



TUALATIN VALLEY  
WATER DISTRICT

# WATER RATE PROPOSAL

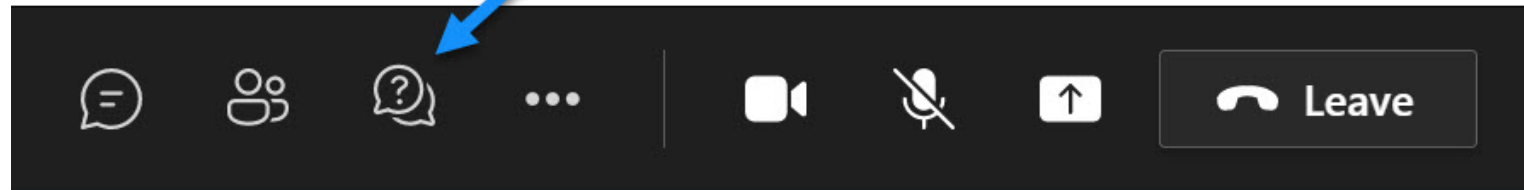


Talkin' Water Information  
Sessions

August 8, 2022

# 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, 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 CHANGED

Conditions result in rate increase proposal

- Construction costs for the Willamette Water Supply Program have increase by \$315 million.
- Water operations and District capital projects are also impacted by inflation.
- Rates are proposed to increase by \$8.81 per month for a typical user (14.25%) on November 1, 2022 instead of the approved increase of \$5.83 per month for a typical water customer (9.5%), which was approved last year.

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**



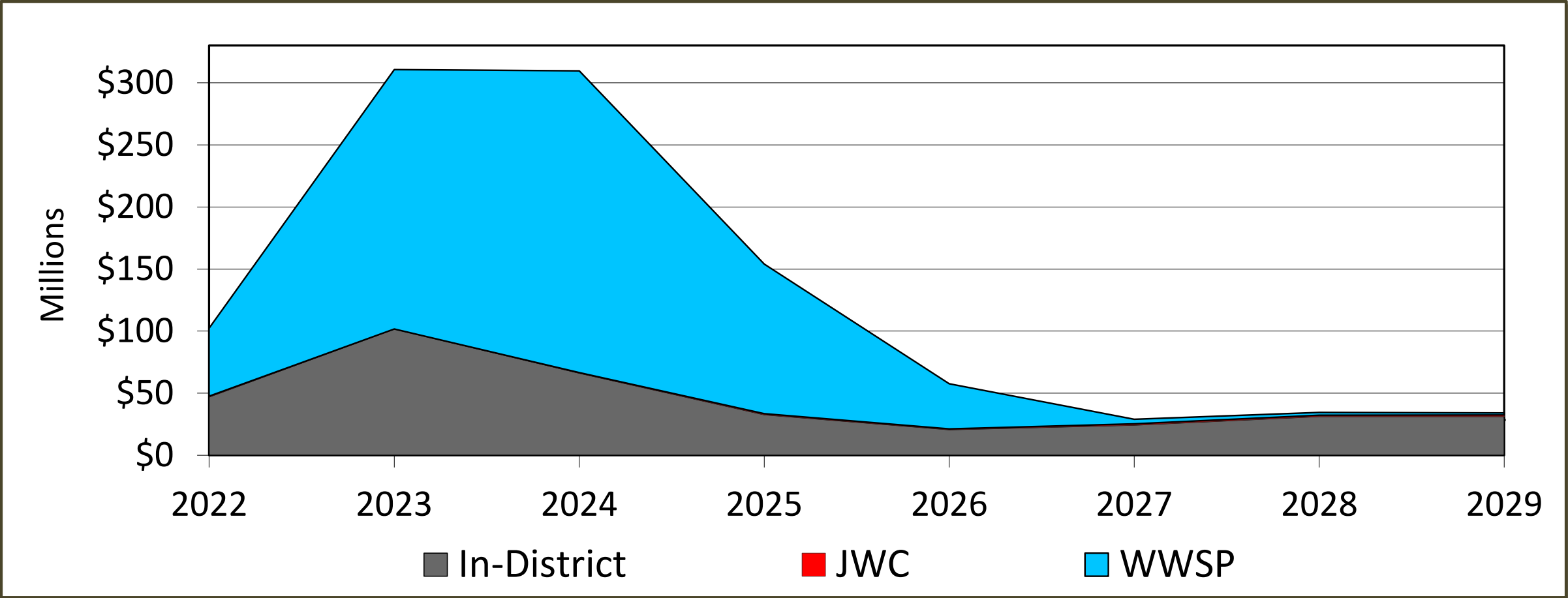
**Maintenance and operations of the water system**



**Purchased Water**



# NEAR-TERM INFRASTRUCTURE INVESTMENTS



# WHAT HAVE WE 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**





# **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

*Our Reliable Water*



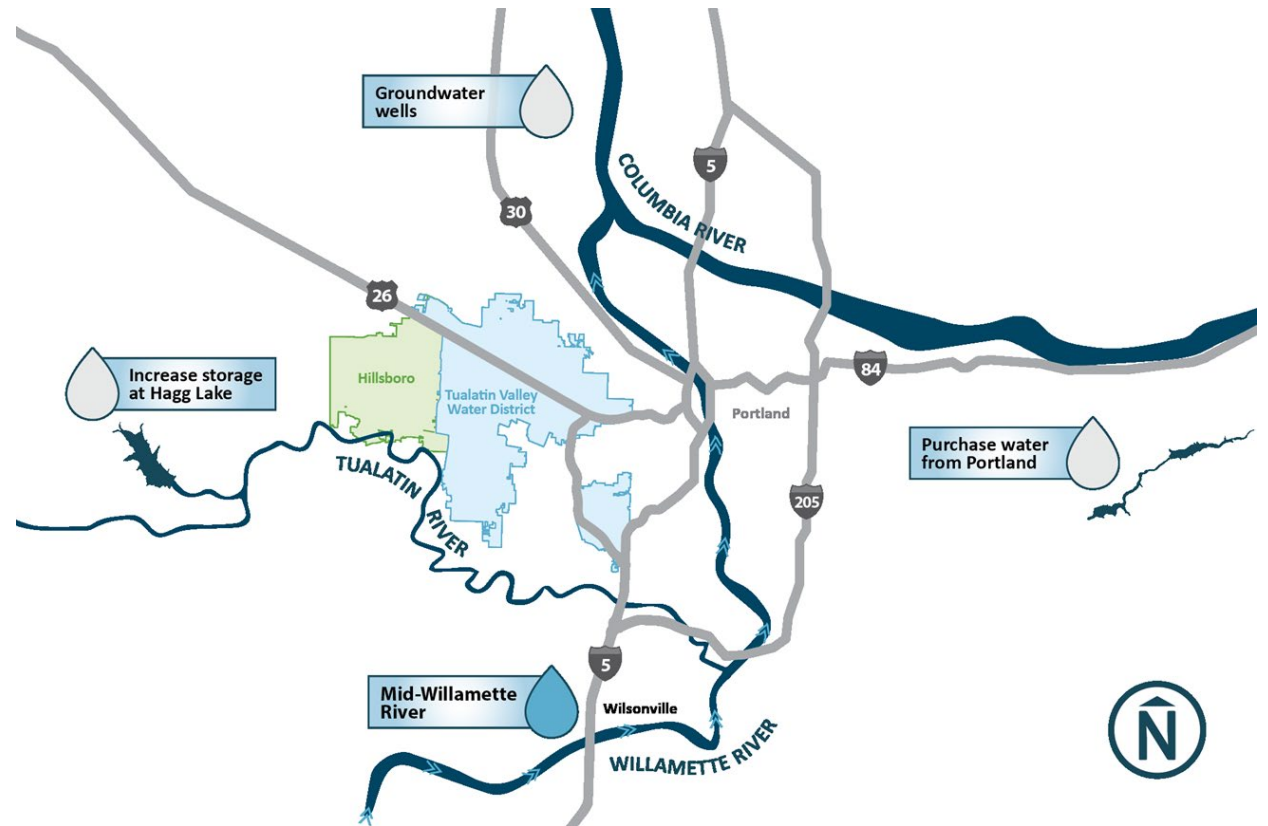
- Long-Term Water Supply Selection
- Willamette Water Supply Program Overview
- WWSP Delivery Progress
- Looking Ahead

