

Joint Water Commission



General Manager

Kevin Hanway
150 E. Main Street
Hillsboro, OR 97123
503-615-6585

Board of Commissioners

City of Hillsboro

John Godsey
David Judah
Deborah Raber

City of Forest Grove

Rod Fuiten
Carl Heisler
Peter Truax

City of Beaverton

Denny Doyle
Marc San Soucie
Mark Fagin

Tualatin Valley Water District

Dick Schmidt
Jim Doane
Mark Knudson

HILLSBORO/FOREST GROVE/BEAVERTON/
TUALATIN VALLEY WATER DISTRICT
JOINT WATER COMMISSION (JWC)
PRELIMINARY AGENDA

City of Hillsboro
Civic Center
150 East Main St., **Room 113B**

January 12, 2018
12:30 p.m.
Regular Meeting

Assistive Listening Devices (ALD) and sign language interpreters are available, at no cost, and can be scheduled for this meeting. Please provide at least 72 hours notice prior to the meeting. To obtain these services, call (503) 681-6100 or TTY (503) 681-6284.

ALL TESTIMONY IS ELECTRONICALLY RECORDED.

The Commission lunches 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 regular meeting minutes from Friday, October 13, 2017.
 - B. Receipt of FY 2017 Audit Report.
2. **COMMUNICATIONS AND NON-AGENDA ITEMS**
 - A. None scheduled.
3. **UNFINISHED BUSINESS**
 - A. None scheduled.
4. **NEW BUSINESS**
 - A. Election of Chair and appointment of Vice Chairs and Alternates.
Staff Report – Kevin Hanway
 - B. Designation of Managing Agency. *Staff Report – Kevin Hanway*



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

- A. Water Treatment Plant Expansion Project Update. *Staff Report – Erika Murphy*
- B. YTD Financial status. *Staff Report – John Campbell*
- C. Stored water status. *Staff Report – Kristel Griffith*
- D. General Manager’s Report. *Staff Report – Kevin Hanway*

6. **EXECUTIVE SESSION**

- A. 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.
- B. Take action(s) related to Executive Session, if needed.

7. **ADVICE/INFORMATION ITEMS**

- A. The next JWC and BRJOC meetings are scheduled on Friday, April 13, 2018 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.

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 13, 2017
12:30 p.m.
Regular Meeting

Commissioners Present:

Hillsboro: John Godsey, Dave Judah and Deborah Raber
Forest Grove: Carl Heisler and Peter Truax
Beaverton: Marc San Soucie
Tualatin Valley Water District: Jim Doane, Dick Schmidt and Mark Knudson

Staff Present:

Hillsboro: Kevin Hanway, Rob Dixon, Niki Iverson, Tyler Wubbena, Sophia Hobet, Tacy Steele, Erika Murphy, Mellisa Franklin, Chris Wilson, Jessica Dorsey, Nesh Mucibabic, Carrie Dale and Andi Eiesland
Beaverton: David Winship
Forest Grove: Rob Foster, Rich Blackmun and Derek Robbins
Tualatin Valley Water District: Carrie Pak
Clean Water Services:

Others:

Clark Balfour – TVWD Attorney
Tommy Brooks – Attorney
Brad Phelps – CH2M Hill
Kerry Larsen, Steve Flett, – Slayden Construction
Adam Sussman, Kim Grigsby and Owen McMurtrey - GSI

The Commission lunches 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 regular meeting minutes from Friday, July 14, 2017.

Motion by San Soucie and seconded by Godsey, to approve the Consent Agenda, as presented. Motion carried unanimously with Commissioners Godsey, Judah, Raber, Heisler, Truax, San Soucie, Doane, Schmidt and Knudson all voting in favor.

2. COMMUNICATIONS AND NON-AGENDA ITEMS

A. Regional Water Consortium and Metro.

Truax stated he is a member of the Metro Policy Advisory Council and was asked by staff of the Regional Water Consortium to facilitate a discussion with Metro about reconsidering their withdrawal from the RWC. Though Metro is not a water provider, they are an important part of water delivery, sustainability and planning for the region. Truax stated he met last Wednesday with the council where there was indication of a willingness to hear and consider the appeal to return.

3. UNFINISHED BUSINESS

A. None scheduled.

4. NEW BUSINESS

A. Consider approval of the Guaranteed Maximum Price for Package 2. *Staff Report –Erika Murphy*

Murphy reminded the Commission the objectives of Package 1 were the following: seismic life safety improvements, preparation for achieving a sustainable 75 mgd capacity, and some maintenance and capital improvement projects. The Commission awarded the \$4.87 million dollar project to Slayden in January and most of the work was accomplished over the summer. Remaining work includes the startup and commissioning of the rapid mix pumps and the chemical injection systems. Besides some electrical cabinets in the raw water pump station, most of the seismic bracing is complete.

