

**CLACKAMAS RIVER WATER BOARD OF COMMISSIONERS  
BOARD WORK SESSION  
February 22, 2021**

**COMMISSIONERS PRESENT:**

Sherry French, President  
Naomi Angier, Secretary  
Rusty Garrison,  
Tessah Danel, Treasurer  
Hugh Kalani

**STAFF PRESENT:**

Todd Heidgerken, General Manager  
Karin Holzgang, Executive Assistant to the Board

CRW Employees: Chief Engineer, Adam Bjornstedt; Chief Finance Office, Carol Bryck; IT Manager, Kham Keobounnam; Water Resource Manager, Rob Cummings; Engineering Manager, Joe Eskew; Engineering Associate, Betty Johnson; Emergency Manager, Donn Bunyard; Water Distribution Supervisor, Jason Labrie

**COMMISSIONERS ABSENT: 0**

**VISITORS: Sergey Tarasov with FCS Group, Chris Hawes**

**Call Work Session to Order**

Commissioner French called the meeting to order at 6:01 pm. Roll call was taken

Commissioner French thanked the CRW staff for their efforts this past year during the pandemic, wildfires and ice storms that they responded to and kept the District going

1. **System Development Charge Discussion (SDC)**- see attached presentation.
  - SDC- a one time charge imposed on new development or expanded connection to system as a condition of service (different from water rates; developed properties only pay SDC if they redevelop & upsize capacity)
  - SDC's are for capital only and not for operations.
  - SDC's include both future & existing components.
  - SDC's are for general facilities.
  - SDC Methodology consists of two components
    - ✓ Reimbursement fee
    - ✓ Improvement fee
  - Capacity can generally be expressed as
    - ✓ Estimated demand- based on average demand in gallons per day per equivalent housing unit (EHU)
    - ✓ Potential demand-based on number of meters expressed in ¾" meter capacity equivalent (MCE)
  - Units of Available Capacity
    - ✓ EHU's based on the Water System Master plan (4-year average basis)
    - ✓ MCEs based on American Water Works Assoc. flow factors

- ✓ Need to look at: -
  - supply/treatment: operational capacity of treatment plant vs. MDD;
  - Pumping: firm pumping capacity vs. required capacity;
  - storage: total available storage capacity vs. required storage
  - Transmission & Distribution: set equal to supply/treatment
- Reimbursement Fee Basis
  - ✓ Net Plan excludes- donated or grant funded assets & meters & services
  - ✓ Unused capacity is based on infrastructure in the ground today
- Improvement Fee Basis
  - ✓ Project specific renewal and replacement share of costs were identified in the Master Plan- included a share of improvement projects
  - ✓ Improvement fee fund balance is deducted to avoid double counting for projects included in prior CIP list that have not been counted
- Conclusions & Board Direction
  - ✓ Input on SDC methodology options (for 1.5-inch meters and above)
    - Option 1- estimated demand (per EHU)- -gallons per day
    - Option 2- potential demand (per MCE) – meter size
    - Option 3- Maximum of two (meter size and demand)
- Next Steps
  - ✓ Set date for public hearing- Done (March 11, 2021)
  - ✓ Provide statutory notice- done
  - ✓ Make report available to public during last 60 days of notice period
  - ✓ Board can receive information about and discuss SDCs before scheduled public hearing
  - ✓ Hold public hearing, adopt SDC ordinance

Commissioner Angier asked about the process related to the adoption of the ordinance for SDC methodology and how the board is to provide input in the options. Staff will provide a recommended option for the Board to consider. Commissioner Danel asked when the last time the SDC methodology was reviewed, this was done back in 1999 but annually the fees are adjusted based on the Seattle Engineering Record.

