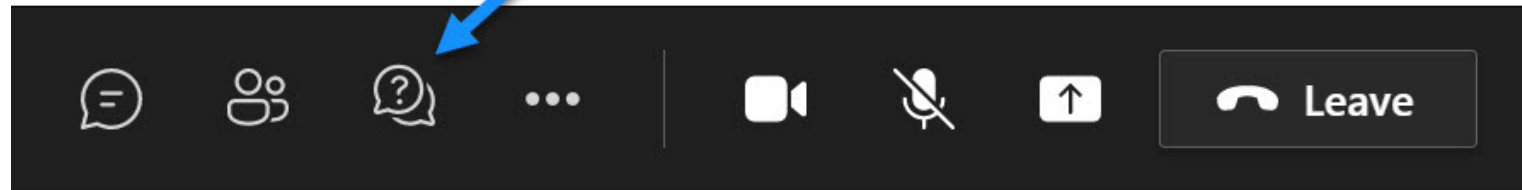


**Talkin' Water Information
Session #3**

August 21 at 9:30 a.m.

VIRTUAL EVENT GUIDELINES

- Your questions and comments are part of the public record.
- Sessions are recorded.
- A Question and Answer opportunity will be provided after the presentations.
- You can submit your questions by typing your questions in the thought bubble with a question mark inside.



- TVWD operates in an inclusive and discrimination-free manner to serve all customers.
- Staff will publish questions and comments and may exclude participants who disrupt events.

PRESENTERS



Tom Hickmann, PE
Chief Executive Officer



Dave Kraska, PE
Willamette Water Supply Program Director



Paul Matthews
Chief Financial Officer



TOM HICKMANN, PE

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

Risks
threaten our
water supply:

Earthquakes
Drought
Climate change
Power outages
Fires



MULTIPLE WATER SOURCES SYSTEM RELIABILITY AND RESILIENCE



River water



Reservoirs



Aquifer Storage
and Recovery



Regional
Partnerships



Water
conservation

HOW YOUR MONEY IS USED

Major Rate Drivers



Construction of the additional water supply

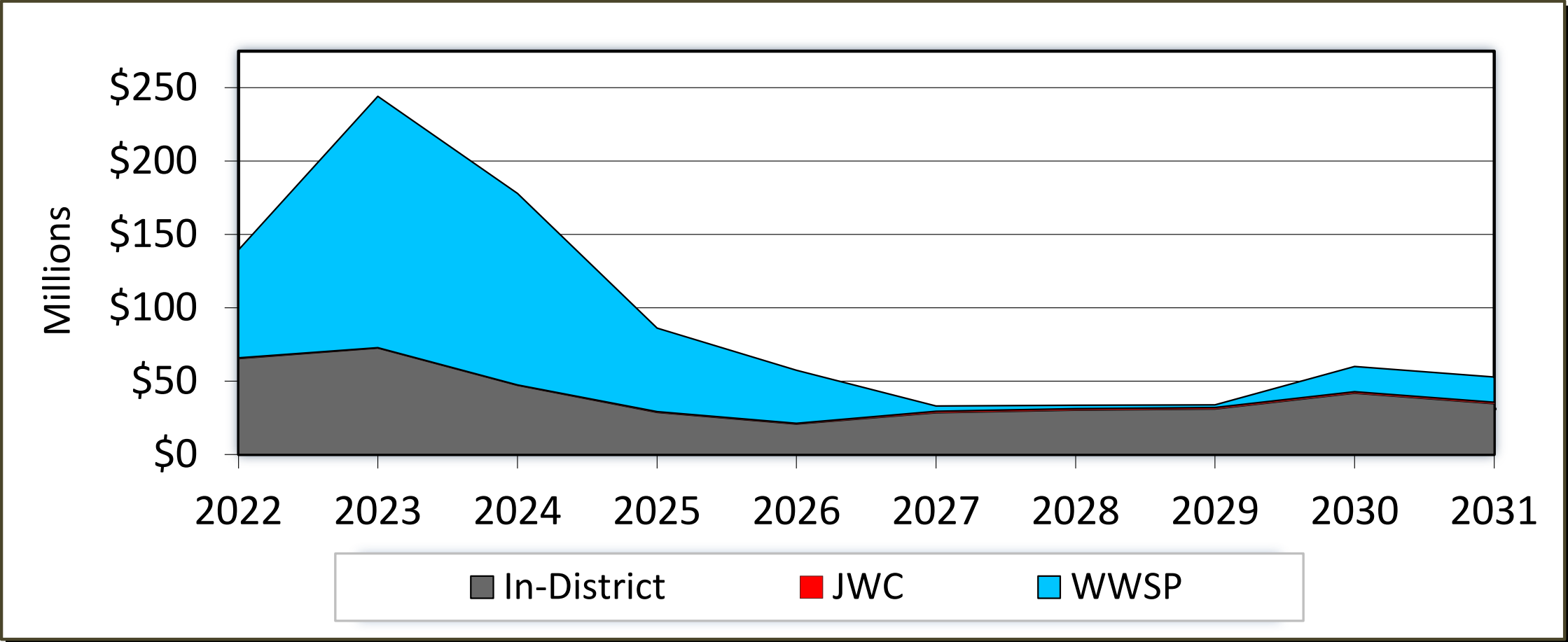


Repairs and replacements of aging infrastructure



Purchased Water

NEAR-TERM INFRASTRUCTURE INVESTMENTS



WHAT WE HAVE DONE TO MANAGE COSTS?

Reduced, Deferred, Partnered

**Reduced Personnel Services
Budget by 2.8%**



**Deferred \$50 million of
Infrastructure Projects**



**Partnered with other utilities
to lower and share costs**



FINANCIAL STRATEGIES

Risks

- Significant risk that future rate increases could be higher than planned
- Economy water sales revenue may not recover to pre-COVID levels
- Significant construction risk remains

Strategies

- Build financial capacity
- Adopt rates that provide financial resources in advance
- Enhance the customer emergency assistance program
- Pursue federal and state assistance



DAVE KRASKA, PE

Willamette Water Supply Program Director

Manages the Willamette Water Supply Program

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

Priorities of the Willamette Water Supply Program

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

Willamette Water Supply

Our Reliable Water



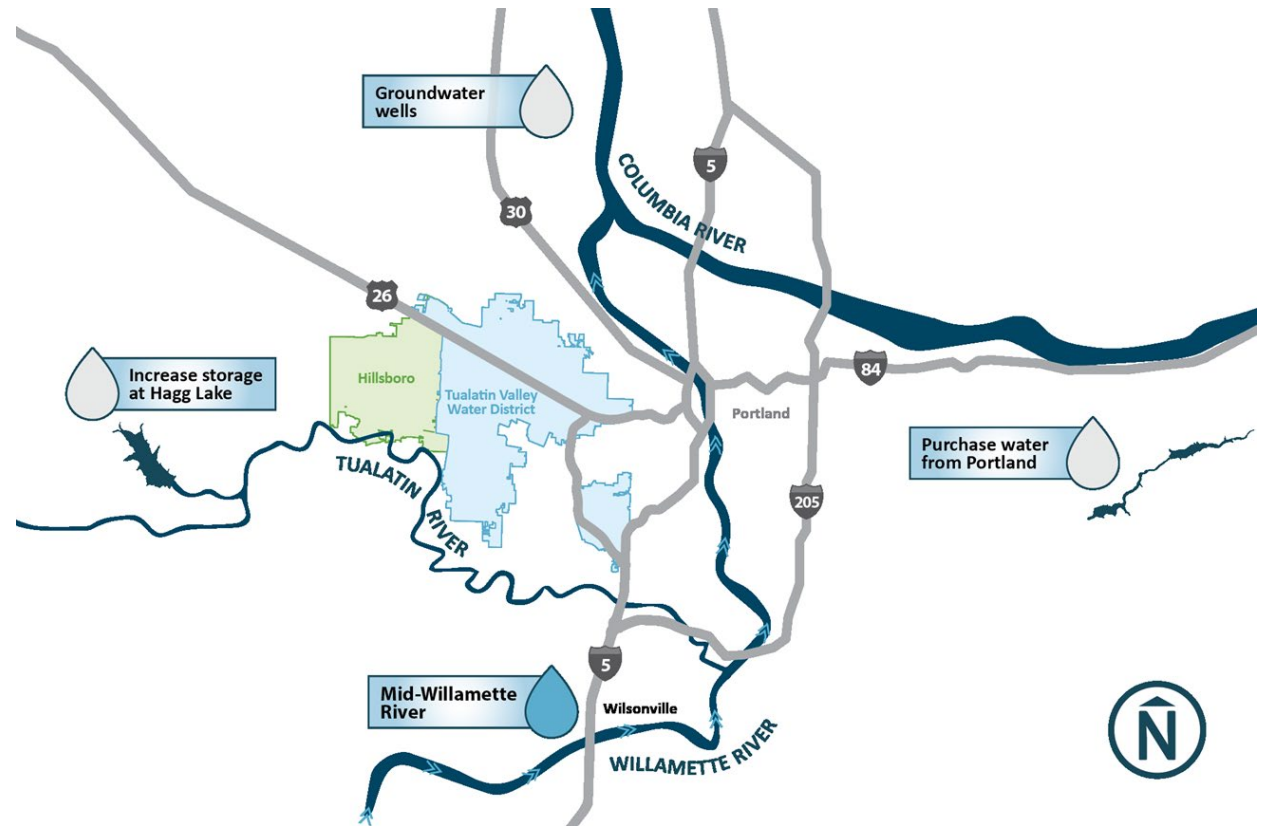
- Long-Term Water Supply Selection
- Willamette Water Supply Program Overview
- WWSP Delivery Progress
- Looking Ahead