Godsey asked if the items in package one were completed per the original schedule. Murphy responded the completion date is November 30, and it is anticipated that all items will be completed by then. Delivery of the plate settlers and raw water pumps is currently behind schedule due to the length of the submittal process, but is still on schedule for Package 2.

Murphy stated that, in July, the Commission approved the early work for Package 2 to be done over the summer. The \$872,000 construction package was awarded to Slayden for the excavation of structure sites and dewatering system. Murphy reviewed upcoming items and their locations on the site, such as the auger work and installation of the surge basin and filters. Excavated material will be used in the construction of the sludge drying beds.

Murphy stated the objectives of Package 2 are to achieve the 75 mgd capacity, expansion to 85 mgd capacity, and more maintenance and capital improvement projects. All JWC partners are paying for the 75 mgd improvements as well as the maintenance and improvement at current ownership percentages, while cost of expansion to 85 mgd is borne by City of Hillsboro at 80 percent and TVWD at 20 percent. Murphy reviewed details of Package 2 including the installation of raw water pumps, installation of plate settlers in basins D ,E and F. Rear walls will be removed at the rapid mix to allow room for expansion to 85 mgd as well as installation of two large filters and a surge basin, two sludge drying beds, upgrading the existing solids diversion pump station and adding a new decant pump station.

Murphy shared a summary of the costs of Package 2 which total \$21,239,255. This includes roughly \$6 million for 75 mgd improvements, \$8 million for 85 mgd expansion and \$8 million for capital improvement and maintenance. There is a five percent contingency as well as the overhead and profit and bonds and insurance. These fixed prices were specified in Slayden's proposal.

Murphy stated Slayden has been part of the JWC expansion team for 15 months now, partnering on the design process, the value engineering process, and constructability reviews, which cost \$185,000. Including the cost of Package 1, the Slayden contracts total \$27,300,000.

CH2M Hill's engineering contract, JWC staff time, permitting fees, and miscellaneous expected expenses brings the total estimated project cost to \$33,328,508. Projected partner shares are just over \$21 million for Hillsboro, just over \$6 million for TVWD, just under \$4 million for Beaverton and just over \$2 million for Forest Grove. There is a 5% contingency included in the GMP price for unforeseen conditions. If the need arises, JWC and Slayden will decide together how it will be used. Anything not used from the contingency fund will be credited back to the JWC at the end of the project.

Murphy recognized the work of CH2M Hill on the plans submitted with the permit applications for each of the seven structures. There were no review comments and verbal approval was given by Washington County on October 5th. Permits will be issued next week.

Godsey asked if there is a specific completion date. Murphy responded June 30, 2019 is the planned substantial completion date.

An update on the chlorine system plan was requested by the Commission. Murphy responded that on-site chlorine storage will not be pursued. After review it was decided the \$437,000 cost would not be justified by the storage of an extra two-day supply of chlorine when there are alternative sources for obtaining emergency supplies. All three subcontractors also expressed concern about the risk of working around and over the tanks in the close quarters of the room. Murphy explained the \$437,000 was included in the GMP, so may instead be used on some of the maintenance projects previously deferred due to cost, such as replacing the 40-year-old finished water pumps.

Judah referred to a study that was recently completed at the WTP to analyze and prioritize the needs of the plant. How does the current list of projects correlate to that study? Murphy stated the list was consulted during the planning. While all of the maintenance items on this project were on that list, not all of the items on the list made it to the project. The list will be revisited when the project is complete and capital improvement planning begins.

Motion by San Soucie and seconded by Schmidt, to approve the guaranteed maximum price for Package 2 improvements in the amount of \$21,239,255.00, as presented. Motion carried unanimously with Commissioners Godsey, Judah, Raber, Heisler, Truax, San Soucie, Doane, Schmidt and Knudson all voting in favor.

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

A. PGE/ENERNOC update. *Staff Report – Chris Wilson*

Wilson stated ENERNOC is a third party hired by PGE to manage peak power usage of PGE customers. During times of peak power usage they may ask customers such as the WTP to reduce their energy consumption, and then reimburse them for each kW reduced. This allows PGE to redistribute energy rather than expanding their grid and infrastructure. Participation is voluntary for each separate incident, and is only done after the needs of the plant are considered first. He stated the WTP received four requests in August which resulted in reimbursement of \$11,000. Winter requests resulted in payment of \$14,000.

