



TUALATIN VALLEY
WATER DISTRICT

Budget Workshop #1

Meeting Minutes

April 18, 2023

REGULAR SESSION – 6:02 p.m.

CALL TO ORDER

Commissioners Present: Jim Doane, PE; Jim Duggan, PE; Carl Fisher; Elliot Lisac, Todd Sanders, PhD

Budget Committee Members Present: Carlo Peratoner, Craig Hopkins, John Velehradsky, PE (Retired), Marilyn McWilliams, Mike Whiteley, PE

Staff Present: Tom Hickmann, Chief Executive Officer; Paul Matthews, Chief Financial Officer; Pete Boone, PE, Chief Operating Officer; Dave Kraska, PE, Water Supply Program Director; Andrew Carlstrom, Customer Service Manager; Tim Boylan, IT Services Director; Kylie Bayer, HR Director; Sam Kaufmann, District Recorder

WELCOME AND INTRODUCTIONS BY THE CHIEF EXECUTIVE OFFICER

Tom Hickmann welcomed the budget committee and introduced Paul Matthews as the budget officer.

BUDGET COMMITTEE ORIENTATION

Paul Matthews presented the 2023-25 budget process and presented staff goals, as well as budget trends and assumptions.

PRESENTATIONS BY DEPARTMENTS/DIVISIONS

- **WATER SUPPLY – DAVID KRASKA, PE, WATER SUPPLY PROGRAM DIRECTOR**

David Kraska presented information on the Water Supply Program (WSP) and outlined his department's budgetary requests.

John Velehradsky was concerned about the availability of staff to implement the WSP. Mr. Kraska replied that staff will systematically plan for a smooth staffing transition as the WSP nears completion.

- **ENGINEERING AND OPERATIONS – PETER BOONE, PE, CHIEF OPERATING OFFICER**

Peter Boone presented information on the Engineering and Operations Department and outlined his department's budgetary requests.

Marilyn McWilliams was concerned with the current number of staff in the Engineering and Operations Department. Mr. Boone replied, TVWD will be working with the city of Hillsboro for additional staff support.

ADJOURNMENT

There being no further business, President Sanders adjourned the meeting at 7:30 p.m.

Todd Sanders, President

Jim Doane, Secretary





TUALATIN VALLEY
WATER DISTRICT

2023-25 Biennial Budget Committee Workshop

Tour: April 11, 2023



Workshop #1: April 18, 2023

Workshop #2: May 9, 2023

Budget Committee Meeting and Public Hearing: May 31, 2023

April 18, 2023

Welcome from CEO

Citizens Budget Committee

District Citizens

Craig Hopkins

John Velehradsky, P.E., (Retired)

Marilyn McWilliams

Mike Whiteley

Carlo Peratoner

Board of Commissioners

Carl Fisher

Elliott Lisac

Jim Doane, P.E.

Jim Duggan, P.E.

Todd Sanders, PhD.

As of March 31, 2023

Budget Committee Workshop #1 Agenda

Opening

- Brief comments from the Budget Officer
- Review of workshop goals

Overview of Department Requests

- Water Supply Program
- Engineering & Operations

Closing

- Questions
- Next steps and adjournment

Budget Committee Workshop #1 Agenda

Overall Goals

- Discuss assumptions for budget request
- Address questions from the Budget Committee
- Do not deliberate or make decisions

Priorities for the Coming Biennium

Human Investment

- Prepare employees to be successful in meeting the future requirements of the District.

Intergovernmental Relations

- Improve relationships with local governments and neighboring utilities to solidify TVWD as a necessary and desired regional resource.

Business Intelligence

- Improve planning and the District's ability to respond by developing actionable information from disparate sources of data.

Efficiency Through Modernization

- Improve the service levels provided to our customers and find long-term strategies to lower the cost of doing so.

Current Initiatives

- Successfully execute and complete the initiatives currently underway.



Budget Process and Highlights

Oregon Local Budget Process

Requested Budget

- Management develops department-level requests

Proposed Budget

- Budget officer prepares Proposed Budget for Budget Committee Action

Approved Budget

- Budget Committee approves budget in for consideration for Adoption

Adopted Budget

- Board of Commissioners adopts budget and sets appropriations

Oregon Local Budget Appropriations Categories

Types of Appropriations

- Personnel Services
- Materials & Services
- Capital Outlay
- Special Payments
- Debt Service
- Interfund Transfers
- General Operating Contingency