## 2. Capital Planning Update

- What has been done where are we now
  - ✓ Planning completed or in progress
    - 2018 Water System Master Plan
    - WTP Facility plan is in progress
    - Emergency Resilience Planning
    - 2020 Strategic Plan
    - All plans define system deficiencies and improvement needs, and identify overall need
  - ✓ Evaluation Criteria (review)
    - Age of the system
    - Capacity- meet current and future demands
    - Water Quality- meet current and future WQ goals
    - Resilience – how the system meets hazard resilience goals and requirements
  - ✓ Magnitude of needs vs. resources
    - Total need outweighs resources

- Common theme nationally
- Balancing act- deferred maintenance and responsible capital improvements
- If we looked at it from a “bulk” standpoint - ~\$400 million over 20-year period; ~\$20 million per year- INFEASIBLE.
- ✓ CRW Infrastructure categories & classifications (see Presentation)
- ✓ Proposed priorities, cost, and timelines
  - 6-year plan allows time to address some immediate needs while planning for future
  - Ongoing prioritization effort (annually concurrent with budgeting efforts and guided by district drivers)
  - Estimated cost ranges are in study-year dollars
- ✓ Capital Planning and prioritization- CRW Drivers
  - District Vision, Mission & Strategic Objectives
  - WTP improvements required to continue meeting current and future criteria
  - Water System Master Plan identified required ongoing repair/replacements
  - System enhancement goals
  - Planning and prioritization must fit funding availability and constraints, including rates and SDC’s
- ✓ Funding and Schedules (see slide)
- ✓ Summary of funding options (see slide)
- ✓ Recommended plan & funding reserves (see slide)
- ✓ Rates & SDC’s (see slide)
- ✓ Conclusions & Next Steps
  - Recommended plan supports responsible planning, strategic objectives
  - Balancing capital improvements with reasonable deferred maintenance- Doing nothing is not an option (not consistent with District mission and vision). Within CRW financial, staffing and other resource limitations
  - Proactive planning and funding of projects to meet established criteria promotes long term system health, reliability and resilience
  - Recommended approach to timing and funding capital improvements for the next 6 years
  - Major investments like WTP improvements, that require borrowing are projected beyond 6 year period
  - Board will affirm this approach and consider specific projects through the ongoing budget process (each BN) and approval of future rate increases
  - A 5% annual rate increase, starting in 2022 will allow for the implementation of the recommended capital plan, evaluated on a BN basis as part of the budget process
  - Balanced approach allows for:
    - ❖ Progress in addressing identified needs
    - ❖ Better defining details for future improvements
    - ❖ Implementing improvements necessary for larger scale future projects