Wilson stated PGE has ended their partnership with ENERNOC and is now working with Clear Results who requires 70% participation before reimbursement is paid. The treatment plant's continued participation is under consideration, the expansion project being a major factor.

Godsey asked how much notice is given when they ask us to reduce consumption. Wilson stated we communicated to them we require reasonable notice. We are now provided an email early in the week which highlights their projected needs. They provide 4 to 8 hours notice on the day of the event, and send text messages ten minutes before it starts.

B. Stored Water Status. *Staff Report – Niki Iverson*

Iverson stated the reservoir is 44 percent full and we expect to be deregulated and back on natural flow soon, after receiving the rain predicted in the ten-day forecast. She states partners have been great about calling in their demands daily, which helps the plant accurately calculate the need for stored water. For 18 days in September, the JWC was on 100 percent stored water. Clean Water Services increased their releases to 21 cfs in September, up from their average 14 cfs. Iverson stated we have had 3 months of warmer than normal trends, with August being the warmest month on record in Oregon. La Nina is expected to bring a warm wet winter, and the climate forecast predicts above normal temps and precipitation. If this prediction is accurate, there should be no problem filling the reservoirs this winter.

C. Financial Report Update. *Staff Report – Mellisa Franklin*

Franklin presented the financial information as of August 31st, 2017, with a focus on expenditures. Personnel services spending is at 15% of budget, materials and services is at 11% of budget. Operating capital outlay is at 5.8% and \$326,000 has been spent on major projects capital outlay (water treatment plant expansion). \$244,000 has been spent from the \$756,000 special payments budget, most of which is insurance paid at the start of the fiscal year.

D. General Manager’s Report. *Staff Report – Kevin Hanway*

Hanway stated a quarterly report has been provided with information on water production chemical expenditures, and various WTP activities.

6. EXECUTIVE SESSION

A. 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.

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

Motion by Judah, seconded by San Soucie to authorize the Executive Committee to meet in the interim before the January 2018 Commission meeting, if needed, to act on a potential real property purchase offer as discussed in Executive Session. Motion carried unanimously with Commissioners Godsey, Judah, Raber, Heisler, Truax, San Soucie, Doane, Schmidt and Knudson all voting in favor.

7. ADVICE/INFORMATION ITEMS

- A. The next JWC and BRJOC meetings are scheduled on Friday, January 12, 2018 at the Civic Center in Room 113B. The BRJOC meeting will be held at 12:30 p.m. with the JWC meeting following.

There being no further business to come before the Commission, the meeting adjourned at 2:38 p.m.

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

ATTEST: _____
Secretary



To: Joint Water Commission

From: Jon Grover, Finance Manager

Date: January 9, 2018

Subject: Agenda Item 1B – Financial Statements for the year ended June 30, 2017, and Required Communications Under SAS 114

Presented for your review are the financial statements for the Joint Water Commission for the year ended June 30, 20157, 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. Referenced uncorrected misstatements are listed on PDF page 4 (of 6) of the JWC SAS 114 letter under item 10.

For the year, net position increased by approximately \$3.3 million primarily due to contributions from partners of approximately \$5.7 million to fund the treatment plant expansion offset by depreciation on capital assets of approximately \$2.9 million. As partners, we have elected collectively to not fund deprecation. 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.



ACHIEVE MORE

**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

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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, 2017, 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 June 2, 2017. 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 June 2, 2017 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, 2017, 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.



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

Uncorrected Misstatements

We identified the uncorrected misstatements included on the attached management representation letter that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Consultation with Other Accountants

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

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.

A handwritten signature in blue ink that reads "Talbot, Kowola & Warwick LLP". The signature is written in a cursive, flowing style.

Lake Oswego, Oregon
November 22, 2017



November 22, 2017

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, 2017, 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 22, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 22, 2017, 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, interfund transfers, 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.

Finance Department

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 informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2017, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To correct for System Development Charges that relate to prior year	\$ -	\$ -	\$ -	\$ (113,155)	\$ -
To record disputed prior year invoice related to fixed asset that was not resolved until October 2016	\$ -	\$ -	\$ -	\$ (147,012)	\$ -
To correct for contractual salary & benefits that relate to prior year	\$ -	\$ -	\$ -	\$ 40,392	\$ 40,392

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 no later than the date of issuance 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


Jon Grover, Finance Manager



STAFF REPORT

To: Joint Water Commission

From: Kevin Hanway, General Manager

Date: January 12, 2018

Re: Agenda Item 4A & 4B – JWC 2018 Elections and Designation of Managing Agency

The Joint Water Commission 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 TVWD'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 2018 positions:

Agency	Chair	Vice-Chair	Alternate
Beaverton		✓	✓
Forest Grove		✓	✓
Hillsboro		✓	✓
TVWD	✓		✓

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.