Older Budget Hierarchy

TVWD

Funds

Appropriations Categories

Personnel
Services

Materials &
Services

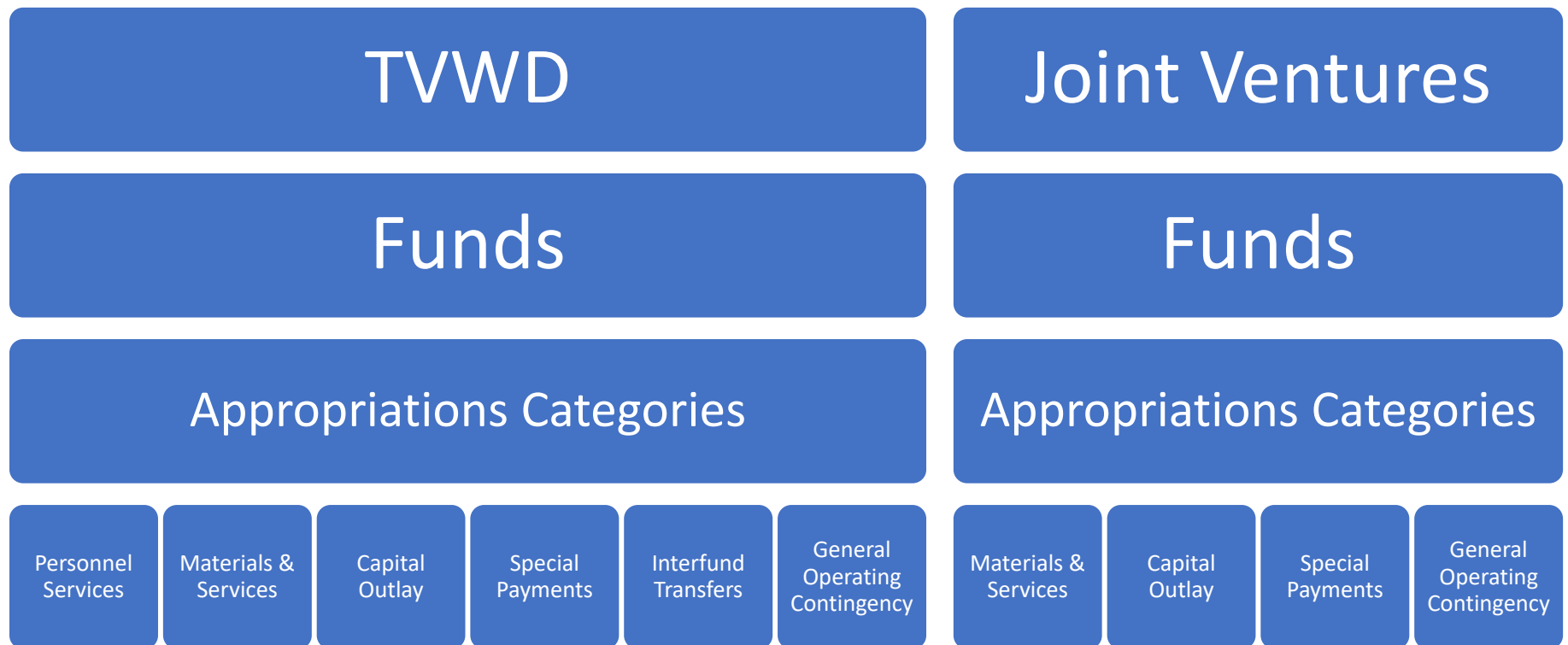
Capital Outlay

Special
Payments

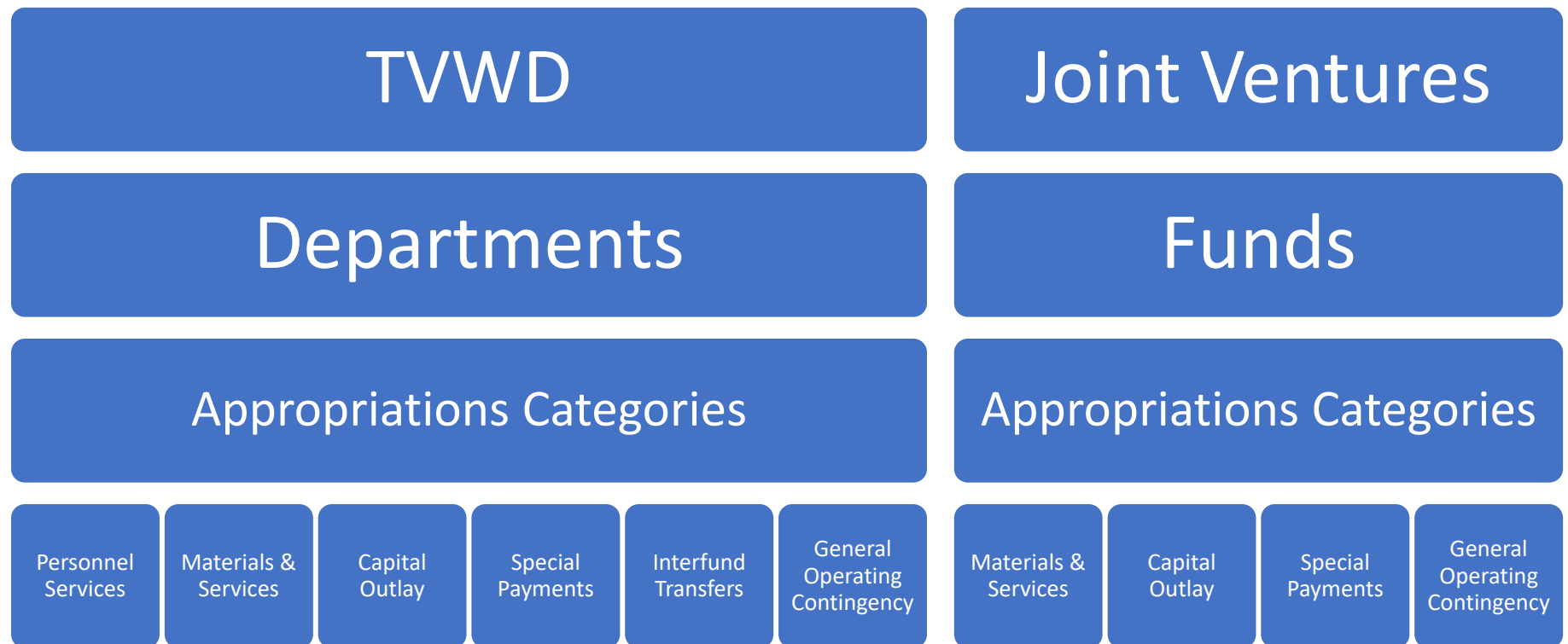
Interfund
Transfers

General
Operating
Contingency

Newer Budget Hierarchy



Budget Preparation Hierarchy



Budget Updates

Key Budget Trends

- Inflation is affecting budgets for both operating and capital expenditures
- Portland estimates TVWD's wholesale rate will increase 26% in first year of biennium and approximately 5.5% in second year
- Cost of employee benefits are below inflationary trend
- As planned, significant activity in the Willamette Water Supply System projects
- Continue to verify assumptions

Questions and Answers



Water Supply

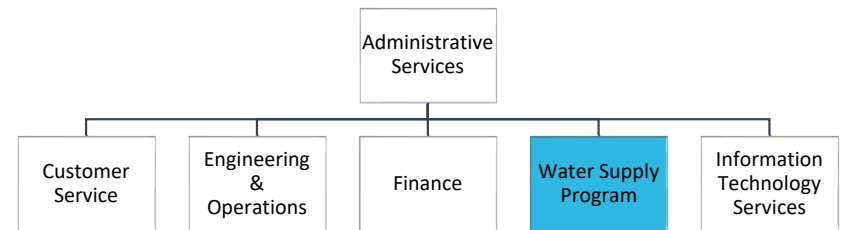
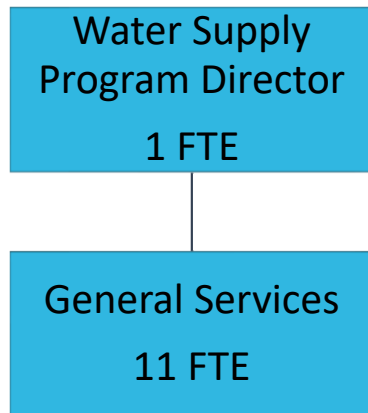




Water Supply Program Department

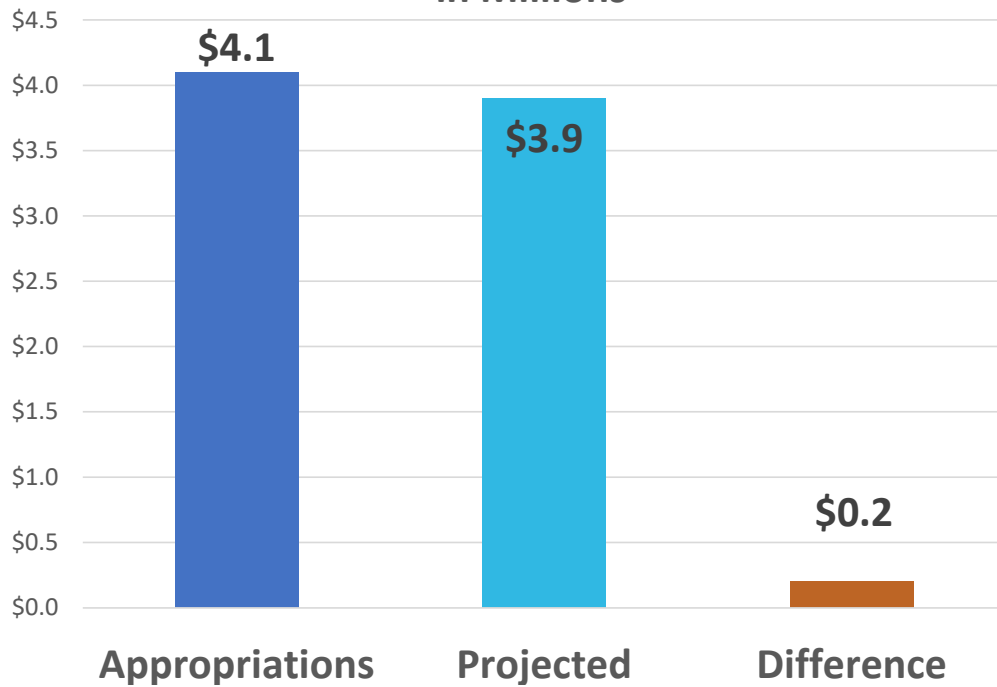
Dave Kraska, P.E.
WWSP Program Director

Water Supply Program



Water Supply Program Budget and Staffing

2021-2023 Budget
in Millions



Full-Time Equivalents

Authorized	Actual	Difference
12	10	2

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.



Willamette Water Supply
Our Reliable Water

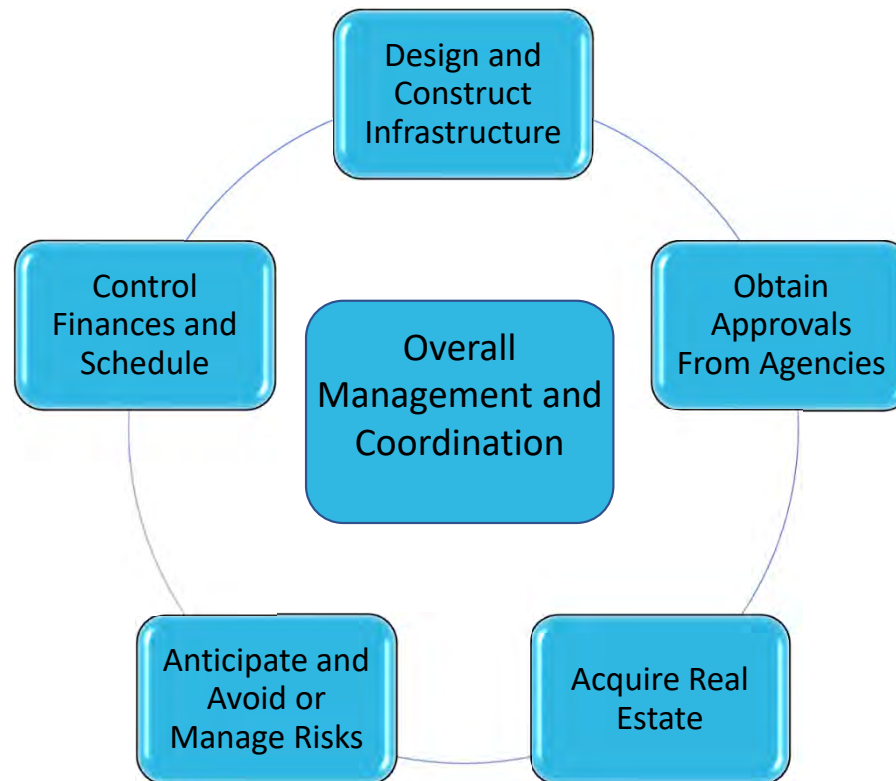
Willamette Water Supply System (WWSS) Overview

