Regular Meeting - 12:30 pm - City of Hillsboro Civic Center, Conference Room C113B
The Commission lunches at 12:00 pm

Call to Order - Roll Call

1. Consent Agenda
(The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)

1.1. JWC Regular Meeting Minutes October 11, 2019
JWC Minutes 10-11-19

1.2. JWC Executive Committee Minutes from December 5, 2019.
JWC Executive Comm Minutes 12-5-19

Post Audit JWC Memo
JWC - SAS 114 Ending 2019
JWC Financial Statements 2019

2. Communications and Non-agenda items

2.1. None.

3. New Business

3.1. Election of Chair and appointment of Vice Chairs and Alternates.
Staff Report – Niki Iverson
JWC 2020 Elections

3.2. 
Designation of Managing Agency. *Staff Report – Niki Iverson*

3.3. Consider approval of an Intergovernmental Agreement between Clackamas River Water and the Joint Water Commission, for supplemental cyanotoxin testing at Clackamas Laboratory. *Staff Report – Jessica Dorsey*

CRW Cyanotoxin Testing IGA staff report
JWC-CRW Cyanotoxin Testing IGA 2019.12.10

3.4. Consider authorizing the Executive Committee to meet to approve the Program Agreement between Joint Water Commission and City of Beaverton, for development of Site #44 under JWC ASR Limited License #019. *Staff Report – Niki Iverson*

Executive Committee authorization

3.5. Consider approval of Amendments to Joint Water Commission Water Services Agreement, Exhibits E and F. *Staff Report – Lee Lindsey*

IGA Amendments to Exhibits F and E Staff Report
RES 132-J Exhibit E and F Updates - 2020-01-10 Update
Exhibit E-Other Assets - 2020-01-10 Update
Exhibit F-WTP Facilities

3.6. Consider approval of North Plains Wholesale Agreement. *Staff Report – Tacy Steele*

NP Agreement Staff Memo
NorthPlainsAgreement Final Draft 1-10-20
Exhibit A NP Service Area Map

4. **Items for Discussion (Items may result in action by the Commission)**

4.1. Project Updates. *Staff Reports – Eric Hielema / Kevin Meeuwsen*

   1. Water Treatment Plant Expansion Project Update
   2. Fairway Fencing
   3. Fernhill Reservoir Roof
   4. Master Plan vs. Projects

4.2. STL Repair Presentation. *Staff Report – Eric Hielema and Kevin Meeuwsen*

4.3. Year-to Date Financial status. *Staff Report - Lee Lindsey*

   JWC Financial Report Cover Memo 1-10-20
   JWC QUARTERLY REPORTS 11.30.2019

4.4. Stored water status. *Staff Report – Kristel Griffith*

4.5. Winter Storm Report and Analysis. *Consultant/Staff Report – Bill Carr/Chris Wilson*

   Winter Storm Report Memo
4.6. General Manager's Report. Staff Report - Niki Iverson
   JWC GM Report 01-10-20
   GM Report - NEPA Cover Memo
   GM Report - BOR NEPA Agreement

5. Executive Session
   (No action may be taken in executive session. If action needs to be taken, the
   Commission will do so in regular session)

   5.1. Consider convening into Executive Session under:

       1. ORS 192.660(2)(e) for deliberation with persons designated by the governing
          body to negotiate real property transactions, and ORS 192.660(2)(f) to consider
          information or records that are exempt by law from public inspection; and ORS
          192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public
          body with regard to current litigation or litigation likely to be filed.

   5.2. Take action(s) related to Executive Session, if needed.

6. Advice/Information Items

   6.1. The next JWC and BRJOC meetings will be held on April 10, 2020. Meetings are held at
         the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 p.m. with the
         JWC meeting following immediately after the BRJOC meeting adjourns.

   6.2. Information Items
         JWC report 4th quarter
         JWCMTG-2020 Schedule
HILLSBORO/FOREST GROVE/BEAVERTON
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION (JWC)

MINUTES

City of Hillsboro
Civic Center Room 113B
150 East Main St.
October 11, 2019
12:30 p.m.
Regular Meeting

Commissioners Present:
Hillsboro:    John Godsey, David Judah and Deborah Raber
Forest Grove:    Peter Truax, Carl Heisler and Rod Fuiten
Beaverton: Marc San Soucie and Denny Doyle
Tualatin Valley Water District:  Jim Doane, Dick Schmidt and Bernice Bagnall

Staff Present:
Hillsboro: Niki Iverson, Eric Hielema, Lee Lindsey, Sophia Hobet, Jessica Dorsey, Tacy Steele, Zac Bertz, Kristel Griffith, Kevin Meeuwsen and Tonya Bilderbeck
Beaverton: David Winship
Forest Grove: Greg Robertson
Tualatin Valley Water District: Tom Hickman, Nick Augustus and Clark Balfour

Other:
Cable Huston LLC Tommy Brooks and Casey Nokes

The Commission lunched at 12:00 p.m.

CALL TO ORDER

Introductions.

1. **CONSENT AGENDA** (The entire Consent Agenda is normally considered in a single motion. Any Commissioner may request that an item be removed for separate consideration.)

   A. Approve Executive Committee meeting minutes from Wednesday, September 10, 2019.

   B. Approve regular meeting minutes from Friday, July 12, 2019.

Motion made by Doyle seconded by Bagnall to approve the Consent Agenda, as presented. Motion passed with Commissioners Godsey, Judah, Raber, Fuiten, Heisler, Truax, San Soucie, Doyle, Doane, Schmidt and Bagnall all voting in favor.
2. **COMMUNICATION AND NON-AGENDA ITEMS**

   A. None scheduled.

3. **BUSINESS**

   A. Consider approval of Conduit Use Agreement between the Joint Water Commission and the City of Hillsboro. *General Manager Report – Niki Iverson*

   Iverson reviewed the background on conduit needs for the City of Hillsboro.

   San Soucie suggested as an alternative arrangement, the Commission consider the City guarantees value of service for future JWC use in exchange for the conduit. Iverson said the agreement reserves capacity for future use for JWC.

   Motion made by Truax seconded by Doane to approve the Conduit Use Agreement between the Joint Water Commission and the City of Hillsboro, as presented. Motion passed with Commissioners Godsey, Judah, Raber, Fuiten, Heisler, Truax, San Soucie, Doyle, Doane, Schmidt and Bagnall all voting in favor.

   B. Consider authorizing the Executive Committee to take final action on the following items: *Staff Report – Niki Iverson*

      1. Consider approval of a Memorandum of Understanding for participation as a NEPA Cooperating Agency with the Bureau of Reclamation.

      2. Consider approval of Cooper Mountain Aquifer Storage and Recovery Project Agreement with the City of Beaverton and TVWD.

   Iverson presented the staff report and requested the Board’s authorization for the Executive Committee to meet and take action as needed prior to the January 2020 JWC meeting.

   Motion made by Truax seconded by Doane to authorize the Executive Committee to take final action on Agenda Items 3B 1 and 2, as presented. Motion passed with Commissioners Godsey, Judah, Raber, Fuiten, Heisler, Truax, San Soucie, Doyle, Doane, Schmidt and Bagnall all voting in favor.

4. **DISCUSSION ITEMS** (These items may result in action by the Commission.)

   A. Slayden/Jacobs Claim and Settlement Agreement Update.  
      *Attorney/Staff Report – Casey Nokes / Kevin Meeuwsen*

   Nokes reviewed the final settlement agreement with the Commission. He said he was disappointed with the informal negotiations. However, this gave staff time to review an
additional $80,000 invoice from Jacobs. In the end, the agreement was settled on at 21% Jacobs, 22% JWC, and Slayden covering the remaining amount.

B. Water Treatment Plant Expansion Project update. Staff Report – Kevin Meeuwsen

Meeuwsen provided an update on the WTP Expansion project.

C. Risk and Resiliency Plan Update. Staff Report – Eric Hielema


He said West Yost was hired as the consultant for the assessment, and outlined work completed to date, and the remaining work to be performed.

D. Year-to-Date Financial status. Staff Report – Lee Lindsey

Lindsey reviewed expenditures through June 30. He said expenses are all under budget.

E. Stored water status. Staff Report – Kristel Griffith

Griffith reviewed stored water status. She reported that above average temperatures and below average precipitation is predicated for the winter this year.

F. General Manager’s Report. Staff Report – Niki Iverson

Iverson reported on the following:
1. Winter Storm event status update included in packets.
2. North Plains draft agreement draft was issued.
3. Update on Scoggins BOR allocation study.

5. EXECUTIVE SESSION

A. Consider convening into Executive Session under:

a. ORS 192.660(2) (e) for deliberation with persons designated by the governing body to negotiate real property transactions, and ORS 192.660(2) (f) to consider information or records that are exempt by law from public inspection; and ORS 192.660(2) (h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Motion made by Judah seconded by Raber to convene into Executive Session, as presented. Motion passed with Commissioners Godsey, Judah, Raber, Fuiten, Heisler, Truax, San Soucie, Doyle, Doane, Schmidt and Bagnall all voting in favor.
B. Take action(s) related to Executive Session, if needed.

No action.

6. **ADVICE/INFORMATION ITEMS**

   A. The Joint Water Commission 85 MG Expansion Dedication will be held on October 30, 2019, at the Water Treatment Plant. Tours begin at 10:30 am, luncheon at 11:30 am, and the dedication ceremony will be held around 12:00 pm. Tours will also be held after the ceremony at 1:00 pm. Please RSVP to Tonya with preferred tour (full or expansion-only), and tour time. This is an outdoor event; please dress accordingly.

   B. The next JWC and BRJOC meetings will be held on January 10, 2020. Meetings are held at the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 pm with the JWC meeting following immediately after the BRJOC meeting adjourns.

There being no further business to come before the Commission, the meeting adjourned at 1:55 pm.

Chairman
Hillsboro/Forest Grove/ Beaverton/
TVWD Joint Water Commission

ATTEST: ______________________________________
Secretary
CALL TO ORDER

Introductions.

1. BUSINESS

A. Consider approval the Memorandum of Understanding (MOU) for participation as a NEPA Cooperating Agency with the Bureau of Reclamation (BOR).

   Staff Report – Niki Iverson

Iverson said staff has been working for over a year with BOR on this non-binding MOU, which outlines participation in the NEPA process for Scoggins Dam. Legal counsel has reviewed the MOU and does not have any concerns with the content.

She said the JWC would represent individual contract holders in the NEPA process. Staff has participated in monthly progress update calls with BOR, and will continue to keep the partners updated.

Iverson stated that JWC and CWS has requested that BOR include as criteria in the NEPA evaluation that existing water supplies are maintained during construction.

Motion made by Truax, seconded by Bagnall to approve the Memorandum of Understanding (MOU) for participation as a NEPA Cooperating Agency with the Bureau of Reclamation, as
presented. Motion passed unanimously with Commissioners Godsey, San Soucie, Truax, and Bagnall all voting in favor.

There being no further business to come before the Commission, the meeting adjourned at 9:14 a.m.

Chairman
Hillsboro/Forest Grove/ Beaverton/
TVWD Joint Water Commission

ATTEST: ____________________________
Secretary
Presented for your review are the financial statements for the Joint Water Commission for the year ended June 30, 2019, and required communications (prescribed by auditing standards) from the auditors. The audit was performed by Talbot, Korvola and Warwick, LLP. The financial statements received an unqualified or “clean” opinion with no reportable findings. There are no surprises in the communication piece from the auditors.

For the year, net position increased by approximately $9.4 million primarily due to contributions from partners of approximately $12.1 million to fund the treatment plant expansion offset by depreciation on capital assets of approximately $3 million. As partners, we have elected collectively to not fund depreciation. Therefore without adequate capital contributions to offset depreciation, joint venture capital will decrease annually. To see the change in net position by partner, refer to page 15 of the financial statements.

The financial statements are additionally available for interested parties online at: 

https://www.hillsboro-oregon.gov/departments/finance/financial-reports

Please feel free to contact me at 503-681-5361 or jon.grover@hillsboro-oregon.gov should you have any questions or would like more hard copies of the financial statements.
Board of Commissioners
Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District
Joint Water Commission
Hillsboro, Oregon

Attention: Board Chair

This letter is to inform the Board of Commissioners of Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission, Hillsboro, Oregon (the Commission) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2019, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated April 2, 2019. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 2, 2019 regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record this accounting estimate. The following describes the significant accounting estimate reflected in the Commission’s June 30, 2019, basic financial statements.

- Depreciation of capital assets, as described in Note 1 of the Notes to Basic Financial Statements, is computed using the straight-line method based on estimated useful lives of individual assets.
Board of Commissioners
Hillsboro-Forest Grove-Beaverton-
Tualatin Valley Water District
Joint Water Commission
Page 2

Uncorrected Misstatements
We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Consultation with Other Accountants
We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Recently Issued Accounting Standards
The Governmental Accounting Standards Board (GASB) has recently issued the following statement:

- **GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period**

This Statement will be effective for fiscal years beginning after December 15, 2019, with earlier application encouraged.

For financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized.

For financial statements prepared using the current financial resource measurement focus, interest incurred before the end of a construction period should continue to be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Management Representations
Attached is a copy of the management representation letter.

Closing
We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Commission.

This report is intended solely for the information and use of management and the Board of Commissioners and is not intended to be, and should not be, used by anyone other than these specified parties.

[Signature]
Lake Oswego, Oregon
November 20, 2019
November 20, 2019

Talbot, Korvola & Warwick, LLP
4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

This representation letter is provided in connection with your audit of the basic financial statements of Hillsboro-forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission, Hillsboro, Oregon (the Commission) as of and for the year ended June 30, 2019, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of November 20, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 2, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions, including those with other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission’s financial statements to be misleading or incomplete, sale and purchase transactions, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

11. We have provided you with:
   a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
   b. Additional information that you have requested from us for the purpose of the audit;
   c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence; and
   d. Minutes of the meetings of the Commission and committees of the Commission, or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All transactions have been recorded in the accounting records and are reflected in the financial statements.