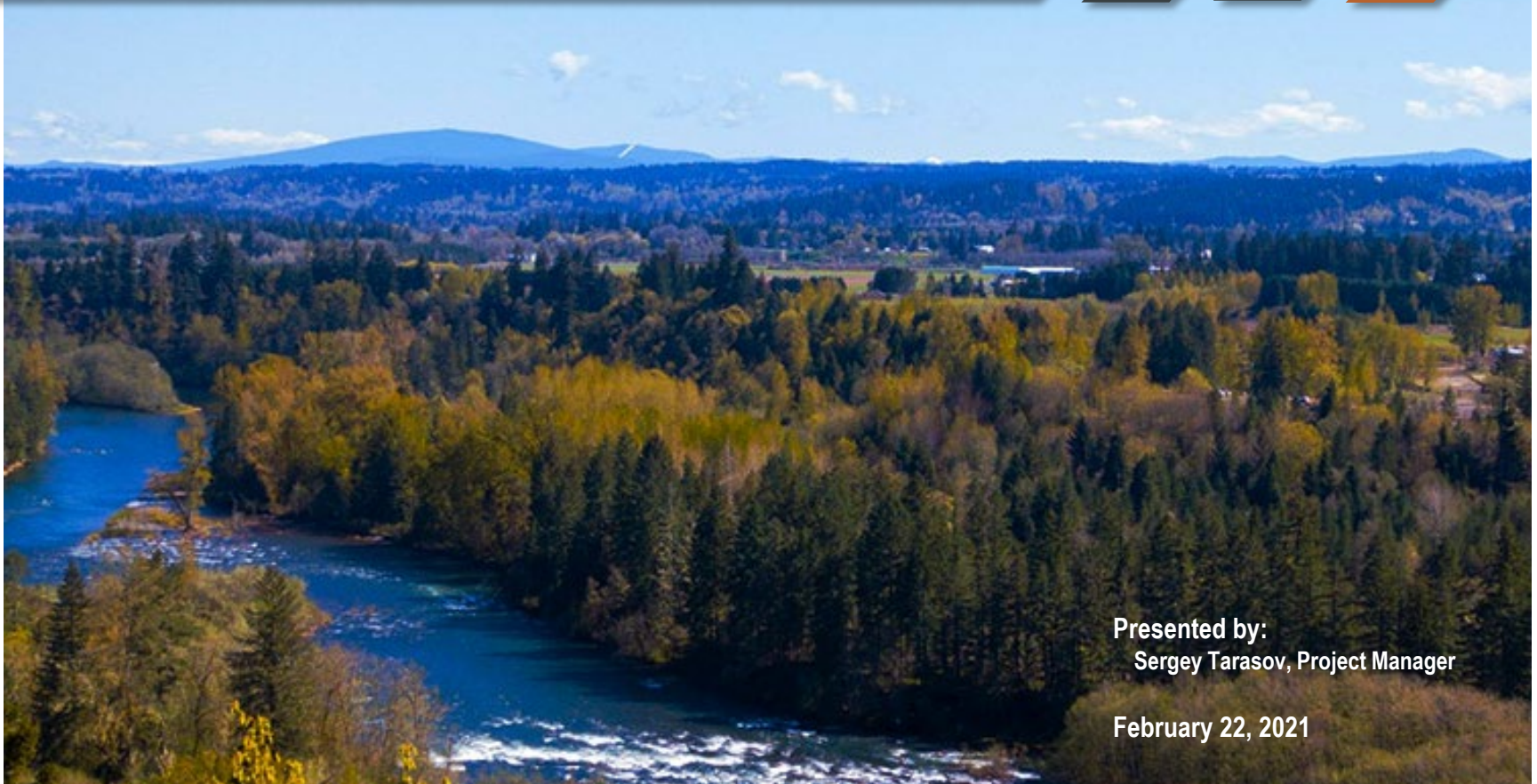
- ❖ Time to pursue activities that will influence funding options
- 3. **Report on the 2020 Board Goals for the GM-** most goals have been successfully achieved there are still a few outstanding items (work with OC related to cleaning up withdrawals & finishing the WTP facility plan)
- 4. **Commissioner Communications-** None at this time
- 5. **General Manager Update**
  - During the recent ice storm there was a significant effort for the members of the basin to work together and help one another. Staff did an amazing job to meet the demands and needs of the situation.

**Public Comment: none**

Open meeting is adjourned at 8:15pm



# System Development Charge Update



Presented by:  
Sergey Tarasov, Project Manager

February 22, 2021



# Presentation Overview

- **System Development Charge (SDC) overview**
  - » Legal framework
- **Methodology**
  - » Reimbursement fee
  - » Improvement fee
  - » System capacity
- **SDC calculation & results**
- **Next steps**



# SDC Overview

- **One-time charge imposed on new development or expanded connection to system as a condition of service**
  - » Different from water rates
  - » Developed properties only pay SDC if they redevelop & upsize capacity
- **SDCs are for capital only**
  - » In calculation basis
  - » In use of revenue
- **SDCs include both future & existing components**
- **SDCs are for general facilities**

# Legal Framework

**ORS 223.297 - 314, known as *the SDC Act*, provides “a uniform framework for the imposition of system development charges by governmental units” and establishes “that the charges may be used only for capital improvements.”**

