



TUALATIN VALLEY
WATER DISTRICT

TVWD BOARD OF COMMISSIONERS

President Todd Sanders, PhD | Vice President Carl Fisher

Secretary Jim Doane, PE | Treasurer Elliot Lisac | Commissioner Jim Duggan

Board Work Session Agenda

October 3, 2023

WORK SESSION – 6:00 PM – TVWD HEADQUARTERS

CALL TO ORDER

ANNOUNCEMENTS

DISCUSSION ITEMS

- A. Willamette Water Supply System Commission Update. *Staff Report – David Kraska, P.E. Willamette Water Supply Program Director*
- B. Supplemental Budget for the 2023-35 Biennium. *Staff Report – Justin Carlton, Interim Chief Financial Officer*
- C. System Development Charges for Affordable Housing. *Staff Report – Clark Balfour, General Counsel*

ADJOURNMENT

EXECUTIVE SESSION

An executive session of the Board is called under ORS 192.660(2)(f) To consider information or records that are exempt by law from public inspection and ORS 40.225 attorney client privilege.

If you wish to attend this meeting remotely or in person, please email sam.kaufmann@tvwd.org or call 503-848-3094 by 4:30 p.m. on October 3, 2023.

The meeting is accessible to persons with disabilities and those who need qualified bilingual interpreters. A request for an interpreter for the hearing impaired, a bilingual interpreter or for other accommodations should be made at least 72 hours before the meeting to the contact listed above.

For online meeting information, Commissioner bios and more, visit tvwd.org.



TUALATIN VALLEY

WATER DISTRICT

Date: October 3, 2023
To: Board of Commissioners
From: David Kraska, P.E., Willamette Water Supply Program Director
Subject: Willamette Water Supply System Commission Update

Key Concepts:

The purpose of this regular presentation is to update the TVWD Board on the current activities of the Willamette Water Supply System (WWSS) Commission. Since the TVWD Board has one representative on the WWSS Commission Board, these reports provide a means of keeping the other TVWD Board members current on relevant information. The topics of this month's update are:

- A. Review the November 2023 WWSS Commission Board Meeting agenda
- B. Review the Approvals and Procurements Forecast
- C. Update on Willamette Water Supply Program (WWSP) activities

Background:

The November WWSS Commission Board meeting will be held on November 2, 2023, and the agenda for that meeting is attached to this staff report. There is one item on the Business Agenda:

- A. Approve Water Supply Integration Communications Plan, Toolkit, and Engagement Support Contract

There are three informational items on the November agenda: 1) an update on the Water Treatment Plant construction schedule, 2) a summary of the planned December Business Agenda items, and 2) a notice regarding the next regular Board meeting scheduled for December 7, 2023.

The Approvals and Procurements Forecast (Forecast) is a WWSP tool that summarizes recent decisions made, and previews decisions and approvals that are coming up in the next five months. The Forecast is divided along the various types of approvals and procurements that occur on the WWSP and the different approval levels: Program Director, WWSS Committees, and WWSS Board. At the October TVWD Board work session, we will present a review of the current Forecast that covers the months of August 2023 through February 2024.

There are fourteen projects in construction and we are continuing to make progress on other priorities including preparing for commissioning and startup of the new system. At the October TVWD Board work session, we will provide an update on our project delivery progress and on our active construction projects.

Budget Impact:

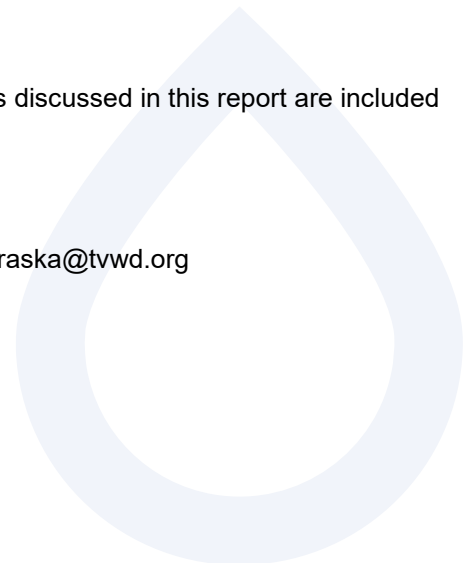
Informational item only. There are no budget impacts from this staff report. All items discussed in this report are included in WWSP Baseline 8.1 budget.