# 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 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.**

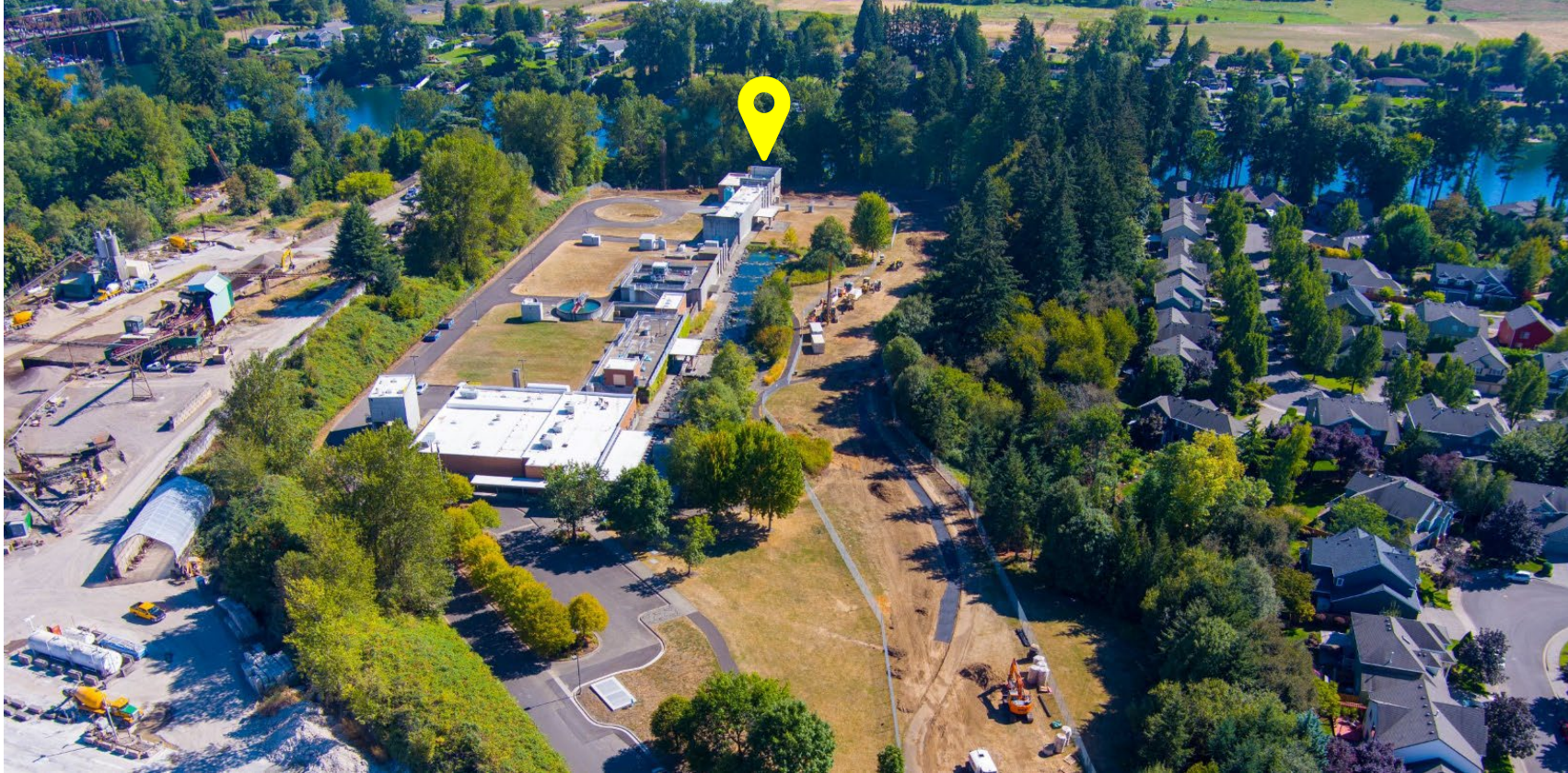


# WWSS OVERVIEW

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



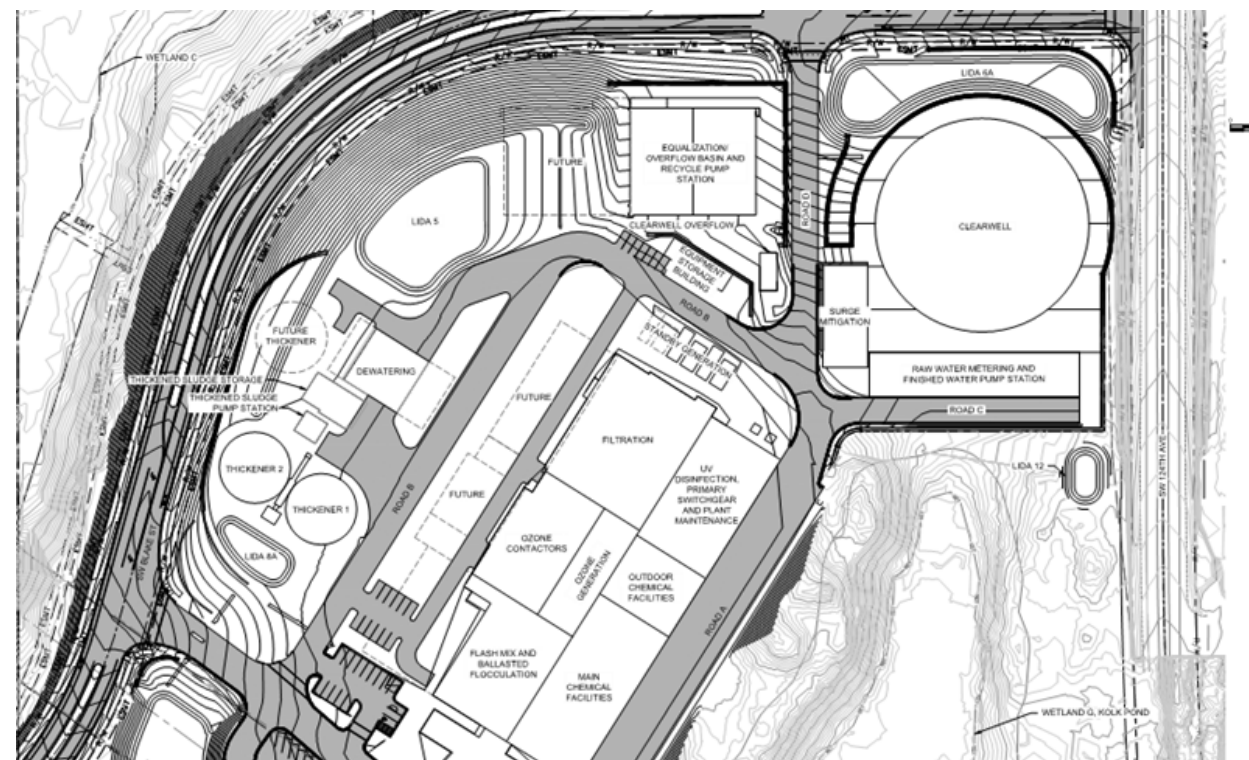
# MODIFIED AND EXPANDED INTAKE CO-LOCATED WITH THE WILLAMETTE RIVER WATER TREATMENT PLANT