13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of allegations of fraud or suspected fraud affecting the Commission's financial statements involving:
   a. Management.
   b. Employees who have significant roles in internal control.
   c. Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, or others.

16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.

18. We have disclosed to you the identity of the Commission's related parties and all the related-party relationships and transactions of which we are aware.
19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Commission’s ability to record, process, summarize and report financial data.

20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

**Supplementary Information**

21. With respect to supplementary information presented in relation to the financial statements as a whole:

   a. We acknowledge our responsibility for the presentation of such information.

   b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

   c. The methods of measurement or presentation have not changed from those used in the prior period.

   d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information and the auditor’s report thereon.

22. With respect to Management’s Discussion and Analysis, presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:

   a. We acknowledge our responsibility for the presentation of such required supplementary information.

   b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

   c. The methods of measurement or presentation have not changed from those used in the prior period.

23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission

Suzanne Linneen, Finance Director

Michelle Wareing, Assistant Finance Director
HILLSBORO-FOREST GROVE-BEAVERTON-TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION
Hillsboro, Oregon

JUNE 30, 2019

BOARD OF COMMISSIONERS

Commissioner:

John Godsey, Chair
Marc San Soucie, Vice Chair
Peter Truax, Vice Chair
Bernice Bagnall, Vice Chair
Denny Doyle
Mark Fagin
Rod Fuiten
Carl Heisler
David Judah
Deborah Raber
Jim Doane
Dick Schmidt

Representing:

City of Hillsboro
City of Beaverton
City of Forest Grove
Tualatin Valley Water District
City of Beaverton
City of Beaverton
City of Forest Grove
City of Forest Grove
City of Hillsboro
City of Hillsboro
City of Hillsboro
Tualatin Valley Water District
Tualatin Valley Water District

Commission Address

City of Hillsboro
150 E. Main Street
Hillsboro, Oregon 97123
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INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
Hillsboro-Forest Grove-Beaverton-
Tualatin Valley Water District
Joint Water Commission
Hillsboro, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Hillsboro-Forest
Grove-Beaverton-Tualatin Valley Water District Joint Water Commission, Hillsboro,
Oregon (the Commission), as of and for the year ended June 30, 2019, and the
related notes to the financial statements, which collectively comprise the
Commission’s basic financial statements as listed in the Table of Contents.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these
financial statements in accordance with accounting principles generally accepted in
the United States of America; this includes 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.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on
our audit. We conducted our audit in accordance with auditing standards generally
accepted in the United States of America. Those standards require that we plan and
perform the audit to obtain reasonable assurance about whether the financial
statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts
and disclosures in the financial statements. The procedures selected depend on the
auditor’s judgment, including the assessment of the risks of material misstatement
of the financial statements, whether due to fraud or error. In making those risk
assessments, the auditor considers internal control relevant to the entity’s
preparation and fair presentation of the financial statements 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 entity’s internal control.
Accordingly, we express no such opinion. An audit also includes evaluating the
appropriateness of accounting policies used and the reasonableness of significant
accounting estimates made by management, as well as evaluating the overall
presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to
provide a basis for our audit opinion.
INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Board of Commissioners
Hillsboro-Forest Grove-Beaverton-
Tualatin Valley Water District
Joint Water Commission
Page 2

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2019, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, 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.

Other 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 other schedules, listed in the Table of Contents as Supplemental Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental 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. Such 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 20, 2019, on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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.

Timothy R. Gillette, Partner

Lake Oswego, Oregon
November 20, 2019
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MANAGEMENT'S DISCUSSION AND ANALYSIS
HILLSBORO-FOREST GROVE-BEAVERTON-TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

As management of the Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission (the Commission), a joint venture between the Cities of Hillsboro, Forest Grove, and Beaverton, and the Tualatin Valley Water District, we offer readers of the Commission’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

- The Commission’s assets totaled approximately $126.9 million at June 30, 2019 and consisted of approximately $144,000 in deposits and investments with the City of Hillsboro, $2.5 million in accounts receivable and capital assets of approximately $124.2 million.
- Net position (assets minus liabilities) was approximately $124.2 million at June 30, 2019.
- As of June 30, 2019, the Commission had no outstanding long term debt.
- Net position increased by approximately $9.4 million from June 30, 2018, due to investment in the form of contributions from joint venture partners towards various capital projects outpacing expenses, specifically depreciation which is unfunded by the partners.

Report Layout

The individual components of the report layout 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. Includes the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows, and the Notes to Basic Financial Statements. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position 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 Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets of the Commission, the liabilities it owes and the net difference.
  - The Statement of Revenues, Expenses and Changes in Net Position focuses on the current year’s operating results and the change in Net Position as a result of the current year’s operations.
  - The Statement of Cash Flows focuses on how the Commission obtained and expended its available deposits and investments held by the City of Hillsboro.
  - The Notes to Basic Financial Statements provide additional disclosures to provide information to assist the reader in understanding the Commission’s financial condition.
Report Layout (Continued)

- **Supplemental Information.** Components within this section include:
  - **Budgetary Comparison.** This schedule includes a comparison of actual revenues and expenditures to the original and final budget.
  - **Reconciliation of Change in Fund Balance to Change in Net Position.**

- **Independent Auditor’s Report Required by Oregon State Regulations.** Consists of supplemental information on the Commission’s compliance and internal control as required by Oregon Revised Statutes.

**Statement of Net Position**

The Commission’s assets exceeded liabilities by approximately $124.2 million at June 30, 2019. The largest portion of its assets were capital assets. A version as of June 30 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$2,659,106</td>
<td>$2,668,800</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>124,192,088</td>
<td>114,751,232</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>126,851,194</td>
<td>117,420,032</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,431,587</td>
<td>2,455,836</td>
</tr>
<tr>
<td>Due to the City of Hillsboro</td>
<td>227,519</td>
<td>212,964</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,659,106</td>
<td>2,668,800</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td>$124,192,088</td>
<td>$114,751,232</td>
</tr>
</tbody>
</table>

Capital assets increased by approximately $9.4 million due to the investment by joint venture partners in the form of contributions towards various capital projects, outpacing depreciation expense. Project reimbursements from joint venture partners comprise the receivable balance at year-end and payments owed to vendors makes up the majority of the accounts payable balance at year-end.
### Statement 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 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of water</td>
<td>$ 7,100,843</td>
<td>$ 6,775,190</td>
</tr>
<tr>
<td>Other</td>
<td>450,770</td>
<td>116,333</td>
</tr>
<tr>
<td></td>
<td>7,551,613</td>
<td>6,891,523</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted payroll and fringe benefits</td>
<td>2,723,992</td>
<td>2,624,203</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,731,229</td>
<td>1,692,270</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,710,844</td>
<td>2,448,200</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,998,968</td>
<td>3,001,136</td>
</tr>
<tr>
<td></td>
<td>10,165,033</td>
<td>9,765,809</td>
</tr>
<tr>
<td><strong>Operating Loss</strong></td>
<td>(2,613,420)</td>
<td>(2,874,286)</td>
</tr>
<tr>
<td><strong>Non Operating Income (Expense)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>34,707</td>
<td>29,604</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(34,714)</td>
<td>(29,614)</td>
</tr>
<tr>
<td></td>
<td>(7)</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Total Nonoperating Income (Expense)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2,613,427)</td>
<td>(2,874,296)</td>
</tr>
<tr>
<td><strong>Loss before contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12,054,283</td>
<td>11,018,497</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>9,440,856</td>
<td>8,144,201</td>
</tr>
<tr>
<td><strong>Net Position, beginning of year</strong></td>
<td>114,751,232</td>
<td>106,607,031</td>
</tr>
<tr>
<td><strong>Net Position, end of year</strong></td>
<td>$ 124,192,088</td>
<td>$ 114,751,232</td>
</tr>
</tbody>
</table>
Statement of Revenues, Expenses and Changes in Net Position (Continued)

The cost of the Commission’s activities totaled approximately $10.2 million for the year ended June 30, 2019. As shown in the Statement of Revenues, Expenses and Changes in Net Position, the expenses, excluding depreciation, paid by operating revenues were approximately $7.2 million for 2019. However, operating expenses exceeded operating revenues by approximately $2.6 million for 2019. The operating loss is due to the joint venture partners not being charged for depreciation expense of approximately $3.0 million. At this time, the Commission’s Board has elected not to fund depreciation. All operating costs, excluding depreciation costs, are charged to the joint venture partners on a monthly basis.

An increase in project activity, subsequent contributions from partners, contributions from others, and the election to not fund annual depreciation resulted in Net Position increasing by approximately $9.4 million for the year ended June 30, 2019.

Capital Assets

The Commission had invested approximately $124.2 million in capital assets, net of depreciation, at June 30, 2019, as reflected in the following table, which represents a net increase of approximately $9.4 million from 2018. This is due to investment, primarily in construction in progress related to the expansion of the water treatment plant, outpacing depreciation expense.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$3,488,576</td>
<td>$3,488,576</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>29,561,736</td>
<td>17,236,720</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5,758,014</td>
<td>5,643,206</td>
</tr>
<tr>
<td>Treatment facilities</td>
<td>51,861,915</td>
<td>51,861,915</td>
</tr>
<tr>
<td>Transmission lines</td>
<td>72,028,380</td>
<td>72,028,380</td>
</tr>
<tr>
<td>Reservoir</td>
<td>23,769,761</td>
<td>23,769,761</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(62,276,294)</td>
<td>(59,277,326)</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$124,192,088</td>
<td>$114,751,232</td>
</tr>
</tbody>
</table>

Additional information on the Commission's capital assets may be found in Notes 1 and 2 in the Notes to Basic Financial Statements.

Budgetary Highlights

There were a supplemental budgets to recognize additional Sale of Water and Special Expenditure for $103,280 transacted between partners through the Commission for leased capacity.

Debt Administration

As of year-end June 30, 2019 the Commission had no outstanding debt.
Economic Factors

All personnel are employees of the City of Hillsboro, the managing agency for the Commission. Personnel costs continue to rise with increasing medical and retirement costs. Due to the Commission’s funding structure, costs are shared by several entities in an effort to keep costs down. Personnel costs and other overhead costs are charged to all of the joint venturers; therefore, any increasing costs are spread out to all the entities lessening the impact of rising costs on the Commission.

Financial Contact

The Commission's financial statements are designed to present users including 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 City of Hillsboro’s Finance Director at 150 East Main St., Hillsboro, OR 97123.
HILLSBORO-FOREST GROVE-BEAVERTON-
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION
Hillsboro, Oregon

STATEMENT OF NET POSITION
JUNE 30, 2019

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits and investments held by the City of Hillsboro</td>
<td>$143,657</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,515,449</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>124,192,088</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>126,851,194</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>2,431,587</td>
<td></td>
</tr>
<tr>
<td>Due to City of Hillsboro</td>
<td>227,519</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>2,659,106</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>124,192,088</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>$124,192,088</strong></td>
<td></td>
</tr>
</tbody>
</table>

See notes to basic financial statements.
HILLSBORO-FOREST GROVE-BEAVERTON-
TUALATIN VALLEY WATER DISTRICT

JOINT WATER COMMISSION

Hillsboro, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION

YEAR ENDED JUNE 30, 2019

OPERATING REVENUES:

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of water</td>
<td>$7,100,843</td>
</tr>
<tr>
<td>System development charges</td>
<td>388,267</td>
</tr>
<tr>
<td>Other</td>
<td>62,503</td>
</tr>
</tbody>
</table>

TOTAL OPERATING REVENUES $7,551,613

OPERATING EXPENSES:

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually paid salaries and fringe benefits</td>
<td>2,723,992</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,731,229</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>1,595,227</td>
</tr>
<tr>
<td>Support services</td>
<td>458,484</td>
</tr>
<tr>
<td>Contractual services</td>
<td>111,750</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>77,311</td>
</tr>
<tr>
<td>Insurance</td>
<td>198,782</td>
</tr>
<tr>
<td>Fees and assessments</td>
<td>269,290</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,998,968</td>
</tr>
</tbody>
</table>

TOTAL OPERATING EXPENSES $10,165,033

OPERATING LOSS (2,613,420)

NONOPERATING INCOME (EXPENSES):

<table>
<thead>
<tr>
<th>Income (Expense)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>34,707</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(34,714)</td>
</tr>
</tbody>
</table>

TOTAL NONOPERATING INCOME (EXPENSES) (7)

LOSS BEFORE CONTRIBUTIONS (2,613,427)

CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Contribution Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from venturers</td>
<td>12,054,283</td>
</tr>
</tbody>
</table>

CHANGE IN NET POSITION 9,440,856

NET POSITION, BEGINNING 114,751,232

NET POSITION, ENDING $124,192,088

See notes to basic financial statements.
### CASH FLOWS FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received from customers</td>
<td>$7,936,453</td>
</tr>
<tr>
<td>Paid to suppliers for goods and supplies</td>
<td>$(4,946,472)</td>
</tr>
<tr>
<td>Paid to related entities for goods and services</td>
<td>$(3,167,921)</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$62,503</td>
</tr>
</tbody>
</table>

**NET CASH FROM OPERATING ACTIVITIES**

$(115,437)

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and construction of capital assets, net of related accounts payable</td>
<td>$(11,501,190)</td>
</tr>
<tr>
<td>Contributions from joint venturers, net of related accounts receivable</td>
<td>$11,760,291</td>
</tr>
<tr>
<td>Interest income</td>
<td>$34,707</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$(34,714)</td>
</tr>
</tbody>
</table>

**NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

$259,094

**NET CHANGE IN DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO**

143,657

**DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO, BEGINNING**

-$

**DEPOSITS AND INVESTMENTS HELD BY THE CITY OF HILLSBORO, ENDING**

$143,657

### RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$(2,613,420)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash from operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$2,998,968</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Decrease in accounts receivable, net of capital related accounts receivable</td>
<td>$447,343</td>
</tr>
<tr>
<td>Decrease in accounts payable, net of capital related accounts payable</td>
<td>$(962,883)</td>
</tr>
<tr>
<td>Increase in due to City of Hillsboro</td>
<td>$14,555</td>
</tr>
</tbody>
</table>

**NET CASH FROM OPERATING ACTIVITIES**

$(115,437)

---

See notes to basic financial statements.
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission (the Commission) was organized under Oregon Revised Statute (ORS) 190 and was established by an agreement between the cities of Hillsboro, Forest Grove, and Beaverton, and the Tualatin Valley Water District (TVWD). The Commission is governed by three members from each venture. The purpose of the Commission is to operate raw water intake facilities, the water treatment plant, and storage and transmission facilities to the ventures.

