

Willamette Water Supply

Our Reliable Water

Willamette Water Supply System Commission Board Meeting Packet

Thursday, February 1, 2024
12:00 PM
Microsoft Teams Meeting

**Willamette Water Supply System Commission
Board Meeting Agenda
Thursday, February 1, 2024 | 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 February 1, 2024. 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 December 7, 2023 meeting minutes
- B. Accept Financial Statement and Report of Independent Auditor for the Fiscal Year ended June 30, 2023

4. BUSINESS AGENDA

- A. Election of Officers – *David Kraska*

5. INFORMATION ITEMS

- A. Water Treatment Plant Schedule Recovery Progress Update – *David Kraska*
- B. Planned April Business Agenda Items – *Joelle Bennett*
- C. The next Board Meeting is scheduled on April 4, 2024, via Microsoft Teams

6. COMMUNICATIONS AND NON-AGENDA ITEMS

- A. None scheduled

ADJOURNMENT

Willamette Water Supply System Commission

(this page intentionally left blank)

GENERAL MANAGER'S REPORT

To: WWSS Board of Commissioners
From: David Kraska, P.E., WWSS General Manager
Date: February 1, 2024
Subject: Willamette Water Supply System General Manager's Report

This report provides an overview of some of the current Willamette Water Supply System (WWSS) work efforts being performed under the direction of this Commission.

1. **Willamette Water Supply System Insurance Renewal** – The 2024 renewal of the Special Districts Insurance Services (SDIS) Liability Coverage insurance has been completed and the new policy took effect on January 1, 2024. There were minimal changes in coverage and the premium was within budget at \$8,886.00, which is about an 18 percent increase over last year.
2. **Quarterly Financial Report** – Task 4.d. of the Annual Work Plan requires the Managing Agency to prepare quarterly financial reports and provide them to the WWSS Commission Board as part of the packet. Attached to this General Manager's report is the WWSS Commission's quarterly financial statement for the period ending December 30, 2023.
3. **March 7th Board Meeting** – Currently, there are no planned business agenda items for the March WWSS Commission Board meeting. The March Board meeting "hold" will be cancelled.
4. **In-person Meetings** – At the December 7, 2023 WWSS Commission Board meeting, we discussed whether there is a desire to return to meeting in person at future Board meetings. Based on the feedback received, staff have reviewed the options and the logistics. Staff recommend that if the Board desires to meet in person that all Board members, key staff, and Management Committee members attend in person. While technology for holding hybrid meetings has improved, there can still be technological challenges that make hybrid meetings problematic. It would still be possible for other audience members to attend remotely.

Given the success and convenience we have experienced with virtual meetings to date, there might not be a need or desire to hold all future Board meetings in person. If desired, we could hold our scheduled June 6, 2024 meeting in-person since the TVWD boardroom is available that date. The TVWD boardroom is available for the remaining WWSS Commission Board meeting dates this year except for the December date. Staff request additional feedback from the Board on their preferences for holding future meetings in person.

5. **Permitting and Communications Updates** – Attached to this General Manager's Report is a tabulation of the permits and approvals recently granted, and the status of those currently in process. Here are a few highlights of recent WWSP permitting and communications activities:

Permitting highlights:

- The Permitting Team has been preparing and submitting annual reports for calendar year 2023 on construction compliance with permit conditions. By December 31, 2023, reports were submitted to Oregon Department of Fish and Wildlife, Oregon Department of State Lands, US Army Corps of Engineers, and US Fish and Wildlife. The Team continues to work on the final reports due by March

31, 2024, including the annual Thermal Trading Plan report due to the Oregon Department of Environmental Quality. This will be the first report claiming trading credits for shade enhancement work along the Willamette River in the Molalla River State Park.

Working with legal counsel, the Permitting Team prepared for the Thermal Trading Plan litigation. The trial that was set to run January 16-24, 2024, was postponed due to the recent inclement weather. New trial dates have been set for July 8-12, 30, and 31, 2024.

Communications highlights:

- In November and December, the Cornelius Pass Road Pipeline Project (PLW_2.1) team made steady progress constructing the pipeline through the staging area and the WWSS property north of NE Cherry Drive and east of NE 73rd Avenue. The team communicated regularly with property owners through monthly email updates about construction activities, coordinated with individual property owners about setting of vibration monitors, and responded to individual concerns and complaints. One neighbor voiced concerns and sent a formal inquiry to the City of Hillsboro about the possibility of changing the construction scope of work to include additional fencing. The team reviewed the suggestion, then confirmed the project will continue with the original fencing plan that allows for wildlife movement through the area. Continuing with the work scope in our approved construction documents keeps the project in alignment with previous public input gathered during the City land use approval process, feedback from wildlife experts, and consistent with the approved wildlife management plan. Staff prepared a response to the neighbor, which was prepared in coordination with the City of Hillsboro Water Department and city leadership to ensure the messaging was consistent with city priorities and processes.
- Staff have begun developing the Water Supply Integration Communications Plan with Water Systems Consulting (WSC). During the months of November and December, WSC completed an audit of outreach tools and materials currently used by the Owners and the WWSP for communicating to water customers. The goal of the audit is to learn what methods will be most effective for reaching customers regarding the coming source water changes. In February WSC's sub-consultant, market research firm FM3, will conduct a telephone survey of 400 randomly selected Owner customers. The focus of the survey is to help us understand local perceptions and opinions about drinking water. Responses will be anonymous, and information gathered during the survey will assist the project team in developing messaging to increase awareness about the new water source, build customer confidence, and inform customers of what to expect during the water integration process.

6. Construction Progress Update – Attached to this General Manager's Report is a tabulation of the status of all the active construction projects. To provide a more complete understanding of the work underway, we will share a presentation of recent photos from the construction sites.

Willamette Water Supply Program Permits and Approvals – Recent Actions and Status

Date of Report: 1/18/2024

Permits and Approvals Recently Granted

Agency	Project	Permit or Approval Granted
City of Beaverton	MPE_1.3	Noise/night variance
City of Hillsboro	PLW_2.1	Noise variance
City of Tigard	MPE_1.2	Temporary use permit renewal for Washington Square Mall staging area
City of Wilsonville	PLM_1.3	Erosion and sediment control permit, catch basin plumbing permit, work hours
Genesee & Wyoming Railroad	PLM_1.3	Right of entry/occupancy
Kinder Morgan	MPE_1.3	Crossing encroachment stipulation agreement
Oregon Department of Transportation	MPE_1.2	ROW utility permit extension
Tualatin Valley Fire & Rescue	RWF_1.0	Fuel storage tank plan review
Washington County	MPE_1.1	ROW sign installation
Washington County	PLM_4.3	Temporary road closure permit – Roy Rogers Road
Washington County	PLW_2.1	ROW access permits
Washington County	WTP_1.0	Fire supply line, liquified petroleum gas tank and above ground storage for fuel, mechanical permit, retaining wall, sign permits

Permits and Approvals Submitted

Agency	Project	Permit or Approval Submitted
Department of State Lands Restoration Monitoring	System-Wide	Annual reports
Oregon Department of Fish & Wildlife	System-Wide	Annual reports
US Army Corp of Engineers	System-Wide	Annual reports
US Fish & Wildlife Services	System-Wide	Annual reports
Washington County	RES_1.0	Deferred prefabricated stairs

Permits and Approvals in Progress

Agency	Project	Permit or Approval in Progress
City of Beaverton	MPE_1.2	Facilities permit, site development permit extensions
Department of State Lands	System-Wide	Annual report
Oregon Department of Fish & Wildlife	System-Wide	Fish salvage permit
Washington County	PLM_5.3	ROW access renewal (9), ROW utility renewal (2)

Anticipated Approvals

Agency	Project	Permit or Approval Anticipated
Washington County	RES_1.0	Deferred pre-fabricated stairs, generator pad
Washington County	PLM_5.3	ROW access renewal (9), ROW utility renewal (2)

Willamette Water Supply Program Projects in Construction – Recent Status Update

Date of Report: January 18, 2024

Project	Description	Current and Planned Activities:
1. RWF_1.0	Raw Water Facilities project located at the Willamette River Water Treatment Plant in Wilsonville	<ul style="list-style-type: none"> - Formwork, rebar, and concrete for generator and fuel tank slab. - Completion of exterior architectural systems. - Exterior and interior HVAC systems. - Interior mechanical, electrical, and plumbing system rough-in. - Interior painting, flooring, wall sheetrock, and ceilings. - Upper site perimeter wall – stone veneer and steel pickets. - Vertical turbine pump bases and electrical conduit work in raw water pump station. - Anticipated start of 30” Surge Tank Piping connections to 66” raw water line. - Anticipated start of PGE 1.5MW electrical feeder project. - Anticipated start of Sherwood Broadband fiber optic conduits into site.
2. PLM_1.3	Raw water pipeline project in Wilsonville from Wilsonville Road to Garden Acres Road	<ul style="list-style-type: none"> - CARV, access vault, and other appurtenances being installed on Kinsman Rd. - Approximately 7280 LF of 66” waterline installed (59% of total). - Boeckman Rd. / railroad trenchless crossing under way. - Temporary paving of 95th Ave. planned for late January.
3. WTP_1.0	Water Treatment Plant project, located in City of Sherwood, near the intersection of SW Tualatin-Sherwood Road and SW 124 th Avenue	<ul style="list-style-type: none"> - Area 03 (Site Work): 66” raw water and 66” finished water pipeline continues. - Area 08 (Admin Building): Work continues with column foundations. - Area 22 (Flash Mix): Concrete slab complete. Placing full height concrete walls. - Area 25 (Ozone Generation): Duct bank work is on-going. Began elevator pit. - Area 26 (Ozone Contactor) Concrete for effluent channel overflow box walls. - Area 28 (Filters): Building lower gullet walls and decks. - Area 30 (UV): Continue working on 84” pipe. Structural steel has begun. - Area 34 (Chemical Building): Concrete containment walls and tank pads. - Area 35 (Clearwell): Continue concrete walls and columns. - Area 37 (EQ basin): Filling basin with water for hydrotest. - Area 40 (Thickeners): Rebar and concrete work has begun. - Area 52 (Thickened Sludge Pump Station): Placed concrete slab and began walls. - Area 53 (FWPS): Process pipe installation has begun. Backfilling outside structure.
4. PLM_4.2	Finished water pipeline project being completed in partnership with Washington County’s Tualatin-Sherwood Road Project, (WWSS pipeline from Langer Farms Parkway to SW 124 th Avenue, Washington County work continues east to Teton Avenue)	<ul style="list-style-type: none"> - Casing for 124th trenchless operation is complete. Carrier pipe is expected to be installed in February. - Relocation of 12” City of Sherwood Water Line between Oregon St. and Wildrose Pl. - 66-inch open cut waterline installation began. Heading west from 124th Ave.

Project	Description	Current and Planned Activities:
5. PLM_4.1	Finished water pipeline project being completed in partnership with Washington County’s Highway 99 Crossing Pipeline and Tualatin-Sherwood Road – Langer Farms Parkway to Borchers Drive	<ul style="list-style-type: none"> - Appurtenance piping and vaults have all been installed. - Cathodic protection system installation almost complete. - Small amount of road widening to be completed.
6. PLM_4.4	Finished water pipeline project being completed in partnership with Washington County’s Roy Rogers Road – Chicken Creek to Borchers Drive	<ul style="list-style-type: none"> - Completed testing and disinfection for 66” waterline. - Cathodic protection system is up and running. - Tie-in to PLM_4.1 and PLM_4.3 once both are complete.
7. PLM_4.3	Finished water pipeline project in unincorporated Washington County along Roy Rogers Road	<ul style="list-style-type: none"> - Chicken Creek crossing – Install 66-inch pipe in shafts, remove shaft shoring and backfill shafts. - Installing 66-inch waterline on east side of Roy Rogers Rd., north of Chicken Creek. Approximately 12,000 LF of pipe installed (90% of total). - Completed construction of soldier pile and lagging wall with tie-backs at Tributary #4.
8. RES_1.0/ PLM_5.3	Water Storage Tank and finished water pipeline project in rural Washington County. Tank site at SW Grabhorn Road and Stonecreek Drive. Pipeline extends from SW Grabhorn Road at SW Tile Flat Road to SW Rosedale Road at future Cornelius Pass Extension	<p>RES_1.0:</p> <ul style="list-style-type: none"> - Reservoir walls and columns 100% complete. - Reservoir roof concrete placement approximately 70% complete. - Completed metal platforms and grating in valve vaults. - Continued electrical duct bank and yard piping installation. - Completed Water Quality Building CMU walls & begin roof structural steel. <p>PLM_5.3:</p> <ul style="list-style-type: none"> - 66” waterline installation 100% complete (except tie-ins.) - Continue cleaning, disinfection and hydrostatic pressure testing of 66” waterline. - Continue appurtenance installations. - Continued easement restoration in multiple locations including landscaping in creek and wetland crossings.
9. PLW_1.2	Finished water pipeline project being completed in partnership with Washington County’s Cornelius Pass Road project between Frances Street and Tualatin Valley Highway	<ul style="list-style-type: none"> - Start-up of Frances St. turnout at Reedville Creek Park. - Final restoration of Reedville Creek Park. - Deficiency list items.
10. PLW_2.1	Finished water pipeline project in Hillsboro. Cornelius Pass Road (Orenco Woods Nature Park to NE Cornelius Pass Road at NE Cherry Drive)	<ul style="list-style-type: none"> - 48” waterline installation in Cornelius Pass Rd at end of alignment (north end). - Appurtenance and precast vault installation. - Stormwater piping installation for access road.
11. MPE_1.1/ COB_1.1	Finished water pipeline project being completed in partnership with the City of Beaverton’s SW Western Avenue project	<ul style="list-style-type: none"> - Washington County Supply Line (WCSL) tie-in work under way. - 10-week window to have work completed and WCSL reactivated. - TVWD drained the WCSL in advance of the work. - WCSL sampling and condition assessment by TVWD. - West Slope and COB water line relocation planning.

Project	Description	Current and Planned Activities:
<p>12. MPE_1.2/ COB_1.2</p>	<p>Finished water pipeline project in Beaverton from SW Scholls Ferry Road at Greenway Park to SW Allen Boulevard at Western Avenue</p>	<ul style="list-style-type: none"> - Trenchless crossings – Upper Fanno Creek. - Continued PFC building mechanical, HVAC, electrical. - Connections to existing 24” and 16” waterlines on Oleson Rd. - Partial pressure testing completed on 48” waterline. - Site restoration.
<p>13. MPE_1.3</p>	<p>Finished water pipeline project on Scholls Ferry Road from Roy Rogers Road to Greenway Park</p>	<ul style="list-style-type: none"> - 48” waterline installation on Scholls Ferry Rd. - Heading west near 135th Ave. (night work). - Heading east near Roy Rogers Rd. (day work). - Barrows Rd. Sewer Relocation. - Roy Rogers Road Turnout Vault. - PGE relocations.