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



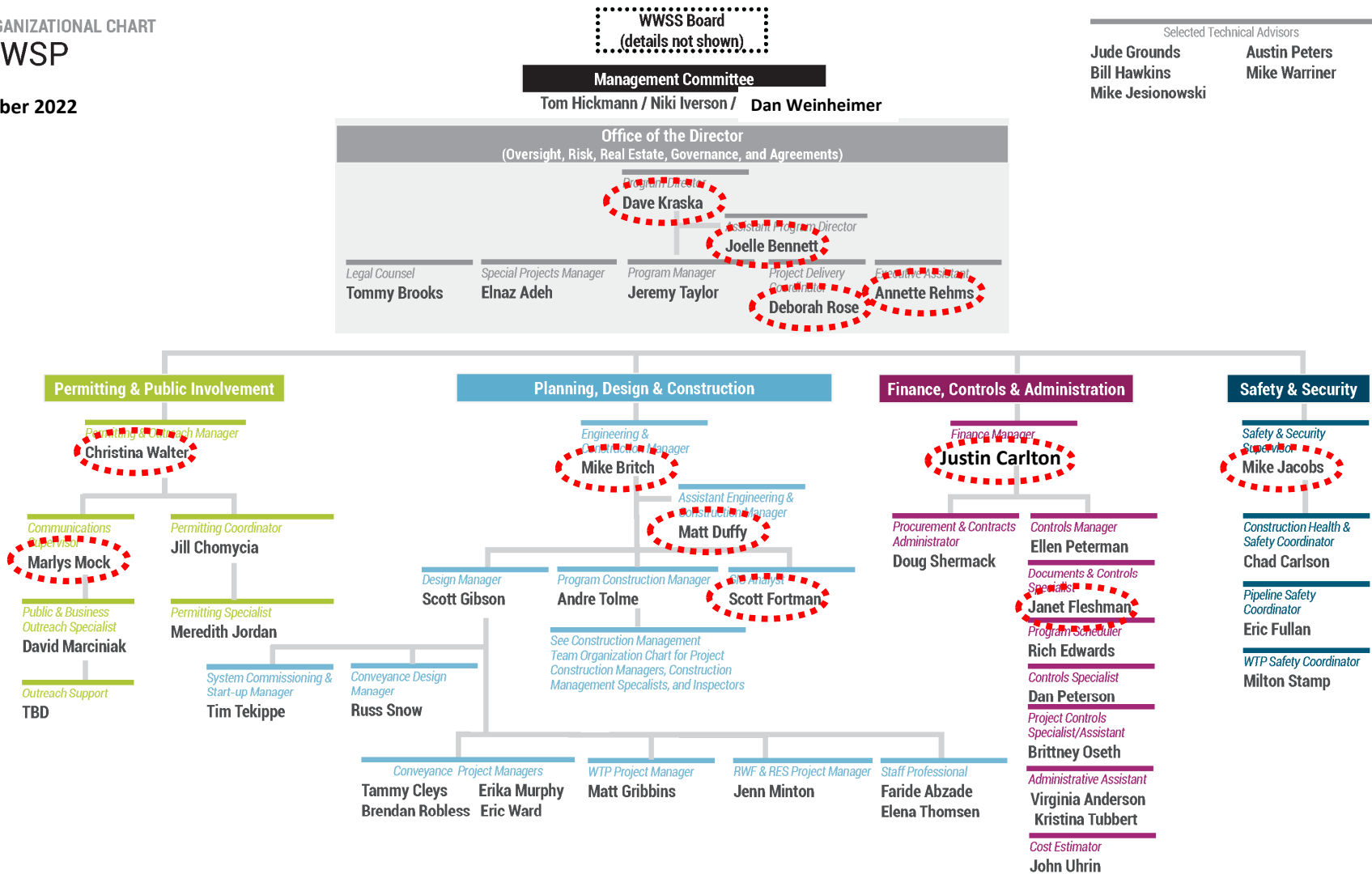
Willamette River flows north from Eugene to the Columbia River.

Completing the Program = completing and managing interrelated tasks



ORGANIZATIONAL CHART
WWSP

October 2022

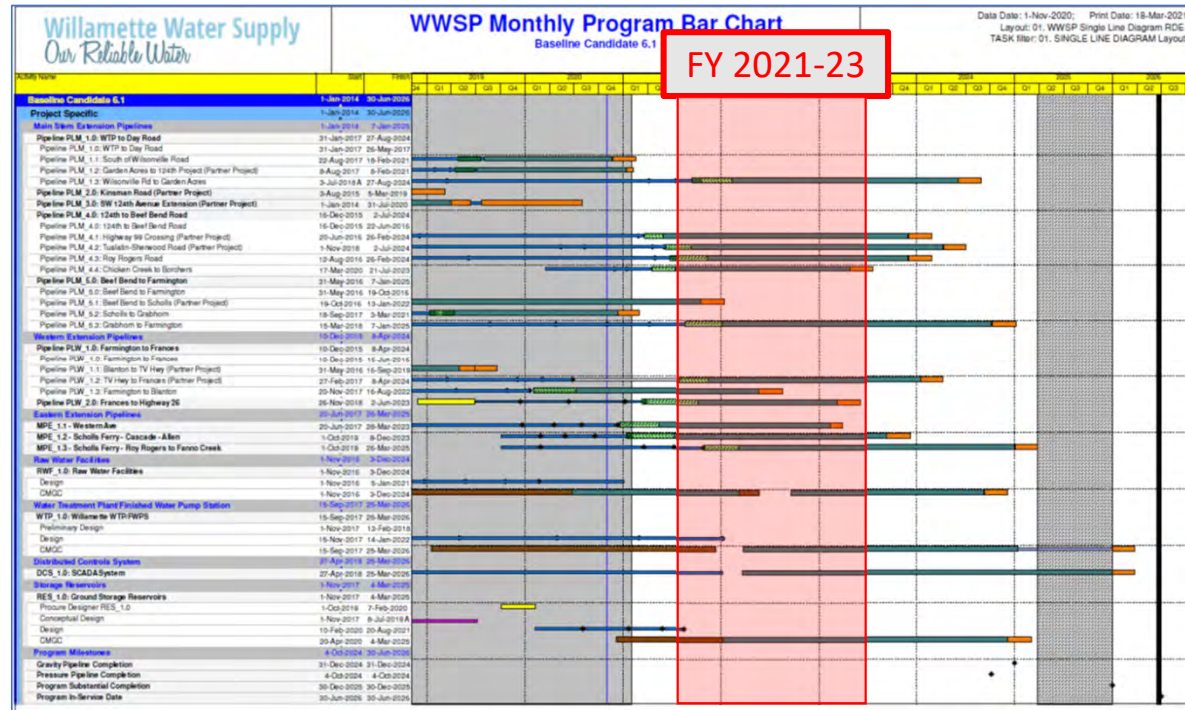


Selected Technical Advisors
 Jude Grounds
 Bill Hawkins
 Mike Jesionowski
 Austin Peters
 Mike Warriner



WWSS Work Completed During FY 2021-23

- Completed design and bidding
- Advanced construction of 16 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
- Advanced Planning
 - Water supply integration
 - Commissioning and start-up
 - Operations



Construction Update

Completed projects

PLW_1.1
(South Hillsboro)

PLM_5.2
(Scholls Ferry/Tile Flat)

PLM_5.1
(Roy Rogers Rd.)

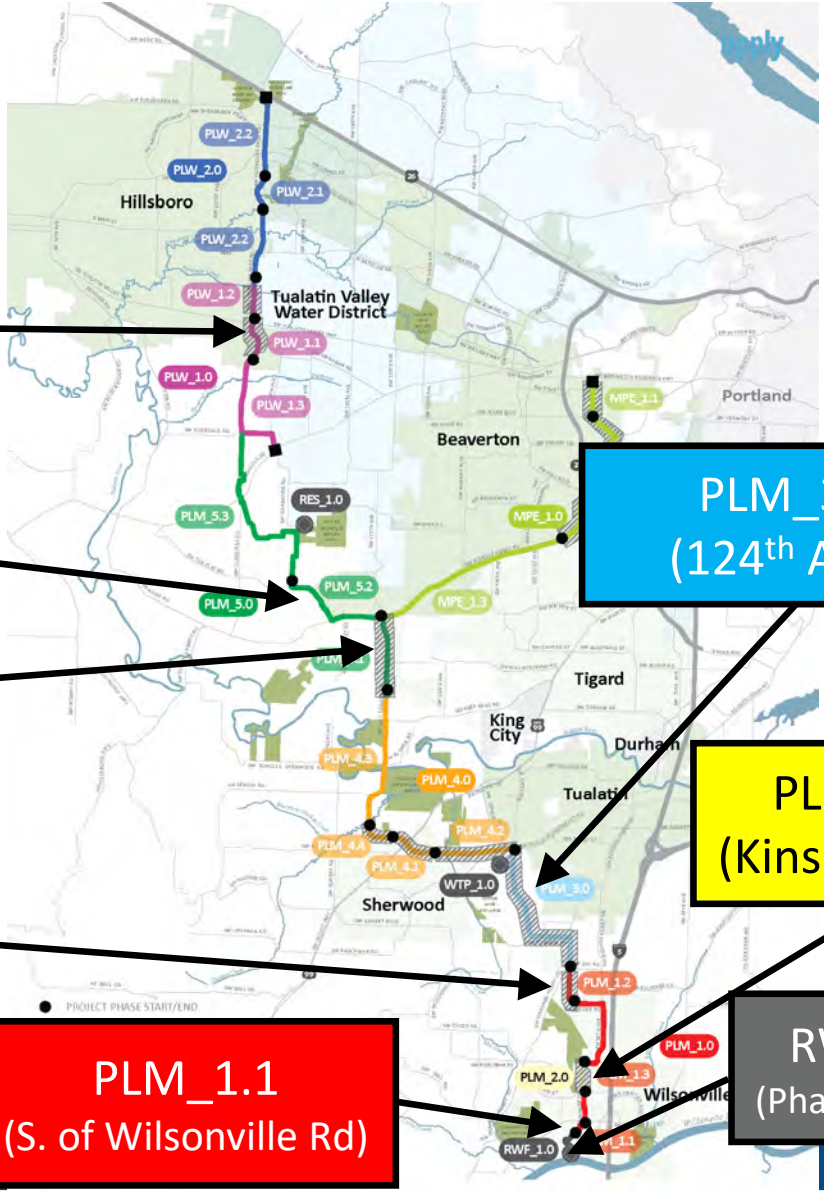
PLM_1.2
(Garden Acres Rd)

PLM_1.1
(S. of Wilsonville Rd)

PLM_3.0
(124th Ave.)