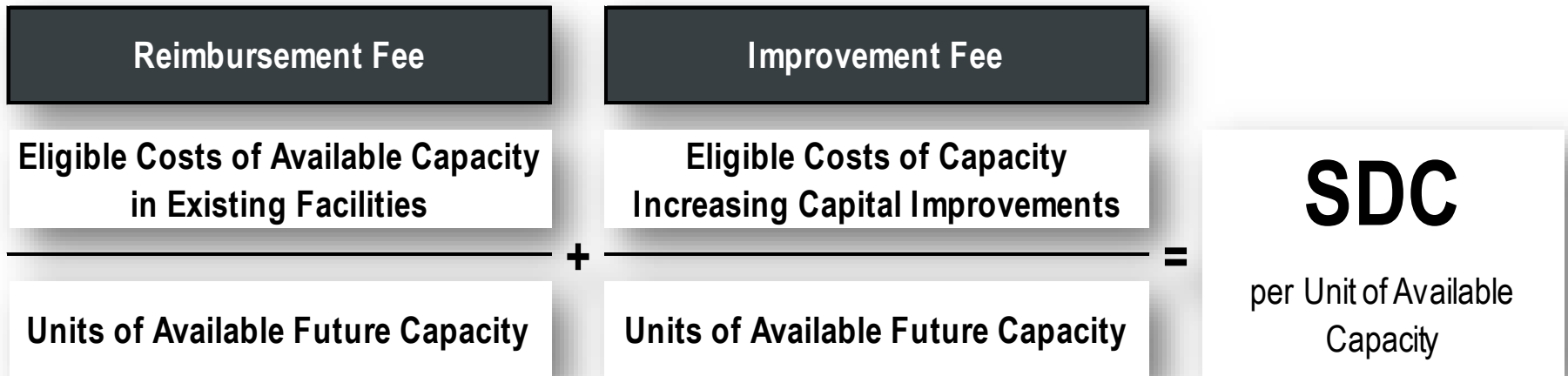




# SDC Methodology

- **Consists of two components**

- » **Reimbursement fee:** recovers costs associated with capital improvements already constructed or under construction available for future customers
- » **Improvement fee:** recovers costs associated with capital improvements to be constructed in the future to increase capacity and accommodate future customers





# Units of Available Capacity

- **Capacity can generally be expressed as**
  - » ***Estimated demand***: based on average demand in gallons per day (gpd) per Equivalent Housing Units (EHUs)
  - » ***Potential demand***: based on number of meters expressed in 3/4-inch meter equivalents (MCEs)



# Units of Available Capacity (continued)

- **EHUs based on the Water System Master Plan (4-year average basis)**
  - » North System: 166 gpd
  - » South System: 256 gpd
  - » Calculated System Wide: 202 gpd/EHU
  - » MCEs based on American Water Works Association (AWWA) flow factors
  - » Proportionate to a 3/4-inch meter safe operating flow capacity

Meter	MCE Flow Factor (3/4")
3/4"	1.00
1"	1.67
1 1/2"	3.33
2"	5.33
3"	10.67
4"	16.67
6"	33.33
8"	53.33
10"	76.67
12"	112.50
18"	215.12

*Note: The 18" factor was estimated using regression analysis.*



# Units of Available Capacity – Existing

Meter	Accounts FY2020	MCE Factor (3/4")	MCEs (FY2020)
3/4"	11,205	1.00	11,205
1"	750	1.67	1,250
1 1/2"	181	3.33	603
2"	246	5.33	1,312
3"	37	10.67	395
4"	19	16.67	317
6"	12	33.33	400
8"	2	53.33	107
10"	4	76.67	307
12"	1	112.50	113
18"	1	215.12	215
<b>Total</b>	<b>12,458</b>		<b>16,223</b>

**Notes:**

1. Flow factors based on AWWA Standards, 1984 and 1990.
2. Flow factors for 18" meter are based on regression analysis utilizing smaller meter size data.
3. Includes wholesale accounts.

Year	2017	2028	2038
North EHUs	37,802	40,612	42,653
North gpd/EHU	166	166	166
<b>North Demand - gpd</b>	<b>6,275,132</b>	<b>6,741,592</b>	<b>7,080,398</b>
South EHUs	6,578	7,535	8,691
South gpd/EHU	253	253	253
<b>South Demand - gpd</b>	<b>1,664,234</b>	<b>1,906,355</b>	<b>2,198,823</b>
<b>Total Demand - gpd</b>	<b>7,939,366</b>	<b>8,647,947</b>	<b>9,279,221</b>
System Wide gpd/EHU	202	202	202
<b>System Wide EHUs</b>	<b>39,267</b>	<b>42,771</b>	<b>45,893</b>
CAAGR	0.78%		

Fiscal Year	EHUs	CAAGR	EHU w. CAAGR
2017	39,267	0.78%	39,573
2018	39,573	0.78%	39,882
2019	39,882	0.78%	40,193
2020	40,193		

<b>FY 2020 Estimated EHUs</b>	<b>40,193</b>
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**Notes:**

1. System specific EHU data is from tables 3.16 (north) and 3.15 (south) of the north and south WSMP.
2. CAAGR - cumulative annual average growth rate.