Willamette Water Supply System Commission

(this page intentionally left blank)

MEMORANDUM

DATE: January 1, 2024

TO: SDIS Independent Insurance Agents & SDIS Property/Casualty Insurance Program Participants

FROM: Underwriting Department

RE: 2024 SDIS Property/Casualty Insurance Renewal

RENEWAL PACKET INFORMATION:

Included with this memo is the 2024 SDIS property/casualty coverage final renewal packet. This packet contains your district's invoice, declarations, schedules, loss runs and a comparison report.

Please note that this reflects *all* changes made prior to January 1, 2024.

Any changes made on or after January 1st will be invoiced separately as a mid-term change in early February.

Coverage Changes

Additional Coverages 13 and 14 have been deleted from the Liability Coverage Document. These appear on the Liability Declarations as the 'Oregon Identity Theft Protection Act' or 'OCIPTA' coverage and the Data Disclosure Liability Coverage. These were the cyber-related coverages that SDIS provided free of charge.

Effective January 1, 2024, cyber coverage is provided under a separate SDIS Cyber Coverage Document, and the coverage is described in the Cyber Coverage Declarations in the renewal packet. Please consult the declarations and the coverage document for further information.

Rate Change Comparison Report

We have again included the Rate Comparison Report. ***The report displays the changes from the 2023 renewal to the 2024 renewal.*** This will show the change in rates as well as how your district's individual contribution is affected by any changes in exposures that you may have experienced in the last year.

Thank you for your continued support of Special Districts Insurance Services. We are pleased to continue offering the best coverage at the most affordable price for Oregon's special districts. If you have any questions or concerns, please contact us at undewriting@sdao.com or 800-285-5461.

Longevity Credit and Rate Lock Guarantee Pause

As a reminder, we have paused the Longevity Credit and Rate Lock Guarantee program. During times when the Trust sees a surplus in investment earnings, the SDIS Trust uses the Longevity Credit and Rate Lock Guarantee program to give back to members in the form of longevity credits and rate locks. In recent years, we have been able to execute this program to its full potential due to favorable returns.

Unfortunately, the last two fiscal years saw investment returns dip below targeted levels. As a result, the Trust has decided to put the Longevity Credit and Rate Lock Guarantee Program on hold until investment earnings return to levels we have seen in the past.

Please know that with the nature of any investment strategy, there are positive and negative years. Historically, our portfolio has seen far more positive years, and we fully anticipate being able to offer the program again in the future.

In addition, this is in no way a reflection of the financial health of the SDIS Trust. Our total retained earnings are within the range our actuaries determined is healthy for normal operations and to absorb a potentially catastrophic year in terms of insured losses. This pause is merely to preserve our investment earnings for the good of all Trust members. Once investment returns start to outpace our targeted levels, we will once again resume giving back that surplus to the membership in the form of longevity credits and rate locks.

Invoice

Invoice Number: 39P54290-5627 **Entity ID:** 54290 **Effective Date:** 1/1/2024 **Expiration Date:** 12/31/2024 **Invoice Date:** 01/01/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

Coverage

Contribution

SDIS Liability Coverage

\$8,614
Less Best Practices Credit (\$861)
Less Service Group Discount (\$0)
Adjusted Contribution \$7,753

Auto Liability*

\$0
Less Best Practices Credit (\$0)
Less Service Group Discount (\$0)
Adjusted Contribution \$0

**Non-owned and Hired Auto Liability
Auto Physical Damage**

\$175
\$0
Less Service Group Discount (\$0)
Adjusted Contribution \$0

**Hired Auto Physical Damage
Property**

\$0
\$0
Less Best Practices Credit (\$0)
Less Service Group Discount (\$0)
Adjusted Contribution \$0

Earthquake

\$0

Flood

\$0

Equipment Breakdown

\$0

Crime

\$958

Cyber

Included

Total \$8,886

The listed coverages are only extended when a specific dollar amount or the word "included" is indicated in the Contribution column. Your payment evidences acceptance of this renewal. Please use the coupon on the following page to help us apply your payment.

* Includes Excess Auto and Auto Supplemental coverages.



Your Contribution is due on 3/1/2024

Please include the bottom portion of this sheet with your payment.

Make Checks Payable to:

Special Districts Insurance Services
PO Box 12613
Salem, OR 97309

Member: Willamette Water Supply System

Member ID: 01-54290

Total Due: \$8,886

Check # _____ Amount \$ _____

SDIS Liability Coverage Declarations

Certificate Number: 39P54290-5627

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

SDIS Liability Coverage:	Description	Limit⁽¹⁾	Deductible^{(2) (3)}
	Per Occurrence Limit of Liability	\$10,000,000	None
	Per Wrongful Act Limit of Liability	\$10,000,000	None
	Annual Aggregate Limit of Liability	No Limit Except As Outlined Below	None

Additional Coverages: List only includes sublimited Additional Coverages. Unless indicated in Section III Additional Coverages, of the SDIS Liability Coverage Document, the following limits are not added to the above identified Limit(s) of Liability.

Coverage	Limit⁽⁴⁾	Participant Limit⁽⁵⁾	All Participants Limit⁽⁶⁾	Deductible	Contribution
Ethics Complaint Defense Costs	\$5,000	\$5,000		None	Included
EEOC/BOLI Defense Costs	\$10,000,000			None	Included
Limited Pollution Coverage	\$250,000	\$250,000		None	Included
Injunctive Relief Defense Costs	\$25,000	\$25,000	Not Applicable ⁽⁷⁾	None	Included
Criminal Defense Costs	\$100,000	\$100,000	\$500,000	None	Included
Premises Medical Expense	\$5,000	\$5,000		None	Included
Fungal Pathogens (Mold) Defense Costs	\$100,000	\$100,000		None	Included
Applicators Pollution Coverage	\$50,000	\$50,000		None	Included
Lead Sublimit Defense Costs	\$50,000	\$50,000	\$200,000	None	Included
Marine Salvage Expense Reimbursement	\$250,000	\$250,000		None	Included
Communicable Disease Defense	\$50,000	\$50,000	\$2,000,000	None	<u>Included</u>
				Total Contribution:	\$7,753

Reference

- (1) Subject to a \$25,000,000 maximum limit for all SDIS Trust Participants involved in the same Occurrence or Wrongful Act.
- (2) Subject to a \$10,000 controlled burn deductible for failure to follow DPSST guidelines.
- (3) Subject to a \$25,000 Employment Practices Deductible when SDIS not contacted for legal advice prior to termination.
- (4) Named Participant's maximum limit per Occurrence or Wrongful Act.
- (5) Named Participant's maximum limit for the Coverage Period.
- (6) Maximum limit of coverage, for all SDIS Trust Participants for the Coverage Period. Does not apply to Injunctive Relief Defense Costs (7).
- (7) Maximum limit of coverage, for all SDIS Trust Participants involved in the same Occurrence or Wrongful Act, is \$100,000.

Forms applicable to Named Participant: SDIS Liability Coverage Document - 01/01/2024

This certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Liability Coverage Document. This certificate only represents a brief and incomplete summary of coverage. Other conditions and exclusions apply as described in the SDIS Liability Coverage Document. Titles are provided for convenience of reference and shall not be deemed to in any way to limit or affect the provisions to which they relate.

Countersigned by:



Date: January 01, 2024

Authorized Representative
Property and Casualty Coverage for Education Trust

Auto Liability and Auto Physical Damage Coverage Declarations

Certificate Number: 39P54290-5627

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

Coverage is only provided for those coverages indicated below for which a contribution is shown.

Auto Liability

Coverage	Per Accident Limit of Liability	Deductible	Contribution
Auto Liability	No Coverage	None	No Coverage
Non-Owned/ Hired Auto Liability	\$500,000	None	\$175

Applicable Coverage Document: SDIS Auto Liability Coverage Document January 1, 2024

Auto Physical Damage

Coverage	Per Accident Limit of Liability	Deductible	Contribution
Auto Physical Damage	No Coverage	N/A	No Coverage
Hired Auto Physical Damage	No Coverage	No Coverage*	No Coverage

Applicable Coverage Document: SDIS Auto Physical Damage Coverage Document January 1, 2024

This Certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Auto Liability Coverage Document and SDIS Auto Physical Damage Coverage Document. This certificate only represents a brief and incomplete summary of coverage. Other conditions and exclusions apply as described in the SDIS Auto Liability Coverage Document and SDIS Auto Physical Damage Coverage Document. Titles are provided for convenience of reference and shall not be deemed to in any way to limit or affect the provisions to which they relate.

Countersigned by:



Date: January 01, 2024

Authorized Representative
Special Districts Insurance Services

* If two deductibles are displayed (ie: \$100/\$200), the first applies to Comprehensive Coverage and the second Collision Coverage.

Auto Excess Liability Coverage Declarations

Certificate Number: 39P54290-5627

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

Coverage is only provided for those coverages indicated below for which a contribution is shown.

Excess Auto Liability

Coverage	Limit of Liability*	Retention	Contribution
Excess Auto Liability	No Coverage	No Coverage	No Coverage
Excess Non-Owned/ Hired Auto Liability	\$9,500,000	\$500,000	Included with Non-Owned/ Hired Auto Liability

Applicable Coverage Document: SDIS Excess Auto Liability Coverage Document - January 1, 2024

This Certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Excess Auto Liability Coverage Document. This Certificate only represents a brief and incomplete summary of coverage. Other conditions and exclusions apply as described in the SDIS Excess Auto Liability Coverage Document. Titles are provided for convenience of reference and shall not be deemed to in any way to limit or affect the provisions to which they relate.

Countersigned by:



Date: January 01, 2024

Authorized Representative
Special Districts Insurance Services

* Per Accident Limit of Liability.

Auto Supplemental Coverage Declarations

Certificate Number: 39P54290-5627

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

Coverage is only provided for those coverages indicated below for which a contribution is shown.

Auto Supplemental

Coverage	Limit of Liability	Deductible	Contribution
Personal Injury Protection	No Coverage	N/A	N/A
Uninsured/ Underinsured Motorist Bodily Injury	\$500,000 Per Accident	None	Included with Auto Liability

Applicable Coverage Document: SDIS Auto Supplemental Coverage Document - January 1, 2024

This certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Auto Supplemental Coverage Document. This certificate only represents a brief and incomplete summary of coverage. Other conditions and exclusions apply as described in the SDIS Auto Supplemental Coverage Document. Titles are provided for convenience of reference and shall not be deemed to in any way to limit or affect the provisions which they relate.

Countersigned by:



Date: January 01, 2024

Authorized Representative
Special Districts Insurance Services

Comprehensive Crime Coverage Summary

Insured by Travelers Casualty and Surety Company of America 

Travelers Policy Number: 105870359

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

This summary is a coverage descriptions intended to provide important information about the protection available to the referenced insured under the Crime Master Policy (the "Master Policy"). Keep this coverage description for your records. This coverage description is not an insurance policy and does not amend, extend or alter coverage afforded by the Master Policy described herein. The insurance afforded by the Master Policy as described herein is subject to all the terms, exclusions and conditions of such Master Policy. The period is specified in the Master Policy.

The Master Policy has been issued to: Special Districts Insurance Services Trust – see attached Schedule of Named Insured's listed per spreadsheet List of Special Districts Members, Schedule Limits and Retentions. Address: 727 Center Street NE, Salem, Oregon, 97301. Policy Number 105870359 Underwritten by: Travelers Casualty and Surety Company of America, Hartford, CT 06183 ("Travelers") to provide insurance to an Insured for as described in this Certificate.

<u>Reference</u>	<u>Coverage (For Any One Loss)</u>	<u>Limit</u>	<u>Retention</u>
A1.	Employee Theft - Per Loss Includes Faithful Performance of Duty, same limit as A1, CRI -7126 Non-Compensated Officers, Directors-includes Volunteer Workers as employees, Deletion of Bonded Employee and Treasurer/ Tax Collectors Exclusion - CRI-19044	\$500,000	\$1,000
A2.	ERISA Fidelity - same limit as A.1 (CRI-19044)	\$500,000	\$1,000
B.	Forgery or Alteration	\$500,000	\$1,000
C.	On Premises	\$500,000	\$1,000
D.	In Transit	\$500,000	\$1,000
E.	Money Order Counterfeit Currency	\$500,000	\$1,000
F1.	Computer Fraud	\$500,000	\$1,000
F2.	Computer Restoration - same limit as A1 or maximum limit of \$100,000	\$100,000	\$1,000
G.	Funds Transfer Fraud	\$500,000	\$1,000
H1.	Personal Accounts Forgery or Alteration - same limit as A.1	\$500,000	\$1,000
H2.	Identity Fraud Expense Reimbursement - same limit as A1 or maximum of \$25,000	\$25,000	\$0
CRI-19070	Social Engineering Fraud - same limit as A1 or maximum of \$250,000	\$250,000	\$1,000
I.	Claims Expense	\$5,000	\$0
CRI-7072	Third Party Entity Funds Coverage	Not Covered	Not Covered

Contribution: \$958

This document provides a brief summary of Crime Coverage from Travelers Casualty and Surety Company of America (Travelers) and in-no-way replaces or supersedes the Travelers policy or coverage terms. Please refer to the Travelers Crime Coverage Form for detailed coverages, exclusions and conditions that may apply.

SDIS Cyber Coverage Declarations

Policy Number: 39P54290-5627

Coverage Period: 1/1/2024 through 12/31/2024

Named Participant

Willamette Water Supply System
1850 SW 170th Ave
Beaverton, OR 97003-4211

Agent of Record

Brown & Brown Northwest-Portland
PO Box 743061
Los Angeles, CA 90065-1733

Cyber Total Aggregate Limit of Liability \$150,000

First Party Coverage's Sublimit of Liability \$50,000

First Party Coverage Includes:

- Network Interruption
- Event Management
- Cyber Extortion
- Data Restoration
- Computer and Legal Experts
- Public Relations
- Business Income

Third Party Liability Coverage's Sublimit of Liability \$100,000

Third Party Coverage Includes:

- Security Failure or Privacy Event
- Media Content
- Regulatory Action

SDIS Trust Cyber Annual Aggregate Limit of Liability \$5,000,000

SDIS Member Contribution Included

Applicable Coverage Document: SDIS Cyber Coverage Document, effective January 1, 2024

This Certificate is made and is mutually accepted by the Trust and Named Participant subject to all provisions, stipulations, and agreements which are made a part of the SDIS Cyber Coverage Document. This certificate only represents a brief and incomplete summary of coverage. Other conditions and exclusions apply as described in the SDIS Cyber Coverage Document. Titles are provided for convenience of reference and shall not be deemed to in any way to limit or affect the provisions to which they relate.