The Commission is managed by the City of Hillsboro.

Operation and maintenance expense is determined on a unit basis by the Commission and each joint venturer is charged based on the number of units of water diverted into its separate system. All net income or loss is allocated to the respective joint venturers by the following percentages:

| City of Hillsboro  | 45 % |
| City of Forest Grove | 13 1/3 % |
| City of Beaverton    | 25 %  |
| Tualatin Valley Water District | 16 2/3 % |

Basis of Presentation and Accounting

For financial reporting purposes, the Commission reports its operations on an enterprise fund basis. Enterprise funds (a proprietary 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 Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position.

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

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.
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments Held by the City of Hillsboro

All deposits and investments are held by the City of Hillsboro on behalf of the Commission. The Commission considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty. Interest earnings are allocated from the City based on the proportion of the Commission’s funds to the total of the City of Hillsboro funds.

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.

Capital Assets

Capital assets are recorded at cost or estimated cost if actual cost is not known. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized. All costs associated with the acquisition or construction of capital assets, including any interest costs, are contributed by the joint venturers or paid for by system development charges received from wholesale customers.

The Commission defines capital assets as assets with an initial cost of more than $15,000 and an estimated life of one year or more. The costs of normal repairs and maintenance that do not add to the value of the assets or materially extend their lives are not capitalized.

Depreciation on capital assets placed in service is computed on the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>5</td>
</tr>
<tr>
<td>Treatment facilities</td>
<td>25 to 50</td>
</tr>
<tr>
<td>Transmission lines</td>
<td>50</td>
</tr>
<tr>
<td>Reservoir</td>
<td>50</td>
</tr>
</tbody>
</table>

Net Position

In the Commission-wide statement of net position, equity is referred to as net position and is segregated into the following components: 1) net investment in capital assets and 2) unrestricted. It is the Commission’s policy to deplete, when available, restricted revenues/net position first before unrestricted net position is depleted.

Revenues

Operating revenues result from providing services to the joint venturers. All revenues not meeting this definition are reported as nonoperating revenues.
## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Pension Plan and Other Post Employment Benefits

Commission employees are employees of the City of Hillsboro; therefore, no pension or other post employment benefits assets or liabilities are attributable to the Commission.

### Budgets

Under ORS 294.316, municipal public utilities operating under separate commissions authorized under ORS 225 and city charters, and which have no ad valorem tax support, are not required to separately prepare and adopt a budget. Rather, such entities’ budgets may be included in the city with primary managerial responsibility. Accordingly, a budget is prepared and legally adopted for the Commission as part of the total budget for the City of Hillsboro. The budget is prepared as a separate fund on the modified accrual basis of accounting.

## 2. CAPITAL ASSETS

Capital assets are comprised of:

<table>
<thead>
<tr>
<th></th>
<th>Balance June 30, 2018</th>
<th>Increases</th>
<th>Balance June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$3,488,576</td>
<td>$-</td>
<td>$3,488,576</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>17,236,720</td>
<td>12,325,016</td>
<td>29,561,736</td>
</tr>
<tr>
<td></td>
<td>20,725,296</td>
<td>12,325,016</td>
<td>33,050,312</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5,643,206</td>
<td>114,808</td>
<td>5,758,014</td>
</tr>
<tr>
<td>Treatment facilities</td>
<td>51,861,915</td>
<td>-</td>
<td>51,861,915</td>
</tr>
<tr>
<td>Transmission lines</td>
<td>72,028,380</td>
<td>-</td>
<td>72,028,380</td>
</tr>
<tr>
<td>Reservoir</td>
<td>23,769,761</td>
<td>-</td>
<td>23,769,761</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>$153,303,262</td>
<td>114,808</td>
<td>$153,418,070</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(2,692,280)</td>
<td>(154,113)</td>
<td>(2,846,393)</td>
</tr>
<tr>
<td>Treatment facilities</td>
<td>(25,308,715)</td>
<td>(945,315)</td>
<td>(26,254,030)</td>
</tr>
<tr>
<td>Transmission lines</td>
<td>(24,514,357)</td>
<td>(1,424,142)</td>
<td>(25,938,499)</td>
</tr>
<tr>
<td>Reservoir</td>
<td>(6,761,974)</td>
<td>(475,398)</td>
<td>(7,237,372)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(59,277,326)</td>
<td>(2,998,968)</td>
<td>(62,276,294)</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated, net</strong></td>
<td>$94,025,936</td>
<td>(2,884,160)</td>
<td>$91,141,776</td>
</tr>
<tr>
<td><strong>Total capital assets, net</strong></td>
<td>$114,751,232</td>
<td>$9,440,856</td>
<td>$124,192,088</td>
</tr>
</tbody>
</table>
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2019

3. NET POSITION BY JOINT VENTURER

Changes in net position for the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance June 30, 2018</th>
<th>Loss Before Contributions</th>
<th>Venturers Contributions</th>
<th>Balance June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Hillsboro</td>
<td>$58,716,433</td>
<td>$(1,176,042)</td>
<td>$7,979,508</td>
<td>$65,519,899</td>
</tr>
<tr>
<td>City of Forest Grove</td>
<td>$5,900,165</td>
<td>$(348,370)</td>
<td>$636,365</td>
<td>$6,188,160</td>
</tr>
<tr>
<td>City of Beaverton</td>
<td>$15,375,913</td>
<td>$(653,357)</td>
<td>$1,192,546</td>
<td>$15,915,102</td>
</tr>
<tr>
<td>Tualatin Valley Water District</td>
<td>$34,758,721</td>
<td>$(435,658)</td>
<td>$2,245,864</td>
<td>$36,568,927</td>
</tr>
<tr>
<td>Total</td>
<td>$114,751,232</td>
<td>$(2,613,427)</td>
<td>$12,054,283</td>
<td>$124,192,088</td>
</tr>
</tbody>
</table>

4. RELATED PARTY TRANSACTIONS

The Commission’s expense to the City of Hillsboro for contractually paid salary and fringe benefits for services performed by the City’s employees on behalf of the Commission, net of adjustments from budgetary expenditures were as follows:

- Budgetary Basis - Personnel Services $2,767,140
- Capitalized contractually paid salaries and fringe benefits $(73,807)
- Adjustments for certain accrued salary and fringe benefits 30,659
- Operating Expense - Contractually paid salaries and fringe benefits $2,723,992

The Commission owes the City $227,519 for these services at June 30, 2019.

5. COMMITMENTS AND CONTINGENCIES

As of June 30, 2019, the Commission has outstanding construction and services commitments amounting to approximately $2.4 million.

6. 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 the risk is retained (self-insurance). In the past three years insurance coverage has been sufficient to cover any losses.
<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>Budget (Original)</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Final Budget (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of water</td>
<td>$8,663,153</td>
<td>$8,766,433</td>
<td>$7,100,843</td>
<td>($1,665,590)</td>
</tr>
<tr>
<td>Contributions in aid of construction</td>
<td>18,015,500</td>
<td>18,015,500</td>
<td>12,054,283</td>
<td>(5,961,217)</td>
</tr>
<tr>
<td>System development charges</td>
<td>150,000</td>
<td>150,000</td>
<td>388,267</td>
<td>238,267</td>
</tr>
<tr>
<td>Donations and grants</td>
<td>-</td>
<td>-</td>
<td>13,000</td>
<td>13,000</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
<td>34,707</td>
<td>34,707</td>
</tr>
<tr>
<td>Other</td>
<td>500,000</td>
<td>500,000</td>
<td>18,844</td>
<td>(481,156)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>27,328,653</strong></td>
<td><strong>27,431,933</strong></td>
<td><strong>19,609,944</strong></td>
<td><strong>(7,821,989)</strong></td>
</tr>
</tbody>
</table>

| EXPENDITURES:                                 |                   |       |        |                                      |
| Personnel services                            | 2,961,800         | 2,961,800 | 2,767,140 | 194,660                             |
| Materials and services                        | 4,668,900         | 4,668,900 | 3,627,034 | 1,041,866                          |
| Capital outlay                                | 18,343,500        | 18,343,500 | 12,346,210 | 5,997,290                         |
| Special expenditures                          | 854,453           | 957,733  | 869,560  | 88,173                             |
| Contingency                                   | 500,000           | 500,000  | -       | 500,000                            |
| **TOTAL EXPENDITURES**                        | **27,328,653**    | **27,431,933** | **19,609,944** | **7,821,989**                      |

| EXCESS OF REVENUES OVER EXPENDITURES          |                   |       |        |                                      |
| FUND BALANCE - BEGINNING                      | -                 | -     | -      | -                                    |
| FUND BALANCE - ENDING                         | $                 | -     | $      | $                                    |

<table>
<thead>
<tr>
<th>RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANGE IN FUND BALANCE</td>
</tr>
<tr>
<td>Add (deduct) items to reconcile to change in net position:</td>
</tr>
<tr>
<td>Certain accrued contractual salary and fringe benefits</td>
</tr>
<tr>
<td>Accrued revenue for certain accrued contractual salary and fringe benefits</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Capital asset additions</td>
</tr>
</tbody>
</table>

| CHANGE IN NET POSITION                                    | $ 9,440,856       |
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS

Board of Commissioners
Hillsboro-Forest Grove-Beaverton–
Tualatin Valley Water District
Joint Water Commission
Hillsboro, Oregon

We have audited the financial statements of the Hillsboro-Forest Grove-Beaverton–
Tualatin Valley Water District Joint Water Commission, Hillsboro, Oregon (the
Commission), as of and for the year ended June 30, 2019, and the related notes to the
financial statements, which collectively comprise the Commission’s basic financial
statements, and have issued our report thereon dated November 20, 2019. We
conducted our audit in accordance with auditing standards generally accepted in the
United States of America.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Commission’s financial
statements are free of material misstatement, we performed tests of its compliance
with certain provisions of laws, regulations, contracts, and grants, including the
provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules
162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon
Municipal Corporations, noncompliance with which could have a direct and material
effect on the determination of financial statement amounts. 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:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)

Page 2

COMPLIANCE (Continued)

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 grants, including the provisions of Oregon Revised Statutes as specified in
Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for
Audits of Oregon Municipal Corporations.

OAR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the Commission’s
internal control over financial reporting to determine the audit procedures that are appropriate in
the circumstances for the purpose of expressing our opinion 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 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.

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 and therefore, material weaknesses or significant
deficiencies may exist that have not been identified. Given these limitations, during our audit we
did not identify any deficiencies in internal control that we consider to be material weaknesses.

PURPOSE OF THIS REPORT

This report is intended solely for the information and use of the Board of Commissioners, Oregon
Secretary of State Audits Division, and management and is not intended to be and should not be
used by anyone other than these specified parties.

Lake Oswego, Oregon
November 20, 2019
STAFF REPORT

To: Joint Water Commission
From: Niki Iverson, General Manager
Date: January 10, 2020
Re: Agenda Item 3A & 3B – JWC 2020 Elections and Designation of Managing Agency

Staff Recommendation:
Consider approval of proposed appointments and Managing Agency designation for 2020.

Background:
The Joint Water Commission Water Services Intergovernmental Agreement (IGA) provides that each January the partners appoint a Chair, Vice-Chairs and Alternates.

Traditionally the position of Chair has rotated on an annual basis among the partners; under that rotation system, it is Beaverton’s turn to serve as Chair.

Each of the other partners is required to designate a Vice Chair and all four partners are required to appoint an alternate. The Chair and Vice Chairs serve as the Executive Committee of JWC; the Executive Committee has certain limited authorities to meet and act between commission meetings.

This table displays the appointments that need to be made by each partner for positions in 2020:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Chair</th>
<th>Vice-Chair</th>
<th>Alternate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beaverton</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Forest Grove</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hillsboro</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>TVWD</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Please be prepared to announce your agency’s appointments at the Commission meeting as indicated in the above table.

Finally, the IGA requires that each year the Commission designate the Managing Agency, which manages the operations of the Joint Water Commission. The City of Hillsboro has served as the Commission’s managing agency since its inception.
STAFF REPORT

To: Joint Water Commission

From: Jessica Dorsey, Water Resources Manager

Date: January 10, 2020

Re: Agenda Item 3C – Consider approval of Intergovernmental Agreement with Clackamas River Water for Cyanotoxin Analysis.

Staff Recommendation:
Consider approving an Intergovernmental Agreement (IGA) with Clackamas River Water (CRW), for analyzation of cyanotoxin samples on an as-needed basis.