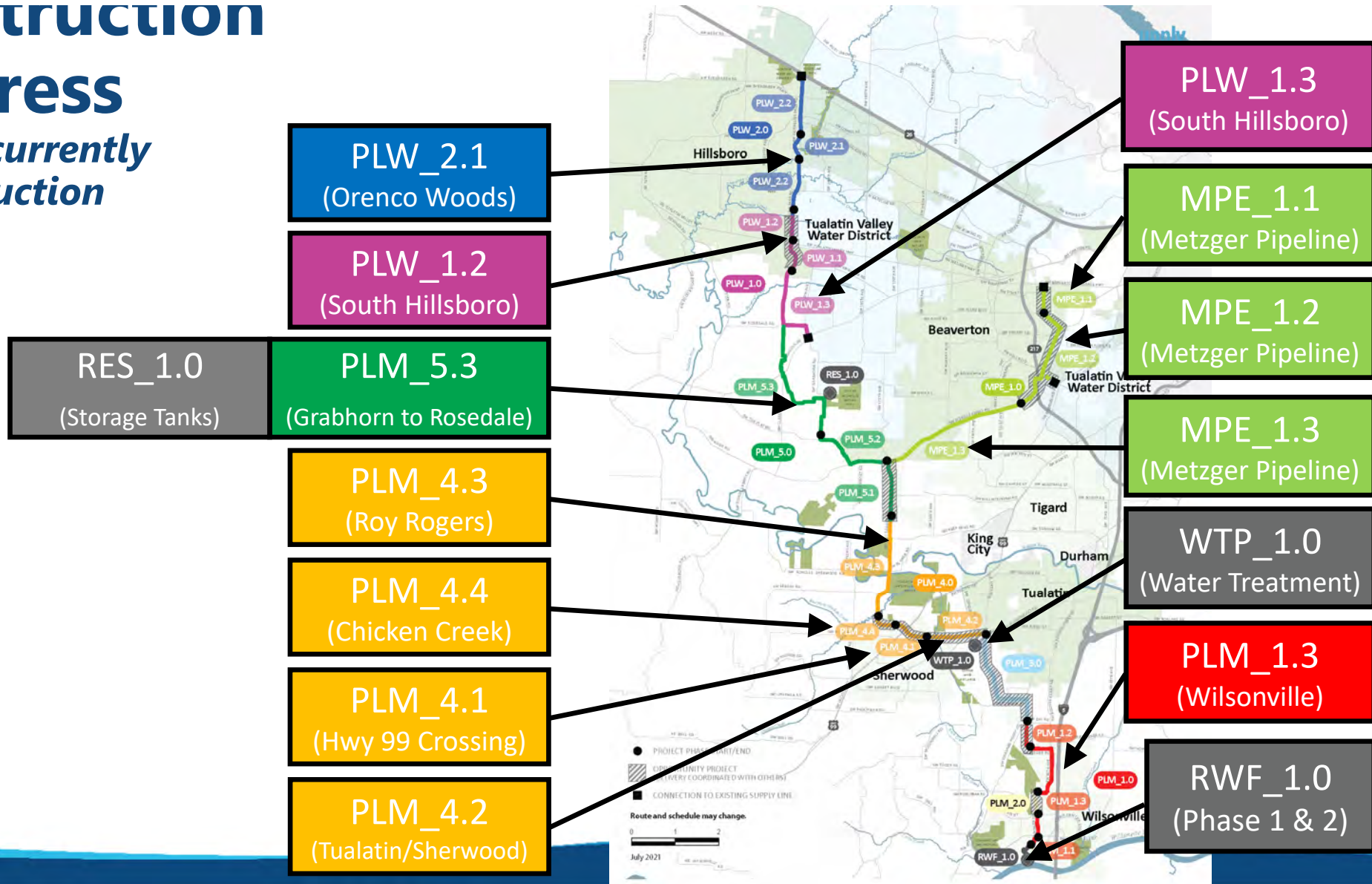
PLM_2.0
(Kinsman Rd.)

RWF_1.0
(Phases 1 & 1.5)



Construction Progress

Projects currently in construction



Construction Photos – RWF_1.0

Upper Site



Construction Photos – RWF_1.0

Upper Site:
Under-slab
electrical conduit
work at Electrical
Building.



Construction Photos - PLM_1.3

Installation of
“slide-rail”
shoring system
for tunneling
shaft at
Wilsonville Rd.



Construction Photos - WTP_1.0

Clearwell Area 35 and
FWPS Area 53



Construction Photos - WTP_1.0

WTP site looking southwest



Construction Photos – PLM_4.1

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



Construction Photos – PLM_4.4

Road widening along the south side of Roy Rogers Rd. Sound walls are complete, curb and sidewalk are being constructed.



Construction Photos – PLM_4.3

Microtunneling
operation on south
side of Tualatin River



Construction Photos – RES_1.0

66-inch inlet and outlet
pipe installation at
Reservoir



Construction Photos – PLM_5.3

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



Construction Photos – PLM_5.3

66-inch waterline
installation near Staging
Area #1



Construction Photos – MPE_1.1

16" COB water main
construction on Western Ave.



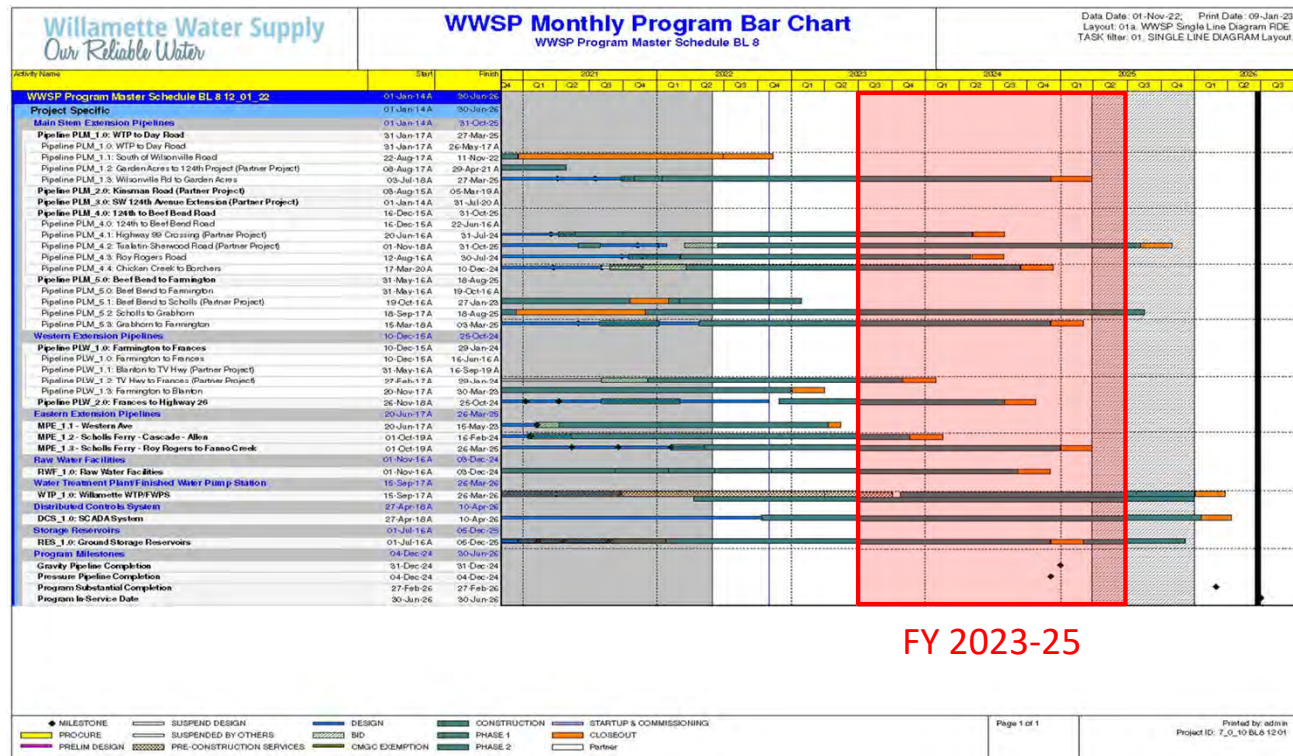
Construction Photos – MPE_1.3

Night work on Scholls Ferry Rd. near Conestoga Dr.