Countersigned by:  Date: Monday, January 01, 2024
 Authorized Representative
 Special Districts Insurance Services

General Liability Schedule

Code	Description	Unit	Amount	Effective Date	Expiration Date	Contribution
540150	2023-2024 Budgeted Personal Services *	Dollars	\$0	1/1/2024	12/31/2024	\$0
540160	2023-2024 Budgeted Materials and Supplies *	Dollars	\$1,400,870	1/1/2024	12/31/2024	\$5,593
540170	2023-2024 Budgeted Contingencies *	Dollars		1/1/2024	12/31/2024	
540170H	2023-2024 Contingencies - Hydro Project*	Dollars		1/1/2024	12/31/2024	
540180	Number of Employees	Each		1/1/2024	12/31/2024	
540190	Number of Volunteers	Each		1/1/2024	12/31/2024	
540192	Number of Board Members	Each	3	1/1/2024	12/31/2024	\$0
540200	District Size	Sq Miles		1/1/2024	12/31/2024	
540210	Population Served	Each		1/1/2024	12/31/2024	
54039	Pipe Line	Miles	9	1/1/2024	12/31/2024	\$0
54100	Number of Drones (UAVs) Owned or Operated	Each		1/1/2024	12/31/2024	
54215	Buildings & Premises - Occupied by District	Sqf	10,904	1/1/2024	12/31/2024	\$0
54400	Boats	Each		1/1/2024	12/31/2024	
54411	Water Delivered Annually - Millions of Gallon	Gallons		1/1/2024	12/31/2024	
54522	Water District Lakes or Reservoirs	Each		1/1/2024	12/31/2024	
54522H	Lakes or Reservoirs - Hydro Project	Each		1/1/2024	12/31/2024	
54700	Water District Dams	Each		1/1/2024	12/31/2024	
54700H	Water District Dams - Hydro Project	Each		1/1/2024	12/31/2024	
54900	Dollars Paid For Services	Dollars	\$1,540,870	1/1/2024	12/31/2024	\$0
54946	Water Mains or Connections	Each		1/1/2024	12/31/2024	
54996	Fire Hydrants	Each		1/1/2024	12/31/2024	
54997	Events/Fundraisers - No Alcohol Served	Days		1/1/2024	12/31/2024	
54998	Events/Fundraisers - Alcohol Served	Days		1/1/2024	12/31/2024	
Total Contribution						\$5,593

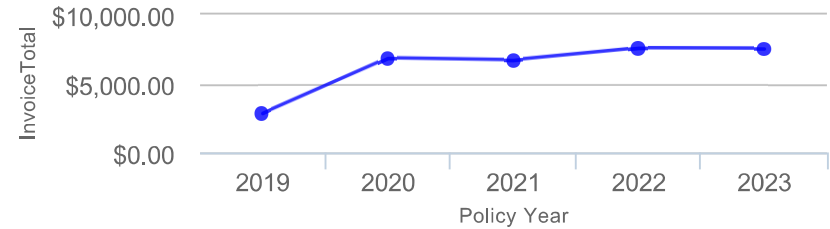
Report displays contribution difference (changes) between 2023 and the 2024 renewal in an effort to provide a general idea of rating components that influence contributions.

Coverage	2023 contribution	Change in exposures	2024 contribution	Total contribution change	Total % contribution change
General Liability	\$6,385	See Below	\$7,753	\$1,368	21.43%
Auto Liability	\$0		\$0	\$0	
Non-Owned Auto Liability	\$175		\$175	\$0	0.00%
Auto Physical Damage	\$0	\$0	\$0	\$0	
Non-Owned APD	\$0		\$0	\$0	
Property	\$0	\$0	\$0	\$0	
Earthquake	\$0	\$0	\$0	\$0	
Flood	\$0	\$0	\$0	\$0	
Equipment Breakdown	\$0	\$0	\$0	\$0	
Crime	\$958		\$958	\$0	0.00%
Total All Lines	\$7,518		\$8,886	\$1,368	18.20%

General Liability Exposure Comparison

Description	Last Year	This Year	Difference
2023-2024 Budgeted Materials and Supplies *	\$1,197,410	\$1,400,870	\$203,460
2023-2024 Budgeted Personal Services *	\$0	\$0	\$0
Events/Fundraisers - Alcohol Served			\$0
Lakes or Reservoirs - Hydro Project			\$0
Water District Dams			\$0
Water District Dams - Hydro Project			\$0
Water District Lakes or Reservoirs			\$0

Annual Contribution History



2018-2022 Net Loss Ratio = 0.00%

Best Practices	Year	% Credit
	2023	10.00%
	2024	10.00%

* Auto Liability Exposure = Number of Autos, Auto Physical Damage = Total Insured Automobile Values, Excess Liability = Materials and Supplies + Personal Services, Property and Boiler and Machinery = Total Insured Property Values.

Claims Schedule

No claims to report for policy years 2019 through 2024.

Willamette Water Supply System Commission

(this page intentionally left blank)

Willamette Water Supply System
For the annual budget period ending June 30, 2024
For the quarter ended December 31, 2023

Activity for the Quarter			Unaudited	Annual				
Budget	Actual	Variance		Annual Budget	Budget To date	Actual	Variance	Remaining Budget
			Revenues					
\$ 385,218	\$ 133,660	\$ (251,557)	Admin Services	\$ 1,540,870	\$ 770,435	\$ 211,515	\$ (558,920)	\$ 1,329,355
	-	-	Miscellaneous Income			-	-	
105,237,985	78,317,594	(26,920,391)	Capital contributions	420,951,940	210,475,970	104,471,865	(106,004,105)	316,480,075
\$ 105,623,203	\$ 78,451,254	\$ (27,171,949)	Total Revenues	\$ 422,492,810	\$ 211,246,405	\$ 104,683,379	\$ (106,563,026)	\$ 317,809,431
			Expenditures					
\$ 350,218	\$ 133,660	\$ 216,557	Materials and Services	\$ 1,400,870	\$ 700,435	\$ 211,515	\$ 488,920	\$ 1,189,355
105,237,985	78,317,594	26,920,391	Capital Outlay	420,951,940	210,475,970	104,471,865	106,004,105	316,480,075
35,000	-	35,000	Contingency	140,000	70,000	-	70,000	140,000
\$ 105,623,203	\$ 78,451,254	\$ 27,171,949	Total Expenditures	\$ 422,492,810	\$ 211,246,405	\$ 104,683,379	\$ 106,563,026	\$ 317,809,431

Willamette Water Supply System Commission

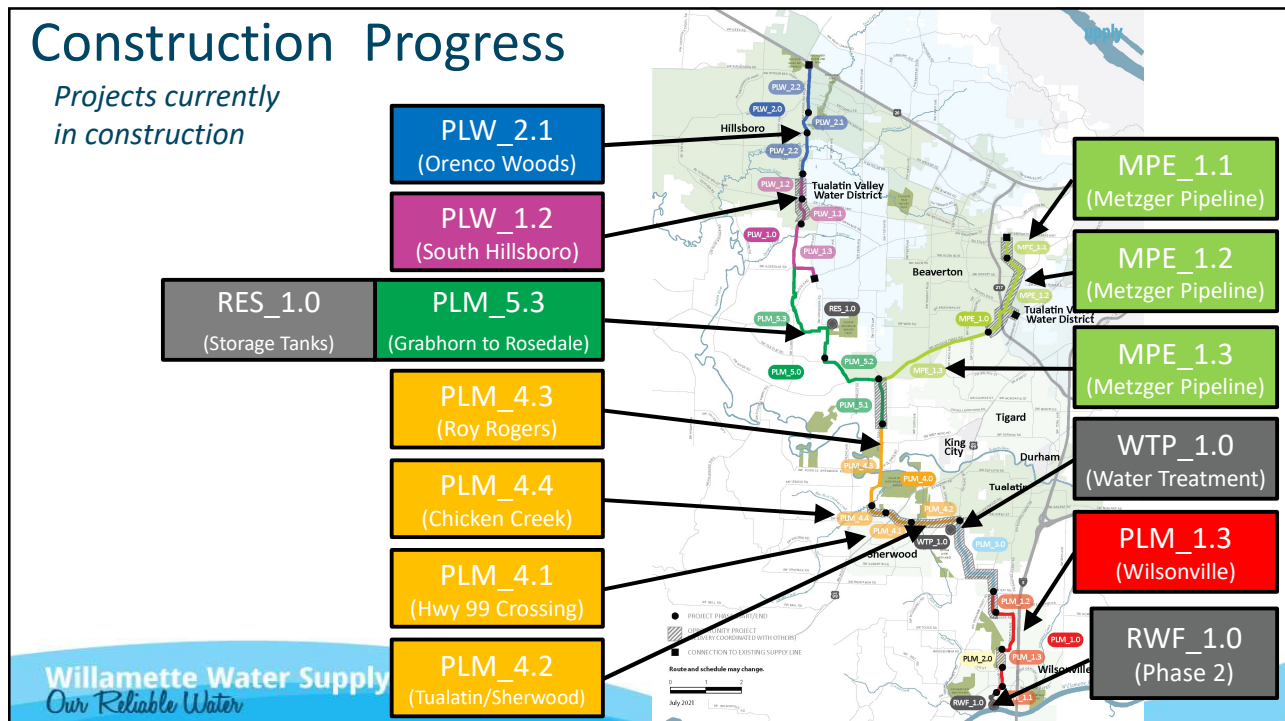
(this page intentionally left blank)

Willamette Water Supply Our Reliable Water

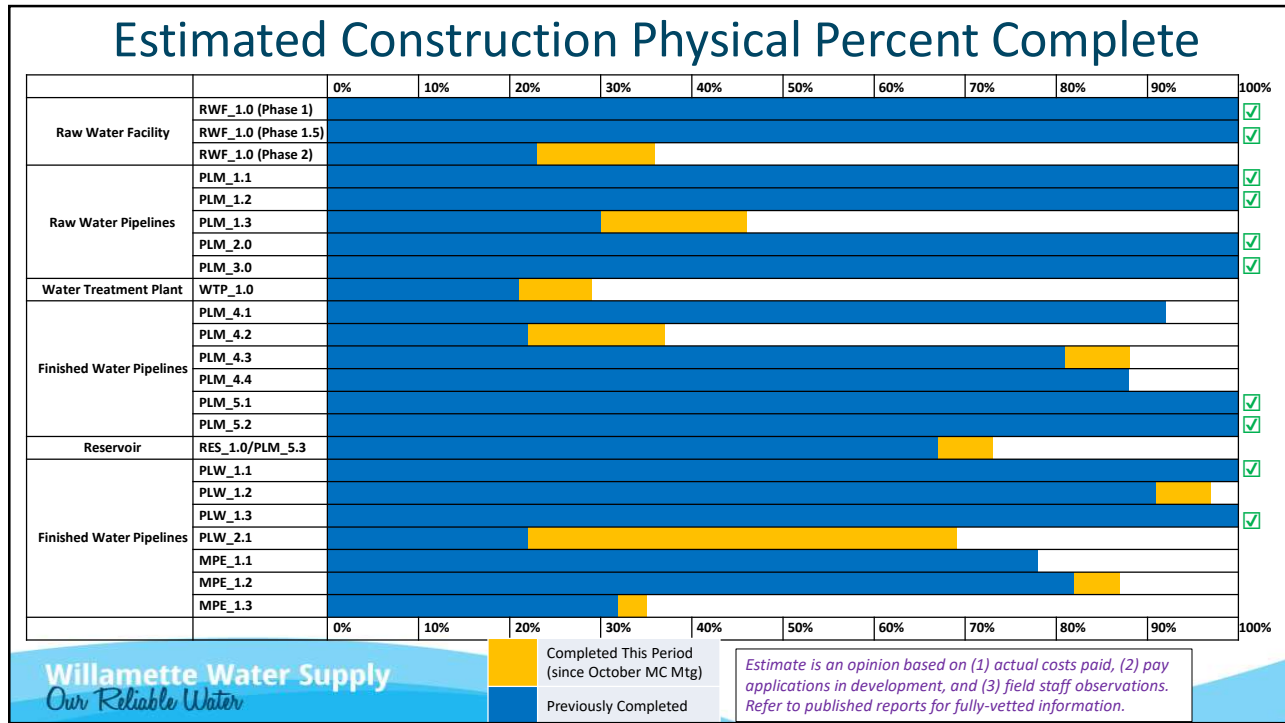
Willamette Water Supply Program Construction Progress Update

WWSS Commission Board Meeting
February 1, 2024

1



2



3

RWF_GMP-2.0

Contractor: Kiewit Infrastructure West Co.
Designer: Black & Veatch

Current and Planned Activities:

- Formwork, rebar, and concrete for Generator and Fuel Tank slab
- Completion of exterior architectural systems
- Exterior and interior HVAC systems
- Interior mechanical, electrical, and plumbing system rough-in
- Interior painting, flooring, wall sheetrock, and ceilings
- Upper site perimeter wall – stone veneer and steel pickets.
- Vertical turbine pump bases and electrical conduit work in RWPS
- Anticipated start of 30" Surge Tank Piping connections to 66" RW
- Anticipated start of PGE 1.5MW electrical feeder project
- Anticipated start of Sherwood Broadband conduits into site

Willamette Water Supply
Our Reliable Water

4

4

Construction Photos – RWF_GMP-2.0



5

Construction Photos – RWF_GMP-2.0



6

Construction Photos – RWF_GMP-2.0

Upper Site Electrical Bldg
Interior – metal stud walls,
electrical, and HVAC in the
emergency operation
center and control room



Willamette Water Supply
Our Reliable Water

7

Construction Photos – RWF_GMP-2.0

Raw Water
Pump Station:
pump bases



Willamette Water
Our Reliable Water

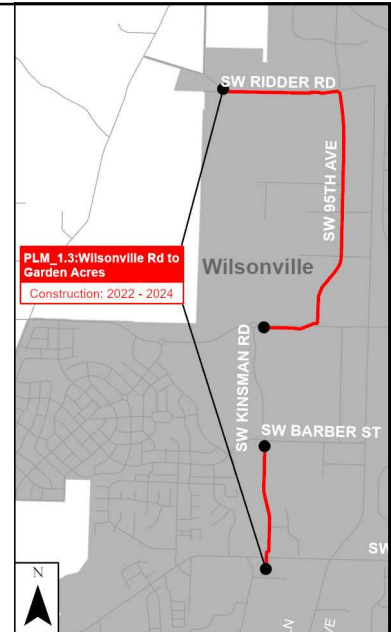
8

PLM_1.3

Contractor: Moore Excavation Inc.
Designer: HDR

Current and Planned Activities:

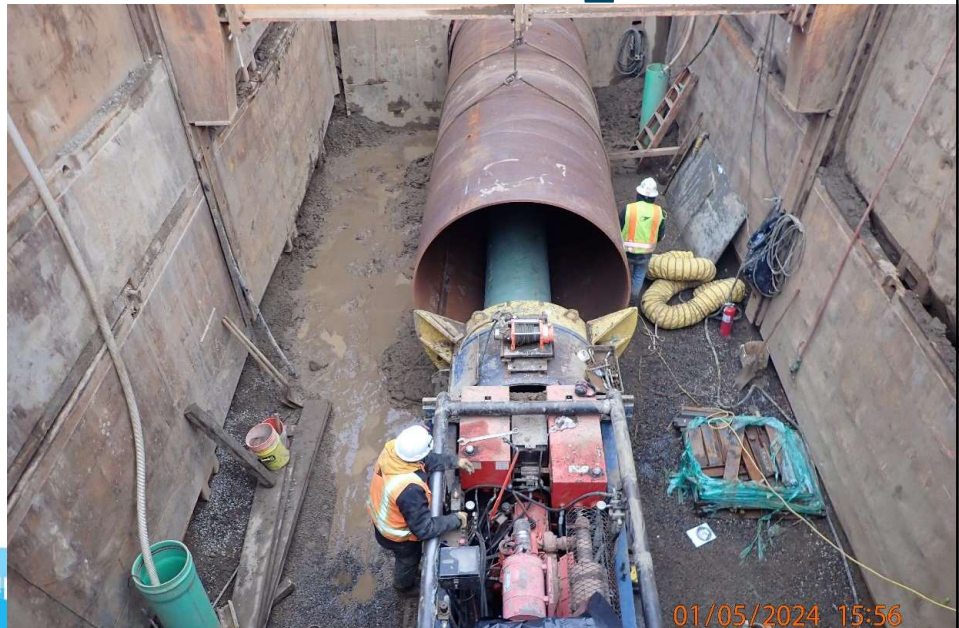
- CARV, access vault, and other appurtenances being installed on Kinsman Rd.
- Approximately 7,280 LF of 66" waterline installed (59% of total)
- Boeckman Rd. / railroad trenchless crossing under way
- Temporary paving of 95th Ave. planned for late January



9

Construction Photos - PLM_1.3

Installation of casing section at Boeckman Rd. tunnel.



10

Construction Photos - PLM_1.3

Access vault installation on Kinsman Rd.



Willamette Water Supply
Our Reliable Water

11

WTP_1.0

Contractor: Sundt Construction, Inc.
Designer: CDM Smith

Current and Planned Activities:

- Area 03 (Site Work): 66" RAW and 66" FNW pipe continues.
- Area 08 (Admin Building): Work continues with column foundations.
- Area 22 (Flash Mix): Concrete slab complete. Placing full height concrete walls.
- Area 25 (Ozone Generation): Duct bank work is on-going. Began elevator pit.
- Area 26 (Ozone Contactor) Concrete for effluent channel overflow box walls.
- Area 28 (Filters): Building lower gullet walls and decks.
- Area 30 (UV): Continue working on 84" pipe. Structural steel has begun.
- Area 34 (Chemical Building): Concrete containment walls and tank pads.
- Area 35 (Clearwell): Continue concrete walls and columns.
- Area 37 (EQ basin): Filling basin with water for hydrotest.
- Area 40 (Thickeners): Rebar and concrete work has begun.
- Area 52 (Thickened Sludge Pump Station): Placed concrete slab and began walls.
- Area 53 (FWPS): Process pipe installation has begun. Backfilling outside structure.



Willamette Water Supply
Our Reliable Water

12

12

Construction Photos - WTP_1.0



13

Construction Photos - WTP_1.0



14

Construction Photos - WTP_1.0

Area 30
Maintenance
Building
Structural Steel



15

Construction Photos - WTP_1.0

Electrical conduit duct
bank construction -
Area 30



16

Construction Photos - WTP_1.0

Hydrotesting
Area #37
Equalization
Basins



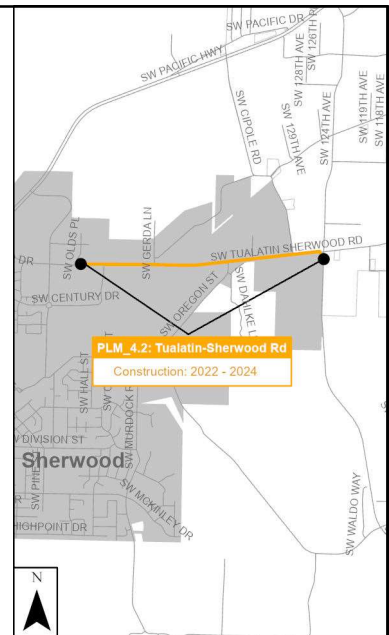
17

PLM_4.2

Partner: Washington County
Contractor: Kerr/Emery JV
Designer: Brown & Caldwell

Current and Planned Activities:

- Casing for 124th trenchless operation is complete. Carrier pipe is expected to be installed in February
- Relocation of 12" City of Sherwood Water Line between Oregon St. and Wildrose Pl.
- 66-inch open cut waterline installation began. Heading west from 124th Ave.



Willamette Water Supply
Our Reliable Water

18

18

Construction Photos – PLM_4.2

66-inch waterline installation
along Tualatin-Sherwood Rd.



Willamette Water Supply
Our Reliable Water

19

PLM_4.1

Partner: Washington County
Contractor: Moore Excavation Inc.
Designer: Brown & Caldwell

Current and Planned Activities:

- Appurtenance piping and vaults have all been installed
- Cathodic protection system installation almost complete
- Small amount of road widening to be completed



Willamette Water Supply
Our Reliable Water

20

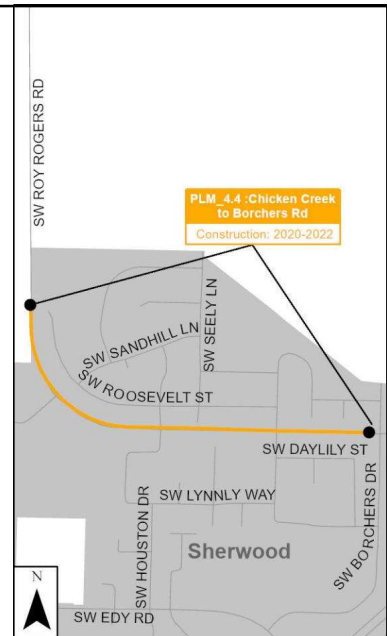
20

PLM_4.4

Partner: Washington County
Contractor: Tapani Inc.
Designer: Brown & Caldwell

Current and Planned Activities:

- Completed testing and disinfection for 66-inch waterline
- Cathodic protection system is up and running
- Tie-in to PLM_4.1 and PLM_4.3 once both are complete



Willamette Water Supply
Our Reliable Water

21

21

Construction Photos – PLM_4.4

Installing access vault near
Chicken Creek and Roy Rogers Rd.



Willamette Water Supply
Our Reliable Water

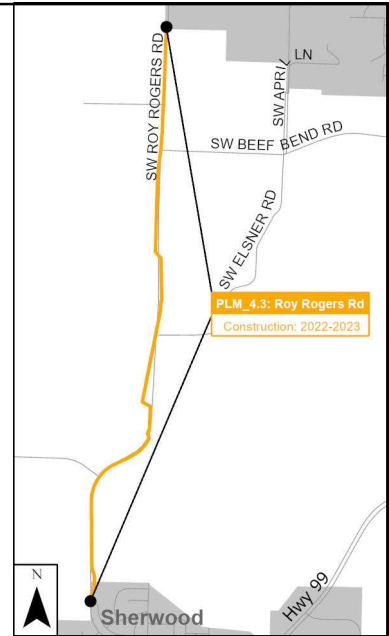
22

PLM_4.3

Contractor: Tapani Inc.
Designer: Brown & Caldwell

Current and Planned Activities:

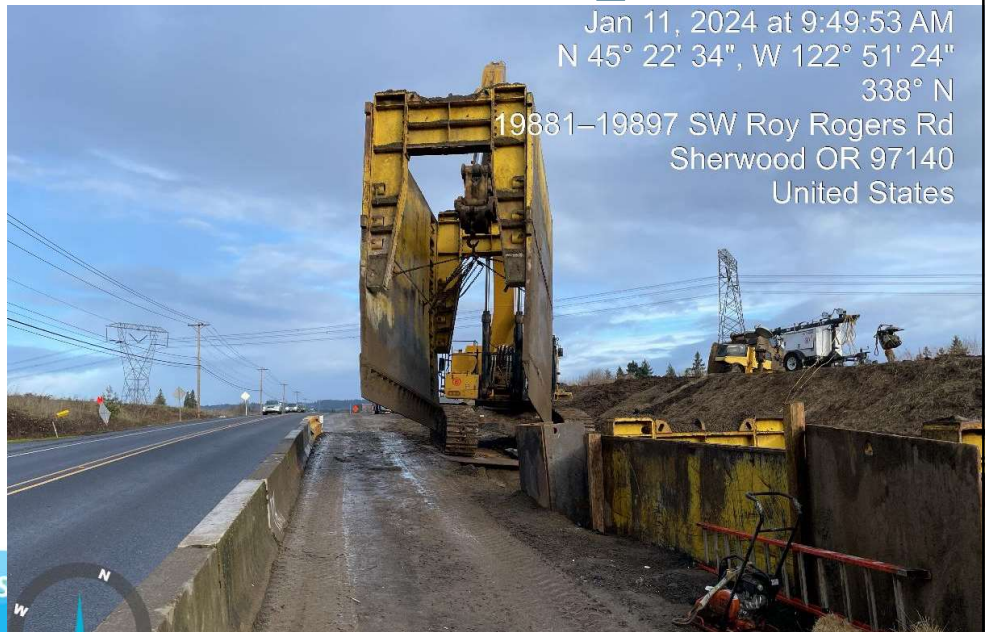
- Chicken Creek crossing – Install 66-inch pipe in shafts, remove shaft shoring and backfill shafts
- Installing 66-inch waterline on east side of Roy Rogers Rd., north of Chicken Creek. Approximately 12,000 LF of pipe installed (90% of total)
- Completed construction of soldier pile and lagging wall with tie-backs at Tributary #4



23

Construction Photos – PLM_4.3

66" waterline installation along Roy Rogers Rd. north of Chicken Creek



24

Construction Photos – PLM_4.3

66-inch waterline near connection to PLM_4.4

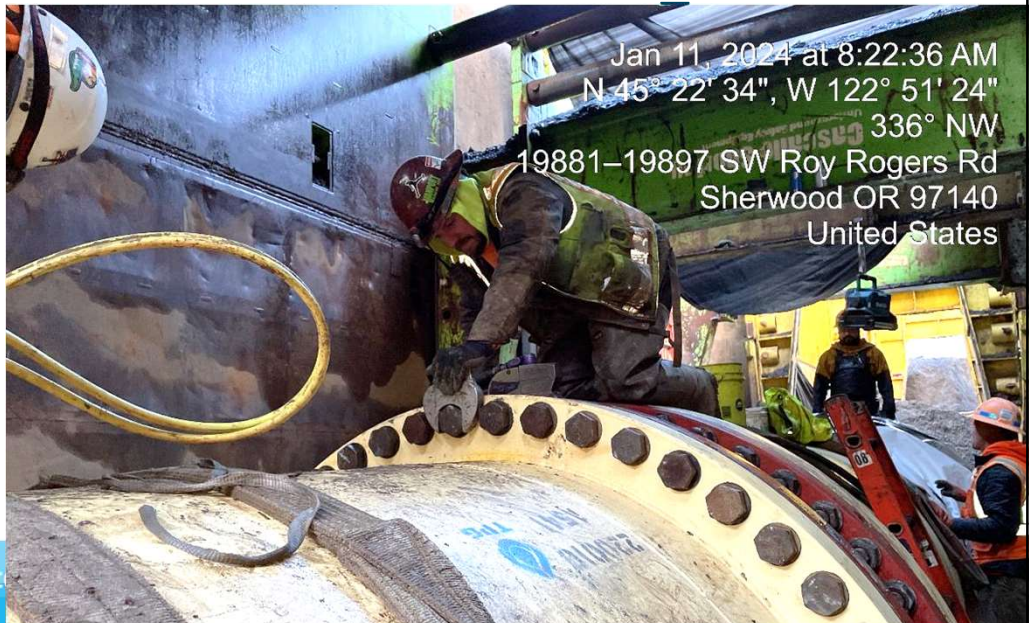


Willamette Water Supply
Our Reliable Water

25

Construction Photos – PLM 4.3

66-inch butterfly valve installation



Willamette Water
Our Reliable Water

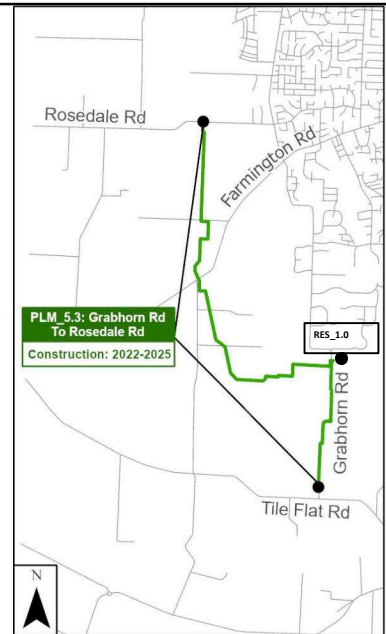
26

RES_1.0 / PLM_5.3

Contractor: Hoffman-Fowler JV
Designer: Black & Veatch / Jacobs

Current and Planned Activities:

- RES_1.0
 - Reservoir core wall and columns 100% complete
 - Reservoir roof concrete placement approximately 70% complete
 - Completed metal platforms and grating in valve vaults
 - Continued electrical duct bank and yard piping installation
 - Completed Water Quality Building CMU walls & began roof structural steel
- PLM_5.3
 - 66" waterline installation 100% complete (except tie-ins)
 - Continue cleaning, disinfection and hydrostatic pressure testing of 66" waterline
 - Continue appurtenance installations
 - Continued easement restoration in multiple locations including landscaping in creek and wetland crossings



Willamette Water Supply
Our Reliable Water

27

27

Construction Photos – RES_1.0



28

Construction Photos – RES_1.0



William
Our Relia

29

29

Construction Photos – RES_1.0



30

Construction Photos – RES 1.0



31

Construction Photos – PLM_5.3

Wetland restoration at
McKernan Creek



Willamette Water Supply
Our Reliable Water

12

32

Construction Photos – PLM_5.3

66" waterlines
PLM_5.2 and
PLM_5.3 tie-in
location



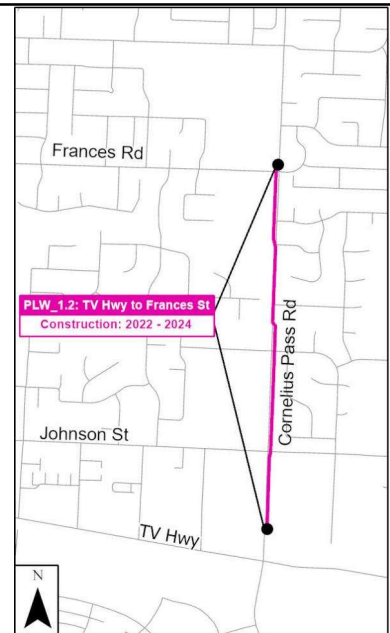
33

PLW_1.2

Partner: Washington County
Contractor: Tapani, Inc.
Designer: Kennedy/Jenks

Current and Planned Activities:

- Start-up of Frances St. Turnout at Reedville Creek Park
- Final restoration of Reedville Creek Park
- Deficiency list items



Willamette Water Supply
Our Reliable Water

34

34

Construction Photos – PLW_1.2

Air Valve Vault final work in
Cornelius Pass Rd.