Background:
Currently, regulatory cyanotoxin samples required by the Oregon Health Authority (OHA) Cyanotoxin Rule are analyzed at the Oregon Department of Environmental Quality (DEQ) laboratory in Hillsboro, Oregon. The Cyanotoxin Rule requires that these samples be analyzed by an “Oregon Environmental Laboratory Accreditation Program (ORELAP)”- approved lab for the required methods. The lab at CRW received ORELAP accreditation for Total Microcystin and Total Cylindrospermopsin analysis in 2019. Since DEQ has only one instrument capable of doing the regulatory cyanotoxin analysis, there is risk that analysis could be delayed if the instrument malfunctioned, or if there is a significant event in the state that exceeds the capacity of one instrument to maintain compliance schedules. CRW has made available to neighboring utilities an IGA to allow for sample analysis at its lab in these circumstances or others as they arise. The IGA does not have a requirement to be utilized on a minimum basis and allows for the analysis of investigative samples as well, if desired.

Cost:
The IGA has set a fixed sample-testing price until May 1, 2021, which is listed below. Currently, DEQ does not charge for regulatory testing but does charge for investigative (watershed)
samples. The CRW cost for analysis is comparable to DEQ investigative analysis cost and contracted, non-ORELAP certified labs.

<table>
<thead>
<tr>
<th>Test</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Microcystin</td>
<td>$120 per sample</td>
</tr>
<tr>
<td>(ORELAP approved)</td>
<td></td>
</tr>
<tr>
<td>Total Cylindrospermopsin</td>
<td>$120 per sample</td>
</tr>
<tr>
<td>(ORELAP approved)</td>
<td></td>
</tr>
</tbody>
</table>

Budget:

1. Current and future budgets contain sufficient allocation for regulatory and investigative cyanotoxin sample analysis for various monitoring programs including Hagg Lake, Tualatin River and algal bloom contingency. The CRW cost for analysis is comparable to contracted, non-ORELAP certified labs.

2. Cyanotoxin analysis is included in Materials and Services.

Attachments:

1. JWC-CRW Cyanotoxin Testing IGA
INTERGOVERNMENTAL AGREEMENT
FOR LABORATORY SERVICES

This Intergovernmental Agreement (IGA) is made between the Joint Water Commission (JWC) and Clackamas River Water (CRW), a domestic water supply district formed under ORS chapter 264.

Recitals

A. The parties believe that there may be operational and financial benefits to mutual cooperation relating to lab testing services.

B. ORS chapter 190 authorizes and encourages units of local government to enter into agreements to achieve efficient, economic and effective provision of service.

C. JWC and CRW believe that the use of CRW’s laboratory for testing purposes by JWC will provide economies of scale for both agencies and therefore agree as follows:

Agreement

1. TERM OF THIS AGREEMENT - The parties agree that this agreement shall be effective when signed by duly authorized representatives of the Parties and shall terminate when written notice is given according to the provisions herein, or three (3) years after the effective date of this Agreement, whichever comes sooner.

2. CRW will provide cyanotoxin analysis laboratory services (lab services) to JWC. CRW’s laboratory is accredited through the Oregon Environmental Laboratory Accreditation Program and adheres to all standards set forth by the National Environmental Laboratory Accreditation (NELAC) Institute.

3. CRW will provide the results of the lab services to JWC not more than 48 hours from the day the samples are received in the Laboratory, unless unusual circumstances exist that would require a delay in reporting. If such unusual circumstances exist, CRW shall notify JWC as soon as the circumstances are known to CRW and JWC shall have the option of placing the samples with another lab in the event the delay is unacceptable to JWC.
4. CRW will provide services and prices as describe in Attachment A. This price shall be a firm price until May 1, 2021 (the firm price period). Upon expiration of the firm price period, the price is subject to change annually, either by decrease or increase, by written notification of CRW to JWC. If JWC agrees to the change in pricing, a mutual written modification to this MOU shall be executed by the parties. In the event JWC does not agree with the price change, CRW shall no longer be obligated to provide testing services under this MOU.

5. The prices for additional analyses or general lab services would be set by mutual agreement and stated in writing.

6. JWC and CRW shall develop an agreed upon protocol for collecting, transporting, handling, and testing samples. Samples processed include routine water samples, and emergency-related water samples. JWC will collect and deliver the water samples to the CRW Drinking Water Quality Laboratory Monday thru Thursday according to generally accepted procedures. Emergency samples will be processed as requested by JWC and must be arranged by contacting the laboratory prior to sample arrival. All efforts will be made to address priority analyses between the parties. Contact information for off-hour analyses will be supplied upon acceptance of the Agreement. JWC shall also be responsible for maintaining a chain of custody log for each set of samples delivered to the Laboratory, which will show the date and time the sample was taken, the place at which the sample was taken, the name of the person taking the sample, the name of the person having custody of the sample during all times after the sample was taken until delivered to CRW and the date and time the sample was delivered to CRW. JWC will be responsible for re-collecting water samples that are either positive for cyanotoxins at or above the AL (action level) or are rejected by the Laboratory.

7. At the end of each quarter, CRW shall invoice JWC for the number of samples tested. The invoice shall identify the sample by number and the type of test performed and with the applicable pricing. JWC shall pay such invoices not later than 30 days after the date of invoicing at which time the invoice shall be delinquent. If such invoices become delinquent, CRW shall have the right to assess interest at the rate of 1% per month for the unpaid balance on all delinquent invoices until such invoices are paid.

8. This Agreement may be terminated at any time by mutual agreement of the Parties. This Agreement may be terminated by any Party giving 30 days’ notice of termination.
9. Notices required under this Agreement shall be sent to:

JWC

c/o Jessica Dorsey
Water Resources Manager
150 East Main Street
Hillsboro, Oregon 97123

Clackamas River Water

c/o Todd Heidgerken,
General Manager
16770 SE 82nd Drive, Suite 100
Clackamas, Oregon 97015

10. The Parties agree that this IGA may be expanded to include additional tasks by joint agreement.

11. It is understood and agreed that CRW’s liability under this agreement, whether in contract, in tort, under any warranty, in negligence or otherwise, shall not exceed the return of the amount paid by JWC and under no circumstances shall CRW be liable for special, indirect, consequential, or punitive damages. The price stated for the services is a consideration in limiting CRW’s liability. No action, regardless of form, arising out of the transactions under this agreement may be brought by JWC more than one year after the cause of action has accrued.

IN WITNESS WHEREOF, this Agreement has been executed as of the dates herein mentioned below.

JWC

By
Niki Iverson, General Manager

Dated: ______________________

CLACKAMAS RIVER WATER

By
Todd Heidgerken, General Manager

Dated: ______________________
## Cyanotoxin Analysis Price List

<table>
<thead>
<tr>
<th>ELISA Analysis</th>
<th>1 to 5 Samples</th>
<th>Additional Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Microcystin/Nodularins</td>
<td>$120</td>
<td>$75</td>
</tr>
<tr>
<td>EPA Method 546</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cylindrospermopsin*</td>
<td>$120</td>
<td>$75</td>
</tr>
<tr>
<td>OR DEQ18-LAB-0050 Method</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unregulated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anatoxin-A</td>
<td>$150</td>
<td>$105</td>
</tr>
<tr>
<td>OR DEQ18-LAB-0050 Method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saxitoxin</td>
<td>$150</td>
<td>$105</td>
</tr>
<tr>
<td>OR DEQ18-LAB-0050 Method</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Samples that require processing and analysis outside normal business hours as requested by the client are subject to a $125 surcharge for 1 to 5 samples. Additional sample prices are as shown above.

*If cylindrospermopsin is detected in finished drinking water confirmation samples must be analyzed via EPA Method 545 LC-MS/MS. CRW does not have LC-MS/MS capabilities. Entities required to conduct confirmation sampling via EPA Method 545 should contract directly with qualified labs.*

Prices are the same for raw and finished water samples.

---

Phone: 503-722-9241  
Email: WQLab@crwater.com
STAFF REPORT

To: Joint Water Commission
From: Niki Iverson, General Manager
Date: January 10, 2020
Re: Agenda Item 3D - Request to authorize Joint Water Commission Executive Committee to meet and act on certain business items

Staff Recommendation:
Authorize the Joint Water Commission (JWC) Executive Committee (Executive Committee) to meet in executive session if necessary, and if permitted under ORS 192.660.

Authorize the JWC Executive Committee to meet as needed to consider approval of a Cooper Mountain (Site 44) Aquifer Storage and Recovery (ASR) Project Agreement.

Background
The JWC Water Service Agreement (IGA) provides that the Commission will meet on a quarterly basis. For actions that need to be taken during the interim between quarterly meetings, the IGA provides two alternatives:

- Special meetings of the full Commission can be called by the Chair or any Vice Chair (Section 3.4).
- An Executive Committee is also created as a subcommittee of the full Commission, which consists of the Chairperson plus the Vice Chairperson for each of the other partners (Section 3.6). The Executive Committee is authorized to meet as needed between quarterly Commission meetings.
  - Actions: The Executive Committee has three options as to business items that are presented for action: approve, reject, or refer to the full Commission. An affirmative vote from all four Executive Committee members is required for any action to be approved.
  - The IGA expressly authorizes the Executive Committee to approve contracts subject to purchasing rules and to approve contract change orders greater than 10% of the original contract amount.
  - The IGA also provides that the Executive Committee has authority under “other powers and duties as granted by the [full] Commission.” The preferred timeline
is for the full Commission to approve such grants of authority prior to the
Executive Committee meeting.

The Managing Agency has advised the JWC Management Committee of one business items that may
require action before the Commission’s next meeting on April 10. The Managing Agency requests
that the Commission authorize the Executive Committee to meet and consider action on this item, if
needed.

Project Agreement between Joint Water Commission and City of Beaverton: City of Beaverton
(Beaverton) has requested permission to develop an Aquifer Storage and Recovery (ASR) well on
Cooper Mountain (identified by the JWC as Site 44). Beaverton issued a notice to the Joint Water
Commission of its interest in developing the Cooper Mountain Reservoir test well (Site 44) into a full
ASR well. JWC sent letters to City of Hillsboro and Tualatin Valley Water District (TVWD) to
determine if either was interested in participating, as they both have that option according to the
terms of the Agreement Regarding Aquifer Storage and Recovery Management (ASR Agreement).
City of Hillsboro and TVWD have both declined to participate. The ASR Agreement requires that the
JWC must be a party to a Project Agreement to reflect authorization to use the JWC’s ASR Limited
License #019, issued by the Oregon Water Resources Department. The Agreement is currently in
legal review, and will be sent to the JWC Managing Committee when that has been completed. It is
anticipated that the agreement will be ready for Executive Committee review and approval by the
end of January.
STAFF REPORT

Date: January 10, 2020

To: Joint Water Commission

From: Lee Lindsey, Business and Administration Manager

Re: Agenda Item 3E – Approval of Amendments to Joint Water Commission Water Service Intergovernmental Agreement Exhibits E and F

Staff Recommendation:
Consider adoption of Resolution 132-J, amending Joint Water Commission Water Service Intergovernmental Agreement Exhibits E and F, and direct staff to provide updated agreements to the member agencies. Legal counsel has reviewed these documents.

Background:
Exhibits E and F to the Joint Water Commission Water Service Agreement are proposed to be amended as described below.

Exhibit F - Water Treatment Plant Facilities would be amended to reflect the new capacity and ownership percentages resulting from completed capital improvement projects. The current Exhibit F includes the Fern Hill Reservoirs and infrastructure. Since the ownership percentages for the Reservoirs are not changing, the Reservoir assets are being removed from Exhibit F and will be listed in amended Exhibit E – Other Assets.

Exhibit E – Other Assets would be amended to include ownership in Fernhill Reservoirs, and will specify that the two transmission lines extending from the water treatment plant to the reservoirs will remain at the current ownership percentages (same as Fernhill Reservoirs).

Staff are preparing to further update Exhibit E with the standby power ownership percentages, which will be presented at the April 2020 JWC Board meeting. Staff are working with the Operations Committee on capacity allocations.
The asset costs listed on the exhibits represent the final cost of construction. Not all assets are included in the exhibits. The managing agency separately maintains a complete list of asset records.

**Attachments:**
Resolution 132-J
Amended Exhibit E
Amended Exhibit F
RESOLUTION 132-J

A RESOLUTION ADOPTING AMENDED EXHIBITS
TO THE WATER SERVICE AGREEMENT

WHEREAS, the Members of the Joint Water Commission have adopted the Water Service Agreement; and

WHEREAS, attached to the Water Service Agreement are several Exhibits, including exhibits setting forth information about Joint Water Commission Other Assets (Exhibit E) and Water Treatment Plant Facilities (Exhibit F), portions of which have become outdated and no longer accurately reflect the capacity and all of the partners’ ownership percentages and associated financial settlement information; and

WHEREAS, the Water Service Agreement provides that these Exhibits may be updated and revised by resolution of the Joint Water Commission; and being fully advised,

NOW, THEREFORE, IT IS RESOLVED BY THE JOINT WATER COMMISSION:

1. Exhibit E, attached hereto and incorporated by reference is adopted to restate the Other Assets ownership and financial settlements by the Members and is hereby incorporated into the Water Services Agreement.

2. Exhibit F, attached hereto and incorporated by reference is adopted to restate capacity and ownership and financial settlements by the Members in the Water Treatment Plant Facilities and is hereby incorporated into the Water Services Agreement.

3. The Joint Water Commission hereby directs the Managing Agency to replace the existing Exhibits E and F with the revised Exhibits E and F into the Water Service Agreement.

THIS RESOLUTION WAS DULY ADOPTED BY the Joint Water Commission at its regular meeting on January 10, 2020.

JOINT WATER COMMISSION ATTEST:

By: ________________________________ By: ________________________________
Joint Water Commission Chair Secretary
EXHIBIT E

Raw Water Pipeline

Description:

One property, constituting a portion of the right-of-way for the Raw Water Pipeline (legal description attached).