# WILLAMETTE 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.

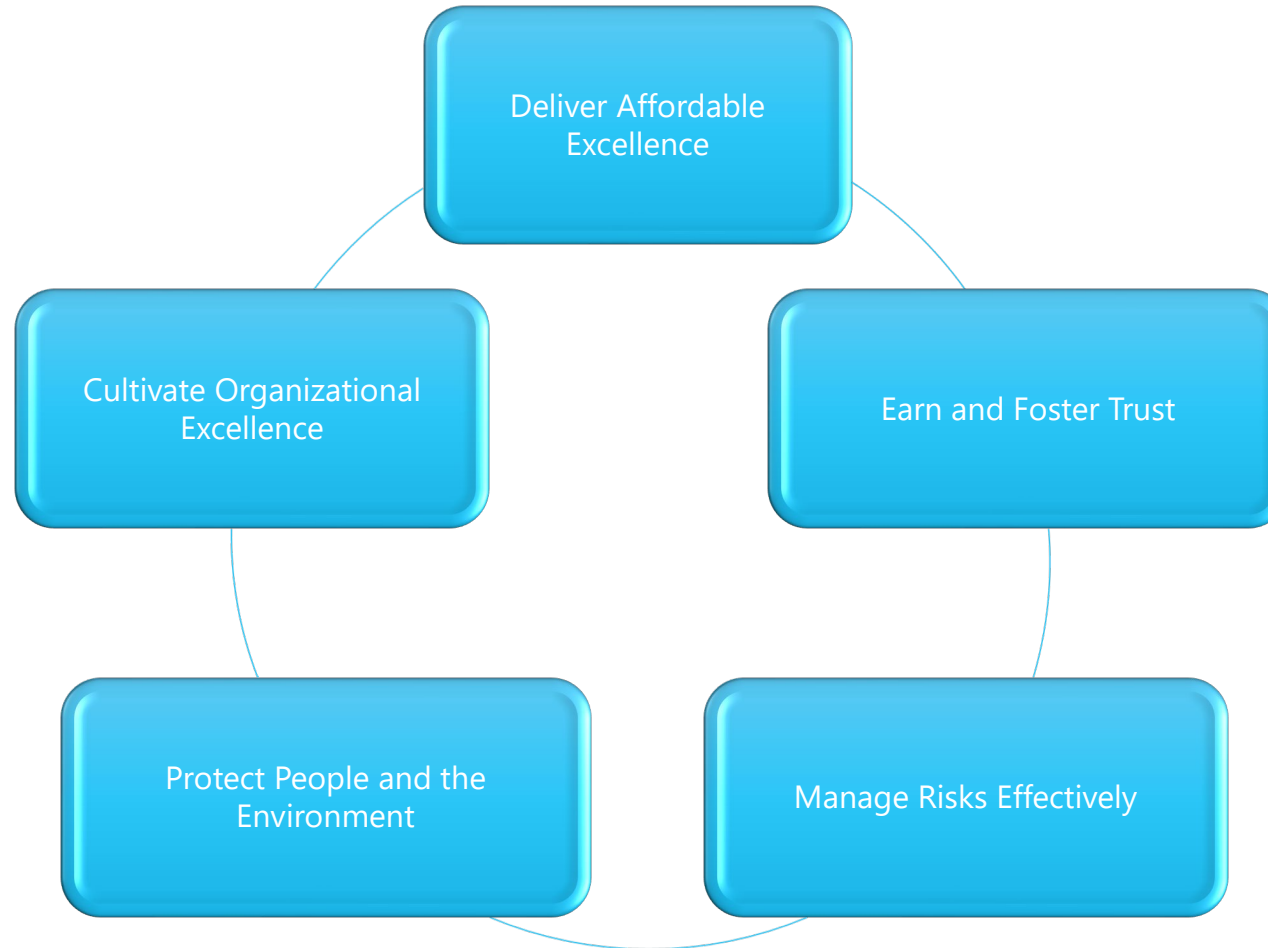
More than 30 miles of pipeline will connect communities to the mid-Willamette River supply.

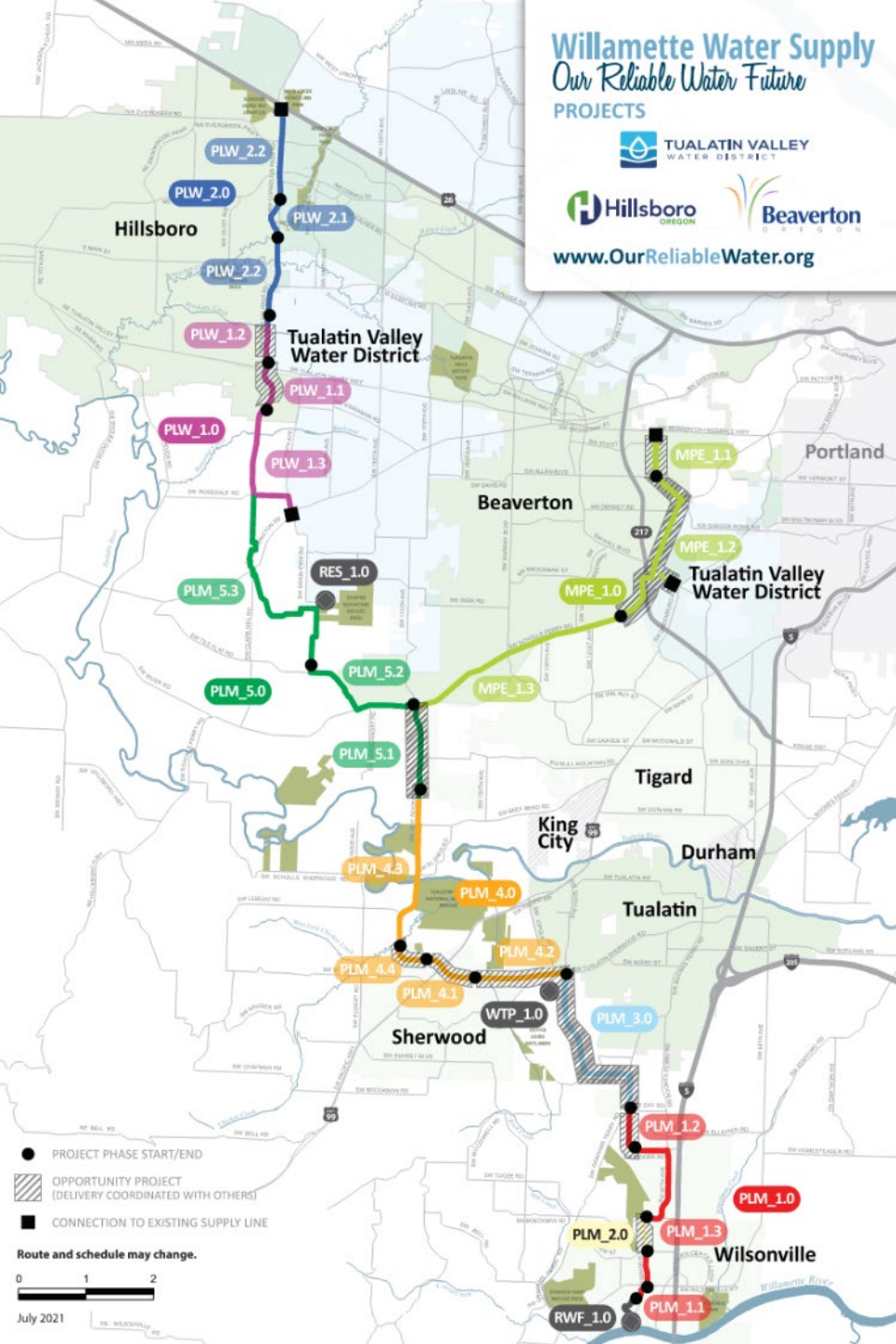




Water storage tanks hold water to be delivered to homes and businesses by gravity and provide emergency storage.