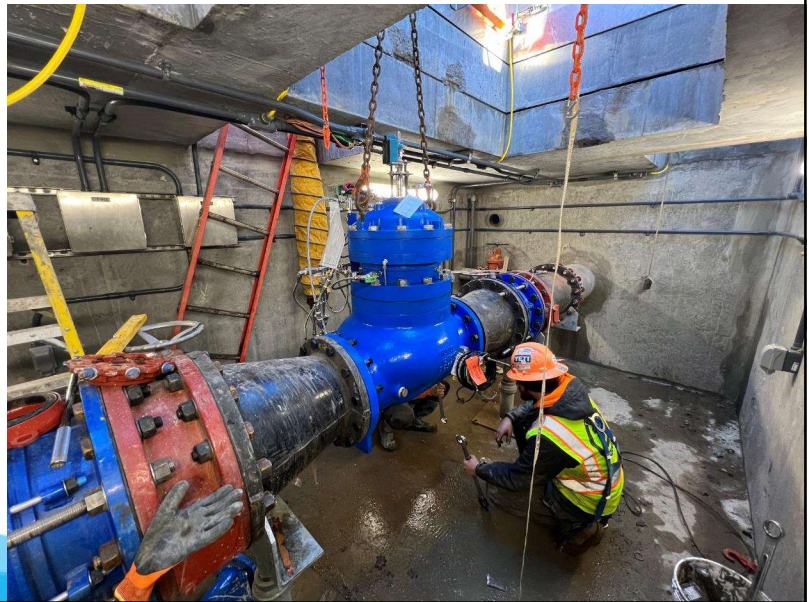


Willamette Water Supply
Our Reliable Water

35

Construction Photos – PLW_1.2

Installation of 12" PRV at
Frances St. Turnout



Willamette Water Supply
Our Reliable Water

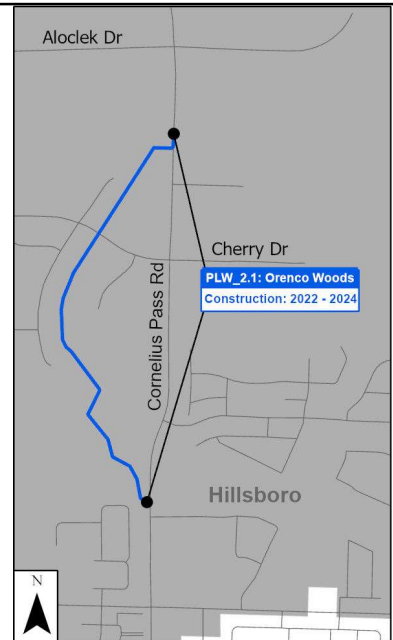
36

PLW_2.1

Contractor: Moore Excavation, Inc.
Designer: Kennedy/Jenks

Current and Planned Activities:

- 48" waterline installation in Cornelius Pass Rd at end of alignment (north end)
- Appurtenance and precast vault installation
- Stormwater piping installation for access road



37

Construction Photos – PLW_2.1

Overview of construction access south of Cherry Dr.



38

Construction Photos – PLW_2.1

48" waterline installation between staging area and Cherry Dr. on old railroad corridor



Willamette Water
Our Reliable Water

39

Construction Photos – PLW_2.1

Willow stakes budding in Rock Creek restoration ahead of winter precipitation



Willamette Water Supply
Our Reliable Water

40

MPE_1.1

Partner: City of Beaverton
Contractor: Moore Excavation Inc.
Designer: Brown & Caldwell

Current and Planned Activities:

- Washington County Supply Line (WCSL) tie-in work under way
 - 10-week window to have work completed and WCSL reactivated
 - TVWD drained the WCSL in advance of the work
 - WCSL sampling and condition assessment by TVWD
 - West Slope and COB water line relocation planning



41

Construction Photos – MPE_1.1

- Traffic control setup and sawcutting roadway at Western Ave. / Beaverton-Hillsdale Highway (BHH)



42

Construction Photos – MPE_1.1

- Careful excavation and uncovering of the existing 54" WCSL at Western/BHH



Willamette Water Supply
Our Reliable Water

43

Construction Photos – MPE_1.1

- Initial cut of the WCSL completed, first pipe section removed and end protection established



Willamette Water Supply
Our Reliable Water

44

MPE_1.2

Contractor: Emery & Sons
Designer: Brown & Caldwell

Current and Planned Activities:

- Trenchless crossings – Upper Fanno Creek
- Continued PFC building mechanical, HVAC, electrical
- Connections to existing 24" and 16" waterlines on Oleson Rd.
- Partial pressure testing completed on 48" waterline
- Site restoration



Willamette Water Supply
Our Reliable Water

45

45

Construction Photos – MPE_1.2

Fanno Creek tunnel
shaft construction



Willamette Water Supply
Our Reliable Water

46

Construction Photos – MPE_1.2

Connection of new 16" COB waterline to existing line at Allen / Western



Willamette Water Supply
Our Reliable Water

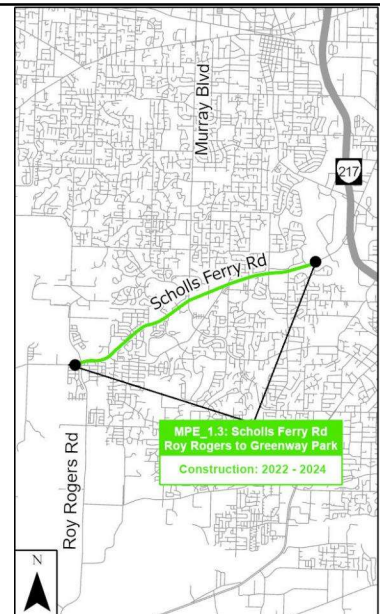
47

MPE_1.3

Contractor: Emery & Sons
Designer: Brown & Caldwell

Current and Planned Activities:

- 48" waterline installation on Scholls Ferry Rd.
 - Heading west near 135th Ave. (night work)
 - Heading east near Roy Rogers Rd. (day work)
- Barrows Rd. Sewer Relocation
- Roy Rogers Road Turnout Vault
- PGE relocations



Willamette Water Supply
Our Reliable Water

48

48

Construction Photos – MPE_1.3

Roadway Paving



Willamette Water Supply
Our Reliable Water

49

Construction Photos – MPE_1.3

Setting access vault



Willamette Water Supply
Our Reliable Water

50

QUESTIONS?

Willamette Water Supply
Our Reliable Water

51

51

**Willamette Water Supply System Commission
 Board Meeting Minutes
 Thursday, December 7, 2023**

Attendance:

Commissioners present:

City of Beaverton	Allison Tivnon
City of Hillsboro	David Judah
Tualatin Valley Water District (TVWD)	Jim Duggan

Committee Members present:

City of Beaverton	David Winship
City of Hillsboro	Niki Iverson
TVWD	Paul Matthews, Pete Boone

Managing Agency Staff present:

WWSS Commission General Manager / Willamette Water Supply Program (WWSP) Director	David Kraska
TVWD Legal Counsel	Clark Balfour
WWSP Assistant Director	Joelle Bennett
WWSP Program Manager	Andre Tolme
WWSP Deputy Program Manager	Jill Chomycia
WWSP Permitting and Outreach Manager	Christina Walter
TVWD Interim CFO / WWSP Finance Manager	Justin Carlton
WWSS Commission Recorder / WWSP Exec. Assistant	Annette Rehms

Other Attendees present:

Hillsboro staff	Chris Wilson, Negar Niakan, Jessica Dorsey
TVWD staff	Joel Cary, David Shick

REGULAR SESSION – 12:00 PM

CALL TO ORDER

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

ROLL CALL

Ms. Rehms administered the roll call and noted a quorum was present.

1. GENERAL MANAGER’S REPORT

The General Manager’s report included status updates on a cost agreement with Portland General Electric, cancellation of the January Board meeting, a reminder of upcoming Board Officer elections, in-person meeting status, and Willamette Water Supply Program (WWSP) permitting, communications, and construction activities. (*presentation on file*)

In response to commissioner feedback, Mr. Kraska will work with internal staff to develop a plan for potential future in-person Board meetings and will present the plan during the February 1, 2024, Board meeting.

2. PUBLIC COMMENT

There were no public comments.

3. CONSENT AGENDA

- A. Approve the November 2, 2023, meeting minutes

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

4. BUSINESS AGENDA

- A. Approve WTP_1.0 GMP No. 2 Contract for Construction – *David Kraska*

Mr. Kraska presented an overview of the background and scope of work for the WTP_1.0 Guaranteed Maximum Price (GMP) for construction from Sundt Construction, Inc (Sundt). The contract for construction manager/general contractor (CM/GC) services was executed on January 25, 2019, and was planned to be amended to include two GMPs for construction; GMP No. 1 for most of the water treatment plant construction and GMP No. 2 for final road construction, landscaping, fencing, and finished water system commissioning. Recently, the decision was made to separate the finished water system commissioning work from GMP No. 2 as the CM/GC was not able to complete the scope and pricing for it in time. This allows for timely execution of the site work contracts while the CM/GC continues to work on scope and pricing for the finished water system commissioning, which will now be contracted under a new GMP No. 3. The GMP No. 2 change order value of \$11,578,844 is within the approved \$16.8 million baseline budget (Baseline 8.1, approved in 2023) for this project. The difference in the change order value and the Baseline will be used to fund GMP No. 3 (*presentation on file*)

Motion was made by Tivnon and seconded by Judah, to approve a change to the Sundt contract (Contract 2018-015) in the amount of \$11,578,844 to incorporate Guaranteed Maximum Price No. 2 for the construction of the WTP_1.0 project of the Willamette Water Supply Program. The motion passed unanimously with Tivnon, Judah, and Duggan voting in favor.

5. INFORMATION ITEMS

- A. Water Treatment Plant Schedule Recovery Progress Update – *Dave Kraska*

Mr. Kraska reviewed the current schedule for the WWSS WTP_1.0 project. Progress on the schedule recovery plan has been slower than anticipated as the contractor continues to work on improving the quality and accuracy of its schedule. In November 2023, Sundt hired a new schedule team and WWSP staff anticipate an improved schedule as a result. Once the improved schedule is available, WWSP staff will work closely with the Contractor's team to evaluate opportunities to retain the scheduled float. This topic will be discussed at the each upcoming WWSS Board meeting. (*presentation on file*)

B. WWSP Performance Audit – *Justin Carlton*

Mr. Carlton presented an overview of the WWSP Performance Audit and background. The performance audit was conducted to ensure efficient and effective internal controls and recommend improvements to WWSP processes. The report concluded that WWSP and TVWD accounting staff have adhered to the policies and procedures that were established under the Intergovernmental Agreement (IGA), Management Authority Matrix, and Program Management Plan. The auditor recommendation for improvement is to obtain WWSS Board approval of the cost-allocation methodology or to have the Board delegate approval authority to the Management Committee. Considering the limited remaining use of the cost-share allocation and that its use is already accepted by the partners, staff recommends that the WWSS Board take no action on the auditor’s recommendation.

In response to staff recommendation, the Board requested more time for consideration and to convene with their respective Management Committee representatives for input.

In response to commissioner request, the General Manager will support the Management Committee members through the decision process. This topic will be brought to a future Board meeting for action.

C. Planned February Business Agenda items – *Joelle Benett*

Ms. Bennett presented information on the business agenda items planned for the February 1, 2024, WWSS Commission Board Meeting.

Staff anticipates the following business agenda items:

1. Election of Officers
2. Adopt Fiscal Year 2024-25 Annual Work Plan and Budget and Capital Improvement Plan (Baseline 9.0)
3. Approve WTP_1.0 GMP No.3 Contract for Construction [*Tentative*]

D. The next Board meeting is scheduled on February 1, 2024, via Microsoft Teams.

6. COMMUNICATIONS AND NON-AGENDA ITEMS

A. None scheduled

ADJOURNMENT

There being no further business, Chair Duggan adjourned the meeting at 1:44 PM.

James Duggan, Chair

David Judah, Vice Chair

Willamette Water Supply System Commission

(this page intentionally left blank)



Communications with Those Charged with Governance

The Board of Commissioners
Willamette Water Supply System Commission

We have audited the financial statements of Willamette Water Supply System Commission (the “Commission”) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 30, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated October 6, 2023, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we considered Commission’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated October 6, 2023.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Willamette Water Supply System Commission are described in Note 1 to the financial statements. We noted the Commission implemented GASB 96 during the year ended June 30, 2023, and the adoption of the standard did not have a material impact on the financial statements. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. *The most sensitive estimates affecting the financial statements were:*

Useful Lives of Capital Assets – This represents the depreciation of plant assets. Management's estimate of the recovery periods for the cost of plant is based on their evaluation of the useful lives of the assets. We have evaluated the key factors and assumptions used to develop the recovery periods in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Commission's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Commission's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements as a whole.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2023.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Commission’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Commissioners and management of Willamette Water Supply System Commission and is not intended to be and should not be used by anyone other than these specified parties.