Staff Contact Information:

David Kraska, P.E.; WWSS Commission General Manager; 503-941-4561; david.kraska@tvwd.org


Attachments:

WWSS Commission November 2023 Board Meeting Agenda



WWSP Approvals and Procurements Forecast

Leadership Team Initials:

Interim Chief Executive Officer	Pon	Customer Service Manager	N/A
Chief Operating Officer	PDB	IT Services Director	N/A
Interim Chief Financial Officer	N/A	Human Resources Director	N/A
General Counsel	N/A	Water Supply Program Director	



**Willamette Water Supply System Commission
Board Meeting Agenda
Thursday, November 2, 2023 | 12:00 – 1:30 PM
Microsoft Teams Meeting**

This meeting will not be held at a physical location. If you wish to attend and need dial-in information, please contact annette.rehms@tvwd.org or call 971-222-5957 by 10:00 a.m. on November 2, 2023.

If you wish to address the WWSS Board, please request the Public Comment Form and return it 48 hours prior to the day of the meeting.

The meeting is accessible to persons with disabilities and those who need qualified bilingual interpreters. A request for an interpreter for the hearing impaired, a bilingual interpreter or for other accommodations should be made at least 72 hours before the meeting to the contact listed above.

REGULAR SESSION – 12:00 PM

CALL TO ORDER

1. GENERAL MANAGER’S REPORT – *David Kraska*

Brief presentation on current activities relative to the WWSS 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 August 3, 2023 meeting minutes

4. BUSINESS AGENDA

- A. Water Supply Integration Communications Plan, Toolkit, and Engagement Support – *Christina Walter*

5. INFORMATION ITEMS

- A. Water Treatment Plant Schedule Update – *Dave Kraska*
- B. Planned December Business Agenda items – *Joelle Bennett*
- C. The next Board Meeting is scheduled on December 7, 2023, via Microsoft Teams

6. COMMUNICATIONS AND NON-AGENDA ITEMS

- A. None scheduled

ADJOURNMENT

Approvals and Procurement Forecast: August 2023 through February 2024

This report provides a four-month projection of (1) forthcoming actions under the WWSS Management Authority Matrix and (2) ongoing and forthcoming procurements.

a = Actual date
e = Email approval
FC = Finance Committee
LCRB = Local Contract Review Board
MC = Management Committee
N/A = Not applicable
OC = Operations Committee

Rec. = Recommendation
t = Tentative date
TBD = To be determined; sufficient information not available to project a date
Note: Dates in **red text** indicate meetings needed outside the normal meeting schedule

