

**Willamette Water Supply System Commission
Board Meeting Minutes
Thursday, January 6, 2022**

Attendance:

Commissioners present:

City of Beaverton:	Marc San Soucie
City of Hillsboro:	David Judah
Tualatin Valley Water District (TVWD):	Jim Duggan

Committee Members present:

City of Beaverton:	Chad Lynn, David Winship
City of Hillsboro:	Niki Iverson, Eric Hielema, Jessica Dorsey
TVWD:	Tom Hickmann, Paul Matthews

Managing Agency Staff present:

WWSS Commission General Manager / Willamette Water Supply Program (WWSP) Director	Dave Kraska
TVWD General Counsel	Clark Balfour
WWSP Assistant Director	Joelle Bennett
WWSP Program Manager	Bill Van Derveer
WWSP Engineering and Construction Manager	Mike Britch
WWSP Controls Manager	Jeremy Taylor
WWSP Permitting and Outreach Manager	Christina Walter
WWSP Finance Manager	Toby LaFrance
WWSS Commission Recorder / WWSP Executive Assistant	Annette Rehms

Other Attendees present:

TVWD Asset Management Division Manager	Matt Oglesby
TVWD Water Resources Division Manager	Joel Cary
TVWD Engineering Division Manager	Nick Augustus
City of Hillsboro JWC Water Treatment Manager	Chris Wilson
City of Beaverton Assistant Finance Director	Susan Cole

REGULAR SESSION – 12:00 PM

CALL TO ORDER

Chair Judah called the regular Willamette Water Supply System (WWSS) Commission meeting to order at 12:00 p.m.

ROLL CALL

Ms. Rehms administered the roll call and noted attendance.

1. GENERAL MANAGER'S REPORT

Mr. Kraska presented a safety minute on national bath safety month (*presentation on file*).

The General Manager's report included Willamette Water Supply Program (WWSP) permitting and communications, design, construction, steel market exposure updates, and the acceptance of the Financial Statement and Report of the Independent Auditor for the fiscal year ending June 30, 2021.

2. PUBLIC COMMENT

There were no public comments.

3. CONSENT AGENDA

- A. Approve the December 2, 2021, meeting minutes.
- B. Accept Financial Statement and Report of Independent Auditor for the Fiscal Year ending June 30, 2021.

Motion was made by Duggan seconded by San Soucie to approve the Consent Agenda as presented. The motion passed unanimously with San Soucie, Duggan, and Judah voting in favor.

4. BUSINESS AGENDA

- A. Election of Officers – *Dave Kraska*

Mr. Kraska presented the staff report requesting the Board elect a Chair and Vice Chair for the calendar year 2022, per WWSS Commission IGA Section 5.3. For improved consistency, particularly during this dynamic time at the Willamette Water Supply Program, staff propose the WWSS Commission Board consider informally standardizing on two-year terms for officers. If this proposal were to be accepted, Commissioners Judah and Duggan would continue in their officer positions for the next calendar year. Following the staff report, Chair Judah opened the floor for election of officers of the WWSS Board of Commissioners for calendar year 2022.

Motion was made by San Soucie, seconded by Duggan, to re-elect David Judah (City of Hillsboro) as Chair for the calendar year 2022. The motion passed unanimously with San Soucie, Duggan, and Judah voting in favor.

Motion was made by San Soucie, seconded by Judah, to re-elect Jim Duggan (TVWD) as Vice-Chair for the calendar year 2022. The motion passed unanimously with San Soucie, Duggan, and Judah voting in favor.