Portland, Oregon
November 30, 2023

Willamette Water Supply System Commission

(this page intentionally left blank)

Willamette Water Supply System Commission

A component unit of the Tualatin Valley Water District



Financial Statements

For the fiscal years ended June 30, 2023 and 2022

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
A component unit of the Tualatin Valley Water District
Beaverton, Oregon

Financial Statements and
Supplemental Information

Years Ended June 30, 2023 and 2022

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

CONTENTS

	<u>Page</u>
Board Members	1
Report of Independent Auditors	3
Management's Discussion and Analysis	7
Basic Financial Statements:	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Basic Financial Statements	17
Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2023	28
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2022	29
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	31
Report of Independent Auditors Required by Oregon State Regulations	33

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

Board Members as of June 30, 2023

James Duggan, Chair
Commissioner, Tualatin Valley Water District

David Judah, Vice Chair
Commissioner, City of Hillsboro Utilities Commission

Allison Tivnon, Board Member
Councilor, City of Beaverton

Commission Address

Willamette Water Supply System Commission
c/o Tualatin Valley Water District
1850 SW 170th Avenue
Beaverton, OR 97003
Ph: (503) 848-3000

Report of Independent Auditors

The Board of Commissioners
Willamette Water Supply System Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Willamette Water Supply System Commission (the “Commission”) which comprise the statements of net position as of June 30, 2023 and 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

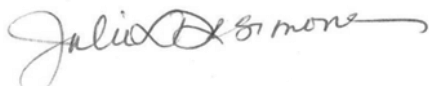
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The revenues, expenditures, and changes in fund balance – budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of Willamette Water Supply System Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Willamette Water Supply System Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Willamette Water Supply System Commission's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Auditors of Oregon Municipal Corporations, we have also issued our report dated November 30, 2023, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Julie Desimone, Partner for
Moss Adams LLP
Portland, Oregon
November 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

As management of the Willamette Water Supply System Commission (Commission), a joint venture of Tualatin Valley Water District (District) and the cities of Beaverton and Hillsboro, we offer readers of the Commission's financial statements this narrative overview and analysis of the Commission's financial activities for the fiscal years ended June 30, 2023 (FY2023) and June 30, 2022 (FY2022). The Commission, a Component Unit of the District, and was formed in July 2019 to own, operate, and maintain the Willamette Water Supply System (WWSS) to supply potable water to the District and cities of Beaverton and Hillsboro, and potentially, other municipal water providers.

These financial statements include this *Management's Discussion and Analysis* (MD&A) section to provide users of the basic financial statements with an overview and analysis of the statements.

Financial Highlights

- Net position (assets minus liabilities) was \$598.9 million and \$368.2 million at June 30, 2023 and June 30, 2022, respectively.
- Net investment in capital assets is the largest portion of the Commission's net position. Net investment in capital assets increased by \$197.9 million from FY2022 and \$292.4 million increase since FY2021.
- Capital Assets, non-depreciable, which is on-going construction in progress, increased by \$231.1 million from FY2022 and \$337.1 million increase from FY2021.

Overview of the Financial Statements

Taken together these sections provide a comprehensive financial look at the Commission. The individual components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides an overview of financial highlights and economic factors affecting the Commission.
- **Basic Financial Statements.** This section includes *the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and Notes to Basic Financial Statements*. The statements focus on an entity-wide presentation using the accrual basis of accounting. They are designed to resemble more closely private-sector financial statements in that all activities are consolidated into a total for the Commission.
 - The *Statements of Net Position* focus on resources available for future operations. The statements present a snap-shot view of the assets of the Commission, its liabilities, and the net difference.
 - The *Statements of Revenues, Expenses and Changes in Net Position* focus on operating results and changes in capital for the two most recent fiscal years.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

- The *Statements of Cash Flows* focus on how the Commission obtained and expended its available cash and investments.
- The *Notes to the Basic Financial Statements* provide additional disclosures required by generally accepted accounting principles that are essential to a full understanding of the information provided in the Basic Financial Statements.

Statements of Net Position

The Commission’s change in assets exceeded liabilities by \$598.9 million. This amount reflects an increase of \$230.7 million or 62.7% from FY2022 and \$336.3 million increase since FY2021. Net investment in capital assets represents the largest portion of the Commission’s net position at \$535.0 million, \$337.1 million, and \$242.6 million at June 30, 2023, June 30, 2022, and June 30, 2021, respectively. A condensed version of the statement of Net Position as of June 30, 2023, June 30, 2022, and June 30, 2021, are as follows:

Table 1

	2023	2022	2021	2023 -2022 Change	2023 -2021 Change
Cash and cash equivalents	\$ 9,024,120	\$ 4,559,104	\$ 2,844,135	\$ 4,465,016	\$ 6,179,985
Accounts receivable	54,597,959	26,461,231	15,846,730	28,136,728	38,751,229
Deposits and prepaid expenses	257,833	81,716	1,355,851	176,117	(1,098,018)
Leased assets, net of accumulated amortization	12,623,474	12,983,524	13,343,574	(360,050)	(720,100)
Capital assets, non-depreciable	601,287,833	370,191,904	264,230,942	231,095,929	337,056,891
Total Assets	677,791,219	414,277,479	297,621,232	263,513,740	380,169,987
Accounts and retainage payables	63,879,912	31,102,051	20,046,716	32,777,861	43,833,196
Lease liabilities	15,055,784	15,015,489	14,970,737	40,295	85,047
Total Liabilities	78,935,696	46,117,540	35,017,453	32,818,156	43,918,243
Net investment in capital assets	534,986,167	337,059,149	242,567,101	197,927,018	292,419,066
Unrestricted	63,869,356	31,100,790	20,036,678	32,768,566	43,832,678
Net Position	\$ 598,855,523	\$ 368,159,939	\$ 262,603,779	\$ 230,695,584	\$ 336,251,744

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

Statements of Revenues, Expenses and Changes in Net Position

A condensed version of the Commission’s Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021, are as follows:

Table 2

	2023	2022	2021	2023 -2022 Change	2023 -2021 Change
Operating Revenues	\$ 494,584	\$ 647,819	\$ 664,222	\$ (153,235)	\$ (169,638)
Operating expenses	622,764	312,009	1,024,272	310,755	(401,508)
Net Operating Income (Loss)	(128,180)	335,810	(360,050)	(463,990)	231,870
Non operating revenues (expenses)	496,051	492,235	488,655	3,816	7,396
Capital contributions	231,319,815	105,712,585	94,053,440	125,607,230	137,266,375
Change in Net Position	230,695,584	105,556,160	93,204,735	125,139,424	137,490,849
Net Position, beginning of period	368,159,939	262,603,779	169,399,044	105,556,160	198,760,895
Net Position, end of period	<u>\$ 598,855,523</u>	<u>\$ 368,159,939</u>	<u>\$ 262,603,779</u>	<u>\$ 230,695,584</u>	<u>\$ 336,251,744</u>

The operating expenses for the Commission’s activities totaled \$0.6 million, \$0.3 million, and \$1.0 million for the years ended June 30, 2023, June 30, 2022, and June 30, 2021, respectively, a 99.6% increase from FY2022 and a decrease of 39.2% from FY2021. In FY2022, the decrease in operating expenses was due to a change in the accounting for amortization expenses of the office lease asset. In prior years, the amortization expense for the office lease asset was recorded as an operating expense and in FY2022 the expense was moved to work in process. Operating expenses consist of administrative expenses and the amortization expense on the land lease asset. Nonoperating expenses consist mainly of interest expenses for the lease liabilities. Capital contributions consist of capital assets invested by the partners in the Commission.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

Capital Assets

The Commission has net capital assets of approximately \$601.3 million and \$370.2 million as of June 30, 2023 and June 30, 2022, respectively. The Commission’s capital assets include construction in progress of \$600.8 million and \$369.8 million as of June 30, 2023 and June 30, 2022, respectively, and \$0.4 million of non-depreciable easements as of June 30, 2023 and June 30, 2022. Construction in progress includes amortization expense on the office space lease.

Capital Assets, nondepreciable:	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 600,848,188	\$ 369,752,259
Easements	439,645	439,645
Total Capital Assets, nondepreciable	<u>\$ 601,287,833</u>	<u>\$ 370,191,904</u>

Long-Term Debt Activity

The Commission reported lease liabilities of \$15.1 million as of June 30, 2023 and \$15.0 million as of June 30, 2022, respectively. The leases are for subsurface land for the placement of a raw water pipeline and office space. The Commission had no bonded indebtedness at June 30, 2023.

Economic Factors

The Commission was formed in July 2019 to provide a reliable water supply for the region by helping water system operators balance supply during times of drought or other supply interruptions, as well as recover more quickly after a large natural disaster. The District was appointed as the managing agency. Financial records are maintained by the District. Major goals of the Commission are to construct a new water filtration plant, more than 30 miles of water pipelines, and water storage tanks – all built to modern seismic standards. Construction of the WWSS infrastructure is anticipated to be completed by 2026.

Financial Contact

The Commission’s financial statements are designed to present users including joint venturers, taxpayers, citizens, customers, investors, and creditors with a general overview of the Commission’s finances and overall accountability. If you have questions about the contents of this report or need additional financial information, please contact the District’s Chief Financial Officer at 1850 SW 170th Avenue, Beaverton, Oregon 97003.

BASIC FINANCIAL STATEMENTS

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 9,024,120	\$ 4,559,104
Accounts receivable	54,597,959	26,461,231
Prepaid expenses	228,697	54,279
Deposits	29,136	27,437
Total Current Assets	<u>63,879,912</u>	<u>31,102,051</u>
Leased assets, net of accumulated amortization	12,623,474	12,983,524
Capital assets, nondepreciable	601,287,833	370,191,904
Total Noncurrent Assets	<u>613,911,307</u>	<u>383,175,428</u>
Total Assets	677,791,219	414,277,479
LIABILITIES		
Accounts payable and accrued liabilities	54,855,792	26,542,947
Retainage payable	9,024,120	4,559,104
Total Current Liabilities	<u>63,879,912</u>	<u>31,102,051</u>
Lease liabilities	<u>15,055,784</u>	<u>15,015,489</u>
Total Liabilities	78,935,696	46,117,540
NET POSITION		
Net investment in capital assets	534,986,167	337,059,149
Unrestricted	<u>63,869,356</u>	<u>31,100,790</u>
Total Net Position	<u>\$ 598,855,523</u>	<u>\$ 368,159,939</u>

The accompanying notes are an integral part of the financial statements.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Administrative services	\$ 494,584	\$ 647,819
OPERATING EXPENSES		
Administrative and Amortization	618,702	312,009
Utilities	4,062	-
Total Operating Expenses	<u>622,764</u>	<u>312,009</u>
Net Operating Income (Loss)	(128,180)	335,810
NONOPERATING REVENUES (EXPENSES)		
Other revenue	150	200
Interest expense	(496,201)	(492,435)
Total Nonoperating Expenses	<u>(496,051)</u>	<u>(492,235)</u>
LOSS BEFORE CONTRIBUTIONS	<u>(624,231)</u>	<u>(156,425)</u>
Capital contributions	231,319,815	105,712,585
Changes in Net Position	230,695,584	105,556,160
Net Position, beginning of period	<u>368,159,939</u>	<u>262,603,779</u>
Net Position, end of period	<u>\$ 598,855,523</u>	<u>\$ 368,159,939</u>

The accompanying notes are an integral part of the financial statements.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Reimbursements from joint venturers	\$ 484,667	\$ 642,153
Payments to suppliers for goods and services	(659,856)	(632,980)
Net Cash Provided By Operating Activities	<u>(175,189)</u>	<u>9,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from joint venturers	203,193,004	105,712,585
Capital outlay and purchases of capital assets	(198,097,043)	(103,559,306)
Proceeds from the sale of assets	-	-
Reimbursements from other agencies	150	200
Payments paid on leases	(455,906)	(447,683)
Net Cash Provided By Capital and Related Financing Activities	<u>4,640,205</u>	<u>1,705,796</u>
 Net Increase in Cash and Cash Equivalents	 4,465,016	 1,714,969
Cash and Cash Equivalents, beginning of year	<u>4,559,104</u>	<u>2,844,135</u>
Cash and Cash Equivalents, end of year	<u>\$ 9,024,120</u>	<u>\$ 4,559,104</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (128,180)	\$ 335,810
Adjustments to reconcile operating loss to net cash from operating activities:		
Amortization	128,030	(336,010)
Changes in operating accounts:		
Accounts receivable	(9,917)	(5,666)
Prepaid expenses	(174,418)	23,816
Accounts payable and accrued liabilities	9,296	(8,777)
Net Cash Provided By Operating Activities	<u>\$ (175,189)</u>	<u>\$ 9,173</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Commission was organized in July 2019 under Oregon Revised Statutes (ORS), chapter 190 and was established by an agreement of the Tualatin Valley Water District (District) and cities of Beaverton and Hillsboro. The Commission is managed by the District, and is governed by a three-member board, with one member appointed by each party. The purpose of the Commission is to provide the water supply system infrastructure beginning at the Willamette Intake Facilities (WIF) System separation point and continuing to the points of delivery (turnouts).

The District holds a majority equity interest in the Commission; therefore, the Commission is considered a component unit of the District.

Expenses are allocated using two formulas: one for administrative costs and the other for operating costs. Administrative costs are allocated to the parties based on two weighted factors, 25% based on equal shares and 75% based on ownership. The weighted allocations factors by party are:

Weighted Allocation Shares for Administrative Costs					
	Equal Share		Ownership		Total
Party	Unweighted	Weighted	Unweighted	Weighted	Weighted
TVWD	33.3%	8.3%	58.9%	44.2%	52.5%
Hillsboro	33.3%	8.3%	36.1%	27.1%	35.4%
Beaverton	33.3%	8.3%	5.0%	3.7%	12.1%
Total	<u>100.0%</u>	<u>25.0%</u>	<u>100.0%</u>	<u>75.0%</u>	<u>100.0%</u>
Weight		25.0%		75.0%	

Operations, maintenance, and repair expenses that are a result of use of the facilities are allocated based on each party's proportionate use of the WWSS. Operations, maintenance, and repair expenses unrelated to usage are allocated based on each party's proportionate Ownership of the WWSS. During this preoperational period, the Commission treats all costs as administrative, (excluding for amortization and interest expenses on the leases, which are allocated based on each party's proportionate capacity rights in the facilities associated with the lease).