LONG-TERM WATER SUPPLY SELECTION

In 2013, TVWD selected the Willamette River after a multi-year technical study and public input

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

Willamette Water Supply
Our Reliable Water



Willamette River flows north from Eugene to the Columbia River.

WILLAMETTE WATER SUPPLY PROGRAM OVERVIEW



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.



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



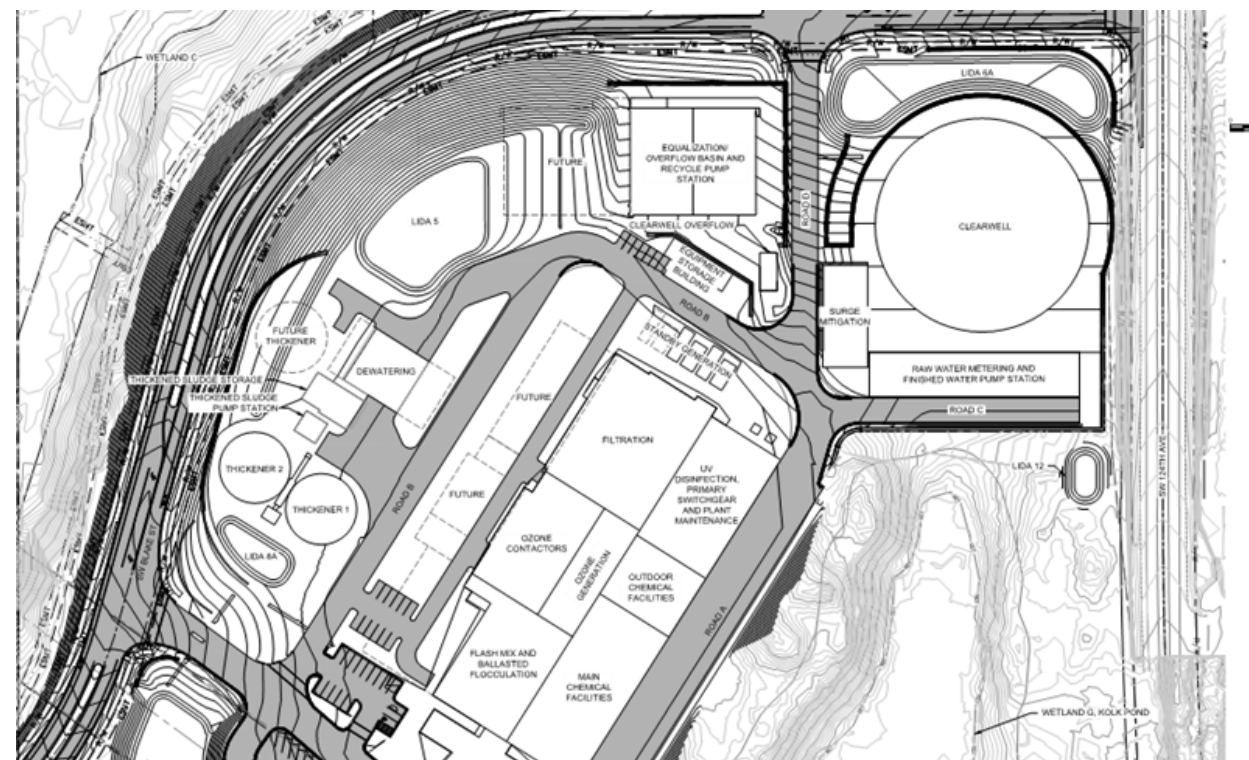
MODIFIED AND EXPANDED INTAKE CO-LOCATED WITH THE WILLAMETTE RIVER WATER TREATMENT PLANT



Willamette Water Supply
Our Reliable Water

WILLAMETTE INTAKE FACILITIES





Constituent	Ballasted Flocculation	Intermediate Ozonation	GAC Filtration	UV Disinfection	Chlorine Disinfection
Turbidity/Particles	★		★		
Pathogenic Microorganisms		★	★	★	★
Tastes and Odors		★	★		
Trace Organics		★	★		
Emerging Contaminants		★	★	★	

A multi-barrier water treatment plant will clean the water.

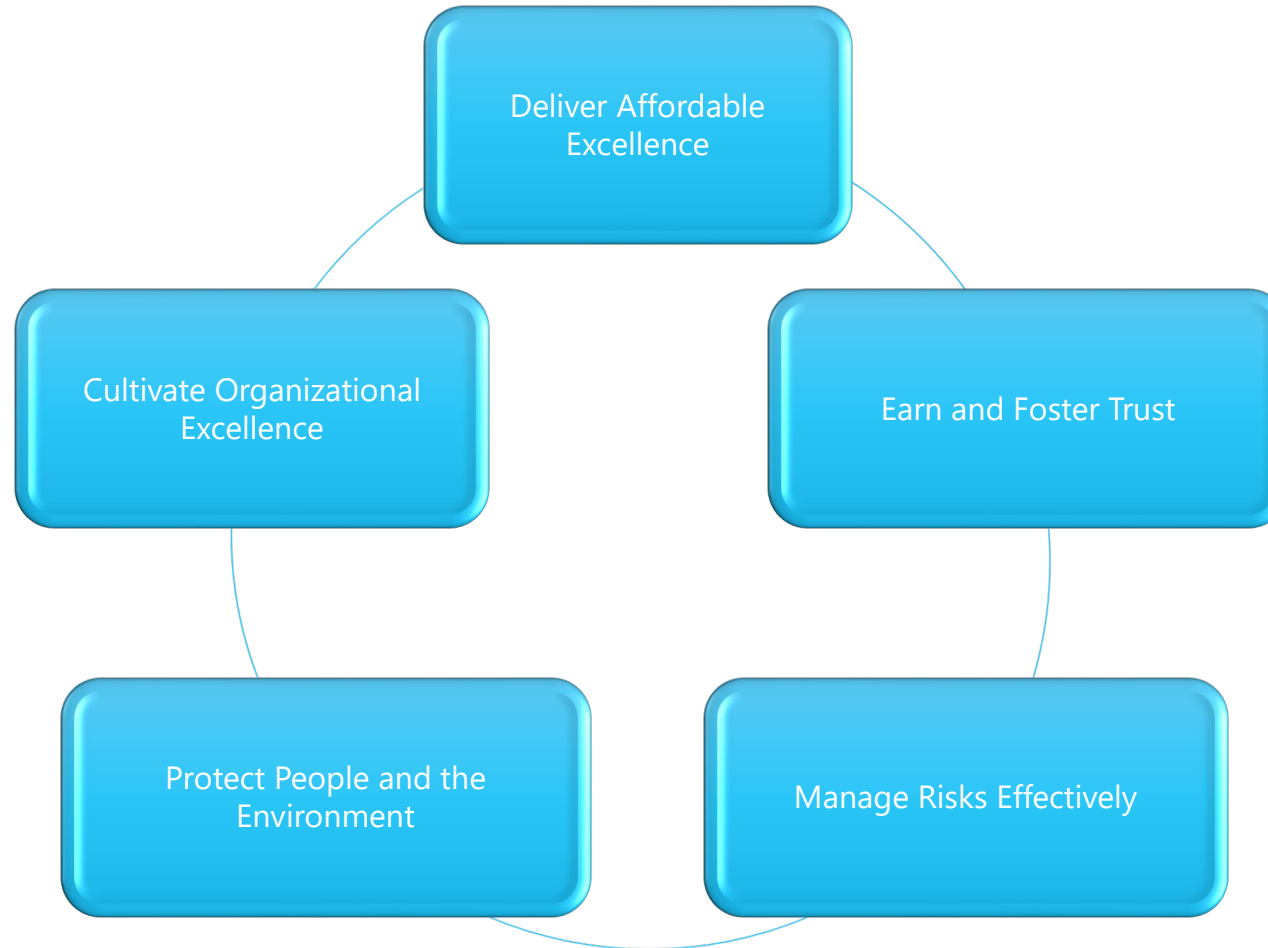
More than 30 miles of pipeline will connect communities to the mid-Willamette River supply.

