

Tualatin Valley Water District



Delivering the Best Water  Service  Value

March 28, 2019

The Honorable Representative Keny-Guyer
Chair, House Committee on Human Service and Housing
900 Court St. NE, H-272
Salem, OR 97301

RE: House Bill 2001

Dear Representative Keny-Guyer and Committee Members,

Water providers across Oregon face a diverse set of challenges driven by population growth and increasing water demands, climate change, aging infrastructure, and new and evolving water quality regulations. Balancing these challenges while providing high quality drinking water requires reliable funding mechanisms. House Bill 2001, if passed, risks a key funding mechanism for meeting these challenges and serving our communities.

Here at Tualatin Valley Water District (TVWD), our mission is to ensure that customers have access to the highest quality drinking water at a reasonable cost. Under HB 2001, the collection of System Development Charges (SDCs) is made considerably more problematic.

By prohibiting local governments (e.g., water providers) from requiring that SDCs be paid by middle housing developers before occupancy permitting, HB 2001 jeopardizes our ability to finance critical water system infrastructure.

As the second-largest drinking water provider in Oregon, TVWD invested \$34.2 million in capital-related facilities in the fiscal year ending June 30, 2018. These facilities are constructed in advance and in coordination with new development. SDCs recover a share of the costs for water infrastructure that will serve new customers. This allows growth to pay for itself.

Water SDCs are highly regulated and must be spent on water utility infrastructure only. In FY 2018, SDCs funded more than 18 percent of TVWD's infrastructure spending. Delaying or losing those funds would cause infrastructure costs for new housing developments to be unfairly borne by our current customer base.

In addition, deferring SDC payment beyond occupancy permit shifts the cost burden from developers to the same home owners who are supposed to benefit from affordable housing.

We are concerned about the adoption of HB 2001 and unintended consequences on the citizens it's proposed to help. Significant modifications can achieve a fair and equitable solution for all Oregonians. We hope for more dialogue about this matter and would be happy to assist the Committee with our technical expertise.

Sincerely,

Commissioner Bernice Bagnall
President, Board of Commissioners
Tualatin Valley Water District

Mark Knudson, PE
Chief Executive Officer
Tualatin Valley Water District