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

Basis of Presentation and Accounting

For financial reporting purposes, the Commission reports its operations on an enterprise fund basis. Enterprise funds (a propriety fund type) are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and net position associated with the operations are included on the Statements of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

The accrual basis of accounting is used for financial reporting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating revenues result from providing services to the parties. All revenues not meeting this definition are reported as nonoperating revenues. Operating expenses are defined as those expenses directly related to providing services.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results may differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Total net position was not affected by these reclassifications.

Cash and Cash Equivalents

Cash and investments of the Commission are part of a common cash and investment pool maintained for all funds managed by the District. The Commission considers these items to be demand deposit accounts, where funds may be deposited or withdrawn without prior notice or penalty.

Accounts Receivable

Accounts receivable are recorded as earned and no allowance for doubtful accounts is required as all receivables are due from the joint venturers.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

Capital Assets

Capital assets are recorded at cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. All costs associated with the acquisition or construction of capital assets are contributed by the joint venturers.

The Commission defines capital assets as assets with an initial cost of \$7,500 and an estimated useful life of more than one year.

Leased Assets

Leased assets are reported at the initial measurement of the lease liability adjusted by initial direct costs and payments made to the lessor at the commencement of the lease, less any lease incentives. Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Net Position

The Commission's net position consists of the net earnings from operating revenues and expenses and contributions of capital. Net position is classified in the following two components: net investment in capital assets, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and capital-related liabilities. Unrestricted net position consists of all other net positions not included in other categories.

Lease Liabilities

Lease liabilities are initially measured at the present value of payments expected to be made during the lease term, including fixed and variable payments, residual guarantees, termination penalties, lease incentives and any other payments reasonably certain to be made in accordance with the lease agreement.

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

Budgets

The Commission is organized under ORS, Chapter 190 as an Intergovernmental Agreement (IGA). The IGA that forms the Commission requires the Board to adopt an annual work plan and budget. The Commission’s budget is prepared and legally adopted for the Commission as part of the total budget for the District. The budget is prepared on a biennial basis as a separate fund on the modified accrual basis of accounting and complies with Oregon Local Budget Law. The level of budgetary control is established at the object classifications (personnel services, materials and services, capital outlay, operating transfers, and contingency).

2. CAPITAL ASSETS

The Commission has invested approximately \$600.8 million and \$369.8 million in construction in progress as of June 30, 2023, and June 30, 2022, respectively, as well as \$0.4 million of easements as of June 30, 2023, and June 30, 2022.

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Capital Assets, nondepreciable:					
Construction in progress	\$ 369,752,259	\$ 231,095,929	\$ -	\$ -	\$ 600,848,188
Easements	439,645	-	-	-	439,645
Total Capital Asset, nondepreciable	<u>\$ 370,191,904</u>	<u>\$ 231,095,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,287,833</u>

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance June 30, 2022</u>
Capital Assets, nondepreciable:					
Construction in progress	\$ 263,791,297	\$ 105,960,962	\$ -	\$ -	\$ 369,752,259
Easements	439,645	-	-	-	439,645
Total Capital Asset, nondepreciable	<u>\$ 264,230,942</u>	<u>\$ 105,960,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,191,904</u>

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

3. LEASED ASSETS

Leased assets consisted of the following at June 30, 2023:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Leased assets				
Land and easements	\$ 12,290,852	\$ -	\$ -	\$ 12,290,852
Buildings	1,772,820	-	-	1,772,820
Total leased assets	14,063,672	-	-	14,063,672
Less accumulated amortization for				
Land and easements	(384,089)	(128,030)	-	(512,119)
Buildings	(696,059)	(232,020)	-	(928,079)
Total accumulated amortization	(1,080,148)	(360,050)	-	(1,440,198)
Total leased assets being amortized, net	<u>\$ 12,983,524</u>	<u>\$ (360,050)</u>	<u>\$ -</u>	<u>\$ 12,623,474</u>

Leased assets consisted of the following at June 30, 2022:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Leased assets				
Land and easements	\$ 12,290,852	\$ -	\$ -	\$ 12,290,852
Buildings	1,772,820	-	-	1,772,820
Total leased assets	14,063,672	-	-	14,063,672
Less accumulated amortization for				
Land and easements	(256,059)	(128,030)	-	(384,089)
Buildings	(464,039)	(232,020)	-	(696,059)
Total accumulated amortization	(720,098)	(360,050)	-	(1,080,148)
Total leased assets being amortized, net	<u>\$ 13,343,574</u>	<u>\$ (360,050)</u>	<u>\$ -</u>	<u>\$ 12,983,524</u>

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

4. LEASE LIABILITIES

The District and the City of Hillsboro entered into a lease for office space which was subsequently assigned to the Commission upon the Commission’s formation. Base rent increases by 3% per annum. The lease terminates in 2027. Commission also pays variable costs based on operating expenses which are not included in the measurement of the lease liability. In fiscal years 2023 and 2022, variable payments totaled \$5,220 and \$5,185, respectively.

The District and the City of Hillsboro entered into a lease with the City of Wilsonville for subsurface land for the placement of a raw water pipeline in FY 2017. This lease was assigned to the Commission upon the Commission’s formation. The lease terminates in 2115. Annual lease installments are payable through FY 2025 with a balloon payment in 2026. As the annual payments are less than the interest on the lease obligation, the liability will increase until FY 2026 when the balloon payment is made.

Principal and interest to maturity for the Commission’s share of leases are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	(35,573)	499,949	464,376
2025	(30,578)	503,678	473,100
2026	(25,298)	507,383	482,085
2027	15,147,233	503,441	15,650,674
Total minimum lease payments	<u>\$ 15,055,784</u>	<u>\$ 2,014,451</u>	<u>\$ 17,070,235</u>

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

5. NET POSITION BY PARTNER

Changes in net position by partner for the years ending June 30, 2023, and June 30, 2022, are as follow:

Net Position	City of Beaverton	City of Hillsboro	Tualatin Valley Water District	Total
Balance June 30, 2021	\$ 14,534,955	\$ 103,638,897	\$ 144,429,927	\$ 262,603,779
Loss before contributions	(19,209)	(32,841)	(104,375)	(156,425)
Contributions	5,876,368	41,709,995	58,126,222	105,712,585
Balance June 30, 2022	\$ 20,392,114	\$ 145,316,051	\$ 202,451,774	\$ 368,159,939
Loss before contributions	(31,180)	(224,401)	(368,650)	(624,231)
Contributions	12,641,383	90,106,483	128,571,949	231,319,815
Balance June 30, 2023	<u>\$ 33,002,317</u>	<u>\$ 235,198,133</u>	<u>\$ 330,655,073</u>	<u>\$ 598,855,523</u>

Net investment in capital assets as of June 30, consists of the following:

	2023	2022
Capital assets, net	\$ 601,287,833	\$ 370,191,904
Leased assets, net	12,623,474	12,983,524
Less: lease liabilities	(15,055,784)	(15,015,489)
Less: retainage payable	(9,024,120)	(4,559,104)
Less: capital related accounts payable	(54,845,236)	(26,541,686)
 Net investment in capital assets	 <u>\$ 534,986,167</u>	 <u>\$ 337,059,149</u>

6. OTHER INFORMATION

Risk Management

The Commission is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, and natural disasters for which the Commission carries commercial insurance. The Commission does not engage in risk financing activities where risk is retained (self-insurance).

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION
Beaverton, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

Related-party Transactions

The Commission paid \$2.4 million in management fees for operations and construction in process for services provided by the District for years ended June 30, 2023, and June 30, 2022.

Administrative services revenue and contributions from partners were as follows for the years ended June 30:

	Administrative Service Revenue & Contributions	
	2023	2022
City of Beaverton	\$ 12,692,903	\$ 5,946,838
City of Hillsboro	90,296,988	41,939,430
Tualatin Valley Water District	<u>128,824,508</u>	<u>58,474,136</u>
 Total from Venturers	 <u>\$ 231,814,399</u>	 <u>\$ 106,360,404</u>

Commitments

The Commission has entered into various contracts related to the construction of the WWSS. Total outstanding commitments on contracts with greater than \$1.0 million outstanding is approximately \$665.5 million, (\$59.0 million is for ancillary projects for the District and City of Beaverton) and \$622.9 million, (\$34.5 million is for ancillary projects for city of Beaverton and the District) as of June 30, 2022, respectively.

SUPPLEMENTAL INFORMATION

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Administrative Services	\$ 1,297,410	\$ 1,297,410	\$ 494,584	\$ (802,826)
Other Revenue	-	-	150	150
Capital Contributions	372,643,578	372,643,578	231,319,815	(141,323,763)
Total Revenues	373,940,988	373,940,988	231,814,549	(142,126,439)
EXPENDITURES				
Materials and Services	1,197,410	1,197,410	494,734	(702,676)
Capital Outlay	372,643,578	372,643,578	231,319,815	(141,323,763)
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	373,940,988	373,940,988	231,814,549	(142,126,439)
Excess (Deficiency) of revenues over expenditures, and net change in fund balance	-	-	-	-
Beginning Fund Balance	-	-	169,399,044	169,399,044
Ending Fund Balance	\$ -	\$ -	\$ 169,399,044	\$ 169,399,044
Reconciliation to Change in Net Position:				
Change in Fund Balance			\$ -	
Capital Outlay			231,319,815	
Amortization			(128,030)	
Interest expense			(496,201)	
Change in Net Position			\$ 230,695,584	

WILLAMETTE WATER SUPPLY SYSTEM COMMISSION

Beaverton, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Administrative Services	\$ 1,391,666	\$ 1,391,666	\$ 647,819	\$ (743,847)
Other Revenue	-	-	200	200
Capital Contributions	176,355,996	176,355,996	105,712,585	(70,643,411)
Total Revenues	177,747,662	177,747,662	106,360,604	(71,387,058)
EXPENDITURES				
Materials and Services	1,265,666	1,265,666	648,019	(617,647)
Capital Outlay	176,355,996	176,355,996	105,712,585	(70,643,411)
Contingency	126,000	126,000	-	(126,000)
Total Expenditures	177,747,662	177,747,662	106,360,604	(71,387,058)
Excess (Deficiency) of revenues over expenditures, and net change in fund balance	-	-	-	-
Beginning Fund Balance	-	-	169,399,044	169,399,044
Ending Fund Balance	\$ -	\$ -	\$ 169,399,044	\$ 169,399,044
Reconciliation to Change in Net Position:				
Change in Fund Balance			\$ -	
Capital Outlay			105,712,585	
Amortization			336,010	
Interest expense			(492,435)	
Change in Net Position			<u>\$ 105,556,160</u>	

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Commissioners
Willamette Water Supply System Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Willamette Water Supply System Commission (the “Commission”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Willamette Water Supply System Commission’s basic financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Willamette Water Supply Commission’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willamette Water Supply System Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of Willamette Water Supply System Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

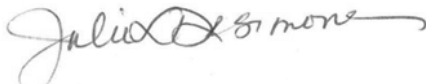
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Willamette Water Supply System Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julie Desimone, Partner for
Moss Adams LLP
Portland, Oregon
November 30, 2023

Report of Independent Auditors Required by Oregon State Regulations

Board of Commissioners
Willamette Water Supply System Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of the Willamette Water Supply System Commission (the “Commission”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Willamette Water Supply System Commission’s basic financial statements, and have issued our report thereon dated November 30, 2023.

Compliance

As part of obtaining reasonable assurance about whether the Commission’s basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Insurance and fidelity bonds
- Budget
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Commission was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.


A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners and management of Willamette Water Supply Commission and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Julie Desimone, Partner for
Moss Adams LLP
Portland, Oregon
November 30, 2023

This page is intentionally left blank

About the Willamette Water Supply System

The Tualatin Valley Water District and the Cities of Hillsboro and Beaverton are developing the Willamette river at Wilsonville as an additional water supply source.



TUALATIN VALLEY
WATER DISTRICT



The Willamette Water Supply System Commission is a partnership formed under ORS Chapter 190 of the following parties: Tualatin Valley Water District and the Cities of Hillsboro and Beaverton.

For more information, visit www.tvwd.org/wmss.

STAFF REPORT

To: WWSS Board of Commissioners
From: David Kraska, PE, General Manager
Date: February 1, 2024
Subject: Election of Officers for 2024

Requested Board Action:

The WWSS Commission to elect a Chair and Vice-Chair for the 2024 calendar year.

Key Concepts:

- Currently WWSS officers include James Duggan, Chair and David Judah, Vice Chair.
- The Commission needs to nominate and elect officers for the 2024 calendar year.
- January 2022 the WWSS Commission Board agreed to informally standardize on two-year terms for improved consistency during this dynamic time on the WWSS Commission. The current officers have served for one year.

Background:

The Willamette Water Supply System Intergovernmental Agreement, effective July 1, 2019, includes:

“5.3 Officers. The Board shall annually elect from its Members a chair (“Chair”) and a vice chair (“Vice Chair”), who shall be officers of the Board. The elections shall occur at the first meeting of the Board in each calendar year, unless otherwise agreed by the Board. The Chair shall serve as the presiding officer. In the absence of the Chair, the Vice Chair shall serve as presiding officer. Officers shall serve at the pleasure of the Board and may be replaced by the Board at any time. Officers will serve until a successor is appointed by the Board.”

For improved consistency and stability during this dynamic time of major infrastructure investment in the WWSS, the WWSS Commission Board agreed at the January 2022 meeting to standardize on two-year terms for officers. Commissioners Duggan and Judah have been in their respective officer positions for one year. Accordingly, if the Board desires to maintain the two-year officer positions rotation, a commissioner will nominate Chair Duggan and Vice Chair Judah to their current positions for 2024.

Budget Impact:

None.

Staff Contact Information:

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

Attachments:

None.

Willamette Water Supply System Commission

(this page intentionally left blank)

STAFF REPORT

To: WWSS Board of Commissioners
From: Dave Kraska, P.E., General Manager
Date: February 1, 2024
Subject: Water Treatment Plant Schedule Recovery Progress Update

Key Concepts:

On-time completion of the Willamette Water Supply System (WWSS) construction is of critical importance to the Partners (TVWD and the cities of Hillsboro and Beaverton), but the Water Treatment Plant (WTP_1.0) project is currently behind schedule. At the February WWSS Commission Board meeting, staff will share a presentation of the following information:

- Summary of the current WTP_1.0 schedule and finish date
- Efforts underway to keep the project on track and improve the schedule
- Current, expanding activities at the WTP_1.0 project site

Background:

On-time completion of the Willamette Water Supply System (WWSS) is a primary goal of the Willamette Water Supply Program (WWSP). A detailed review of the WWSP schedule and budget at the end of Fiscal Year 2023 revealed that some projects were performing at a slower spend rate than originally anticipated, but only the Water Treatment Plant project (WTP_1.0) is currently threatening on-time completion of the WWSP.