## Units of Available Capacity (continued)

MCEs	Supply / Treatment	Pumping	Storage	T&D
Maximum Capacity	23,320	24,761	26,462	23,320
Existing	16,223	16,223	16,223	16,223
<b>Allocable Future Capacity (MCEs)</b>	<b>7,097</b>	<b>8,538</b>	<b>10,240</b>	<b>7,097</b>

EHUs	Supply / Treatment	Pumping	Storage	T&D
Maximum Capacity	57,777	61,347	65,562	57,777
Existing	40,193	40,193	40,193	40,193
<b>Allocable Future Capacity (EHUs)</b>	<b>17,584</b>	<b>21,154</b>	<b>25,370</b>	<b>17,584</b>

- **Supply / Treatment: operational capacity of treatment plant vs. MDD**
- **Pumping: firm pumping capacity (gpm) vs. required capacity**
- **Storage: total available storage capacity vs. required storage**
- **Transmission & Distribution: set equal to Supply / Treatment**



# Reimbursement Fee Basis

Reimbursement Fee Basis	Supply / Treatment	Pumping	Storage	T&D	Total
Net Plant	\$ 18,779,080	\$ 9,819,834	\$ 21,871,749	\$ 58,610,819	\$ 109,081,483
Unused Capacity	30.4%	23.8%	38.7%	30.4%	
<b>Reimbursement Fee Basis</b>	<b>\$ 5,715,376</b>	<b>\$ 2,335,818</b>	<b>\$ 8,463,351</b>	<b>\$ 17,838,075</b>	<b>\$ 34,352,620</b>
less: Unused Share of Existing Debt	(958,023)	(306,010)	(1,803,693)	(2,990,057)	(6,057,783)
<b>Total Eligible Assets</b>	<b>\$ 4,757,352</b>	<b>\$ 2,029,808</b>	<b>\$ 6,659,659</b>	<b>\$ 14,848,018</b>	<b>\$ 28,294,837</b>

- **Net plant excludes**
  - » Donated or grant funded assets
  - » Meters & services
- **Unused capacity is based on infrastructure in the ground today**



# Improvement Fee Basis

Improvement Fee Basis	Supply / Treatment	Pumping	Storage	T&D	Total
Total Capital Improvement Program	\$ 503,066	\$ 6,400,897	\$ 8,263,643	\$ 291,830,394	\$ 306,998,000
less: Renewal and Replacement Share	(349,859)	(5,056,837)	(7,581,878)	(254,033,110)	(267,021,684)
<b>Improvement Fee Basis</b>	<b>\$ 153,207</b>	<b>\$ 1,344,060</b>	<b>\$ 681,766</b>	<b>\$ 37,797,284</b>	<b>\$ 39,976,316</b>
less: SDC Fund Balance	(5,974)	(52,405)	(26,582)	(1,473,724)	(1,558,685)
<b>Total Eligible Projects</b>	<b>\$ 147,233</b>	<b>\$ 1,291,655</b>	<b>\$ 655,183</b>	<b>\$ 36,323,559</b>	<b>\$ 38,417,631</b>

- **Project specific renewal and replacement share of costs were identified in the Master Plan**
  - » Includes a share of improvement projects
- **Improvement fee fund balance is deducted to avoid double counting for projects included in prior CIP list that have not been constructed**