<table>
<thead>
<tr>
<th>Entity</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hillsboro</td>
<td>24.41%</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>10.61%</td>
</tr>
<tr>
<td>Beaverton</td>
<td>15.58%</td>
</tr>
<tr>
<td>TVWD</td>
<td>19.76%</td>
</tr>
<tr>
<td>Clean Water Services</td>
<td>29.64%</td>
</tr>
<tr>
<td>Tualatin Valley Irrigation District (non-funding participant)</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hutchinson Property</td>
<td>2005</td>
<td>$751,977</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$751,977</strong></td>
</tr>
</tbody>
</table>
Fern Hill Reservoirs and Transmission Line to Water Treatment Plant

Description:

**Site of the two 20 MG Water Reservoirs:** A tract of land in Section 17, Twn 1S R3W of the Willamette Meridian in Washington County, Oregon and particularly described by deed conveyed to the City of Hillsboro, Oregon, by deed recorded December 24, 1978 in Book 957, page 563, Deed Records of Washington County, Oregon. (This tract is generally known as the Nakai property and contains 25.519 acres, more or less).

**Transmission Line:** The 42-inch transmission main from the Water Treatment Plant through the “cross” located on the site of the 20 MG Reservoirs, together with all facilities.

### Fern Hill Reservoirs and Transmission Line to Water Treatment Plant Assets
#### Current Ownership

<table>
<thead>
<tr>
<th>Entity</th>
<th>Capacity (mg)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hillsboro</td>
<td>18.00</td>
<td>45.00%</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>5.33</td>
<td>13.33%</td>
</tr>
<tr>
<td>Beaverton</td>
<td>10.00</td>
<td>25.00%</td>
</tr>
<tr>
<td>TVWD</td>
<td>6.67</td>
<td>16.67%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40.00</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

### Fern Hill Reservoirs and Transmission Line to Water Treatment Plant Assets
#### Facility Cost

<table>
<thead>
<tr>
<th>Location</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fern Hill Reservoir One¹</td>
<td>1982</td>
<td>3,508,000</td>
</tr>
<tr>
<td>42” Transmission Line from WTP to Reservoir One</td>
<td>1976</td>
<td>617,383</td>
</tr>
<tr>
<td>Fern Hill Reservoir Two and improvements to Reservoir One</td>
<td>2008</td>
<td>18,934,093</td>
</tr>
<tr>
<td>42” Transmission line from WTP to Reservoir Two</td>
<td>2008</td>
<td>2,853,832</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>$ 25,913,308</strong></td>
</tr>
</tbody>
</table>

(1) Cost at 1993 Appraisal
Exhibit F

Water Treatment Plant Facilities

Description:

**Water Treatment Plant:** A tract of land in Section 17 and 18, Twn 1S, R3W of the Willamette Meridian in Washington County, Oregon and Particularly described by deed records, recorded February 19, 1974, in Book 963, Page 399, Deed Records of Washington County, Oregon EXCEPT that portion conveyed to Portland General Electric Company by deed recorded May 17, 1977, in Book 1166, page 299, Deed Record of Washington County, Oregon.

**Also**

That tract of land conveyed to the cities of Hillsboro, Forest Grove and Beaverton Joint Water Commission by Robert R. Cook and Helen M. Cook as recorded as DOCUMENT NO. 84033225, Deed Records of Washington County, Oregon on August 22, 1984.

These properties constitute the real property upon which the Joint Water Treatment Plant and appurtenances is located.

**Spring Hill Pumping Plant:** The City of Hillsboro’s right to use that portion of the pumping plant, together with all facilities and improvements under United States Contract No. 14-06-100-8068. *(Note: this right also having been previously conveyed to Forest Grove and Beaverton).*

**Transmission Lines:** The 36-inch and the 42-inch transmission lines from the Spring Hill Pumping Plant to the Water Treatment Plant, together with all facilities.
# Water Treatment Plant Facilities

## Current Ownership

<table>
<thead>
<tr>
<th>Entity</th>
<th>Capacity (mgd) (1)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hillsboro</td>
<td>41.75</td>
<td>49.12%</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>10.00</td>
<td>11.76%</td>
</tr>
<tr>
<td>Beaverton</td>
<td>18.75</td>
<td>22.06%</td>
</tr>
<tr>
<td>TVWD</td>
<td>14.50</td>
<td>17.06%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85.00</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

(1) Rated firm capacity

## Treatment Plant Facilities

### Facility Cost

<table>
<thead>
<tr>
<th>Location</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of 20 MGD Treatment Plant</td>
<td>1976</td>
<td>$ 13,774,254</td>
</tr>
<tr>
<td>Expansion of Treatment Plant from 20 to 40 MGD</td>
<td>1985</td>
<td>2,406,812</td>
</tr>
<tr>
<td>Expansion of Treatment Plant from 40 to 60 MGD</td>
<td>2000</td>
<td>19,673,706</td>
</tr>
<tr>
<td>Near Term Improvements WTP to 75 MGD</td>
<td>2006</td>
<td>6,145,985</td>
</tr>
<tr>
<td>WTP Facility Plan improvements</td>
<td>2019</td>
<td>13,983,178</td>
</tr>
<tr>
<td>Expansion of Treatment Plant from 75 to 85 MGD</td>
<td>2019</td>
<td>18,415,813</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>$ 74,399,748</strong></td>
</tr>
</tbody>
</table>

(1) Cost at 1993 Appraisal
Staff Recommendation:
Consider approving an updated Water Supply Agreement between the Joint Water Commission (JWC) and the City of North Plains (North Plains). The Agreement was reviewed and recommended for approval by the JWC Management Committee, and has also undergone JWC legal review.

North Plains plans to take the agreement to its City Council for approval on January 21, 2020.

Background:
North Plains has been a wholesale customer of the Joint Water Commission since 2005, and purchases all of its water supply from the Joint Water Commission. The wholesale supply contract was automatically renewable until 2034, so was not due to expire, but North Plains requested that the agreement be updated with increased allowances for water demand. The maximum demands set forth in the new agreement are based on a new Water Master Plan that was approved by the North Plains’ City Council on September 16, 2019.

Joint Water Commission staff first met with North Plains staff to discuss updating the current agreement in October of 2017. Staff worked with North Plains on proposed changes over the last two years, but waited to finalize a draft agreement until the approval of the North Plains Master Plan.

Key updates included in the proposed agreement include:
1. Maximum daily water supply provided by JWC is increased incrementally to meet North Plains projected demands through 2040.
2. Increase in allowable instantaneous flow rate.
3. Updated operational language regarding the master meter, backflow, and Supervisory Control and Data Acquisition (SCADA) requirements. Improved SCADA operations will provide ability for better flow control and minimize peaking issues.
4. Updated storage requirement language that includes North Plains’ wells as part of back-up supply, as long as they are maintained.
5. Establishment requirement for curtailment and conservation plans.
6. Extension of agreement duration to 2040.

**Budget:**
Approving this agreement retains City of North Plains as a JWC wholesale water supply customer, and maintains the rate revenue from North Plains consistent with the most recent rate schedule. Wholesale rates and SDCs are set separately by JWC resolution. JWC is currently conducting a rate and SDC study and will bring any proposed changes to the Board for approval once the study is completed.
WATER SUPPLY AGREEMENT

THIS AGREEMENT is between the JOINT WATER COMMISSION (JWC), an Oregon intergovernmental entity, and the CITY OF NORTH PLAINS, OREGON (North Plains), an Oregon municipal corporation. JWC and North Plains are referred to individually as “party”, and collectively as “parties”.

RECITALS

The parties agree upon the following Recitals:

A. North Plains supplies its retail customers with water for their needs. North Plains retail customers are located in the area described in attached Exhibit A. “Municipal water supply” means water used for the municipal needs of the North Plains retail customers who are located in the area shown in Exhibit A, as well as any water supply for fire suppression in that area.

B. JWC agrees to supply North Plains with its municipal water requirements.

C. JWC will supply municipal water to North Plains to the extent possible with the supplies and sources developed and available to JWC, and North Plains will purchase water from JWC to supply the municipal requirements of its retail customers.

D. JWC and North Plains wish to make definite the terms of their understandings, with regard to the supply of water, by a formal agreement.

E. Each party has authority to enter into this Agreement under ORS Chapter 190. This Agreement has been authorized by the JWC and the North Plains City Council.
AGREEMENT

In consideration of their mutual promises, covenants and undertakings, JWC and North Plains agree that JWC will furnish a municipal water supply to North Plains for the present and future retail customers of North Plains, who are located within its corporate limits. North Plains will purchase all of this municipal water supply from JWC under the following terms and conditions:

1) **Obligation to Purchase:** North Plains will purchase all of its municipal water supply from JWC, but will also continue to maintain its wells for back-up supplies.

2) **Obligations to Supply Water:** North Plains will maintain a Water Master Plan, consistent with state requirements, which includes projections on population growth, number and types of customer connections, and water demand. North Plains will deliver to JWC a copy of its current Water Master Plan prior to signing this Agreement, and upon adoption of any updates to the Master Plan. JWC will supply municipal water to North Plains consistent with the Water Master Plan projections. JWC’s delivery obligations will increase in accordance with North Plain needs outlined in their master plan, beginning with a maximum volume of 1.2 mgd and increasing to 2.5 mgd by 2035, which may be delivered at a maximum flow rate of 1,550 gallons per minute. Incremental increases will be as follows:

   - **2020:** Maximum Daily Demand – 1.2 mgd
   - **2025:** Maximum Daily Demand – 1.5 mgd
   - **2030:** Maximum Daily Demand – 2.0 mgd
   - **2035:** Maximum Daily Demand – 2.5 mgd

3) **Obligation to Monitor Consumption:** North Plains will receive all of its municipal water supply through a JWC master meter located near the North Plains connection point to the JWC system. The master meter will be owned and operated by the JWC, and will be available for inspection by JWC at all times. JWC will test the meter annually to ensure accurate readings. Results will be made available to North Plains upon request. JWC will pay all costs associated with the annual testing. Any repair or replacement of the master meter will be made by the JWC, and those costs will be billed to North Plains.
4) **Storage of Supply Water:** North Plains will provide, at its own expense, water storage tanks and/or other back-up supply such as the maintained wells described in the *September 2019 Water System Master Plan Update*. North Plains currently owns and operates one storage reservoir, with a total storage capacity of approximately 1.0 MG. North Plains is also currently constructing a second 2 MG storage reservoir and pumping station to meet increasing demands.

The parties agree it is a best management practice to maintain a three day average demand in storage. North Plains shall maintain and operate capacity within its system to hold three average winter days demand (from JWC) and/or the ability to utilize a secondary water source, such as North Plains’ groundwater supply.

5) **Required Equipment:** North Plains will maintain, at its own expense, all pipes, pumps, and storage tanks necessary to maintain sufficient capacity to serve North Plains’ needs during periods of low pressure in the JWC transmission main.

North Plains shall operate and maintain a cross connection program according to the Oregon Administrative Rules (OARs). If OARs are not followed, North Plains will provide, install and test annually at its expense, a double check valve in its transmission line to prevent water backflow into JWC’S transmission line. The backflow device will be located immediately downstream of the master meter.

North Plains will install and maintain, at its sole expense, any pressure devices that may be required, in accordance with standard practice in the industry, to reduce main pressures from JWC transmission lines. North Plains will not install construction or materials on JWC property without the prior written approval of JWC.

North Plains will install and maintain its own Supervisory Control and Data Acquisition (SCADA) system, and will work with the JWC to provide remote access to daily total demand and flow data.

6) **Curtailment Measures:** North Plains and its retail customers are subject to the same water use regulations, water conservation practices and curtailment measures as are imposed upon JWC members under the most recently approved *JWC Water*
Management and Conservation Plan, and JWC Curtailment Plan. In the event of extreme water shortage in the JWC system, JWC will notify North Plains of this condition and North Plains agrees to adopt immediately the same or similar conservation or curtailment measures as are imposed on JWC members. JWC will notify North Plains when curtailment measures are necessary and when those measures can be rescinded. North Plains will develop its own curtailment plan designed to ensure compliance with any water conservation or curtailment measures imposed by JWC members on their customers, and provide a copy to the JWC. If North Plains fails to take immediate action to adopt and enforce curtailment measures, after direction to do so by JWC, JWC may reduce the volume of water provided to North Plains to a level consistent with the JWC curtailment direction.

7) North Plains will establish a conservation program as recommended by its consultant in their September 2019 Water System Master Plan Update. JWC partners are willing to share copies of their water use regulations, water conservation practices and curtailment measures with North Plains.

8) Water Supply Rates: JWC agrees that it will sell and North Plains agrees that it will buy water at a rate to be fixed annually by the JWC. The rate is subject to annual review and adjustment between the parties, upon either party providing written notice of its intention to review rates, or perform a rate study, at or before July 31 of any calendar year. Any re-adjusted rate, based on a rate study or review, is effective no sooner than 60 days after the Board passes a new rate resolution. On years when no rate review or study is performed, rate adjustments will be made in accordance with the most current Wholesale Rate Resolution in effect.

The rates will be based on the estimated costs of maintaining and operating the JWC water supply system, including without limitation the costs of any extensions and improvements, depreciation of the facilities utilized for service to North Plains, the payment of debt and payment of a reasonable rate of return on investment.

A copy of the most current rate study in effect will be provided to North Plains for their reference, and North Plains will be invited to provide feedback over the course of any rate study. The parties agree that the methodology used to calculate water charges for water sold to the City of North Plains is intended to be based on industry-

Notwithstanding the annual rate review and adjustment process, if JWC must purchase water from other sources because its sources are inadequate to supply the demands of JWC members and wholesale customers, and the cost of the purchased water is greater than the rate then in effect for North Plains purchases from JWC, then the monthly bill to North Plains for each such month will include the increased cost of the water purchased from other sources and supplied to North Plains, along with any additional costs incurred (such as wheeling charges) to provide water from an emergency source.

9) **Compliance with Laws:** North Plains will comply with all local, regional, state and federal agency regulations pertaining to water systems of its size and kind, including, but not limited to, requisite sampling to assure compliance with any applicable Federal requirements for testing and water quality.