Type	Description	Projected Action	Body/Position (projected action date)		
			Program Director	WWSS Committees	WWSS Board
Program Baseline or Related Plans (above Program Director's Authority)	1. WWSP 2024 Rebaseline Schedule and Budget and WWSS Fiscal Year 2024-2025 Work Plan and Budget	Approve	N/A	1/18/2024 t	2/2/2024 t
		Execute	N/A	N/A	N/A
Real Estate	2. None	Approve	N/A	N/A	N/A
IGAs, MOUs, Permit Commitments, & Similar Agreements	3. WTP_1.0 Financial Assurance for Sherwood Public Improvements	Approve	N/A	MC: 7/20/2023 a	N/A
		Execute	8/1/2023 a	N/A	N/A
	4. PLM_4.2 WCLUT Construction IGA Amendment	Approve	N/A	N/A	N/A
		Execute	10/2/2023 t	N/A	N/A
	5. PLM_4.3 City of Tigard Temporary Commissioning Discharge Facility IGA	Approve	N/A	1/18/2024 t	2/1/2024 t
		Execute	3/1/2024 t	N/A	N/A
Contracts (above Program Director's Authority)	6. Water Supply Integration Communication Plan, Toolkit, and Engagement Support <ul style="list-style-type: none"> Goal: Provide communications planning, materials, and public engagement support for Water Supply Integration Value: TBD 	Approve	N/A	10/19/2023 t	11/2/2023 t
		Execute	11/3/2023 t	N/A	N/A
Contract Amendments and Change Orders (above Program Director's Authority)	7. Public Outreach Services <ul style="list-style-type: none"> Goal: Provide additional public outreach during the term August 1, 2023, through June 30, 2024. Value: \$531,106.76 Contractor: Consor North America Inc. (formerly Barney & Worth) 	Approve	N/A	7/20/2023 a	8/3/2023 a
		Execute	8/4/2023 a	N/A	N/A
	8. WTP_1.0 GMP2 for Construction <ul style="list-style-type: none"> Goal: Construct WTP_1.0 which covers landscaping, asphalt, curbs/sidewalks, striping, signage, fencing, and finished water system commissioning Value: \$15-\$20 M (Estimated) Contractor: Sundt Construction 	Approve	N/A	11/02/2023 t	12/7/2023 t
		Execute	12/8/2023 t	N/A	N/A
Local Contract Review Board (LCRB) Actions	9. None	Approve	N/A	N/A	N/A
Other	10. None	Approve	N/A	N/A	N/A
		Execute	N/A	N/A	N/A



TUALATIN VALLEY

WATER DISTRICT

Date: October 3, 2023
To: Board of Commissioners
From: Justin Carlton, Interim Chief Financial Officer
Subject: TVWD Supplemental Budget for the 2023-35 Biennium

Key Concepts:

- The District issued its *Water Revenue Bonds, Series 2023* on May 31, 2023, after the Budget Committee approved the District's 2023-25 Biennial Budget.
- After analyzing the District's financial system capabilities and reviewing best practices for accounting for the use of debt proceeds, staff recommends that the District create new funds to account for each individual debt issuance and the District's system development charges (SDCs).
- As such, a supplemental budget is required to establish the new funds and their appropriations for the current biennium.

Background:

As the District approaches the spending peak of the Willamette Water Supply Program (WWSP), its financing of the infrastructure requires a mix of funding sources including reserves, the Water Infrastructure Finance and Innovation Act (WIFIA) loan, and revenue bonds. On May 31, 2023, the District closed on its *Water Revenue Bonds, Series 2023* (Revenue Bonds), which increased the complexity of the accounting required to comply with the Internal Revenue Service rules for tax-exempt borrowings.

As part of the Adopted 2023-25 Biennial Budget, the District accounted for the receipt of funds and transfers to reserves and capital improvements for both the WIFIA loan proceeds and the Revenue Bonds in a single debt proceeds fund. After completing further analysis of the District's financial management software and reviewing best practices for accounting for the use of debt proceeds, the finance team determined that establishing separate funds for each debt issue and the District's SDCs will enable the District to track the usage of the different funding sources in a more transparent method, reducing the risk of noncompliance.

To establish new funds and appropriations in those funds, Oregon Budget Law requires a supplemental budget process including a properly noticed budget hearing, where the Board will receive public comment. The supplemental budget process does not require input from the District's Budget Committee; however, keeping with past practices the Finance team would inform the citizen members of the Budget Committee of the proposed supplemental budget and encourage their participation in the public hearing. This supplemental budget will not result in increases in expenditures. Transfer appropriations will be distributed from the single debt proceeds fund under the District's current accounting structure to the new funds created for the Revenue Bonds and SDCs proportionally, based on the budgeted proceeds for each funding source. The existing debt proceeds fund will continue to be used to account for the WIFIA loan only. The Finance team anticipates bringing the supplemental budget to the Board for consideration at the regular board meeting on November 15, 2023.

Budget Impact:

The supplemental budget will not result in any increases in expenditures. However, two new funds will be created and appropriations will be transferred from existing funds to account for the use of bond proceeds and SDCs.