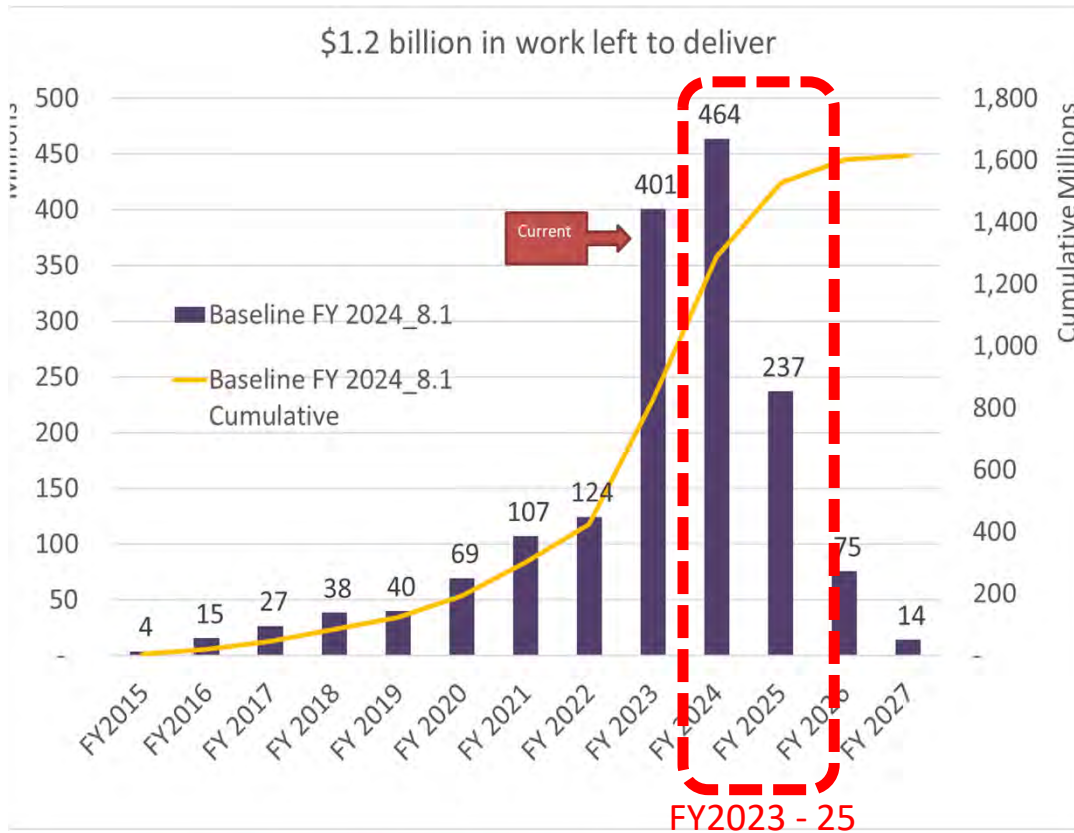


Program Work Planned for FY 2023-25

- Advance / Complete construction
 - Construction management
 - Permit compliance monitoring
- Continue program management
 - WIFIA compliance and loan programs
 - Safety program
 - Communications and outreach program
 - Development of financial procedures
- Continue acquisitions
 - Real estate
 - Permits and approvals
- Prepare for operations
 - Staffing planning (hiring, training)
 - Commissioning and start-up
 - Water supply integration
 - Communications



Capital Spend Will Continue to Be High

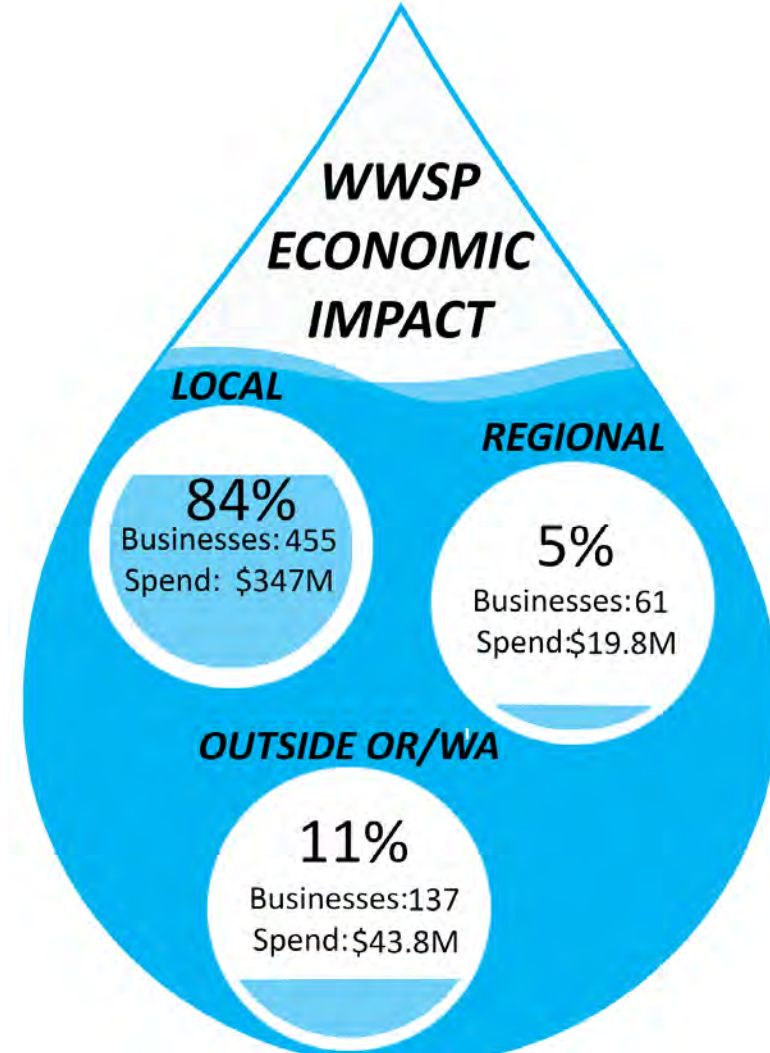


Influencers

- Demand on WWSS partner agency staff and resources
- Reliance on regional partners for delivering projects
 - WCLUT
 - PGE
- Effects on stakeholders
 - Ratepayers
 - Property owners and businesses
 - Motorists, pedestrians, and cyclists
- Challenging economic climate
 - Competition for regional construction resources
 - COVID-related supply chain issues
 - Inflation
- Need for jurisdictional approvals and properties
 - Important permits and approvals
 - Several easements
- Environment of continual change

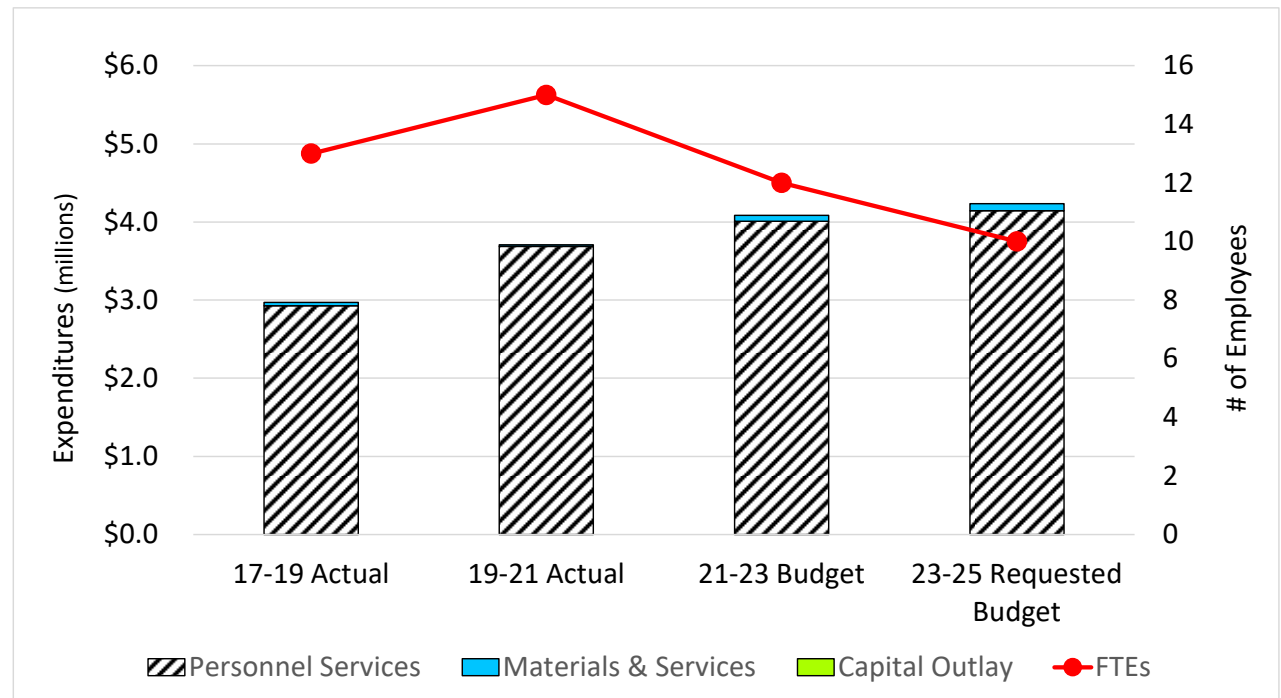
Notable Topics: Business Utilization

To date, 84% of money spent has gone to local employees and goods and services.



Water Supply Program Department Operating Budget

- Complete design work and related activities
- Initiate and advance 16 construction projects
- Continue planning for operations and system integration



Water Supply Program Department Summary by Appropriation Category

Appropriations Category	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
Personnel Services	\$4,007,052	\$4,142,977	\$135,925	3.4%	1.7%
Materials & Services	76,990	90,437	13,447	17.5%	8.4%
Capital Outlay	0	0	0	0.0%	0.0%
Department Totals	\$4,084,042	\$4,233,414	\$149,372	3.7%	1.8%

2023-25 WWSS COMMISSION BIENNIUM BUDGET ACTIVITIES

WWSS Commission Summary by Appropriation Category

Appropriations Category	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
Personnel Services	\$0	\$0	\$0	0.0%	0.0%
Materials & Services	2,343,405	2,698,100	354,695	15.1%	7.3%
Capital Outlay	452,289,650	651,226,029	198,936,379	44.0%	20.0%
Department Totals	\$454,633,055	\$653,924,129	\$199,291,074	43.8%	19.9%

WWSS Requested Capital Outlay 2023-25 Biennium

Resources	
TVWD	\$385,256,054
Other Partners	265,969,974
Total Resources	\$651,226,029
Requirements	
Capital Outlay	\$651,226,029
Total Requirements	\$651,226,029

2023-25 WIF COMMISSION BIENNIUM BUDGET ACTIVITIES

WIF Commission Summary by Appropriation Category

Appropriations Category	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
Personnel Services	\$0	\$0	\$0	0.0%	0.0%
Materials & Services	1,066,921	788,485	(278,436)	-26.1%	-14.0%
Capital Outlay	7,590,657	11,000	(7,579,657)	-99.9%	-96.2%
Department Totals	\$8,657,578	\$799,485	(\$7,858,093)	-90.8%	-69.6%

Questions and Answers





ENGINEERING AND OPERATIONS DEPARTMENT

Peter Boone, PE, PLS
Chief Operating Officer

ENGINEERING AND OPERATIONS

- What we do
- How we're staffed
- What we've done
- What we'll do in 23-25



TVWD Operators performing maintenance on a hydrant

E&O DEPARTMENT OBJECTIVES AND PRIORITIES

Our water sustains thriving communities – every day for everyone



We deliver water
and minimize
service
disruptions



We plan for
the future of
TVWD



We maintain
compliance with
all applicable
regulations

WE DELIVER WATER AND MINIMIZE SERVICE DISRUPTIONS

How do we achieve this?