# WWSP DELIVERY PROGRESS





## Progress to Date

- Completed 7 pipeline projects
- Secured WIFIA loans
- Received Federal permit
- Completed planning and design
- Advancing 15 construction projects
- Continued successful partnerships

# SEISMIC IMPROVEMENTS AT THE RAW WATER INTAKE



**Willamette Water Supply**  
*Our Reliable Water*

# TRANSMISSION PIPELINE INSTALLATION NEXT TO TILE FLAT ROAD



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# NIGHTTIME CONSTRUCTION TO AVOID TRAFFIC IMPACTS



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# TRENCHLESS CROSSING TO PROTECT ENVIRONMENT

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# BEGAN CONSTRUCTION OF WATER TREATMENT PLANT



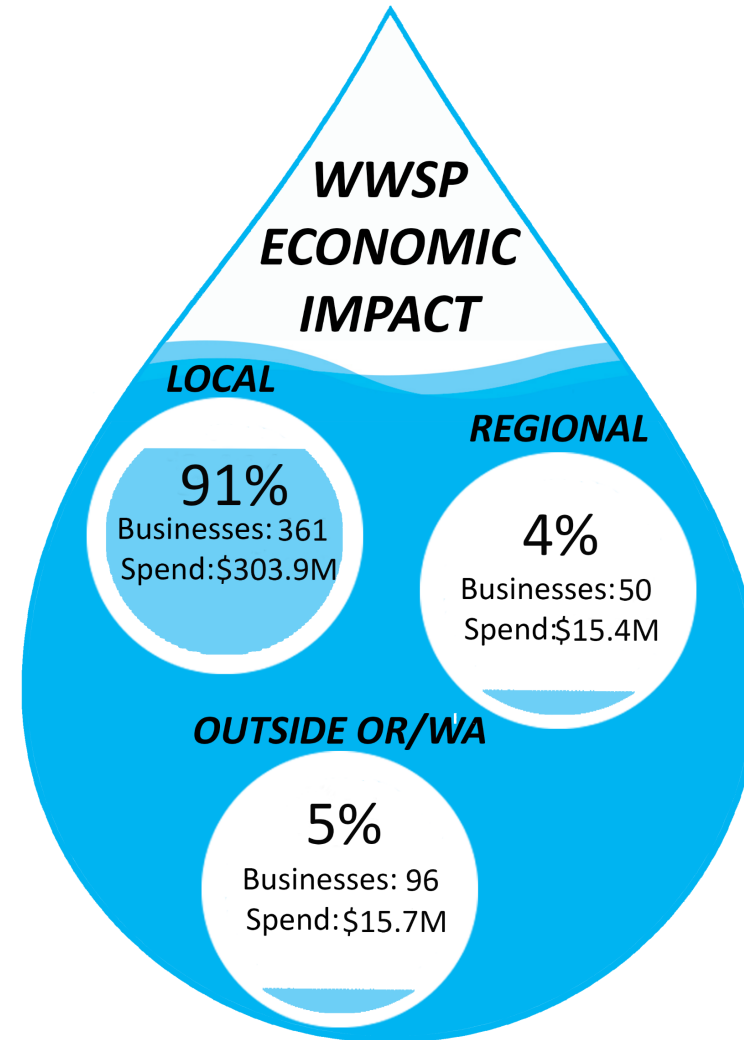
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# SUPPORTING OUR ECONOMY

Business Utilization: Recent Activities

**91% of spend for WWSS is benefitting the local economy**

**Added 69 local businesses during Q3 to Q4 2020 reporting period**



Data through Q4 2021

# LOOKING AHEAD

Willamette Water Supply  
*Our Reliable Water*



# WORK PLANNED FOR THIS FISCAL YEAR

## Advance 15 construction projects

## Continue program management

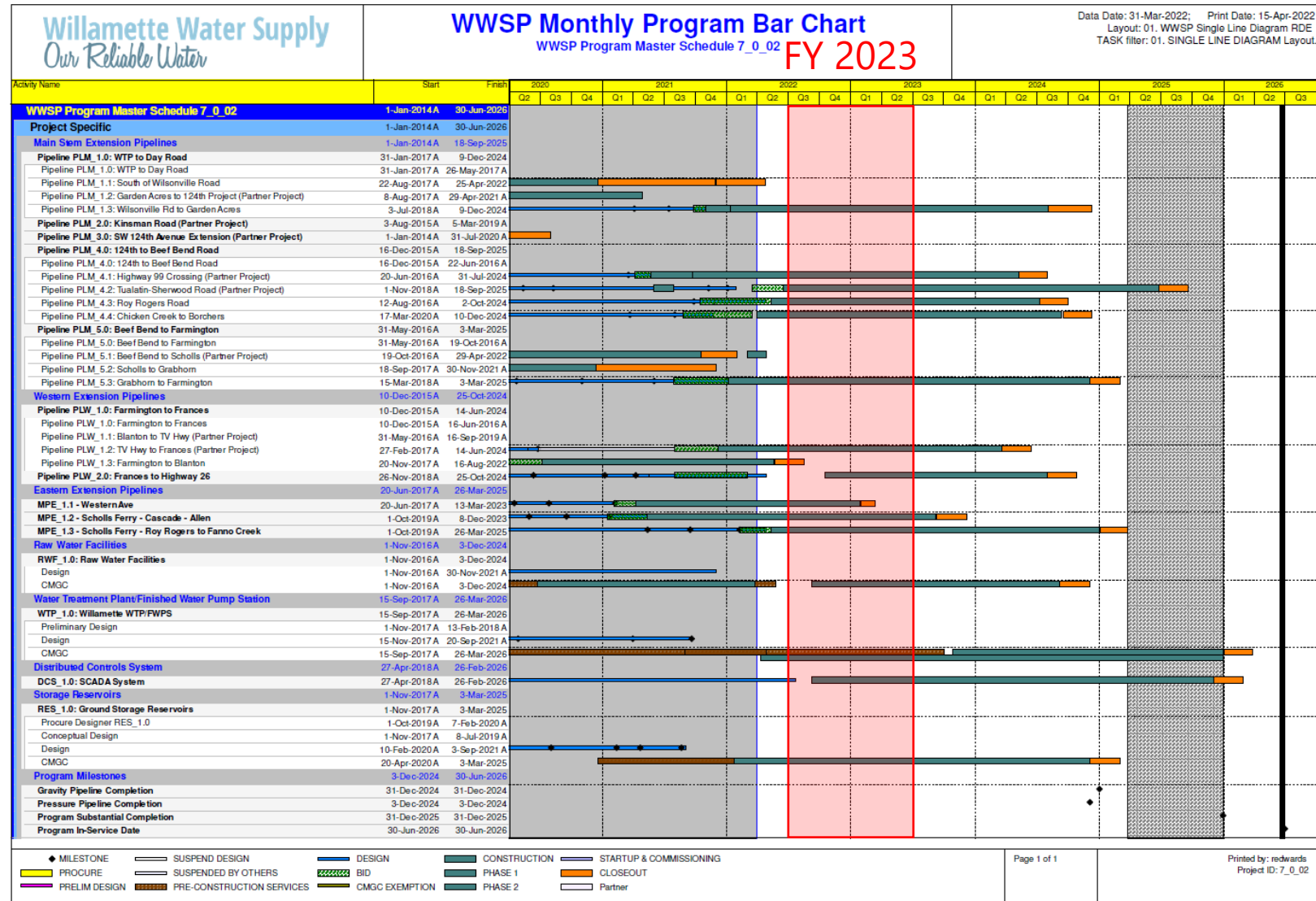
- WIFIA compliance and loan programs
- Safety program
- Communications and outreach program