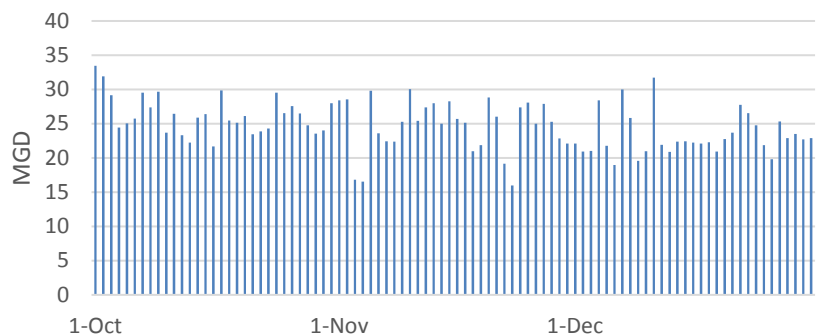


JWC Water Treatment Plant Quarterly Report

To: Joint Water Commission
From: Chris Wilson, Assistant Water Manager
Date: January 12, 2018
Period: October 1, 2017 – December 31, 2017 (Fourth Quarter)

PRODUCTION:

During the fourth quarter, the Water Treatment Plant (WTP) averaged a production rate of 25 million gallons per day (MGD). Highest production day was October 1st at 33.5 MGD. The lowest production date was November 23rd at 16 MGD.

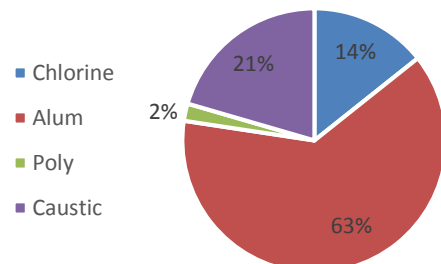


WQ PARAMETERS:

Our Finished Water met all water quality parameters, and we experienced no unusual treatment difficulties during the quarter.

COSTS:

Average chemical cost was \$1,200.00 per day during the third quarter, an average of \$47.59 per MG. November 10th (30 MGD) was our most expensive chemical day at \$1,722.00. November 23rd (16 MGD) was our least expensive chemical cost day at \$754.00.



EXPANSION to 85 MGD:

Package 2 work is in process. Auger cast piles are being installed and construction of the filter and surge basin foundations will begin soon.

OTHER:

- Our “capture rate” for stored water released from Barney and Scoggins averaged 94%. We were released from regulation on October 24th.
- This quarter is normally the time of year the WTP performs shutdowns for maintenance activities. There were five scheduled shutdowns performed this quarter.
- Fernhill Reservoir # 1 was inspected by both professional divers and structural engineers to determine if concrete spalling was a concern. (Spalling is the deterioration of the concrete causing chunks of the concrete to separate from the structure.) Future repairs to the interior and exterior of the roof are suggested in the final report.
- The Chlorine Scrubber maintenance was performed the week of December 11th. This maintenance replaces the used 20% Caustic Soda agent, cleans the media inside the scrubber, and checks operations of all associated equipment. These activities are complex, so are performed by specialized technicians. Scrubber maintenance is performed every four year when the caustic soda solution reaches the end of its useful life.