- Maintain our assets to get maximum value and useful life
- Replace them at the right time, in the right location, and with the right capacity
- Identify and mitigate risks proactively





WE PLAN FOR THE FUTURE OF TVWD

Being fully prepared for WWSS startup, commissioning, operation, and supply integration is critical

- Staff must be familiar with the WWSS system and operational strategies
- Assets must be maintained in a state of readiness
- TVWD's distribution system must be ready for supply conversion
 - Critical CIP efforts are done, essential flushing is complete, and staff are ready for the introduction of water from the WWSS



WE PLAN FOR THE FUTURE OF TVWD

Long-term, strategic thinking and planning

- System capacity, reliability, and water quality are at the forefront of planning
- Resiliency – meeting Oregon Resilience Plan goals by 2064
- Expansion of services provided
- Staffing – succession planning, training, and employee retention

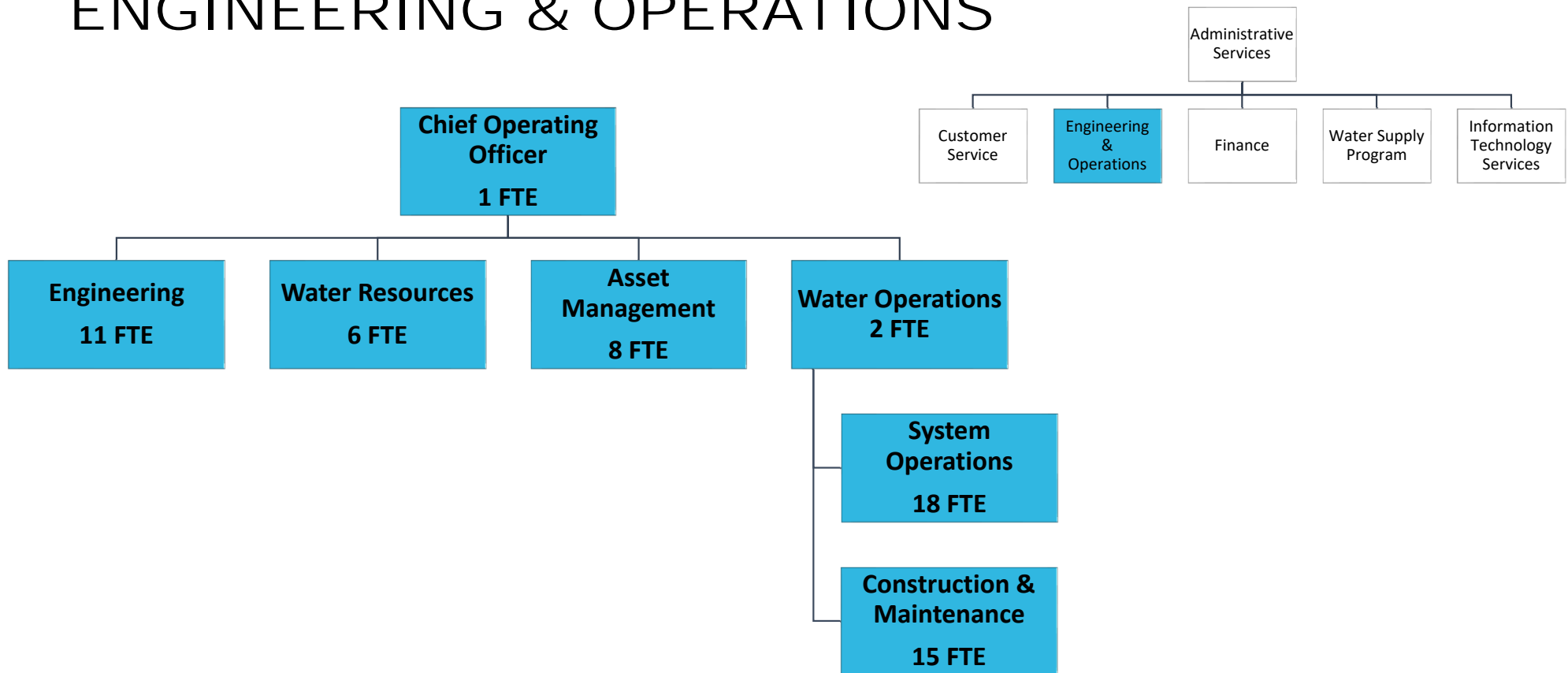
WE MAINTAIN COMPLIANCE WITH ALL APPLICABLE REGULATIONS

Water quality monitoring, permitting, and overall reporting

- Support existing monitoring efforts
- We're proactive in addressing and implementing forthcoming regulations (e.g., lead, PFAS)
- Permitting is part of project management, not an afterthought
- Reporting is completed on time