# SDC Calculation – MCE Basis

Notes:	SDC - MCE Basis	Supply / Treatment	Pumping	Storage	T&D	Total
A	Net Reimbursement Cost Basis	\$ 4,757,352	\$ 2,029,808	\$ 6,659,659	\$ 14,848,018	\$ 28,294,837
B	Allocable Future Capacity - MCEs	7,097	8,538	10,240	7,097	
C = A/B	<b>Reimbursement Fee per MCE</b>	<b>\$ 670</b>	<b>\$ 238</b>	<b>\$ 650</b>	<b>\$ 2,092</b>	<b>\$ 3,650</b>
D	Net Improvement Cost Basis	\$ 147,233	\$ 1,291,655	\$ 655,183	\$ 36,323,559	\$ 38,417,631
E	Allocable Future Capacity - MCEs	7,097	8,538	10,240	7,097	
F = D/E	<b>Improvement Fee per MCE</b>	<b>\$ 21</b>	<b>\$ 151</b>	<b>\$ 64</b>	<b>\$ 5,118</b>	<b>\$ 5,354</b>
C + F	<b>System Development Charge (per MCE)</b>	<b>\$ 691</b>	<b>\$ 389</b>	<b>\$ 714</b>	<b>\$ 7,210</b>	<b>\$ 9,004</b>

Meter	MCE Factor (3/4" Equiv.)	SDC
3/4"	1.00	\$ 9,004
1"	1.67	15,007
1 1/2"	3.33	30,014
2"	5.33	48,023
3"	10.67	96,046
4"	16.67	150,072





# SDC Calculation – EHU Basis

Notes:	SDC - EHU Basis	Supply / Treatment	Pumping	Storage	T&D	Total
A	Net Reimbursement Cost Basis	\$ 4,757,352	\$ 2,029,808	\$ 6,659,659	\$ 14,848,018	\$ 28,294,837
B	Allocable Future Capacity - EHUs	17,584	21,154	25,370	17,584	
<b>C = A/B</b>	<b>Reimbursement Fee per EHU</b>	<b>\$ 271</b>	<b>\$ 96</b>	<b>\$ 263</b>	<b>\$ 844</b>	<b>\$ 1,473</b>
D	Net Improvement Cost Basis	\$ 147,233	\$ 1,291,655	\$ 655,183	\$ 36,323,559	\$ 38,417,631
E	Allocable Future Capacity - EHUs	17,584	21,154	25,370	17,584	
<b>F = D/E</b>	<b>Improvement Fee per EHU</b>	<b>\$ 8</b>	<b>\$ 61</b>	<b>\$ 26</b>	<b>\$ 2,066</b>	<b>\$ 2,161</b>
<b>C + F</b>	<b>System Development Charge (per EHU)</b>	<b>\$ 279</b>	<b>\$ 157</b>	<b>\$ 288</b>	<b>\$ 2,910</b>	<b>\$ 3,634</b>



# Calculated vs. Existing SDCs

Meter	MCE Factor	Existing SDCs	Calculated SDCs	\$ Difference
3/4"	1.00	\$ 5,514	\$ 9,004	\$ 3,490
1"	1.67	9,190	15,007	5,817
1 1/2"	3.33	18,377	30,014	11,637
2"	5.33	29,404	48,023	18,619
3"	10.67		96,046	n/a
4"	16.67		150,072	n/a

- **Note:** Starting at 1.5-inch meter existing SDCs are calculated based on anticipated water demand as compared to equivalent residential unit (3/4-inch)
  - » Amounts shown for existing 1.5-inch and 2-inch are minimum charges