- B. Adopt PLM_5.3 Resolution of Need (fifth supplemental) – *Joelle Bennett*

Ms. Bennett described the project location and reported that it has progressed to the point where additional property requirements are now known for construction as well as the long-term operation and maintenance of the pipeline. The proposed resolution enables the WWSS Commission's agents, including the WWSP team, to begin negotiation with respective property interest holders, and authorizes the acquisition of the property interests by eminent domain, to the extent negotiations fail. Today's proposed resolution updates the declared need on a specific property to allow WWSP to maintain business traffic across the construction work area. This addition increased the original acquisition area. Estimated costs are included in the baseline budget. (*presentation on file*)

In response to questions staff explained the property square footage is described in the Exhibit attached to the Resolution, also budget estimates are not included in the Staff Report for Resolutions of Need on a single property.

The information is excluded from public documents to maintain the confidentiality of the budgetary estimate and protect future negotiations. Staff estimate a budget for each acquisition prior to bringing the Resolution of Need to the Commission. Through the acquisition process initiated by the Resolution of Need, an appraisal will be performed by an expert to establish the fair market value of the easement to include in the offer to the property owner.

Motion was made by San Soucie, seconded by Duggan, to adopt Resolution No. WWSS-01-22 declaring public necessity to acquire property interests over, upon, under, and through real property for pipeline section PLM_5.3 for the Willamette Water Supply System. The motion passed unanimously with San Soucie, Duggan, and Judah voting in favor.

5. INFORMATION ITEMS

A. Market Conditions and Outlook – *Dave Kraska*

Mr. Kraska presented an overview of current market conditions and the resulting outlook for WWSP costs. He explained the status of major FY22 procurements, the recent Guaranteed Maximum Price (GMP) results for the RES_1.0/PLM_5.3 and WTP_1.0 projects, the quality of GMPs received, and drivers for increased costs in the current market. He also provided data from other utilities bidding similar projects in 2021, which on average are coming in approximately 40% over engineering estimates. The presentation included a preliminary evaluation of these prevailing market conditions on the remaining WWSP work, as provided in the early release of draft Baseline 7.0 to the WWSS Finance Committee. Financial evaluations are underway by all WWSS Partners; maintaining schedule remains a key concern to both mitigate further cost increases and to avoid significant delays to construction work.

In response to questions, about bidding response vs. total project cost on the “Quality of GMPs” slide, staff explained the cost difference between the listed winning bid packages and the project total costs. The costs listed in the “bidders per package” row of the table provided the raw bid amounts for comparison purposes and do not include markups, general conditions, or list all project packages. For the RES_1.0 project, the listed packages also do not include the previously bid, and purchased, pipeline materials. For the WTP_1.0 project, staff only listed the largest bid packages, which includes the concrete, earthwork/utilities, process installation, and electrical.

Mr. Kraska will email this presentation to Commissioner San Soucie upon completion of this meeting for additional feedback in preparation for the January 11th Beaverton City Council meeting.

Commissioners thanked the team for the thorough analysis of the factors involved and for gathering information from Sundt and other sources to determine the factors, regional influences, and general state of the industry. The Commissioners encouraged staff to work closely with the various finance departments to come up with funding solutions.

B. Planned February 3, 2022, Business Agenda Items – *Joelle Bennett*

Ms. Bennett presented information on business agenda items planned for the January 20, 2022, WWSS Commission Special Board Meeting and the February 3, 2022, WWSS Commission Regular Board meeting.

Staff anticipates recommending approval of:

1. RES_1.0/PLM_5.3 GMP for Construction (Special January 20, 2022, Board Meeting)
2. PLM_4.2 WCLUT Construction Agreement

3. Sherwood Emergency Intertie Intergovernmental Agreement (IGA)
4. PLM_1.3 Contract for Construction
5. WTP_1.0 GMP for Construction (*moved to March*)

- C. A Special Board meeting is scheduled on January 20, 2022, 12:00 PM via Microsoft Teams.
- D. The next Board meeting is scheduled on February 3, 2022, 12:00 PM via Microsoft Teams.

6. COMMUNICATIONS AND NON-AGENDA ITEMS

- A. None scheduled.

ADJOURNMENT

There being no further business, Chairman Judah adjourned the meeting at 12:59 PM

David Judah, Chair

James Duggan, Vice Chair