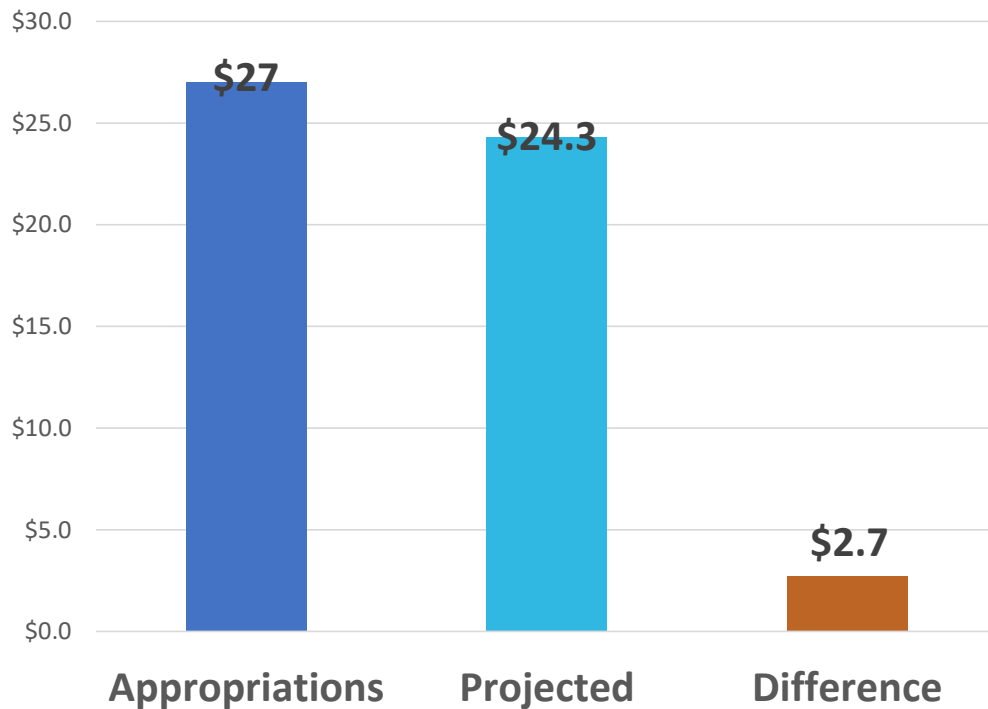


ENGINEERING & OPERATIONS



Engineering/Operations Budget and Staffing

2021-2023 Budget
in Millions

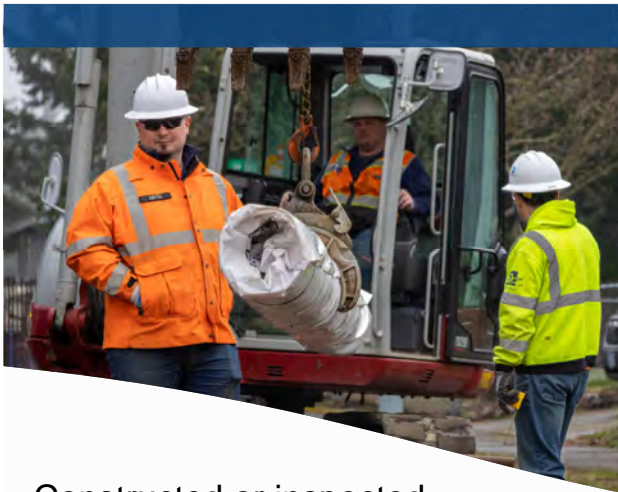


Full-Time Equivalents

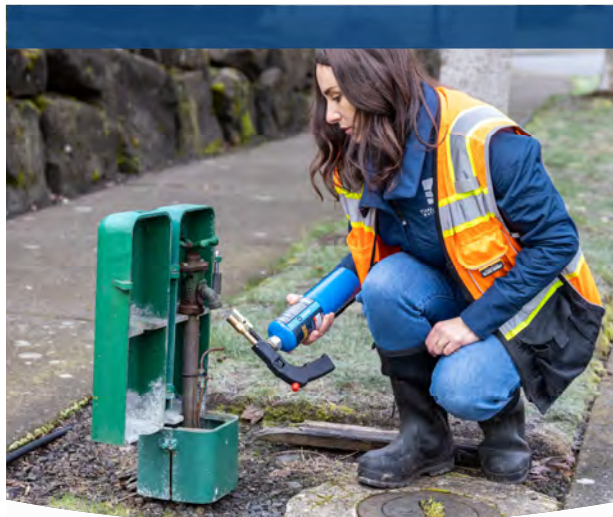
Authorized	Actual	Difference
61	61	0

ENGINEERING & OPERATIONS 2021-23 ACCOMPLISHMENTS

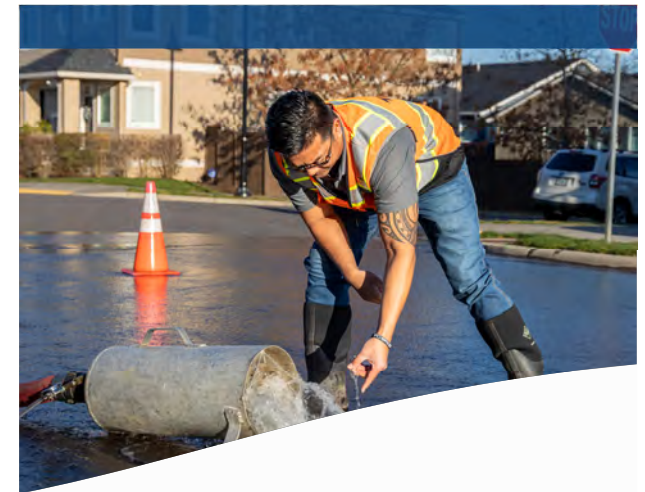
Core objectives, projects, and actions during this budget cycle



- Constructed or inspected over 5 miles of water mains
- CIP execution and adjustments
- Cornelius Pass and Center Street facility repairs



- Asset Management Framework
- Shifting FTEs and filling key staff roles
- Proactive implementation of EPA's Lead and Copper Rule Revisions (i.e., service line inventory)



- WWSS WSI, CSU, and Integration Task Force planning
- WWSS Operations Planning and SOP development

CAPITAL IMPROVEMENT PLAN 2021-23 ACCOMPLISHMENTS

CIP progress made during the current biennium

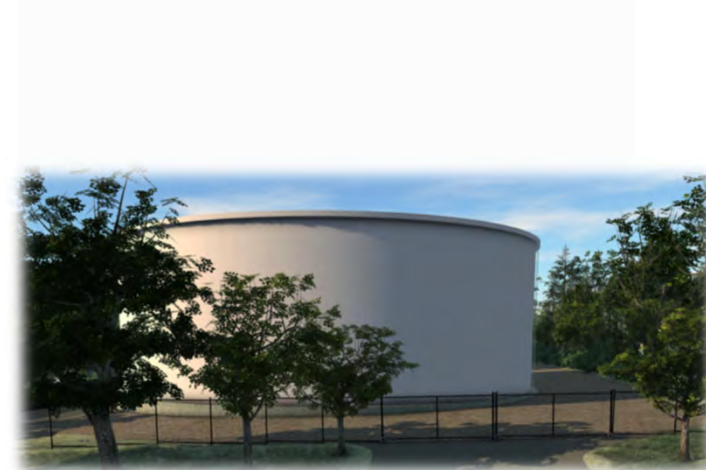


- Farmington Fluoride Facility design and construction
- Barnes Pump Station construction



Improving system resiliency in the Cooper Mountain area

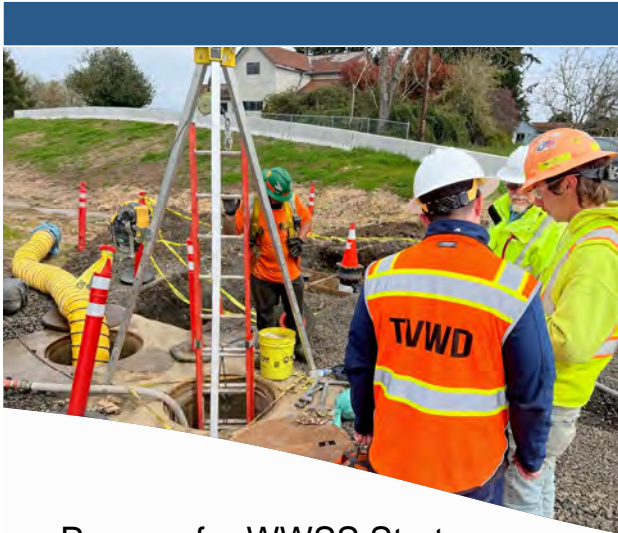
- 189th Pump Station progress
- Kemmer Intertie



- Taylor's Ferry design and FEMA grant
- SCADA Master Plan implementation

ENGINEERING & OPERATIONS 2023-25 PRIORITIES

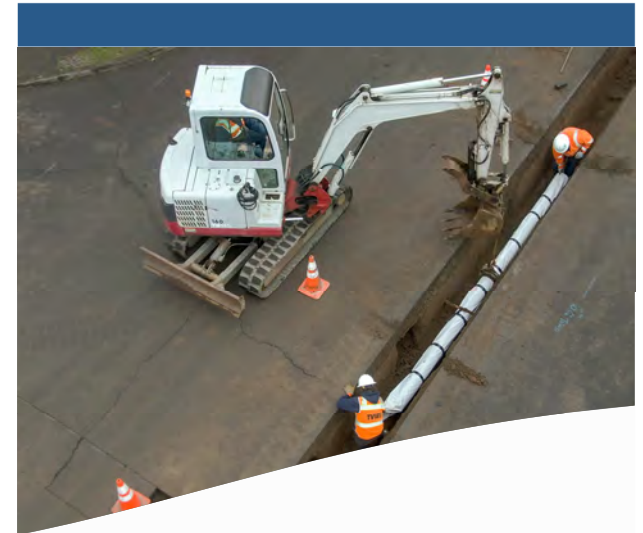
Core objectives, projects, and actions during this budget cycle



- Prepare for WWSS Start-up, Commissioning, and Operation
- Prepare distribution system for supply integration

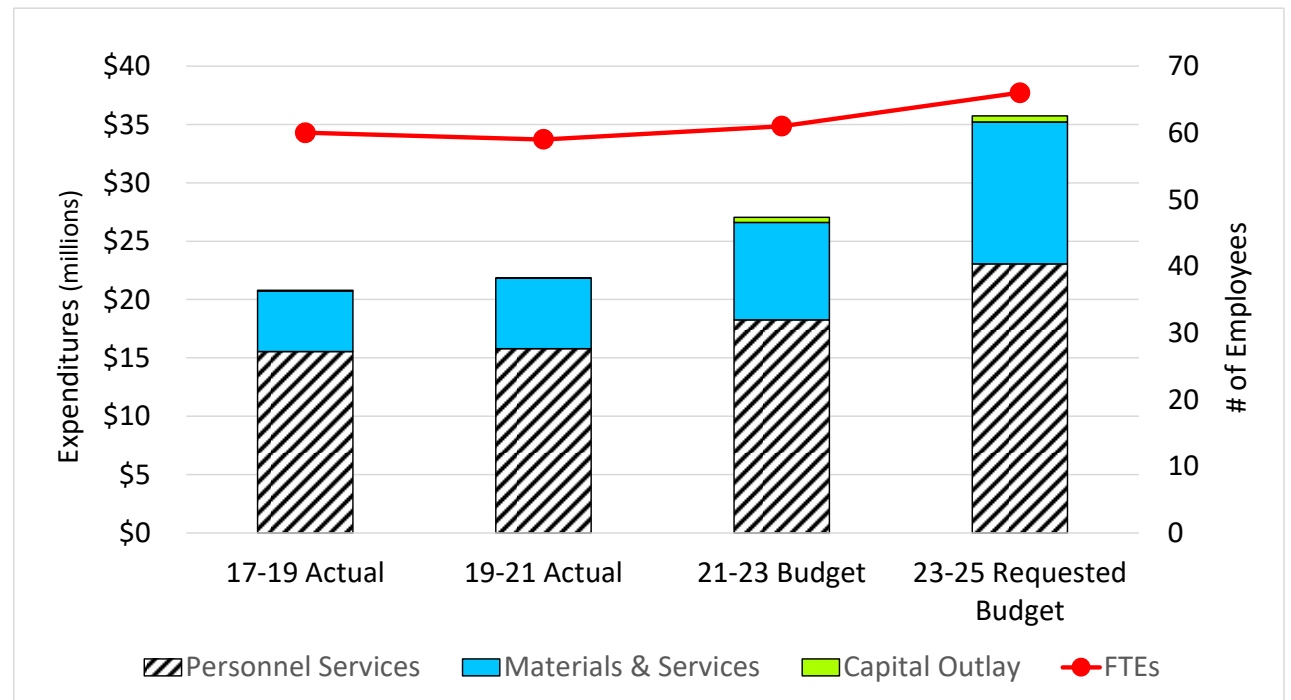


- Develop new Water Master Plan with new Water Management and Conservation Plan (WMCP)
- Complete service line investigations under new EPA requirements



- Mains replacements
- Project Management Initiative
- Complete SCADA Master Plan recommended improvements

Engineering and Operations Operating Budget



PROPOSED NEW STAFF IN E&O

1 System Operations Supervisor

3 Water Works Operators

1 Water Quality Specialist

- WWSS startup, commissioning, supply integration, operation, and maintenance
- Distribution system maintenance and operation
- Water quality regulatory compliance support