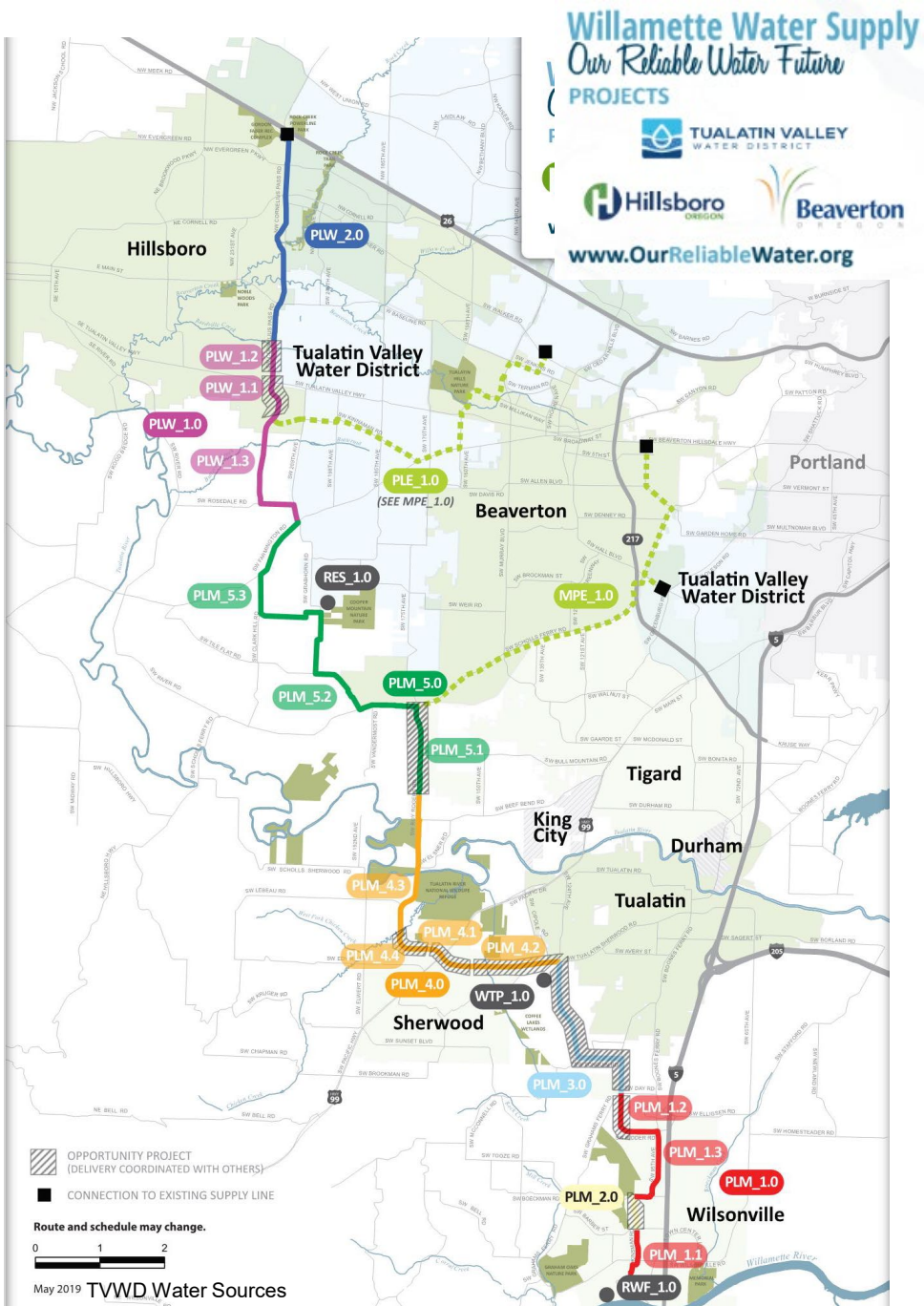




Water storage tanks hold water to be delivered to homes and businesses by gravity and provide emergency storage.

WWSP DELIVERY PROGRESS





Progress to Date

- Completed 6 pipeline projects
- Secured WIFIA loans
- Received Federal permit
- Advanced 14 project designs
- Advancing 7 construction projects
- Continued successful partnerships

GROUND IMPROVEMENTS AT THE RAW WATER INTAKE



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Our Reliable Water

RAW WATER FACILITIES UPPER SITE



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TRENCHLESS CROSSING OF ARROWHEAD CREEK

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OPEN TRENCH CROSSING OF COFFEE LAKE CREEK



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Our Reliable Water

COFFEE LAKE CREEK CROSSING AFTER RESTORATION



Willamette Water Supply
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TRANSMISSION PIPELINE INSTALLATION NEXT TO TILE FLAT ROAD



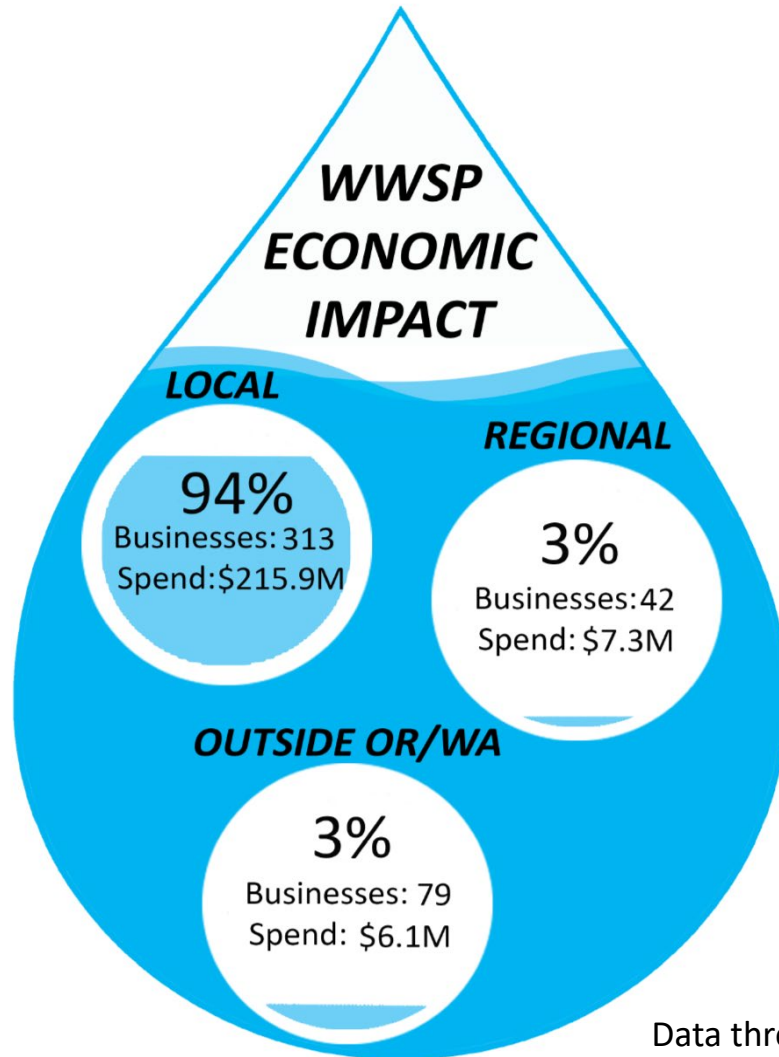
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NIGHTTIME CONSTRUCTION CROSSING 209TH AVE