10) **Operation and Maintenance of System:** North Plains will improve, operate and maintain its water distribution system in such a manner as to minimize losses, leakage and overuse of water, and promptly repair any ruptures, breaks, or significant leaks in the pipes, pump stations, storage tanks, or other parts of the system which cause loss of water. North Plains will also adopt and comply with the requirements of the JWC Operations Manual. A copy of the updated Operations Manual will be provided to North Plains once adopted by the JWC Board.

To minimize fluctuations in demands placed on the JWC treatment and transmission facilities, North Plains will install and operate a SCADA system in conjunction with constructing their 2 MG water reservoir and pump station, slated for completion in 2021, as recommended in their master plan. The SCADA system will be used for flow control, and to fill reservoirs later in the day/early evening in order to avoid filling during peak periods for the JWC.
11) **Payment of Charges:** North Plains will be billed by JWC monthly for the water provided under this Agreement. The bill will show the billing period, volume of water used, total costs and any surcharges. North Plains agrees to pay the charges to JWC within 30 days after the billing is received. If payment is not made within this 30 day period, JWC will provide North Plains with written notice of non-payment and may begin charging interest at the State Investment Pool Rate in effect at that time. In addition, JWC may shut off the water supply to North Plains if, after 10 days from written notice of non-payment, the charges remain unpaid and JWC has given North Plains a 30-day notice of contract termination. If North Plains files a written notice of dispute with JWC over the amount of the charges, within 10 days after a written notice of non-payment is given to North Plains, JWC will not cut off or interrupt water service to North Plains, or charge interest for non-payment of disputed amount while such dispute is under consideration, mediation or litigation under Section 11 of this Agreement. If, after consideration, mediation, or litigation, some amount is determined to be owed by North Plains, then JWC may charge interest on that amount retroactively to thirty 30 days after it was originally due.

12) **Dispute Resolution and Remedies:** Unless there is an extension of time by mutual consent in writing, the failure or unreasonable delay by either party to substantially perform any term or provision of this Agreement constitutes a default. In the event of an alleged default of this Agreement (other than non-payment of charges), the party alleging such default will give the other party not less than 30 days’ notice in writing specifying the nature of the alleged default and the manner in which the default may be cured satisfactorily. During this 30 day period, the party charged will not be in default for purposes of termination or instituting legal proceedings.

After notice and expiration of the 30 day period, or after the second written notice within a consecutive 12-month period for non-payment of charges, the party alleging breach may, at its option, give 30 days written notice to the defaulting party that the Agreement will be terminated.

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any term of this Agreement or enjoin any threatened or attempted default. All legal actions must be initiated in
13) **System Development Charges:** For new connections to North Plains’ system, North Plains will be charged a system development charge by JWC. These system development charges are payable to JWC each calendar quarter by the payment date set out in Section 13 of this Agreement. Each quarterly payment must be accompanied by a report giving a list of the location, size, type and date of each water connection sold during that calendar quarter. Interest, commencing on the due date, will be charged at the State Investment Pool Rate on unpaid system development charges. System development charges are set by the Board per Resolution. JWC will notify North Plains of any changes to these charges.

14) **Reporting Requirements:** Prior to signing this Agreement, North Plains will deliver to JWC an updated written report listing all of its existing customers, including meter size and address. Each calendar quarter, North Plains will submit a written report to JWC of all new water meters connected to the North Plains system during that calendar quarter, and the number of unconnected pre-sold service connections, if any. The report will certify the number, size and location by address of each new meter, which is physically connected to its distribution system during that calendar quarter. Such reports will cover the following periods and be submitted by the following dates:

<table>
<thead>
<tr>
<th>Time Period:</th>
<th>Statement/Payment Due By:</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1 through September 30</td>
<td>October 31</td>
</tr>
<tr>
<td>October 1 through December 31</td>
<td>January 31</td>
</tr>
<tr>
<td>January 1 through March 30</td>
<td>April 30</td>
</tr>
<tr>
<td>April 1 through June 30</td>
<td>July 31</td>
</tr>
</tbody>
</table>

15) **New Connections:** North Plains will obtain JWC’s prior written approval of any new connections to North Plains’ system that exceed two inches (2”) in diameter. Such approval may be given or withheld in JWC’s sole discretion. A request for any such connection will include a description of the nature of the use for which the
connection is needed, the approximate flow rate and annual demand anticipated. Each such connection request must be accompanied by a statement from North Plains’ engineer that the proposed connection is consistent with the current North Plains Water Master plan and that adequate pressure and volume are available at the proposed point of connection to meet applicable service standards. North Plains agrees that no connections will be made outside of its corporate limits without prior JWC approval and required land use approvals. New connections sold by North Plains will be put into use within one year, or the purchase of connection will be voided and the system development charges that have been paid to JWC for the voided connections will be refunded to North Plains. North Plains will notify JWC of voided connections as part of the applicable quarterly report.

16) Limitation on Liabilities: Notwithstanding any other provision of this Agreement, the parties agree that JWC will not be liable for breach of this Agreement, or damages, or both, including damages resulting from fire, if JWC is unable to provide water to North Plains due to inadequate water supply availability despite availability projections made by JWC in the reasonable exercise of its professional judgment, or if JWC is unable to provide water to North Plains, by reason of interruptions in JWC’s water system due to breakdowns, emergency shut-off, or due to any reason other than interruptions caused by the intentional misconduct or gross negligence of JWC, its agents and employees. North Plains will indemnify and hold JWC, its elected and appointed officials, employees, agents and volunteers harmless from any losses or damages (including but not limited to consequential damages) arising out of or resulting from JWC’s inability to provide water to North Plains.

North Plains will indemnify and hold JWC, its elected and appointed officials, employees, agents and volunteers harmless from any losses or damages (including but not limited to consequential damages) arising out of or resulting from any connection made by North Plains, which is beyond the supply then available, or which creates less than adequate pressures. North Plains will indemnify and hold JWC, its elected and appointed officials, employees, agents and volunteers harmless from any losses or damages (including but not limited to consequential damages) arising out of or resulting from any complaint or demand for service to any connection permitted by North Plains, for which the then-available water supply or
pressure was inadequate, or which JWC has not approved in advance, if such approval is required under Section 14.

17) **No Third-Party Beneficiaries:** JWC and North Plains are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives any benefit or right, whether directly or indirectly, to third persons, including North Plains’ retail customers.

18) **Duration of Agreement:** This Agreement will remain in effect until January 1, 2025. This Agreement will automatically be renewed for three successive five-year renewal periods, unless either party gives the other party written notice of intent to negotiate or terminate this contract at least 90 days prior to expiration of the initial or any renewal period. If North Plains secures an independent water source prior to contract expiration, JWC will consider a re-negotiation of the existing contract that could include termination.

19) **Notice to Parties:** Written notices and correspondence under this Agreement may be sent by e-mail and/or postage prepaid first-class mail addressed as below set forth, and if so sent, are deemed received three days after deposited in the United States Mail. Written notices and correspondence transmitted in any other manner are deemed given when actually delivered to the other party. Either party to this Agreement may change its address by notice to the other party in the manner provided above.

Notice to North Plains will be addressed as follows:

North Plains City Manager  
City of North Plains  
31360 NW Commercial St.  
North Plains, OR 97133-7101

Notice to JWC will be addressed as follows:

JWC General Manager  
c/o City of Hillsboro  
150 E Main Street  
Hillsboro, OR 97123-4028
20) **Enforced Delay; Extension of Time of Performance:** Performance by either party will not be in default where delay is due to insurrection, strikes, walkouts, riots, floods, drought, earthquakes, fires, casualties, acts of God, contamination of water supply, governmental restrictions imposed or mandated by governmental entities other than JWC, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulation, litigation or similar bases for excused performance that are not within reasonable control of a party.

21) **Applicable Law and Attorney Fees:** The laws of the State of Oregon apply to this Agreement should either party bring any legal action under this Agreement or to enforce any provision. Any action that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the circuit court of Washington County for the State of Oregon. If the action must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. By executing this Agreement, the parties hereby consent to the jurisdiction of said courts.

The prevailing party is entitled to reasonable attorney fees and court costs fixed by the court. Attorney fees include attorney fees on any appeal and in any bankruptcy proceeding. A party entitled to attorney fees is entitled to all other reasonable costs for investigating the action, taking depositions and discovery, and all other necessary costs incurred in the litigation. All of these accrue on commencement of such action and are enforceable whether or not the action is pursued to a final judgement.

22) **Recordkeeping:** The parties will maintain all fiscal records relating to this Agreement, in accordance with generally accepted accounting principles consistently applied. In addition, the parties will maintain any other records pertinent to this Agreement to clearly document the party’s performance. All such fiscal records, books, documents, papers, plans, and writings will be retained by the parties and kept accessible for a minimum of four years, except as required longer by law, following final payment and termination of this Agreement, or until the conclusion of any audit or litigation related to this Agreement.

23) **Access to Records:** North Plains agrees that JWC and its authorized representatives will have access at reasonable times to all books, documents, papers and records of
North Plains, which are directly related to the Agreement, for the purpose of making any audit, examination, copies, excerpts and transcripts.

24) **Severability:** The parties agree that if any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the parties will be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

25) **Assignment:** This Agreement may not be assigned by either party, without the prior written approval of the other party.

26) **Other Necessary Acts:** Each party will execute and deliver to the other all documents reasonably necessary to carry out this Agreement. The parties will separately contract on compensation for any services provided by one party to the other as a result of this Agreement.

27) **Nonwaiver:** Failure by either party, at any time, to require performance by the other party of any provision does not affect the first party’s rights to enforce the same provision. A waiver by either party of default will not be a waiver of any succeeding default.

**IT IS SO AGREED** THIS _______ day of ________________, 20_____.

**City of North Plains:**

By__________________________

City Manager

**Joint Water Commission:**

By__________________________

General Manager

**ATTEST:**

**By__________________________**

City Recorder

**By__________________________**

JWC Recorder
FIGURE 1
Buildout Water System Improvements
City of North Plains
Water Master Plan
July 2019
Attached, please find the Joint Water Commission financial quarterly reports, for the period ending November 30, 2019. Report details, along with a quarterly financial update, will be provided at the regular meeting on January 10, 2020.
# JWC QUARTERLY REPORT

## JWC RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>BUDGET 19-20</th>
<th>AS OF 11.30.2019</th>
<th>AVAIL BUDGET 19/20</th>
<th>% USED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING WORKING CAPITAL</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>WATER SALES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hillsboro - Water Purch</td>
<td>4,867,325</td>
<td>1,183,199</td>
<td>3,684,126</td>
<td>24%</td>
</tr>
<tr>
<td>Forest Grove - Water Purch</td>
<td>356,295</td>
<td>50,292</td>
<td>306,003</td>
<td>14%</td>
</tr>
<tr>
<td>Beaverton - Water Purch</td>
<td>2,476,238</td>
<td>-</td>
<td>2,476,238</td>
<td>0%</td>
</tr>
<tr>
<td>TVWD - Water Purch</td>
<td>1,119,813</td>
<td>68,158</td>
<td>1,051,655</td>
<td>6%</td>
</tr>
<tr>
<td>North Plains - Water Purch</td>
<td>150,000</td>
<td>85,780</td>
<td>64,220</td>
<td>57%</td>
</tr>
<tr>
<td>North Plains SDC</td>
<td>150,000</td>
<td>106,980</td>
<td>43,020</td>
<td>71%</td>
</tr>
<tr>
<td><strong>TOTAL WATER SALES:</strong></td>
<td>9,119,671</td>
<td>1,494,409</td>
<td>7,625,262</td>
<td>16%</td>
</tr>
<tr>
<td><strong>CONTRIBUTIONS IN AID</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hillsboro - Capital Outlay</td>
<td>4,519,767</td>
<td>1,228,814</td>
<td>3,290,953</td>
<td>27%</td>
</tr>
<tr>
<td>Forest Grove - Capital Outlay</td>
<td>741,775</td>
<td>31,470</td>
<td>710,305</td>
<td>4%</td>
</tr>
<tr>
<td>Beaverton - Capital Outlay</td>
<td>1,391,153</td>
<td>716</td>
<td>1,390,437</td>
<td>0%</td>
</tr>
<tr>
<td>TVWD - Capital Outlay</td>
<td>1,431,369</td>
<td>3,912</td>
<td>1,427,457</td>
<td>0%</td>
</tr>
<tr>
<td>CWS - Capital Outlay</td>
<td>-</td>
<td>801</td>
<td>(801)</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL CONTRIBUTIONS IN AID:</strong></td>
<td>8,084,064</td>
<td>1,265,713</td>
<td>6,818,351</td>
<td>16%</td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Donations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>Western Lutheran School</td>
<td>-</td>
<td>577</td>
<td>(577)</td>
<td>0%</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>15,000</td>
<td>10,293</td>
<td>4,707</td>
<td>69%</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>6,131</td>
<td>(6,131)</td>
<td>0%</td>
</tr>
<tr>
<td>Lease Revenue</td>
<td>103,280</td>
<td>-</td>
<td>103,280</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL OTHER:</strong></td>
<td>118,280</td>
<td>17,001</td>
<td>101,279</td>
<td>14%</td>
</tr>
<tr>
<td><strong>CONTINGENCY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hillsboro-Contingency</td>
<td>225,000</td>
<td>-</td>
<td>225,000</td>
<td>0%</td>
</tr>
<tr>
<td>Forest Grove - Contingency</td>
<td>66,650</td>
<td>-</td>
<td>66,650</td>
<td>0%</td>
</tr>
<tr>
<td>Beaverton - Contingency</td>
<td>125,000</td>
<td>-</td>
<td>125,000</td>
<td>0%</td>
</tr>
<tr>
<td>TVWD - Contingency</td>
<td>83,350</td>
<td>-</td>
<td>83,350</td>
<td>0%</td>
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<tr>
<td><strong>TOTAL CONTINGENCY:</strong></td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCES:</strong></td>
<td>17,822,015</td>
<td>2,777,123</td>
<td>15,044,892</td>
<td>16%</td>
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</tbody>
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## JWC EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>BUDGET 19-20</th>
<th>AS OF 11.30.2019</th>
<th>AVAIL BUDGET 19/20</th>
<th>% USED</th>
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</thead>
<tbody>
<tr>
<td><strong>PERSONNEL SERVICES</strong></td>
<td>3,268,130</td>
<td>1,217,176</td>
<td>2,050,954</td>
<td>37%</td>
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<tr>
<td><strong>MATERIALS AND SERVICES</strong></td>
<td>5,077,195</td>
<td>1,217,677</td>
<td>3,859,518</td>
<td>24%</td>
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<tr>
<td><strong>CAPITAL OUTLAY</strong></td>
<td>8,234,064</td>
<td>2,228,048</td>
<td>6,006,016</td>
<td>27%</td>
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<tr>
<td><strong>SPECIAL PAYMENTS</strong></td>
<td>742,626</td>
<td>332,228</td>
<td>410,398</td>
<td>45%</td>
</tr>
<tr>
<td><strong>CONTINGENCY</strong></td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td>17,822,015</td>
<td>4,995,129</td>
<td>12,826,886</td>
<td>28%</td>
</tr>
</tbody>
</table>