JWC QUARTERLY REPORT

JWC RESOURCES	REVISED BUDGET 17/18	YTD 17/18	ENCUMBRANCE	YTD TOTAL	AVAIL REMAIN 17/18	% USED
BEGINNING WORKING CAPITAL	-	-	-	-	-	
WATER SALES						
HILLSBORO - WATER PURCH	4,242,153	582,309	-	582,309	3,659,844	14%
FOREST GROVE - WATER PURCH	367,662	64,274	-	64,274	303,388	17%
BEAVERTON - WATER PURCH	1,808,186	44,644	-	44,644	1,763,542	2%
TVWD - WATER PURCH	1,793,690	346,212	-	346,212	1,447,478	19%
TIGARD - WATER PURCH	-	-	-	-	-	0%
NORTH PLAINS - WATER PURCH	115,000	76,878	-	76,878	38,122	51%
NORTH PLAINS SDC	150,000	23,872	-	23,872	126,128	0%
TOTAL WATER SALES:	8,476,691	1,138,188	-	1,138,188	7,338,503	13%
CONTRIBUTIONS IN AID						
HILLSBORO - CAPITAL OUTLAY	10,439,900	221,591	-	221,591	10,218,309	2%
FOREST GROVE - CAPITAL OUTLAY	1,111,722	21,125	-	21,125	1,090,597	2%
BEAVERTON - CAPITAL OUTLAY	2,140,350	4,017	-	4,017	2,136,333	0%
TVWD - CAPITAL OUTLAY	3,058,028	158,305	-	158,305	2,899,723	5%
CWS - CAPITAL OUTLAY	-	15	-	15	(15)	0%
TOTAL CONTRIBUTIONS IN AID:	16,750,000	405,053	-	405,053	16,344,947	2%
OTHER						
GRANTS AND DONATIONS	-	-	-	-	-	0%
WESTERN LUTHERAN SCHOOL	-	836	-	836	(836)	0%
INTEREST EARNED	-	808	-	808	(808)	0%
MISCELLANEOUS INCOME	-	14,578	-	14,578	(14,578)	0%
LEASE REVENUE	102,050	-	-	-	102,050	0%
TOTAL OTHER:	102,050	16,221	-	16,221	85,829	16%
CONTINGENCY						
HILLSBORO-CONTINGENCY	225,000	-	-	-	225,000	0%
FOREST GROVE - CONTINGENCY	66,650	-	-	-	66,650	0%
BEAVERTON - CONTINGENCY	125,000	-	-	-	125,000	0%
TVWD - CONTINGENCY	83,350	-	-	-	83,350	0%
TOTAL CONTINGENCY:	500,000	-	-	-	500,000	0%
TOTAL RESOURCES:	25,828,741	1,559,463	-	1,559,463	24,269,278	6%

JWC REQUIREMENTS	REVISED BUDGET 17/18	YTD 17/18	ENCUMBRANCE	YTD TOTAL	AVAIL REMAIN 17/18	% USED
PERSONAL SERVICES	2,973,796	1,156,573	-	1,156,573	1,817,223	39%
MATERIALS AND SERVICES	4,529,050	1,494,854	1,426,820	2,921,674	1,607,376	65%
CAPITAL OUTLAY	17,070,250	2,244,604	4,210,547	6,455,151	10,615,099	38%
SPECIAL PAYMENTS	755,645	338,710	-	338,710	416,935	45%
CONTINGENCY	500,000	-	-	-	500,000	0%
TOTAL REQUIREMENTS:	25,828,741	5,234,742	5,637,367	10,872,109	14,956,632	42%

TOTAL RESOURCES AND REQUIREMENTS

	REVISED BUDGET 17/18	YTD 17/18	ENCUMBRANCE	YTD TOTAL	AVAIL REMAIN 17/18	% USED
TOTAL RESOURCES	25,828,741	1,559,463	-	1,559,463	24,269,278	6%
TOTAL REQUIREMENTS	25,828,741	5,234,742	5,637,367	10,872,109	14,956,632	42%
NET INCOME (LOSS)	-	(3,675,279)	(5,637,367)	(9,312,646)	9,312,646	
BEGINNING WORKING CAPITAL	-	-	-	-	-	
ENDING WORKING CAPITAL	-	(3,675,279)	(5,637,367)	(9,312,646)	-	

Note:

JWC CAPITAL PROJECT QUARTERLY REPORT

PROJECT	PROJECT DESCRIPTION	Approved FY 17-18 Budget	YTD ACTUAL FY 17-18 as of 11.30.17
10829	PUMP RECONDITIONING	\$ -	
	Personnel Services Expenditures		\$ 501
	Contractor Expenditures		\$ 4,301
11011	PRELIMINARY DESIGN FACILITY PLAN TOTAL COSTS	\$ 6,490,000	
	Personnel Services Expenditures		\$ 20,693
	Contractor Expenditures		\$ 688,306
10571	WATER TREATMENT PLANT EXPANSION 75 TO 85 TOTAL COSTS	\$ 8,260,000	
	Personnel Services Expenditures		\$ 32,248
	Contractor Expenditures		\$ 1,468,560
11135	FAIRWAY FUND LAND	\$ 150,000	
	Personnel Services Expenditures		\$ 2,074
	Contractor Expenditures		\$ -
	JWC EMERGENCY EQUIP REPLACEMENT TOTAL COSTS	<u>\$ 2,000,000</u>	<u>\$ -</u>
	TOTAL PROJECT COSTS	<u><u>\$ 16,900,000</u></u>	<u><u>\$ 2,216,683</u></u>