Staff Contact Information:

Justin Carlton, Interim Chief Financial Officer, (503) 848-3070, justin.carlton@tvwd.org

Attachments:

Not Applicable

Leadership Team Initials:

Interim Chief Executive Officer	<i>PC</i>	Customer Service Manager	N/A
Chief Operating Officer	<i>PDB</i>	IT Services Director	N/A
Interim Chief Financial Officer	JC	Human Resources Director	N/A
General Counsel	<i>CS</i>	Water Supply Program Director	N/A





TUALATIN VALLEY

WATER DISTRICT

Date: October 3, 2023
To: Board of Commissioners
From: Clark Balfour, General Counsel
Subject: System Development Charges for Affordable Housing Under House Bill 2984

Key Concepts:

This is a staff presentation on steps the District should take to comply with the recently enacted House Bill 2984 regarding affordable housing created by conversion of commercial structures to residential units.

- House Bill (HB) 2984 was adopted during the 2023 Regular Session, signed by the Governor and now effective.
- It provides for affordable housing and allows commercial structures to be converted to residential units.
- It allows for System Development Charges (SDCs) to be collected for these additional users and describes the impacts if certain actions are taken by December 1, 2023.
- This presentation will outline a recommended course of action.

Background:

To encourage affordable housing, HB 2984 was introduced and passed to streamline approvals and other impediments to the creation of affordable housing. Affordable housing is specifically defined by median income requirements along with long-term covenants (30 years) to remain qualified. There are provisions for conversion of existing commercial structures to residential uses. In that case, provisions were included regarding water and wastewater SDCs resulting from the increased usage.

The new law states that the District may collect the additional SDC if the charge is calculated pursuant to a specifically adopted policy adopted prior to December 1, 2023 or the charges for water include an offset for 100% of the SDCs paid when the building was constructed.

Current District SDC ordinance provisions allow the redevelopment of property and assignment of new equivalent residential units and collection of SDCs with a 100% credit for the then-current value of already paid SDCs. At first glance, TVWD would seem to be in compliance without further action. However, the new statute creates questions, and in staff's view, the Board should take action to answer them.

First, the statute says that these provisions apply in cities that have an urban growth boundary with at least 10,000 people. That certainly applies to parts of the District but leaves open the question of our much larger Metro and Washington County adopted urban growth boundary that contains the large bulk of our customer base. For that reason, the Board should consider adopting this uniformly over its boundaries.

Second, a full credit for the existing SDC upon redevelopment is not a new concept for the District. It has been part of our ordinance since at least 2012. Staff believes the Board should clarify that if there is redevelopment for affordable housing as defined, the credit for the value of the existing SDC is applied and by virtue of the existence of the connection, payment is deemed to have been made. This is the way TVWD has applied credits to date because there are structures in the District that were connected to TVWD's system before the first SDC charges were in place. Technically, they may never have "paid" an SDC. Past Boards wanted to place them on equal footing and treated them as if they had paid an SDC. Staff believes that practice should continue.

Staff believes the policy questions outlined above should be considered and adopted by the Board prior to December 1, 2023, to clearly fall within the provisions of the new statute. If the Board directs, staff will prepare a proposed ordinance and bring back this matter for consideration at the October and November regular meetings.

Budget Impact:

None. The cost of preparing this presentation and complying with the requirements of House Bill 2984 are within the District's Adopted 2023-25 Biennial Budget. The potential changes to the District's SDC methodology are not anticipated to affect the District's SDC revenue.

Staff Contact Information:

Clark Balfour; General Counsel; 503-848-3061; clark.balfour@tvwd.org

Paul L. Matthews; Interim Chief Executive Officer; 503-848-3017; paul.matthews@tvwd.org

Attachments:

None

Leadership Team Initials:

Interim Chief Executive Officer	<i>PB</i>	Customer Service Manager	N/A
Chief Operating Officer	N/A	IT Services Director	N/A
Interim Chief Financial Officer	N/A	Human Resources Director	N/A
General Counsel	<i>CB</i>	Water Supply Program Director	N/A