## Continued acquisitions

- Real estate
- Permits and land use approvals
- Procurement

## Plan

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



# RECENT BID RESULTS SHOW THE EFFECTS OF INFLATION

## 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**

# 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



# PAUL MATTHEWS

Chief Financial Officer

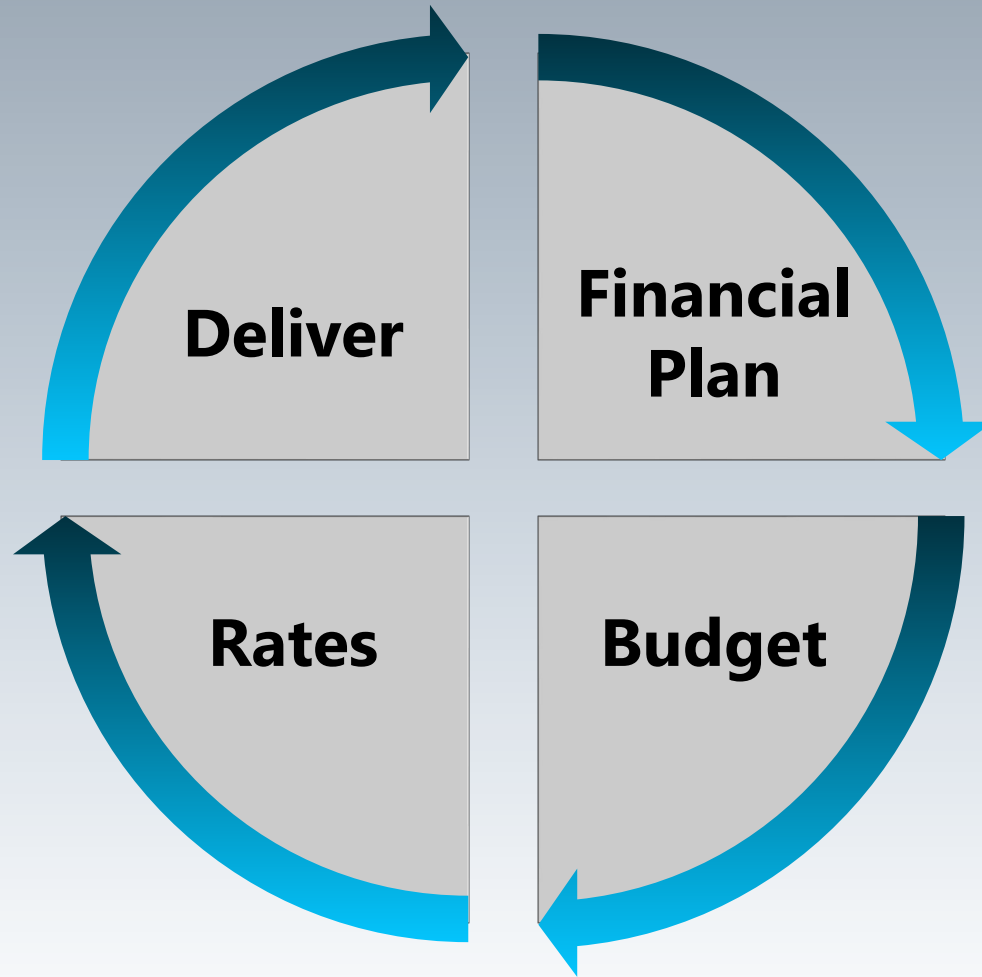
## Manages the District's Financial Affairs