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SUPPORTING OUR ECONOMY



Business Utilization: Recent Activities

94% of spend for WWSS is benefitting the local economy

Added 69 local businesses during Q3 to Q4 2020 reporting period

LOOKING AHEAD

Willamette Water Supply
Our Reliable Water



PROGRAM WORK PLANNED FOR FY 2021-22

Progress design on 7 projects

Advance 16 construction projects

Continued program management

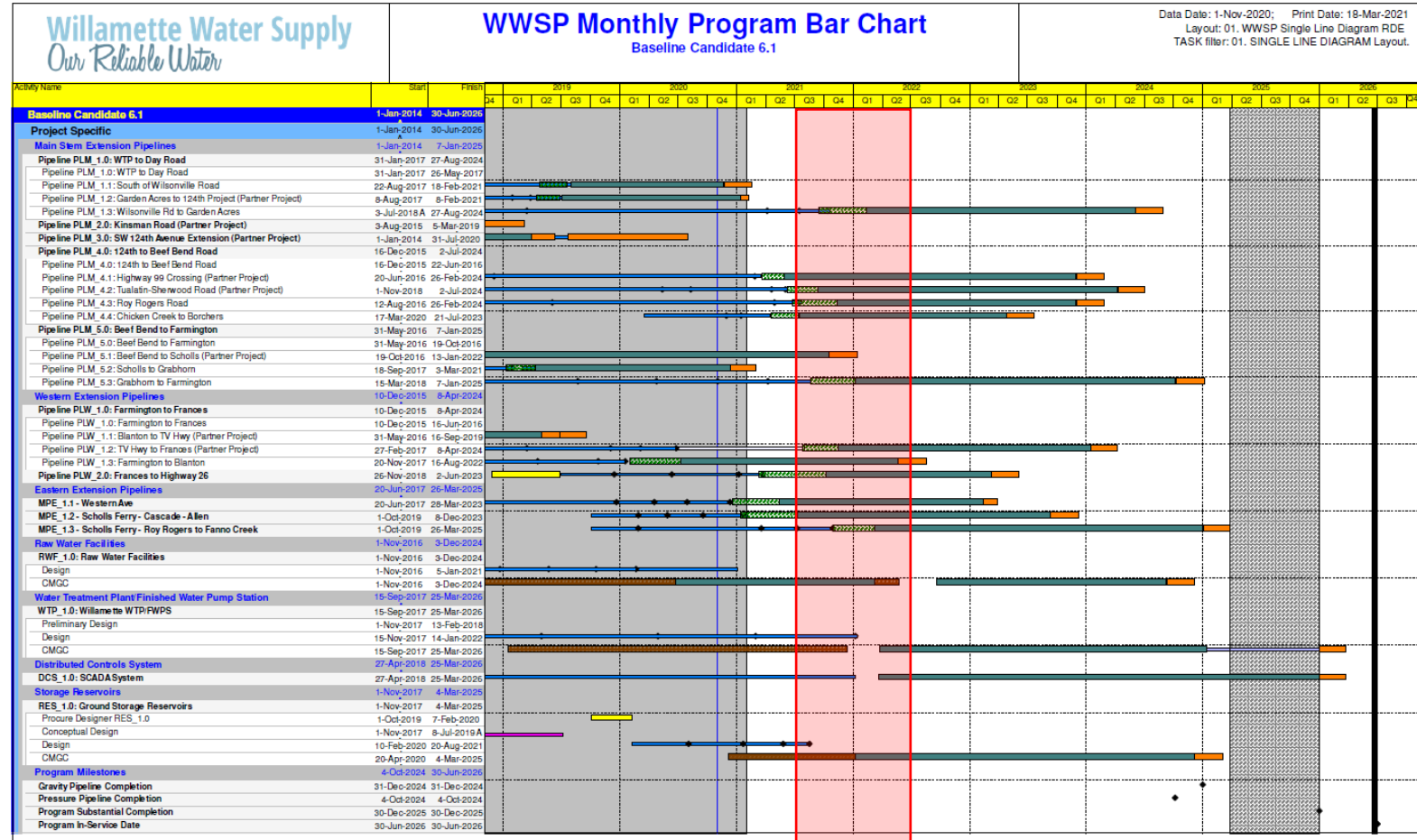
- WIFIA compliance and loan programs
- Safety program
- Communications and outreach program
- Development of financial procedures

Continued acquisitions

- Real estate
- Permits and land use approvals
- Procurement

Continued Planning Activities

- Water supply integration
- Commissioning and start-up
- Operations



FY 2021-22

SIX WAYS WE CONTROL COSTS AND STAY ON BUDGET



1. Maximize competition
2. Negotiate the best price and quality for services and goods.
3. Make cost effective engineering design decisions.
4. Proactively manage risks early.
5. Partner on projects.
6. Rigorously manage all aspects of the Program to stay on schedule.

PARTNERSHIPS SAVE MONEY & REDUCE IMPACTS

TVWD, Hillsboro, & Beaverton are Program Partners



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

ANNUAL BUDGET PREPARATION AND REVIEW

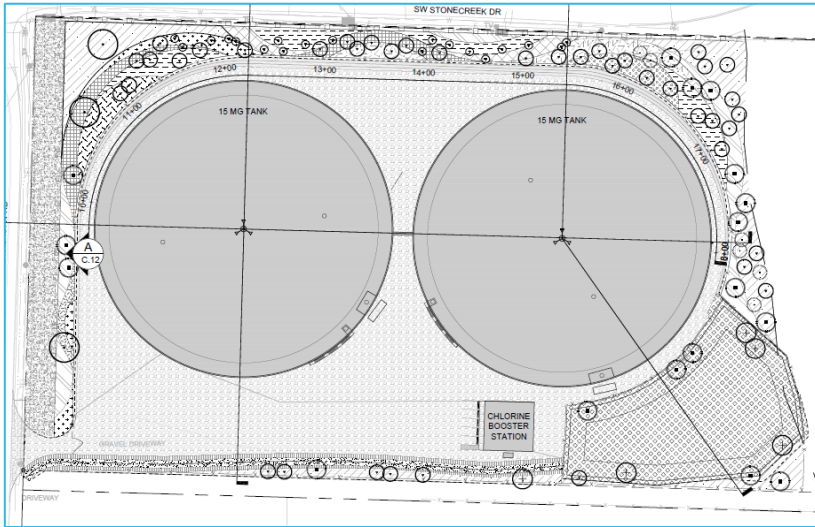


- Revenues suffering pandemic-related challenges
- Costs have increased since Baseline 5.2
- Acknowledge that all design done within one year
 - Last opportunity to make changes before everything is in construction
 - Substantial risk of cost escalation remains

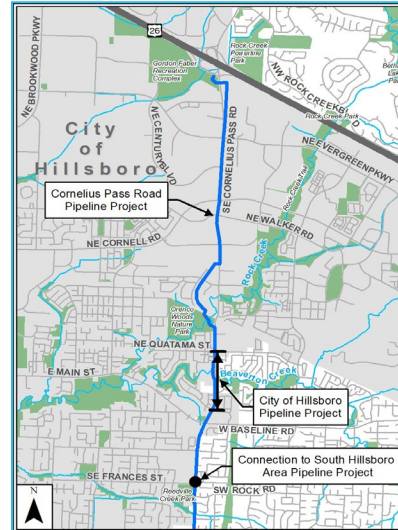
MANAGING COST, SCHEDULE RISK & BUDGET

- Developed options to reduce spend through 2026 between \$30 million and \$170 million
- Balancing the mission of the WWSP with the current realities
- Evaluation of options to reduce spending by about \$50 million

Defer one reservoir



Defer most of PLW_2.0



Other deferrals

- Completing the fiber-optic communications network north of the WTP
- Minor WTP components
- Staff positions