## TOTAL RESOURCES AND REQUIREMENTS

<table>
<thead>
<tr>
<th></th>
<th>BUDGET 19-20</th>
<th>AS OF 11.30.2019</th>
<th>AVAIL BUDGET 19/20</th>
<th>% USED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL RESOURCES</strong></td>
<td>17,822,015</td>
<td>2,777,123</td>
<td>15,044,892</td>
<td>16%</td>
</tr>
<tr>
<td><strong>TOTAL REQUIREMENTS</strong></td>
<td>17,822,015</td>
<td>4,995,129</td>
<td>12,826,886</td>
<td>28%</td>
</tr>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td>-</td>
<td>(2,218,006)</td>
<td>2,218,006</td>
<td>-</td>
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**Note:**

Please note the amounts reported above have not yet been audited.

**As of 11/30/2019**
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>PROJECT DESCRIPTION</th>
<th>BUDGET 19-20</th>
<th>AS OF 11.30.2019</th>
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<tr>
<td>11011</td>
<td>PRELIMINARY DESIGN FACILITY PLAN TOTAL COSTS</td>
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<td>Personnel Services Expenditures</td>
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<td></td>
<td>Contractor Expenditures</td>
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<tr>
<td>10571</td>
<td>WATER TREATMENT PLANT EXPANSION 75 TO 85 TOTAL COSTS</td>
<td>2,137,841</td>
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<td>Personnel Services Expenditures</td>
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<td>Contractor Expenditures</td>
<td>1,157,242</td>
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<tr>
<td>11463</td>
<td>FERNHILL RESERVOIR REPAIRS</td>
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<td></td>
<td>Personnel Services Expenditures</td>
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<td>55,647</td>
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<td>Contractor Expenditures</td>
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<td></td>
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<tr>
<td></td>
<td>WATER LINE CATHODIC PROTECTION</td>
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<td></td>
<td>Personnel Services Expenditures</td>
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</tr>
<tr>
<td></td>
<td>Contractor Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>POWDER ACTIVATED CARBON INJECTION SYSTEM EXPANSION</td>
<td>150,000</td>
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<tr>
<td></td>
<td>Personnel Services Expenditures</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Contractor Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11402</td>
<td>JWC SHPP FISH SCREEN WAIVER</td>
<td>225,000</td>
<td>1,653</td>
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<tr>
<td></td>
<td>Personnel Services Expenditures</td>
<td></td>
<td>13,687</td>
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<td>11184</td>
<td>NEW TUALATIN RIVER PERMIT APPLICATION</td>
<td>15,000</td>
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<tr>
<td></td>
<td>Personnel Services Expenditures</td>
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<td>2,955</td>
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<td></td>
<td>Contractor Expenditures</td>
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<tr>
<td>11491</td>
<td>REPLACE FINISHED WATER (FW) 1, 2, &amp; 6 PUMPS AND MOTORS AND FW 4 MOTOR</td>
<td>300,000</td>
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<td></td>
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<td>Contractor Expenditures</td>
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<td>11516</td>
<td>FAIRWAY FUND FENCING</td>
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<td>337</td>
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<td></td>
<td>Personnel Services Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contractor Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VEHICLE, EQUIPMENT, AND SOFTWARE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NEW WATER QUALITY SOFTWARE</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>BACKWASH FLOWMETER</td>
<td>31,600</td>
<td>1,634</td>
</tr>
<tr>
<td>11520</td>
<td>FERNHILL SECURITY CAMERA UPGRADES</td>
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<tr>
<td></td>
<td>MAIN PROGRAMMABLE LOGIC CONTROLLER UPGRADE</td>
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<tr>
<td>11521</td>
<td>REPLACEMENT OF WATER QUALITY INSTRUMENT</td>
<td>35,000</td>
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<td></td>
<td>SEPTIC TANK &amp; DRAIN FIELD</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CLOUD MIGRATION OF SCADA DATA</td>
<td>40,000</td>
<td></td>
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<tr>
<td></td>
<td>VEHICLE PURCHASES</td>
<td>84,000</td>
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<tr>
<td>11440</td>
<td>WTP ALKALINITY TITRATOR</td>
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<td>10,436</td>
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<td>XXXXX</td>
<td>SURGE BASIN VFD UPGRADES</td>
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<td>10,021</td>
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<tr>
<td></td>
<td>JWC EMERGENCY EQUIP REPLACEMENT TOTAL COSTS</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL PROJECT COSTS</td>
<td>8,234,064</td>
<td>2,265,545</td>
</tr>
</tbody>
</table>
STAFF REPORT

To: Joint Water Commission

From: Chris Wilson, Water Treatment Manager
      Niki Iverson, Joint Water Commission General Manager

Date: January 10, 2020

Subject: Agenda Item 4E - Carollo Storm Event Report

Staff Recommendation:
Informational item only; no action requested at this time.

Background:
The Joint Water Commission (JWC) Water Treatment Plant (WTP) experienced three (3) separate storm events that caused treatment process upsets (including two that happened closely together in December 2018, and February 2019), resulting in finished water production impacts up to and including complete WTP shutdowns.

Carollo Engineering was hired for the purpose of evaluating the existing plant sources of supply, treatment processes, and maintenance and operating procedures. They were chosen based on their expertise and also their previous work with the JWC. The purpose of the report is to identify best practices that are in place, and also improvements that will increase plant and staff resilience when similar events occur in the future. The Scope of Work included performing an analysis of WTP facilities and operations, a review of documented storm responses (Incident Command System (ICS) forms and timelines), review of incident management procedures, and a review of raw water quality monitoring procedures and equipment utilized during storm events.

Staff received a final draft report that resulted in 27 recommendations, several of which were already planned as part of the JWC Expansion project or minor items that can be handled internally. There are also larger recommendations that would require consideration by the partners in the upcoming JWC Master Plan and Capital Improvement Program. JWC staff and the Operations Committee will work together to evaluate the recommendations and provide a recommendation for the Board’s review and approval in the Master Plan, with a focus on a cost, benefit, and risk analysis. Staff will present the report, along with recommendations, at the regular meeting on January 10.
WTP Expansion Dedication

The Joint Water Commission (JWC), of which City of Hillsboro is a partner and the managing agency, dedicated a 10 million gallon per day (MGD) expansion – from 75 to 85 MGD - of its Water Treatment Plant (WTP) on Wednesday.

- The water treatment expansion will provide additional water for growing communities in western Washington County.
- The event drew about 75 attendees, including elected officials and JWC commissioners from the cities of Hillsboro, Forest Grove, Beaverton and the Tualatin Valley Water District, as well as expansion project staff.
- Guests received a “behind-the-scenes and under-the-ground” tour of the expanded facility, and then lunched and listened to several speakers on the project construction, and also on the successful partnering between the JWC agencies that have worked together to provide water to their communities for over 40 years.
- The Dedication concluded with a plaque unveiling and a commissioning of the new portion of the facility by turning of valve keys by officials representing their four agencies.

National Environmental Policy Act (NEPA) Memorandum of Understanding (MOU)
The NEPA MOU was approved by Executive Committee and signed on December 5, 2019. Please see accompanying Memo and MOU for details.

JWC Rate and SDC Study
The JWC wholesale Rate and SDC study is underway and scheduled to be completed by June 30, 2020. Staff will present the completed study to the Board for adoption once it is completed.

2020 Meeting Schedule
New meeting schedules are included in the meeting packets.

Leases
Most leases run annually from March 1 to February 28 (or 29), but can be approved for longer periods as well. Beaverton currently has a NTL capacity lease in effect until 2022. New requests, or offers, for Water Treatment Plant, Transmission, or Stored Water capacities are due to the Managing Agency by Monday, February 3, 2020.

Niki Iverson, JWC General Manager
On December 5, 2019, the Joint Water Commission (JWC) Executive Committee approved a Memorandum of Understanding (MOU), which identified shared understandings about roles and responsibilities as a National Environmental Policy Act (NEPA) cooperating agency with the United States Bureau of Reclamation (BOR). The Joint Water Commission (JWC) Executive Committee (Executive Committee) was authorized to meet and approve the MOU by the JWC Board, at its regular meeting on October 11, 2019.

BOR is preparing to commence its process for review under the National Environmental Policy Act (NEPA) of alternatives for rebuilding or replacing Scoggins Dam. The interests of JWC partners could potentially be impacted by any of the alternatives being considered by BOR. As part of its process for formal coordination with key stakeholders, BOR prepared a Memorandum of Understanding that allows JWC to identify its key interests, and defines how JWC (acting on behalf of the individual partners) can participate in the NEPA review process.

Attachments:
Memorandum of Understanding (MOU) between JWC and BOR
Memorandum of Understanding
No. R19MU13749

Between

Joint Water Commission

And

United States Department of the Interior
Bureau of Reclamation
Pacific Northwest Region
Columbia-Cascades Area Office

For Preparing Environmental Impact Statement for the Tualatin Dam Safety and Water Supply Joint Project Environmental Impact Statement

This Memorandum of Understanding (MOU) is entered into by The Bureau of Reclamation’s Pacific Northwest Region, Columbia-Cascades Area Office (Reclamation) and the Joint Water Commission (jointly referred to as the Parties). This MOU identifies the shared understandings about the roles and responsibilities for planning and completing environmental compliance activities for the Tualatin Basin Dam Safety and Water Supply Joint Project (Project), specifically actions required by the National Environmental Policy Act (NEPA).¹

1. Introduction and Purpose

The Project reflects Reclamation’s need to make safety improvements at Scoggins Dam and Clean Water Services’ (CWS) proposal to concurrently consider future water supply needs in the Basin. The Safety of Dams Act (SOD) of 1978², as amended³, and the Reclamation Manual Directives and Standards, FAC TRMR-95, provide that proposals to develop additional project benefits are appropriate when certain criteria are met.

In 2001, Reclamation and CWS began a NEPA process for a water supply project that included as alternatives raising Scoggins Dam (Dam) by 25 feet or by 40 feet to increase water supply availability. During this process, Reclamation identified seismic safety concerns at Scoggins Dam that were directly associated with the Cascadia Subduction Zone (CSZ). Identification of the CSZ issues prompted additional studies and creation of new engineering alternatives under the SOD.

¹ 42 U.S.C. §4332
³ 43 U.S.C. §509(b)
As of the date of this MOU Reclamation intends to:

- Conduct a Corrective Action Study through Reclamation’s Safety of Dams Program to identify means to address the CSZ issues at Scoggins Dam.
- Respond to CWS’s proposal for development of additional project benefits, which may include temperature control and or additional storage.

On December 14, 2018, Reclamation, as the lead agency, invited JWC to participate as a cooperating agency in the preparation of the subject EIS. JWC accepted cooperator status by letter dated January 14, 2019.

Cooperating agency status neither enlarges nor diminishes the decision-making authority or responsibilities of the Parties to this MOU on any matter under their respective jurisdictions. It also does not require Reclamation to provide financial assistance to a cooperating agency.

The Joint Water Commission (JWC) has specialized expertise in water supply, water rights, water storage, and water quality in the Tualatin River basin which qualifies it as a Cooperating Agency under NEPA (40 CFR § 1508.5).

JWC manages the water supply for three contract holders in the Tualatin Project including the Cities of Hillsboro, Forest Grove, and Beaverton, and serves as their representative with the Tualatin Basin Water Supply Project. Hagg Lake and Barney Reservoir are the primary sources of peak season water supply for approximately 400,000 people. This supply is critical to meet the public health and economic needs of those communities. The Bureau of Reclamation will need information from contract holders to assess and determine potential impacts of various options being considered during the NEPA process. JWC has the specialized expertise to collect and provide information about impacts to the Bureau of Reclamation.

JWC maintains extensive records on flow management at the Spring Hill Pump Plant for JWC and the Tualatin Valley Irrigation District (TVID), release quantities from Scoggins Dam, and release quantities from Barney Reservoir. JWC also monitors the stream gauge quantities throughout the basin in partnership with the Water Master. Reclamation staff needs this data for the modeling efforts for the basin and the reservoir. JWC staff have the specialized expertise to provide quality assurance and quality control of flow data in the basin, based on historic practices and management.