- 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

# DISTRICT FINANCIAL MANAGEMENT PROCESS

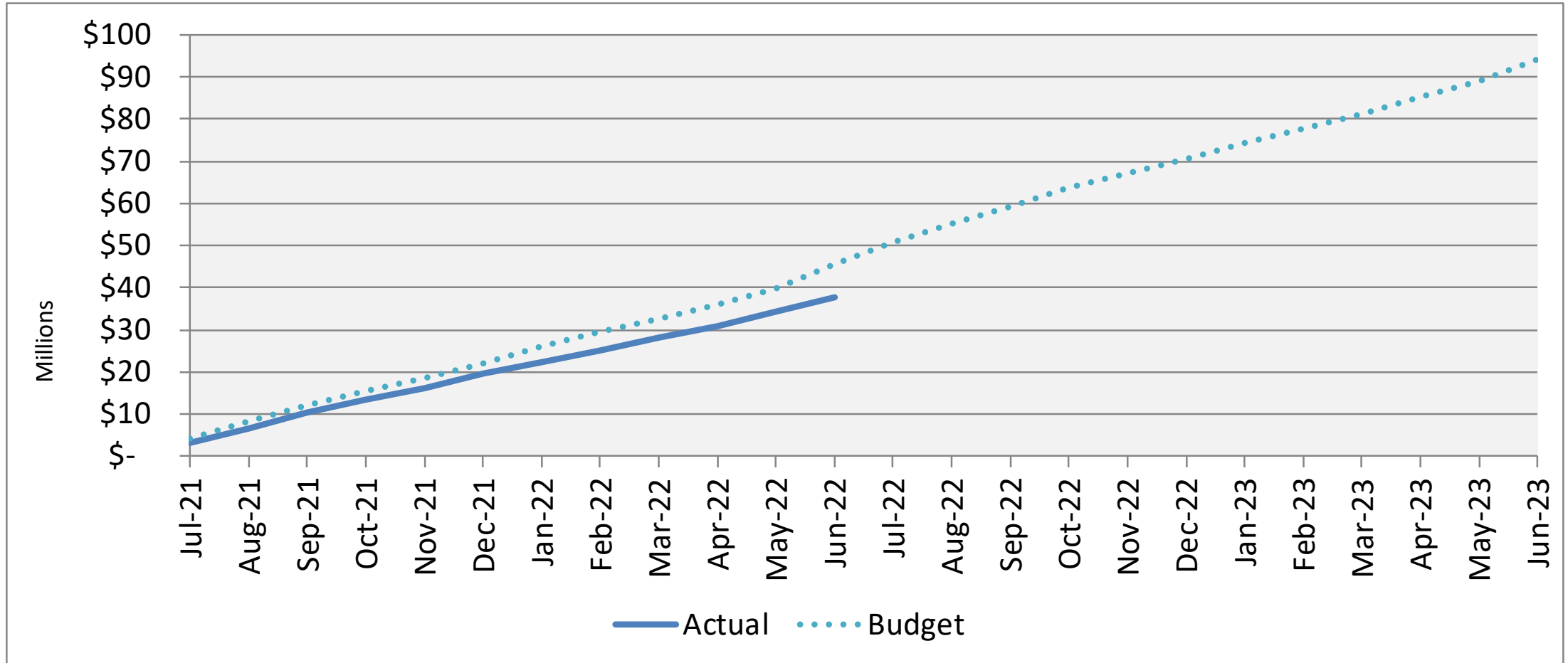




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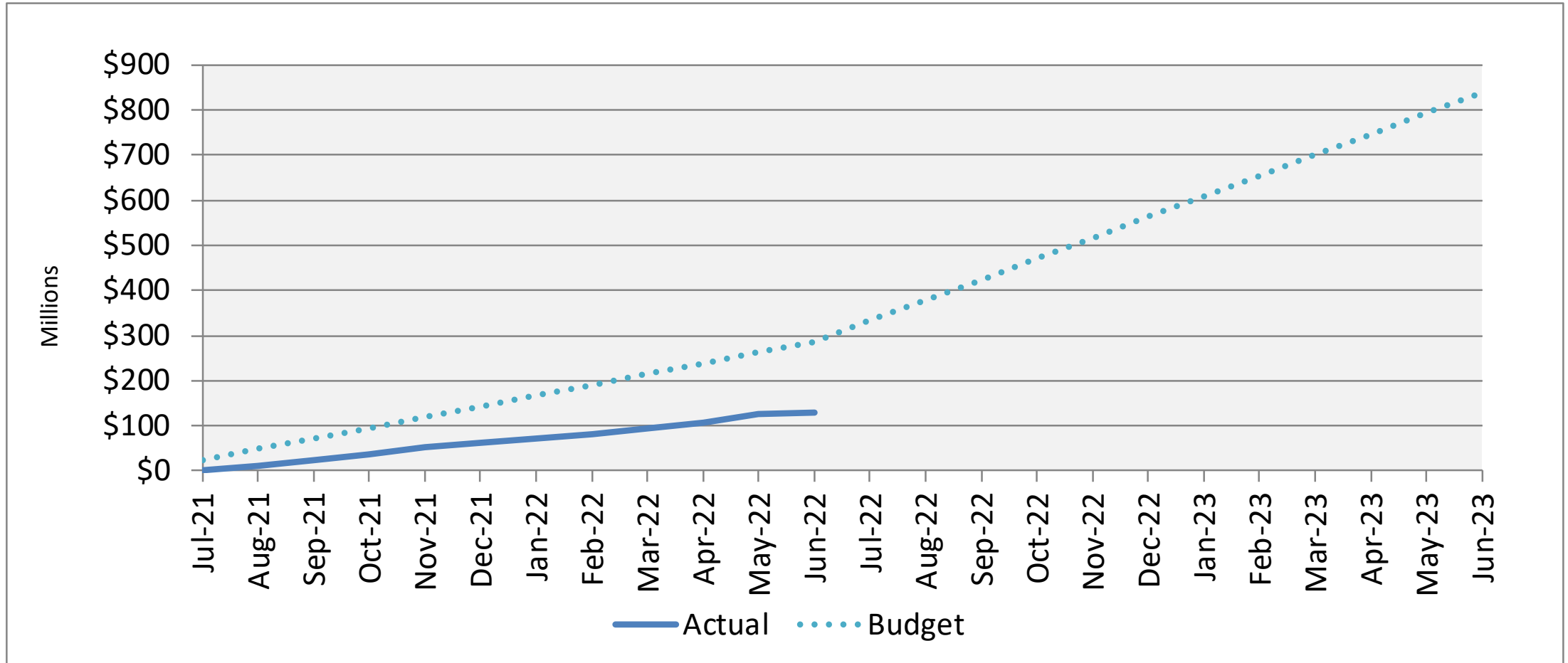
# **2021-22 FINANCIAL PERFORMANCE**

# CUMULATIVE OPERATING EXPENDITURES



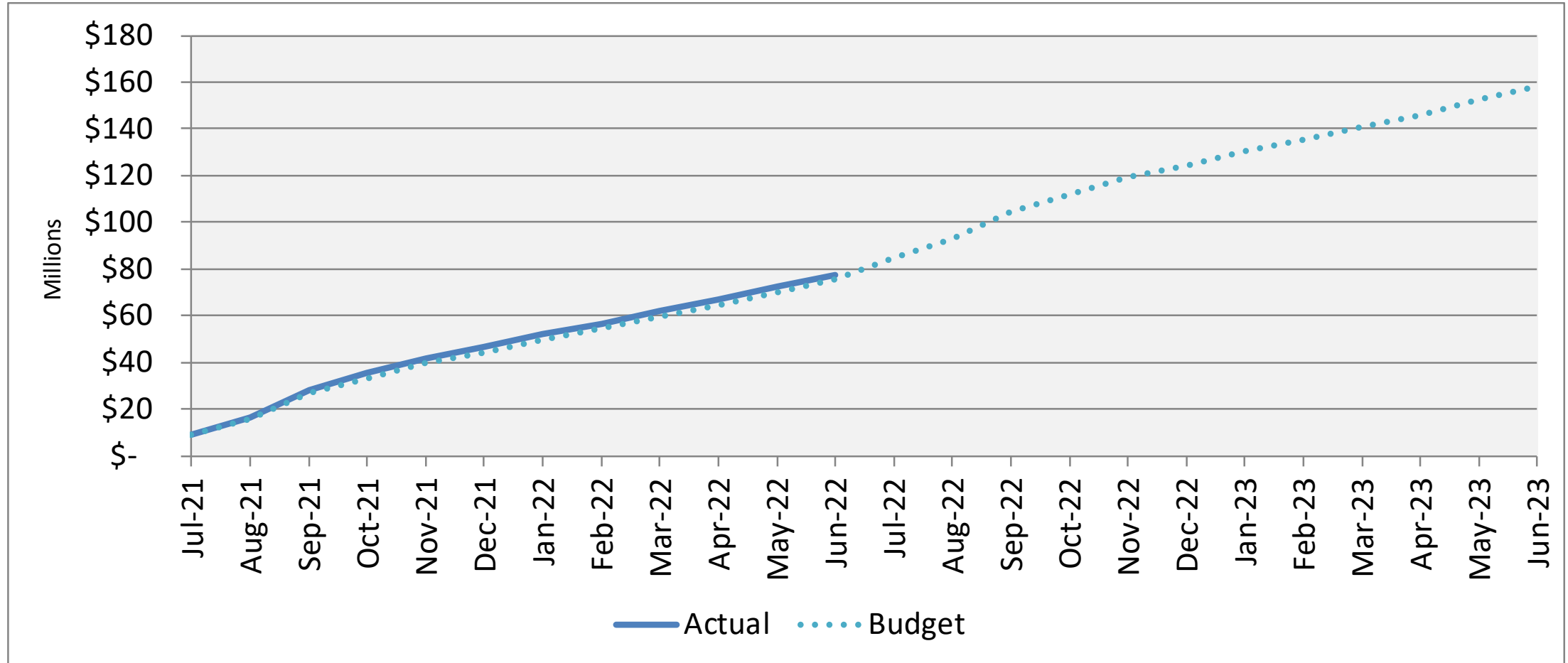
Note: These graphs are based on unaudited estimates.