This information was shared with both the WWSS Commission Board and the TVWD Board in August, along with a high-level plan for schedule recovery on the WTP_1.0 project. Since that time, the WWSP team has been working with the WTP_1.0 general contractor (Sundt Construction, Inc.) on a schedule recovery plan while simultaneously continuing to manage the expanding activities on the WTP_1.0 project site.

The WWSP team continues to hold weekly schedule review meetings with the contractor. On November 16, 2023, staff held a partnering meeting with the general contractor to further discuss the schedule issues, and a follow-up meeting was held on January 30, 2024. The contractor's new scheduling team is currently working to address our concerns related to the schedule quality. Delivery of the new schedule for the WTP_1.0 project is anticipated in March 2024. Meanwhile, the WWSP construction management team will continue to manage the work against the current version of the schedule.

At the February WWSS Commission Board meeting, staff will share a presentation that provides an update on these activities.

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.; General Manager; 503-941-4561; david.kraska@tvwd.org

Attachments:

None

Willamette Water Supply System Commission

(this page intentionally left blank)

Willamette Water Supply

Our Reliable Water

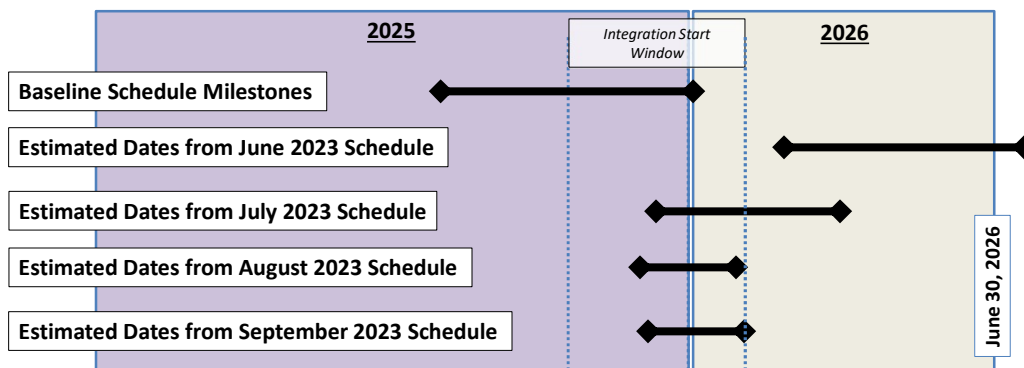
5A. Water Treatment Plant Schedule Recovery Progress Update – *David Kraska*

February 1, 2024

1

WTP and System Commissioning Schedule Status

February 2024 – **No Change** from November 2023



Legend: WTP Complete WWSS Commissioned

2

On-going Contractor Coordination

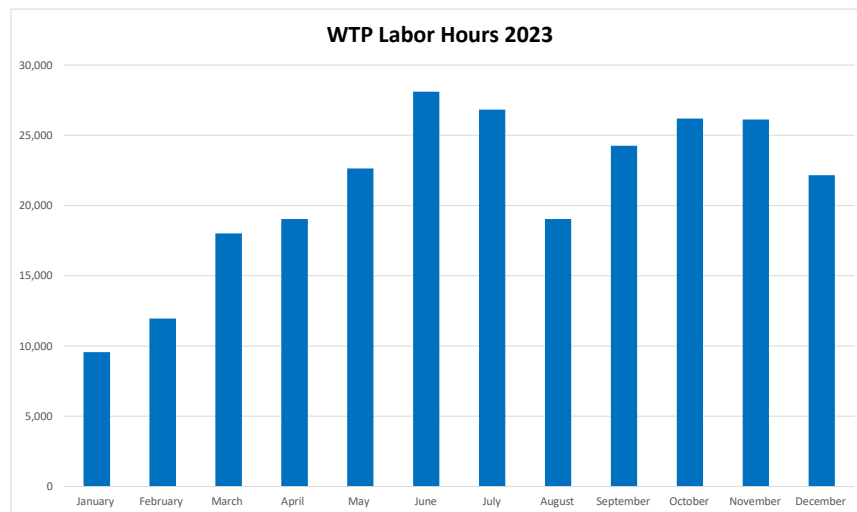
February 2024

- **Delay Prevention:**
 - WWSP CM Team and Design Engineer prioritizing urgent field issue resolution
 - Weekly RFI and submittal prioritization with Contractor, Design Engineer, and CM Team
 - WWSP CM Team participation in subcontractor coordination meetings

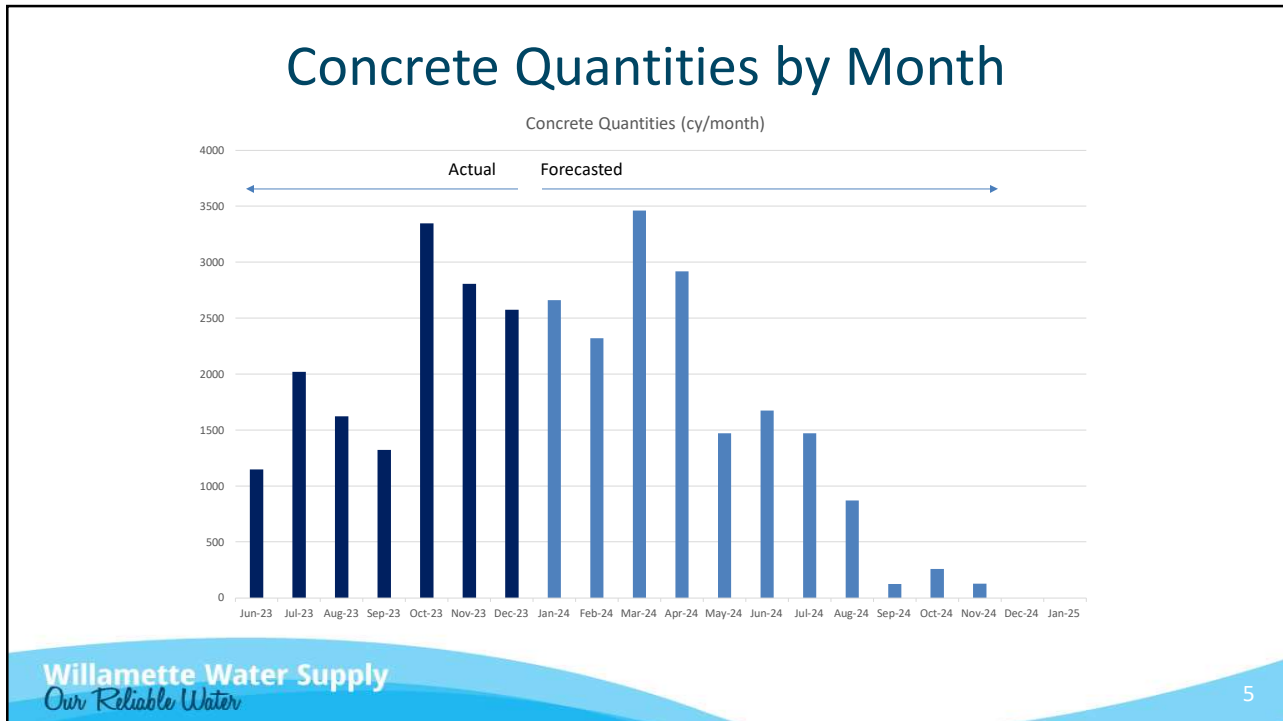
- **Schedule Recovery Activities:**
 - Sundt overhauling future schedule activity logic with input from subcontractors
 - Sundt revising startup testing and commissioning activities with increased details
 - Baseline schedule revision expected to be delivered in March

3

WTP_1.0 Craft Labor Force



4



5



6

Willamette Water Supply System Commission

(this page intentionally left blank)

STAFF REPORT

To: WWSS Board of Commissioners
From: Joelle Bennett, P.E., WWSP Assistant Program Director
Date: February 1, 2024
Subject: Anticipated Business Agenda Items for the April 2024 Meeting of the WWSS Board of Commissioners

Key Concepts:

The next Willamette Water Supply System (WWSS) Commission Board meeting agenda is anticipated to include staff recommendations for the following business agenda items:

1. WWSS Annual Work Plan and Budget for Fiscal Year 2024-25 and WWSP Capital Improvement Plan (Baseline 9.0)
2. Approve WTP_1.0 GMP3 Contract for Construction
3. Approve Amendment to Permitting Services Contract for Next One-Year Period
4. Congressional Directed Spending Grant Technical Correction
5. Board Action Related to WWSP Performance Audit

Background:

There are five anticipated business agenda items for the April 4, 2024, meeting of the WWSS Board of Commissioners. Due to the dynamic nature of the WWSS work, request for approval of some items may be delayed or new items may emerge on the business agenda for the next meeting. WWSS staff strive to provide preliminary information one meeting prior to requesting action and a full staff report describing the recommended action during the appropriate month.

1. WWSS Annual Work Plan and Budget for Fiscal Year 2024-25 and WWSP Capital Improvement Plan (Baseline 9.0)

The WWSP team has been developing a rebaseline schedule and budget reflective of the current market conditions, construction environment, and WWSP construction progress, the WWSP Capital Improvement Plan (Baseline 9.0). Baseline 9.0 was provided to the Partners on December 30, 2023.

In alignment with the WWSP Annual Baseline Schedule and Budget, WWSP staff prepared the WWSS Fiscal Year 2024-2025 (FY2025) Work Plan and Budget. The Annual Work Plan provides the proposed scope of work to be performed by the Managing Agency for FY2025, in accordance with the WWSS Intergovernmental Agreement (IGA).

As early as the April WWSS Board meeting, WWSP staff will present the WWSS Annual Work Plan and Budget for FY2025 and WWSP Capital Improvement Plan (Baseline 9.0), with a recommendation to the Board to approve.

2. Approve WTP_1.0 GMP3 Contract for Construction

The WTP_1.0 project is being delivered using the Construction Manager/General Contractor (CM/GC) method. The CM/GC contractor, Sundt Construction, Inc., is currently preparing the third Guaranteed Maximum Price (GMP) for construction. GMP3 includes startup and commissioning of the WWSS finished water system and WWSP punch list items.

As early as the April WWSS Board meeting, WWSP staff will present the GMP3 contract, with a recommendation to the Board to approve.

3. Approve Amendment to Permitting Services Contract for Next One-Year Period

David Evans and Associates (DEA), and its team of subconsultants, was selected in 2015 through a competitive process to provide the WWSP with professional permitting services. The permitting services contract included an initial two-year scope of work and up to a total term of twelve years in possible extensions. The contract has been subsequently extended multiple times, and the current contract expires April 18, 2024. The proposed amendment approves the next annual scope of work and budget for services through April 2025.

At the next WWSS Board meeting, WWSP staff plan to present the proposed contract amendment with a recommendation to the Board to approve.

4. Congressional Directed Spending Grant Technical Correction

A technical correction is needed on the Environmental Protection Agency (EPA) grant TVWD received in 2023. After the grant was awarded, EPA provided guidance that the grant recipient must be the agency which owns the assets, in this case, WWSS. EPA requires that both TVWD and WWSS adopt resolutions reassigning the grant in order to issue the technical correction.

As early as the April WWSS Board meeting, WWSP staff will present the proposed resolution, with a recommendation to the Board to approve.

5. Board Action Related to WWSP Performance Audit

At the December Board meeting, staff presented the results of the WWSP performance audit that was completed to verify the effectiveness and efficiency of the internal controls established by the Program and within TVWD's accounting group, and to provide recommendations for improvement. In the final report, the auditor recommended formal approval of the current cost share allocation methodology, a temporary process needed until construction of the WWSS is complete. The Board requested an official approval action be taken to resolve the recommendation. Staff continue to work with WWSS Finance Committee members to develop the approval request.

As early as the April WWSS Board meeting, WWSP staff will present the cost share allocation methodology, with a recommendation to the Board to approve.

Budget Impact:

Anticipated costs for the actions described in this staff report are reflected in the WWSP FY2024 budget and the overall program baseline budget.

Staff Contact Information:

David Kraska, P.E., WWSS General Manager, 503-941-4561, david.kraska@tvwd.org
Joelle Bennett, P.E., WWSP Assistant Director, 503-941-4577, joelle.bennett@tvwd.org

Attachments:

- Approvals and Procurement Forecast (December 2023 – April 2024)

Willamette Water Supply System Commission

(this page intentionally left blank)

Approvals and Procurement Forecast: December 2023 through April 2024

This report provides a five-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	3/21/2024 t	4/4/2024 t
		Execute	N/A	N/A	N/A
Real Estate	2. None	Approve	N/A	N/A	N/A
IGA's, MOU's, Permit Commitments, & Similar Agreements	3. PLM_4.3 City of Tigard Temporary Commissioning Discharge Facility IGA	Approve	N/A	5/23/2024 t	6/6/2024 t
		Execute	6/7/2024 t	N/A	N/A
Contracts (above Program Director's Authority)	4. None	Approve	N/A	N/A	N/A
		Execute	N/A	N/A	N/A
Contract Amendments and Change Orders (above Program Director's Authority)	5. WTP_1.0 GMP2 Construction <ul style="list-style-type: none"> Goal: Construct WTP_1.0 which covers landscaping, asphalt, curb/sidewalks, striping, signage, fencing Value: \$11.58 M Contractor: Sundt Construction 	Approve	N/A	11/28/2023 a	12/7/2023 a
		Execute	12/20/2023 a	N/A	N/A
	6. WTP_1.0 GMP3 Construction <ul style="list-style-type: none"> Goal: Construct WTP_1.0 which covers finished water system commissioning Value: TBD Contractor: Sundt Construction 	Approve	N/A	3/21/2024 t	4/4/2024 t
		Execute	4/5/2024 t	N/A	N/A
	7. Permitting Services Contract Amendment for Next One-year Period <ul style="list-style-type: none"> Goal: Extend contract through March 2025 Value: \$1.4 M (estimated) Consultant: David Evans Associates (DEA) 	Approve	N/A	3/21/2024 t	4/4/2024 t
		Execute	4/5/2024 t	N/A	N/A
	Local Contract Review Board (LCRB) Actions	8. None	Approve	N/A	N/A
Execute			N/A	N/A	N/A
Other	9. Board Action Related to WWSP Performance Audit	Approve	N/A	3/21/2024 t	4/4/2024 t
		Execute	N/A	N/A	N/A

Willamette Water Supply System Commission

(this page intentionally left blank)

Willamette Water Supply System Commission
Board Meeting

February 1, 2024