JWC also monitors and samples for water quality throughout the basin and in Hagg Lake (in partnership with Clean Water Services). JWC maintains an extensive water quality database from stream sites on Scoggins Creek and the main stem Tualatin River. JWC has the specialized expertise to sample and analyze additional water quality parameters in the basin using existing field staff and resources. JWC’s data is available for Reclamation to use in water quality modeling and assessments that support the NEPA process. JWC staff have the specialized expertise to provide quality assurance and quality control of water quality data in the basin, based on historic practices and management.
Reclamation anticipates that JWC will fulfill a suite of tasks and responsibilities typically associated with the role of a cooperating agency. These are described in Section C below. In general, these activities include (1) attending special planning or coordination meetings as available; (2) reviewing milestone versions of the EIS or sections thereof; and (3) providing technical expertise and advice as appropriate.

The purpose of this MOU is to provide a framework for coordination and cooperation between Reclamation, as the lead federal agency, and the JWC as a cooperating agency, to work together to complete an environmental analysis and any documentation required to comply with NEPA and all other applicable laws, Executive Orders, regulations, directions, and guidance. This MOU documents the Parties’ relative roles and responsibilities and outlines the procedures that will be followed in preparing the subject EIS. A primary purpose of this MOU is to ensure that the EIS is thorough and that it satisfies all environmental compliance requirements of the lead and cooperating agencies.

2. Authorities

The EIS will be prepared in accordance with the National Environmental Policy Act of 1969, as amended (42 USC §§ 4321 to 4370e) and in compliance with all applicable laws and regulations subsequently enacted, including CEQ regulations (40 CFR §§ 1500-1508), the Department of the Interior Regulations for the implementation of NEPA, 43 C.F.R. §46, Executive Order 13807, The Department of the Interior requirements (Department Manual 516, Environmental Quality and Secretarial Order 3355), Reclamation’s NEPA Handbook (Reclamation, February 2012), and Considering Cumulative Effects under the National Environmental Policy Act (CEQ 1997) and all other applicable authorities.

Reclamation is responsible for ensuring that the environmental analysis complies with NEPA, the CEQ regulations, and other pertinent federal laws and regulations.

3. Reclamation Roles and Responsibilities

A. Reclamation will be the lead federal agency responsible for preparing the EIS and completing the NEPA compliance process. As the lead agency, Reclamation will determine the scope of the EIS analyses. This includes, but is not limited to: defining the purpose and need for the proposed action; identifying the range of alternatives to be analyzed; identifying effects of alternatives; ensuring that the EIS includes relevant environmental, social, and economic issues and impacts, including cumulative impacts; defining the issues to be analyzed and identifying data needs; identifying the Preferred Alternative; and adopting reasonable measures to mitigate any substantial adverse impacts. Reclamation will collaborate with the JWC, but final decision-making authority on these issues rests with Reclamation as the lead agency.

B. Reclamation will be responsible for complying with NEPA procedures and implementing regulations including, but not limited to, document contents, maintaining the administrative record, public review of the EIS, and required Reclamation decision documentation.
C. Reclamation will designate the JWC as a cooperating agency in the Project EIS process. Reclamation will inform JWC of the progress of the EIS, as well as any data needs, on a regular basis. Reclamation will develop a project schedule, EIS preparation plan, and public participation plan.

D. Reclamation will, as appropriate, invite JWC to attend meetings with Federal, state, regional, and local agencies, tribes, other groups, and Reclamation’s contractor (Contractor) throughout the NEPA process.

E. Reclamation, as the lead agency, will select and oversee the activities of the Contractor to ensure timely completion of selected environmental analyses, environmental documents, and the EIS.

F. Reclamation will assemble an interdisciplinary team of subject matter experts to review and comment on inventories, documents, analyses, and other products prepared by the Contractor, as well as to provide recommendations to Reclamation regarding the EIS documents and process.

G. Reclamation will ensure that the Contractor and any subcontractors conduct and complete all field and literature studies, inventories, reports, consultations, and data collection necessary for analysis of impacts to natural and human environment. Reclamation also will collaborate with the JWC and interdisciplinary team to ensure that the Contractor considers existing data, environmental descriptions, and analyses available from the JWC and other sources, and that the Contractor does not duplicate work already completed unless Reclamation determines that the existing work is not adequate for the purposes of the EIS.

H. Reclamation will consider and incorporate the data, environmental analyses, technical studies, and recommended mitigation measures of JWC as a cooperating agency, to support the decision making process, giving particular weight to those topics on which JWC is acknowledged to possess special expertise.

I. Reclamation will provide a preliminary scoping document, a preliminary Draft EIS, and a preliminary Final EIS for review and comment by the JWC. The parties anticipate a week will be the appropriate amount of time required to review and provide comments on the document.

J. Reclamation will prepare and implement the public involvement plan for the EIS and will lead the public involvement and communication activities as defined in the Council on Environmental Quality Regulations at 40 C.F.R. pts 1500-1508; section 106 of the National Historic Preservation Act, 54 U.S.C. §300101 et. seq. and implementing regulations at 36 C.F.R. § 800.

K. Reclamation will address other environmental review and consultation requirements such as, but not limited to: the Clean Water Act, the National Historic Preservation Act, the Endangered Species Act, Executive Order 13175, Consultation and Coordination with Indian Tribal Governments.
L. Reclamation will respond to comments submitted by agencies and the public during the EIS process.

M. As appropriate, Reclamation will ensure JWC’s comments, including divergent views are documented and considered.

N. Reclamation will provide updates for key meetings, milestones, and issues during the NEPA process, either directly or through the Contractor.

O. When requested to do so by JWC, Reclamation will treat specific data provided by the JWC as confidential and proprietary to the extent permitted by law. This responsibility extends to both internal and Contractor use of the information. If any confidential or proprietary information is required by law to be released by Reclamation, the JWC shall be provided written notice of any such release at least seven (7) days in advance of such release, to the extent possible.

4. JWC Roles and Responsibilities

In accordance with 40 C.F.R. §1501.6 and 43 C.F.R. § 46.230 JWC as a cooperating agency shall:

A. Serve as a cooperating agency in the preparation of the EIS. JWC will invite Reclamation to participate in any meetings it may have with any other government agency, tribe or interest group concerning the project or EIS.

B. Consult with and keep Reclamation informed on their EIS tasks and data needs or changes on a bi-weekly basis or as needed.

C. Make available personnel and or expertise to the extent practicable, at the request of Reclamation.

D. Participate in meetings with Federal, state, regional and local agencies, tribes, and other groups throughout the EIS process, when requested by Reclamation, as appropriate and practicable.

E. Provide technical information and assistance to Reclamation related to potential alternatives, mitigation, affected resources, and activities in which the JWC has special interest or expertise, at Reclamation’s request. For purposes of this agreement, the special expertise and/or jurisdiction of JWC include the following: water supply, water rights, water storage, and water quality in the Tualatin River basin.

F. Support the identification and evaluation of the effects of project construction and operation on resources and activities in which the JWC has special interest or expertise, at Reclamation’s request.
G. Assist the lead agency by verifying that the Contractor considers existing data, environmental descriptions, and analysis available from the JWC and that the Contractor does not duplicate work already completed. At Reclamation’s request, the JWC will collaborate with Reclamation to determine whether existing work should be modified or redone.

H. Make every effort to adhere to the project review schedule for the EIS. When situations arise where that is not possible, JWC will immediately contact Reclamation in writing and provide a date by which it expects to complete any required project tasks.

I. When requested to do so by Reclamation, treat specific data or information provided by Reclamation as preliminary or confidential to the extent permitted by law. This responsibility extends to both internal and contractor use of the information. If any preliminary or confidential information is required by law to be released by JWC, Reclamation shall be provided written notice of any such release at least seven (7) days in advance of such release.

J. At Reclamation’s request, consult with Reclamation on the project description to assist in improving the project description to recognize opportunities; incorporate efficiencies or improvements; and avoid, mitigate, or otherwise address adverse impacts.

5. Other Provisions

A. Financial obligations. Nothing herein shall or shall be construed to require either Party to assume any financial obligation or expend any sum of funds in excess of available authorized appropriations or in any other way take actions in violation of the Anti-Deficiency Act, 31 U.S.C. § 1341. The expenditure or advance of any money or the performance of any obligation of the United States under this MOU shall be contingent on appropriations or allotment of funds.

B. Officials not to benefit. No member of or delegate to Congress, or Resident Commissioner, or official of any Party shall be admitted to any share or part of this MOU or to any benefit that may arise out of it.

C. Management of Information. Data provided pursuant to this MOU may contain proprietary or pre-decisional information. All records or information requested of any Party will be reviewed by the originating Party prior to release to the extent possible. To the extent permissible under law, any recipient of proprietary or pre-decisional information agrees not to disclose this information to the public or other parties. To the extent permissible by law, any recipient of this information agrees not to transmit or otherwise divulge this information without approval from the originating Party. Any breach of this provision may result in termination of this MOU. Requests for information will be made through the points of contact identified below. Any information furnished to the Parties under this MOU is subject to the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 552a).

D. Legal liabilities and other liability. Nothing in the MOU shall require either Party to assume any legal liabilities or other liabilities on behalf of the other Party.
E. Immunity and defenses retained. Each party retains all immunities and defenses provided by law with respect to any action based on or occurring as a result of this MOU and cooperative work on the EIS.

F. Existing Contracts. The Parties agree that the effect of this MOU is strictly limited to the NEPA process for the Project. This MOU has no effect on any obligations or requirements in existing contracts with Reclamation held by JWC or any of its individual member agencies.

G. Responsibilities for decision making. While the parties agree to make reasonable efforts to resolve procedural and substantive disagreements, they acknowledge that Reclamation retains final responsibility for the analysis in the draft and final EISs and the agencies Record of Decision.

H. Savings clause. Nothing in this agreement is intended to conflict with current law, regulations or directives. If a term of this MOU is inconsistent with such authority, then that term shall be stricken and the remaining terms and conditions of the MOU shall remain in full force and effect.

5. Agency Representatives

US Bureau of Reclamation
Jonathan Penman-Brotman
Environmental Protection Spc.
1917 Marsh Road, Yakima, WA 98901

Joint Water Commission
Jessica Dorsey
Water Resources Manager
150 E. Main St., Hillsboro, OR 97123

6. Dispute Resolution

Disputes between the Parties concerning the content of the EIS shall be resolved through good-faith discussions between the Parties themselves. In all instances of questions regarding content, environmental data and analyses, evaluation, and wording, Reclamation shall make the final determination on such issues. JWC retains the right to comment on all issues related to the EIS, including those in dispute, through the draft and final EIS public review and comment process.

7. Administration of the MOU

A. Approval. This MOU becomes effective on the date of the last signature and will remain in effect unless modified or terminated as provided for herein.

B. Counter Parts. This instrument may be executed in counterpart: each of which is deemed to be an executed original even if all signatures do not appear on the same counterpart.

C. Modifications. Either Party may request changes to this MOU. Any changes, modifications, revisions, or amendments to this MOU will be incorporated by written instrument, executed and signed by both Parties to this MOU.
D. Termination. Either Party may terminate this MOU by providing 60 days written notice to the other party, unless so-terminated, this MOU will expire upon publication of the ROD unless extended through a written agreement.

8. Signatures

The parties to this MOU, through their duly authorized representatives, have executed this MOU on the dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU, as set forth herein.

for
Joint Water Commission

Signed Date
Niki Iverson, General Manager
Joint Water Commission

for
Bureau of Reclamation

Signed Date
Dawn Weidmeier, Area Manager
Columbia-Cascades Area Office
JWC Water Treatment Plant Quarterly Report

To: Joint Water Commission
From: Chris Wilson, Water Treatment Manager
Date: December 16th, 2019
Period: September 19, 2019 – December 15th, 2019

PRODUCTION:
During the fourth quarter, the Water Treatment Plant (WTP) averaged a production rate of 25.1 million gallons per day (MGD). Highest production day was October 17th, with 32.99 MGD produced. The lowest production date was October 22nd, with 18.82 MGD.

WQ PARAMETERS:
Finished Water met all water quality parameters.

COSTS:
Average chemical cost was $1128.92 per day during the fourth quarter, an average of $44.93 per MG. October 18th (32.3 MGD) was the most expensive chemical day at $1601.11. December 6th (21 MGD) was the least expensive chemical cost day at $795.05.

EXPANSION to 85 MGD Update:
- Filter structure underdrain installation was completed and filter media (anthracite and sand) installed.
- Backfill around new filter structure is complete.
- Filter performance testing is ongoing.
- Electrical equipment and communication network installation is ongoing.
- Backfill around new filter structure is complete.
- Installation of solids handling pipelines are complete.
OTHER:

- Shutdowns for construction activities during this quarter occurred on September 25th, October 16th, November 6th and 13th, and December 16th.
- 42” and 36” Raw water Pipelines alternated on and off during this time due to low plant production, thus increasing the accuracy of the Raw Water Meters
- PGE work on the nearby substation resulted in the WTP being “single sourced” for three days in September.
- WTP Expansion Dedication Ceremony on October 30th
- Nov 17 a leak on the South Transmission Line discovered between SW Golf Course Road and SW Johnson School St. Repairs completed on Nov 22.
- Media sampling of existing filters completed
- Off Regulated flows on December 11th (195 days - longest release season on record!)
2020
JOINT WATER and
BARNEY RESERVOIR JOINT OWNERSHIP
COMMISSION
MEETING SCHEDULE

BRJOC will meet at 12:30 p.m. immediately
followed by JWC in Room 113B

LUNCH WILL BE SERVED AT NOON IN 113B

Friday, January 10, 2020
Civic Center 113B

Friday, April 10, 2020
Civic Center 113B

*Friday, June 12, 2020 (If the budget is not passed at April Mtg)
Civic Center 113B

Friday, July 10, 2020
Civic Center 113B

Friday, October 9, 2020
Civic Center 113B

Lunch begins at noon.
BRJOC meeting will be called to order at 12:30 p.m.
followed by the JWC meeting.

****June meeting is only held if the budget is not passed at the April meeting****