# CUMULATIVE CAPITAL EXPENDITURES



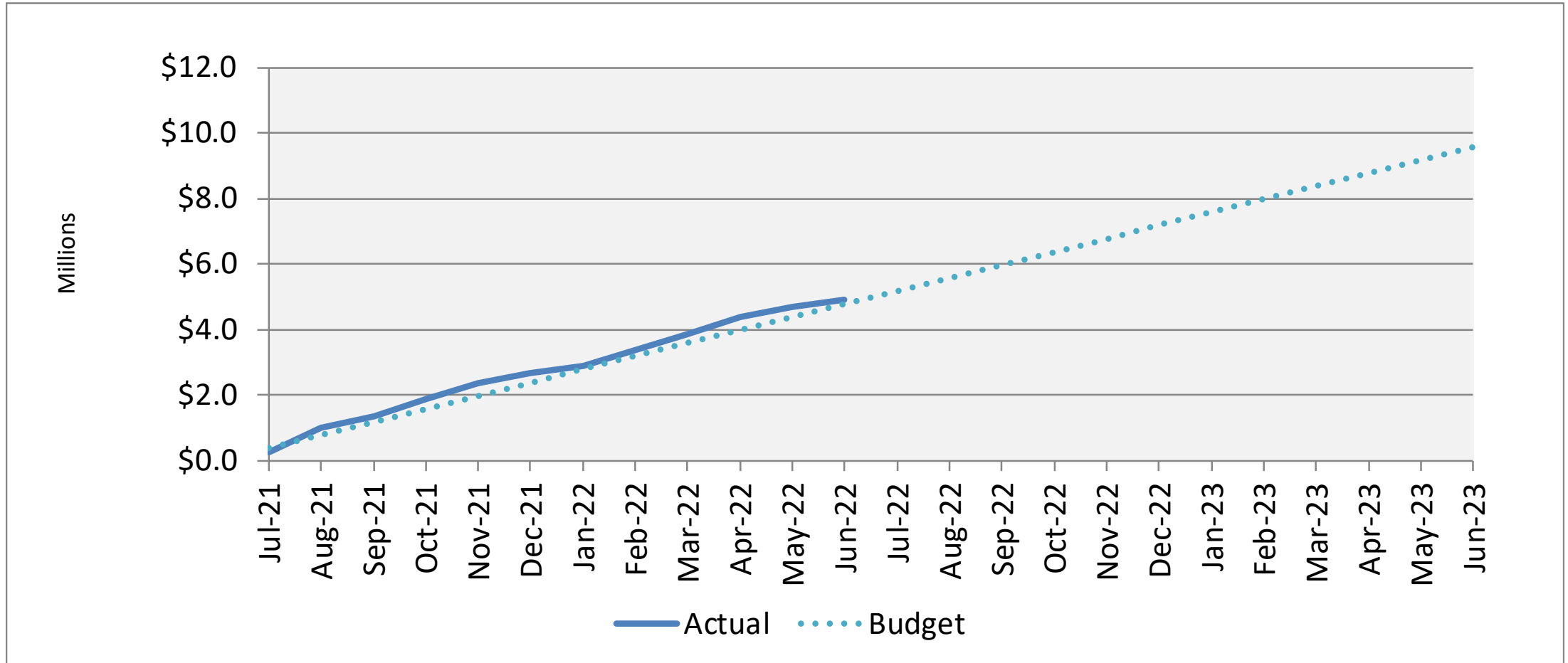
Note: These graphs are based on unaudited estimates.

# 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 SUMMARY FOR FY 2022

## Revenue

- Largely recovered from COVID-19 impacts
- Wet spring will continue to reduce revenue this summer
- Currently achieving plan for water sales revenue

## 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

## Cash

- WIFIA draw has replenished the District's cash reserves and provided an interest earning opportunity
- Additional long-term debt anticipated for early 2023



**TUALATIN VALLEY**  
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# **FINANCIAL PLAN AND PROPOSED RATES**

# WHAT'S CHANGED

## Key Drivers

- Inflationary increases in the Willamette Water Supply System
- Increased financing needs requires greater financial capacity

# FINANCIAL STRATEGIES

## Strategies

- Closely manage operating and capital expenditures
- Pursue federal and state assistance
- Increase financial capacity to access bonds to finance WWSS infrastructure
- Adopt rates that provide financial resources in advance
- Continue to refine the customer assistance program

# Examples of Management Focus

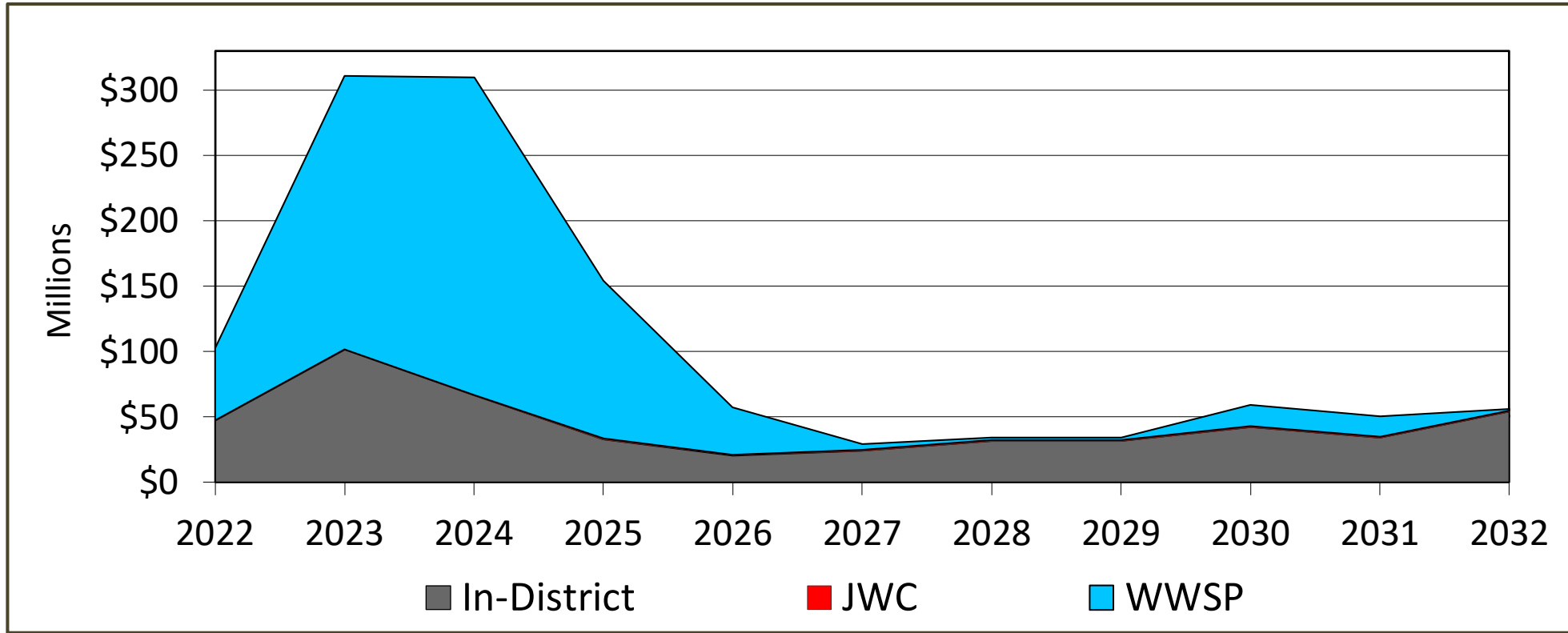
## Healthcare Costs

- District purchases high-deductible plan
- Self-insured for portion of deductible
- Wellness plan at TVWD incentivizes effective use of healthcare spending
- 1.9% average annual decrease in healthcare premiums from District's insurer

## WIFIA Draw

- District's interest rate from WIFIA 1.35%
- Current investment rates generate about \$5 million in earnings to offset expenses