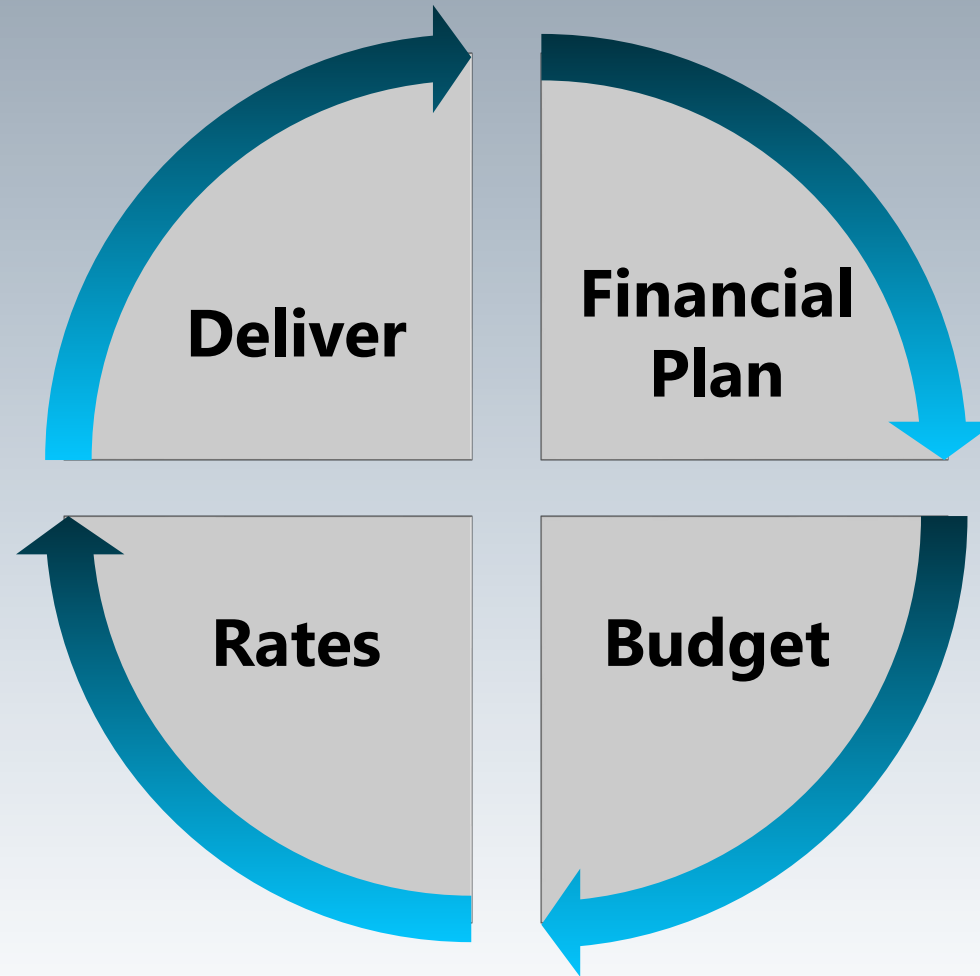
PAUL MATTHEWS

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

DISTRICT FINANCIAL MANAGEMENT PROCESS

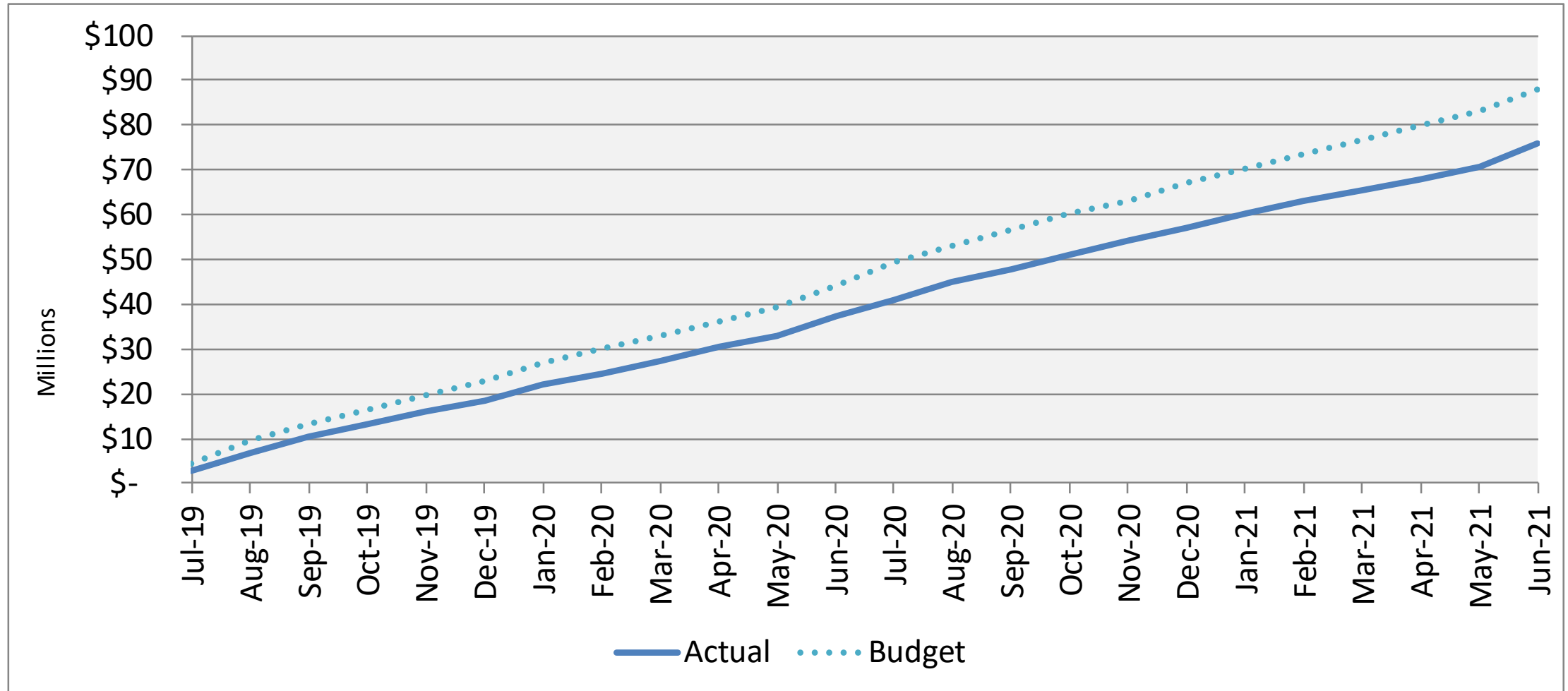




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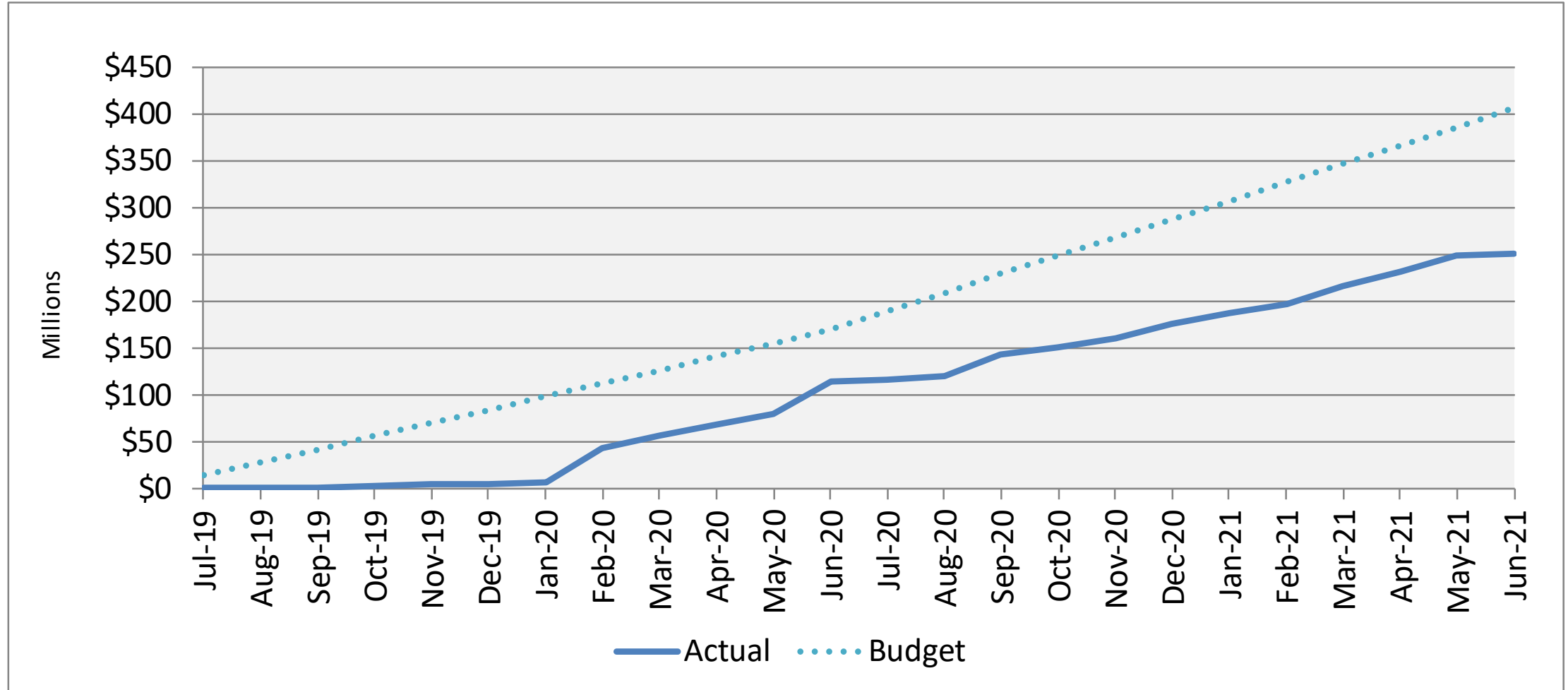
2019-21 FINANCIAL PERFORMANCE