Requested Personnel Services

Division	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
General Services	\$572,291	\$557,104	(\$15,187)	(2.7%)	(1.3%)
System Operations	5,789,431	8,765,889	2,976,458	51.4%	23.0%
Engineering	3,142,702	3,699,046	556,344	17.7%	8.5%
Water Resources	1,519,250	2,104,052	584,802	38.5%	17.7%
Asset Management	2,504,877	2,893,046	388,169	15.5%	7.5%
Water Operations	573,517	676,033	102,516	17.9%	8.6%
Construction & Maint.	4,156,152	4,354,628	198,476	4.8%	2.4%
Department Totals	\$18,258,220	\$23,049,798	\$4,791,578	26.2%	12.4%

Requested Materials & Services

Division	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
General Services	\$1,985,581	\$3,650,952	\$1,665,371	83.9%	35.6%
System Operations	955,150	1,350,900	395,750	41.4%	18.9%
Engineering	15,500	23,900	8,400	54.2%	24.2%
Water Resources	1,363,301	2,283,342	920,041	67.5%	29.4%
Asset Management	2,424,246	2,644,649	220,403	9.1%	4.4%
Water Operations	181,500	200,950	19,450	10.7%	5.2%
Construction & Maint.	1,421,000	2,006,000	585,000	41.2%	18.8%
Department Totals	\$8,346,278	\$12,160,693	\$3,814,415	45.7%	20.7%

Requested Capital Outlay

Division	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
General Services	\$434,000	\$522,500	\$88,500	20.4%	9.7%
Department Totals	\$434,000	\$522,500	\$88,500	20.4%	9.7%

Engineering and Operations Department Summary by Division

Division	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
General Services	\$2,991,872	\$4,730,556	\$1,738,684	58.1%	25.7%
System Operations	6,744,581	10,116,789	3,372,208	50.0%	22.5%
Engineering	3,158,202	3,722,946	564,744	17.9%	8.6%
Water Resources	2,882,551	4,387,394	1,504,843	52.2%	23.4%
Asset Management	4,929,123	5,537,695	608,572	12.3%	6.0%
Water Operations	755,017	876,983	121,966	16.2%	7.8%
Construction & Maint.	5,577,152	6,360,628	783,476	14.0%	6.8%
Department Totals	\$27,038,498	\$35,732,990	\$8,694,492	32.2%	15.0%

Engineering and Operations Department Summary by Appropriation Category

Appropriations Category	2021-23 Budget	Requested Budget	Change	Percent Change	Annualized Percent
Personnel Services	\$18,258,220	\$23,049,798	\$4,791,578	26.2%	12.4%
Materials & Services	8,346,278	12,160,693	3,814,415	45.7%	20.7%
Capital Outlay	434,000	522,500	88,500	20.4%	9.7%
Department Totals	\$27,038,498	\$35,732,990	\$8,694,492	32.2%	15.0%

Questions and Answers



CIP PROCESS

- Water Master Plan
- Asset condition assessments
- Operations and Maintenance staff input
- Other Agencies (WACO Transportation, ODOT)



CIP PRIORITIZATION

Criteria	TVWD Desired Results as defined in the Strategic Plan				
	1. The Water Supply Meets Community Needs and Expectations	2. The Community Is Confident in Our Water, Service and Employees	3. We Are Good Stewards of Our Financial Resources	4. We Are Good Stewards of Natural Resources	5. We Are Good Stewards of Our Own Assets and Resources (People & Physical Assets)
Impact on Economically Disadvantaged Communities	X	X	X	X	X
Seismic Resiliency	X	X	X	X	X
Improvements to Meet Water System Standards	X	X	X	X	X
Criticality	X	X	X	X	X
Required by Outside Agency	X	X			
Regional Partnerships	X	X	X		
Environmental Benefits	X	X		X	X
Financial & Economic Benefits	X	X	X		X

PROJECT CATEGORIES

Source: WWSS, WIF, JWC

Source: TVWD

Storage

Pump Stations

Pipelines

Facilities and Fleet



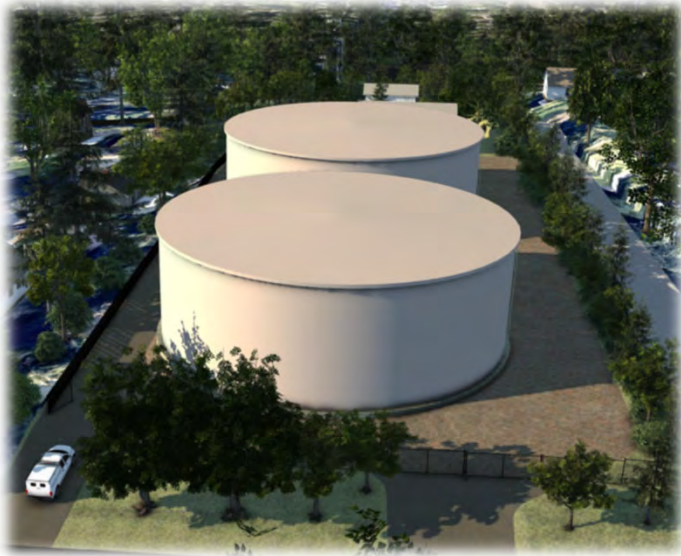
CAPITAL IMPROVEMENT PLAN 2023-25 KEY PROJECTS

CIP projects that must be completed during the upcoming biennium

- Preparing the TVWD system for WWSS
- Metzger Pipeline East
- Florence Lane Pump Station improvements & Reservoir Coatings
- Taylors Ferry Reservoirs & Site Seismic Improvements
- Kemmer Road Intertie
- 189th Pump Station & Pipeline
- Farmington Fluoride & Flow Control Facility
- Implement SCADA Master Plan including Shakealert
- Mains replacements
- Pipeline Upgrades – Agency Driven

TAYLORS FERRY RESERVOIRS AND SITE SEISMIC IMPROVEMENTS

- Located in Metzger
- Built in 1964 and 1975
- Seismic upgrade to two 1.75 MG prestressed tanks
- Pump Station to serve upper pressure zone
- Upgraded on-site piping
- \$12 million FEMA Hazard Mitigation Funding
- Total project cost = \$21.7 million



FARMINGTON FLUORIDE AND FLOW CONTROL FACILITY

WWSS turnout with 6.5 MGD initial capacity; 17 MGD ultimate capacity

Total project cost = \$8 million



189TH PUMP STATION & PIPELINE



- Designed and constructed in 1980s prior to seismic codes
- Recent pump failures
- Peak demands now require all 4 pumps
- Single feed to all elevated portions of Cooper Mountain service area
- Combining 189th & Goyak into a single pump station
- Total project cost = \$10.5 million

KEMMER RD 24-INCH CONNECTION TO BEAVERTON



- Intertie between TVWD & Beaverton for resilience
- Both systems rely on single feed to serve these areas
- 1,500 feet of 24-inch pipe
- Potential rock excavation
- Beaverton constructing the control vault and connection to their main
- Total project cost = \$2.15 million

2023-25 CIP SUMMARY

Category/Description	2023-2025 Totals
Source	\$4.7
Storage	21.0
Pump Stations	16.0
Pipelines	
Agency-Driven Pipeline Upgrades & Renewals	8.5
Metzger Pipeline East (WWSP)	49.3
All Other Pipelines	11.1
Valves and Vaults	2.3
Facilities	3.1
Fleet Replacements	1.9
CIS	0.0
Meters & Services	13.0
Biennial Total	\$130.8

Note: Values in millions.

6-YEAR CIP SUMMARY

Source Projects

Center St Facility Seismic Improvements

Storage Projects

Rosander Reservoir #2

Pump Stations

Rosander Pump Station

Cooper Mountain Pump Station

Pipelines

Mains replacements

- **Agency-driven**
- **Development-driven**

Fireflow improvements

Category/Description	6-year Totals
Source	\$9.5
Storage	26.6
Pump Stations	29.3
Pipelines	
Agency-Driven Pipelines	13.9
Metzger Pipeline East (WWSP)	51.9
All Other Pipelines	72.1
Valves and Vaults	6.0
Facilities	6.3
Fleet Replacements	5.6
CIS	0.0
Meters & Services	36.5
6-year Total CIP	\$257.8

Note: Values in millions.

Questions and Answers



Next Steps

- Future Workshops and Meetings
 - Workshop #2: May 9, 2023
 - Budget Committee Meeting and Public Hearing: May 31, 2023

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Financial Strategies Analyzed

#	Risk Level	Description	Fiscal Year Ending ^[1]					
			2022	2023	2024 ^[2]	2025 ^[2]	2026	2027
1	Most Risk	Scenario presented at January Board Mtg.	7.5%	7.5%	7.5%	7.5%	3.6%	3.6%
2	Less Risk	Same costs as #1; build financial capacity in next biennium.	9.5%	9.5%	4.4%	4.4%	3.75%	3.75%
3	Least Risk	Same rates as #2 and reduce WWSP outlays.	9.5%	9.5%	3.6%	3.6%	3.6%	3.6%

[1] Rate adjustments projected for Nov. 1 of each fiscal year (i.e., rates adjusted on 11/1/2021 for FY2022).

[2] Scenarios 1b and 3b do not meet TVWD's net leverage target in FY2024 and FY2025, respectively.

WWSP Summary

	WIF	WWSS	MPE	Total
Resources				
TVWD	\$4,334	\$385,262,720	\$49,270,804	\$434,537,859
Other Partners	6,666	265,963,308	0	265,969,974
Total Resources	\$11,000	\$651,226,029	\$49,270,804	\$700,507,833
Requirements				
Capital Outlay	\$11,000	\$651,226,029	\$49,270,804	\$700,507,833
Total Requirements	\$11,000	\$651,226,029	\$49,270,804	\$700,507,833