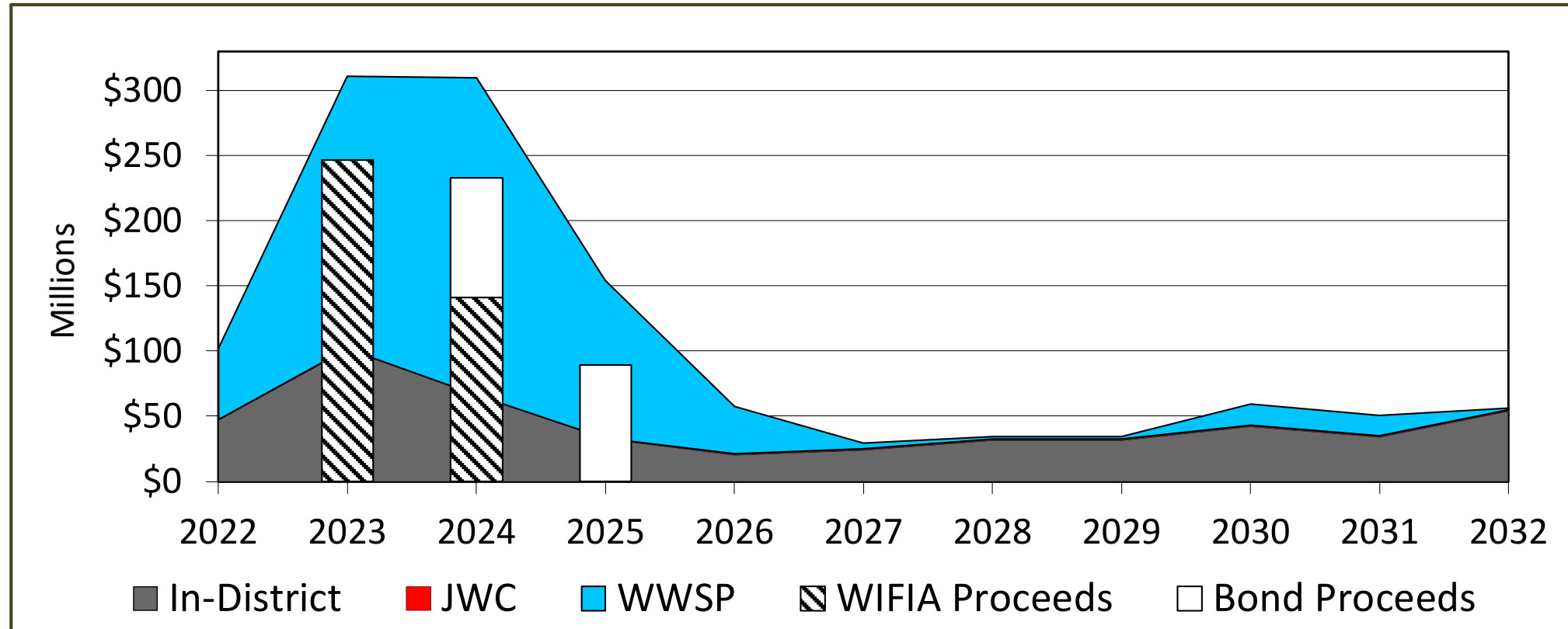
# CAPITAL EXPENDITURE BY FISCAL YEAR



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals
WWSP	\$208.9	\$243.2	\$120.6	\$36.5	\$3.8	\$2.2	\$1.7	\$15.8	\$15.6	\$1.1	<b>\$649.3</b>
JWC	0.1	0.3	0.7	0.6	1.0	1.0	1.1	1.1	1.1	1.4	<b>8.5</b>
TVWD*	101.6	66.3	32.7	20.6	24.3	31.3	31.4	42.1	34.0	53.8	<b>438.0</b>
<b>Totals</b>	<b>\$310.7</b>	<b>\$309.7</b>	<b>\$154.0</b>	<b>\$57.7</b>	<b>\$29.1</b>	<b>\$34.5</b>	<b>\$34.2</b>	<b>\$59.1</b>	<b>\$50.7</b>	<b>\$56.3</b>	<b>\$1,095.8</b>

\*Includes Metzger Pipeline East (WWSP MPE), total expenditures approx. \$114 million in FY2023-27.

# PLANNED DEBT FINANCING BY FISCAL YEAR



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals
WIFIA*	\$246.5	\$141.2	–	–	–	–	–	–	–	–	<b>\$387.7</b>
Bonds	–	91.4	89.0	–	–	–	–	–	–	–	<b>180.5</b>
<b>Totals</b>	<b>\$246.5</b>	<b>\$232.7</b>	<b>\$89.0</b>	–	–	–	–	–	–	–	<b>\$568.2</b>

\*FY2024 WIFIA proceeds include \$103.4 million drawn in June 2022.

# RISKS TO THE FORECAST

## Operations

- Increase in costs for chemicals and energy
- Increase treatment
- Inflationary impacts to other operating costs
- Supply-chain interruptions

## Interest Rates

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

## Capital Expenditures

- Continuing inflationary impacts
- Timing/unplanned failure
- Increases in construction costs

## Others

- Economic downturn
- Changes in water demands
- Curtailment of water sales
- International economic issues



# PROPOSED FIXED MONTHLY CHARGES

Meter Size	Effective	Proposed
	Nov 2021	Nov 2022
5/8 Inch	\$18.60	\$21.25
3/4 Inch	20.49	23.41
1 Inch	25.25	28.85
1.5 Inch	33.93	38.77
2 Inch	50.05	57.18
3 Inch	139.36	159.22
4 Inch	186.73	213.34
6 Inch	300.94	343.82

# PROPOSED VOLUME RATES (\$/CCF<sup>1</sup>)

Volumetric Rates (\$/CCF)	Effective	Proposed
	Nov 2021	Nov 2022
Block 1	\$6.15	\$7.03
Block 2	\$8.77	\$10.02

<sup>1</sup> One CCF is 100 cubic feet of water or about 748 gallons.

<sup>2</sup> 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.

<sup>3</sup> 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 CCF<sup>1</sup> PER MONTH)

Typical Single-Family Residential Bill		
5/8-Inch Meter	Nov 2021	Nov 2022
Fixed Charge	\$18.60	\$21.25
Volume Charge	\$43.05	\$49.21
Total	\$61.65	\$70.46
Monthly Increase		<b>\$8.81</b>

<sup>1</sup> One 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 CCF<sup>1</sup> PER MONTH)**

Above Average Single-Family Residential Bill		
5/8-Inch Meter	Nov 2021	Nov 2022
Fixed Charge	\$18.60	\$21.25
Volume Charge	\$73.80	\$84.36
Total	\$92.40	\$105.61
Monthly Increase		<b>\$13.21</b>

<sup>1</sup> One CCF is 100 cubic feet of water or about 748 gallons.

# CUSTOMER IMPACT

## (HIGH-USE CUSTOMER USING 28 CCF<sup>1</sup> PER MONTH)

High-Use Single-Family Residential Bill		
5/8-Inch Meter	Nov 2021	Nov 2022
Fixed Charge	\$18.60	\$21.25
Volume Charge	\$208.88	\$238.70
Total	\$227.48	\$259.95
Monthly Increase	<b>\$32.47</b>	

<sup>1</sup> One CCF is 100 cubic feet of water or about 748 gallons.



**TUALATIN VALLEY**  
WATER DISTRICT

# **CLOSING REMARKS**

**Tom Hickmann, P.E.**

2022 Water Rate Open House

# MANAGING IMPACTS

## Efforts to Date

- \$1 million received for the treatment plant in 2021 appropriations.
- \$3 million included by Representative Bonamici in the House appropriations.
- \$20 million requested by senators Wyden and Merkley Senate appropriations.
- \$75 million requested from State infrastructure funding.
- Healthcare savings
- WIFIA draws

# WAYS TO PARTICIPATE

## Written Comments

- Online form at [www.tvwd.org/rates](http://www.tvwd.org/rates)
- Email [board@tvwd.org](mailto:board@tvwd.org)
- US mail to TVWD (1850 SW 170<sup>th</sup> Ave, Beaverton OR 97003)
- Written comment period ends August 25, 2022

## Online Open Houses

- Talkin' Water Series
  - Tuesday, August 9, 2022 at noon
  - Recordings available on TVWD's YouTube Channel

## In-Person Open House

- Open House
  - Saturday, August 13, 2022 at 9:00 am
  - TVWD's headquarters at 1850 SW 170<sup>th</sup> Ave, Beaverton, OR 97003

## Board Meetings

- Online Public Hearing
  - August 17, 2022 at 6:00 pm
- Online Board Meeting
  - September 21, 2022 at 6:00 pm
- To participate
  - Contact [Debbie.carper@tvwd.org](mailto:Debbie.carper@tvwd.org) for meeting link

[www.tvwd.org/rates](http://www.tvwd.org/rates) for details, links



# YOUR TURN! ANY QUESTIONS?



Tom Hickmann, PE  
Chief Executive Officer



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