CUMULATIVE OPERATING EXPENDITURES



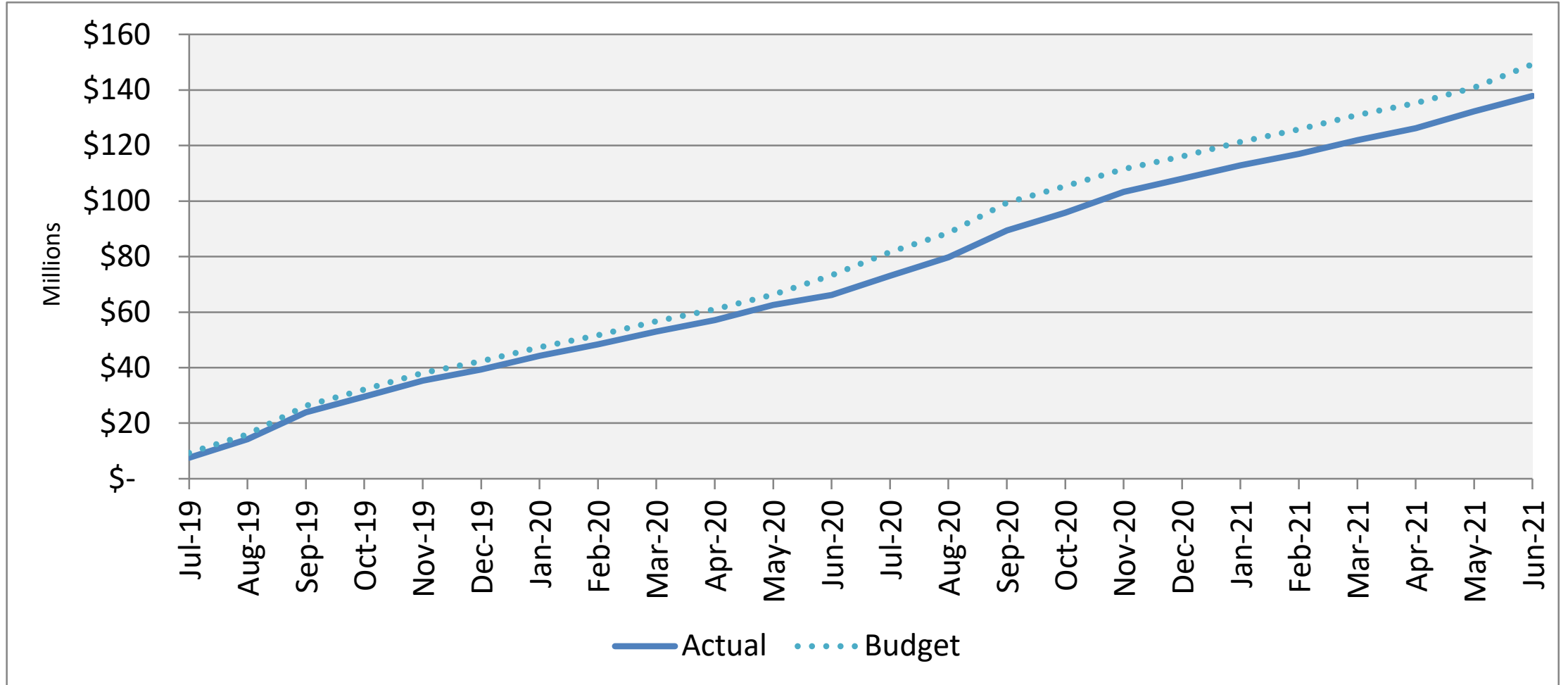
Note: These graphs are based on unaudited estimates.

CUMULATIVE CAPITAL EXPENDITURES



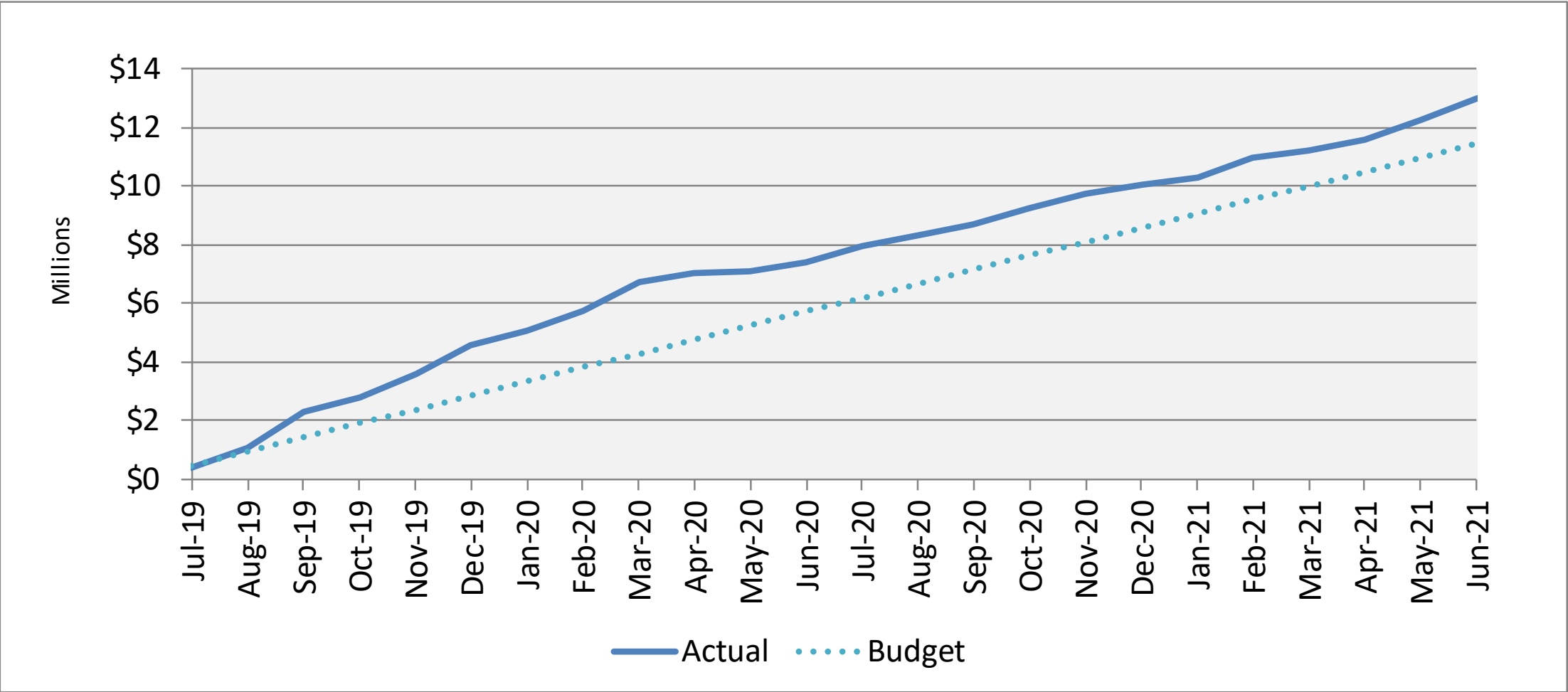
Note: These graphs are based on unaudited estimates.

CUMULATIVE WATER SALES REVENUE



Note: These graphs are based on unaudited estimates.

SYSTEM DEVELOPMENT CHARGE REVENUE



Note: These graphs are based on unaudited estimates.

DISTRICT'S FINANCIAL PERFORMANCE 2019-21 BIENNIUM

Revenue

- COVID-19 negatively affected water sales revenue
- System development charges exceeded plan

Expenditures

- Management focused on savings to provide financial flexibility during COVID-19
- Operating expenditures below budget
- Higher than anticipated bad-debt expense
- Capital expenditures below budget

DISTRICT'S FINANCIAL PERFORMANCE 2019-21 BIENNIUM

Cash

- Projected ending fund balances higher than expected
- \$68+ million in cash accessible from WIFIA loan

Conclusions

- COVID-19 reduced revenue affecting the District's financial performance and debt strategy
- Savings have offset near-term losses in revenue despite increases in bad-debt expenses
- District's cash position remains strong



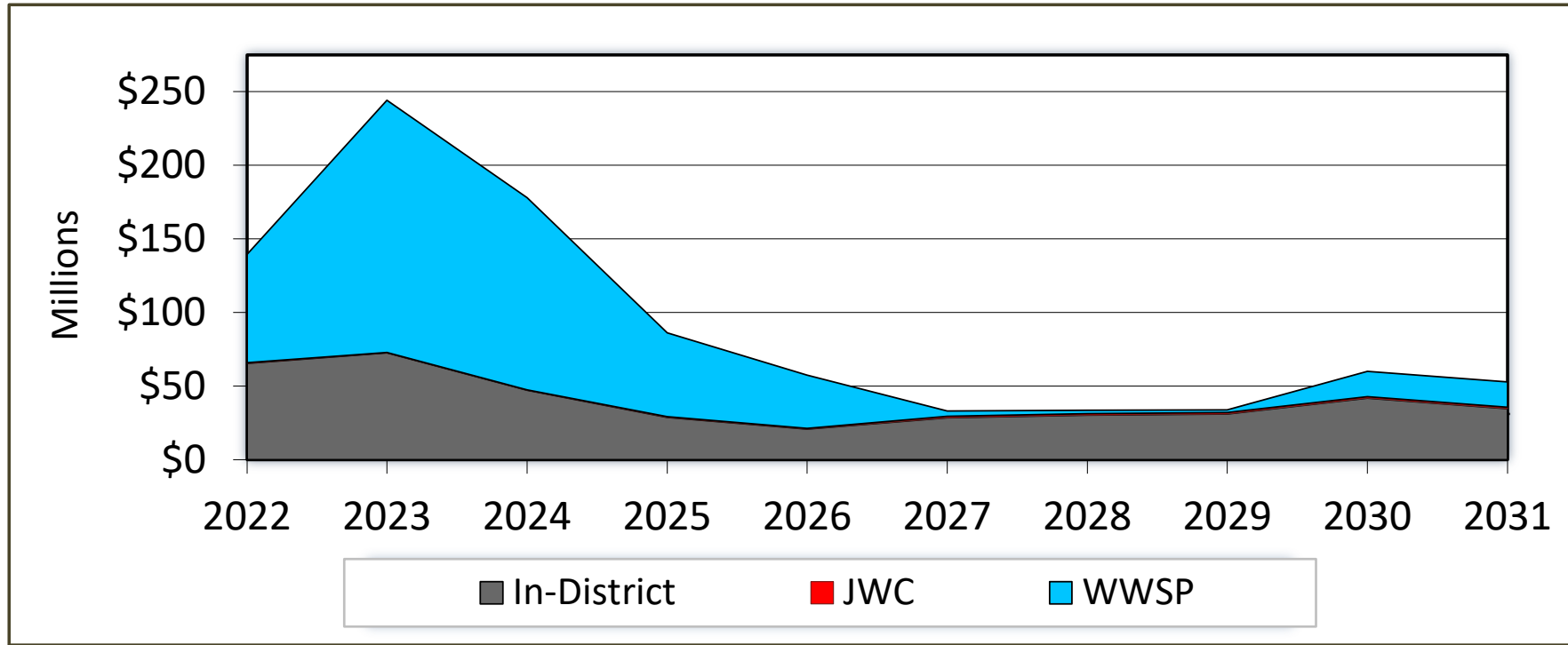
TUALATIN VALLEY
WATER DISTRICT

FINANCIAL PLAN AND PROPOSED RATES

Paul Matthews

2021-23 Water Rate Open House

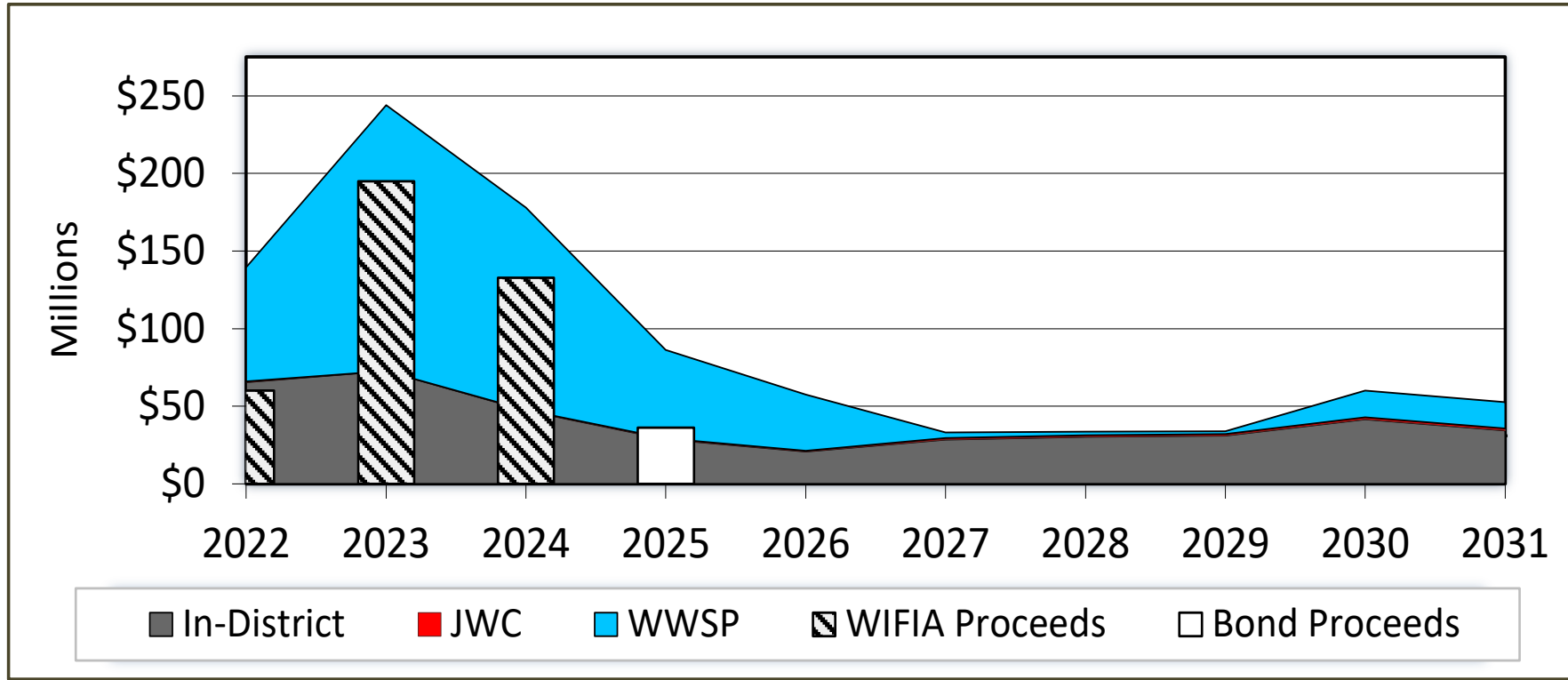
CAPITAL EXPENDITURE BY FISCAL YEAR



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Totals
WWSP*	\$73.4	\$171.3	\$130.4	\$56.9	\$36.1	\$3.6	\$2.4	\$1.9	\$17.3	\$17.1	\$510.3
JWC*	0.6	0.1	0.3	0.7	0.6	1.0	1.0	1.1	1.1	1.1	7.7
In-District	65.5	72.6	47.3	28.6	20.7	28.4	30.2	30.9	41.7	34.5	400.5
Totals	\$139.4	\$244.0	\$177.9	\$86.3	\$57.5	\$33.0	\$33.6	\$33.9	\$60.1	\$52.7	\$918.4

* TVWD share of projected total costs.

PLANNED DEBT FINANCING BY FISCAL YEAR



	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Totals
WIFIA*	\$60	\$195	\$133	-	-	-	-	-	-	-	\$388
Bonds*	-	-	-	\$36	-	-	-	-	-	-	36
Totals	\$60	\$195	\$133	\$36	-	-	-	-	-	-	\$424

*Net proceeds for capital expenditures (after issuance costs).

RISKS TO THE FORECAST

Higher Costs from Portland

- Costs for treatment facilities
- Changes to peaking factors
- Contract difficulties
- Other O&M and CIP

Interest Rates

- Loss of tax-exempt bonds
- Reduction in credit rating
- General increase in interest rates

Capital Expenditures

- Increase in the rate of inflation
- Timing/unplanned failure
- Project definitions
- Construction costs
- Loss of a partner

Others

- Economic downturn
- Changes in water demands
- Annexations with withdrawals
- Curtailment of water sales

PROPOSED VOLUME RATES (\$/CCF¹)

Rates (\$/CCF)	Current	Nov 2021	Nov 2022
Block 1	\$5.62	\$6.15	\$6.73
Block 2	\$8.01	\$8.77	\$9.60

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

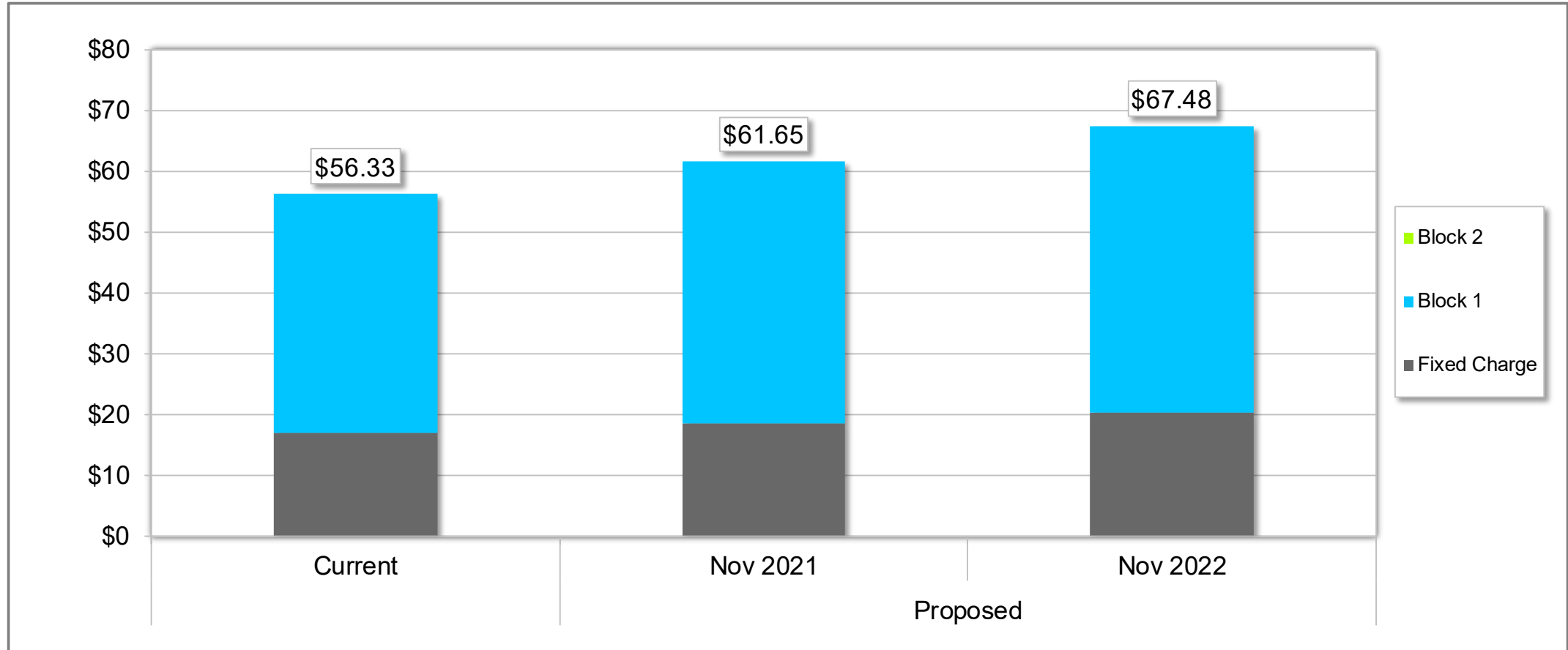
² Single-Family Residential Class: Block 1 = Water use up to 28 CCF every two months.
Block 2 = All consumption over 28 CCF every two months.

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.

PROPOSED FIXED MONTHLY CHARGES

Meter Size	Current	Nov 2021	Nov 2022
5/8 Inch	\$16.99	\$18.60	\$20.37
3/4 Inch	18.71	20.49	22.44
1 Inch	23.06	25.25	27.65
1.5 Inch	30.99	33.93	37.15
2 Inch	45.71	50.05	54.80
3 Inch	127.27	139.36	152.60
4 Inch	170.53	186.73	204.47
6 Inch	274.83	300.94	329.53

CUSTOMER IMPACT FOR PROPOSED INCREASES (TYPICAL CUSTOMER USING 7 CCF¹ PER MONTH)



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

CUSTOMER IMPACT

(TYPICAL CUSTOMER USING 7 CCF¹ PER MONTH)

Typical Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2021	Nov 2022
Fixed Charge	\$16.99	\$18.60	\$20.37
Volume Charge	\$39.34	\$43.05	\$47.11
Total	\$56.33	\$61.65	\$67.48
Monthly Increase		\$5.32	\$5.83[*]

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

^{*}The postcard mailed to customers contained a transposition error.

CUSTOMER IMPACT

(ABOVE AVERAGE CUSTOMER USING 12 CCF¹ PER MONTH)

Above Average Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2021	Nov 2022
Fixed Charge	\$16.99	\$18.60	\$20.37
Volume Charge	\$67.44	\$73.80	\$80.76
Total	\$84.43	\$92.40	\$101.13
Monthly Increase		\$7.97	\$8.73

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

CUSTOMER IMPACT

(HIGH-USE CUSTOMER USING 28 CCF¹ PER MONTH)

High-Use Single-Family Residential Bill			
5/8-Inch Meter	Current	Nov 2021	Nov 2022
Fixed Charge	\$16.99	\$18.60	\$20.37
Volume Charge	\$190.82	\$208.88	\$228.62
Total	<hr style="width: 100%;"/> \$207.81	<hr style="width: 100%;"/> \$227.48	<hr style="width: 100%;"/> \$248.99
Monthly Increase		\$19.67	\$21.51

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



TUALATIN VALLEY
WATER DISTRICT

CLOSING REMARKS

Tom Hickmann

2021-23 Water Rate Open House

ADDITIONAL OPPORTUNITIES

Learn More

View Recordings from Sessions #1, #2 #3

Tualatin Valley Water District's YouTube Channel

Public Hearing

Recording from

- Wednesday, August 18
- 6:00 pm

Tualatin Valley Water District's YouTube Channel

Comment Period

- Online Form
- Email Board@tvwd.org
- Mail to Headquarters

Closes: August 25 at 4 pm

Adopt Rates

Virtual

- Wednesday, September 15
- 6:00 pm

Participate:

- Debbie.Carper@tvwd.org

www.tvwd.org/rates for details, links

YOUR TURN! ANY QUESTIONS?



Tom Hickmann, PE
Chief Executive Officer



Dave Kraska, PE
Willamette Water Supply Program Director



Paul Matthews
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