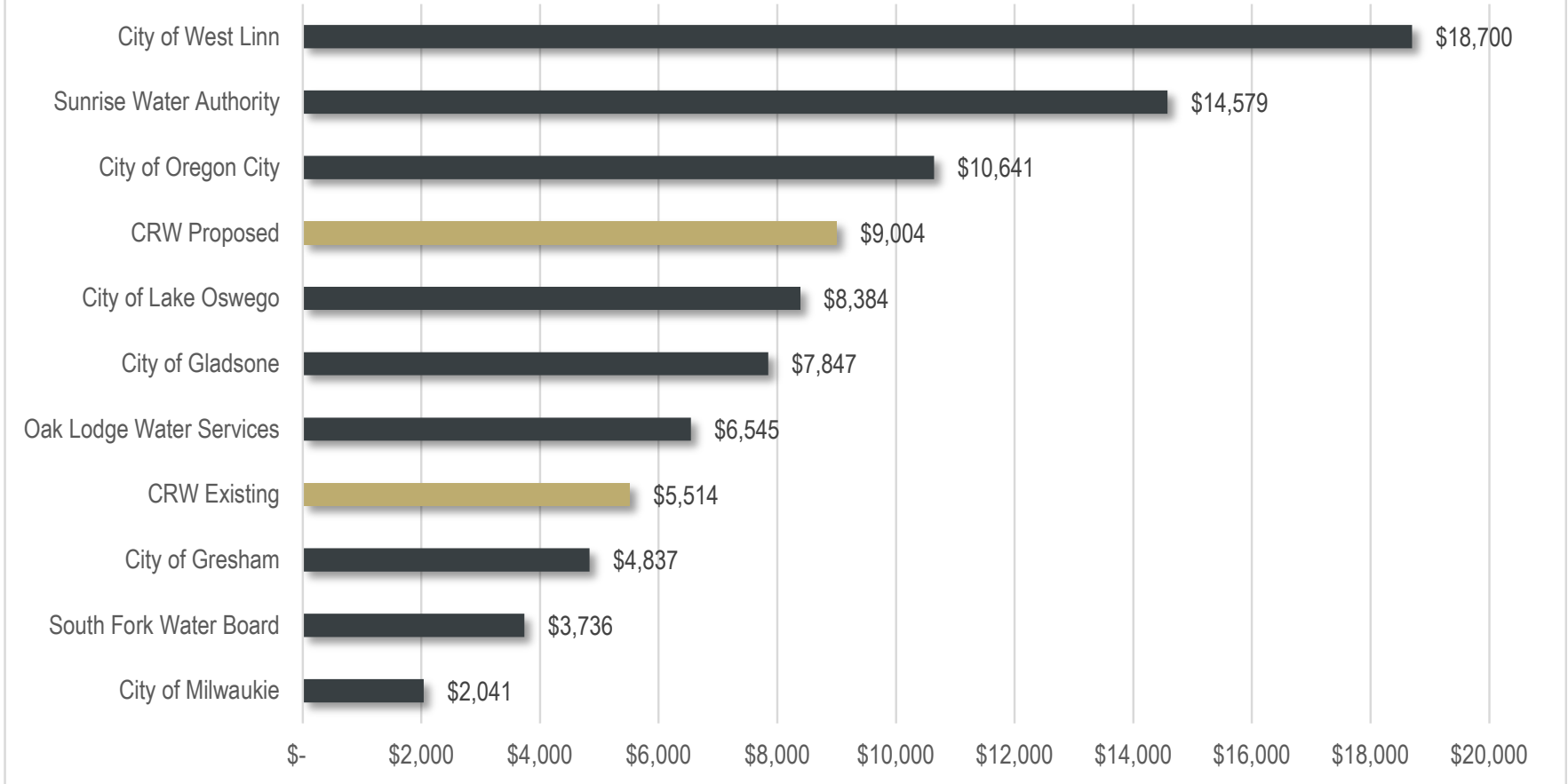


# Conclusions and Board Direction

- **Input on SDC methodology options (for 1.5-inch meters and above)**
  - » Option 1: Estimated demand: per EHU (202 gpd)
    - Captures large users taking up plant capacity
    - Requires estimated demand prior to connection
    - Should be revisited periodically to make sure demand has not been exceeded – additional administration
  - » Option 2: Potential demand: per MCE (meter size)
    - Captures peak demand requirements
    - Easy to administer
    - Does not capture impacts of low peaking large users
    - Common methodology in region
  - » Option 3: Maximum of the two
    - Captures both peak and large average users
    - Requires more administration
    - Large user SDCs reflect impact on system

# SDC Survey

## System Development Charges 3/4"



**Notes:** includes local and regional charges, specifically for West Linn and Oregon City includes South Fork Water Board's SDCs.



## Next Steps

- **Set date for public hearing - DONE**
  - » At least 90 days in advance
- **Provide statutory notice - DONE**
  - » At least 90 days in advance of public hearing
- **Make report available to public during last 60 days of notice period**
- **Board can receive information about and discuss SDCs before scheduled public hearing**
  - » No action (vote) can be taken
- **Hold public hearing, adopt SDC ordinance**

**Thank you!**  
**Questions?**

[www.fcsgroup.com](http://www.fcsgroup.com)

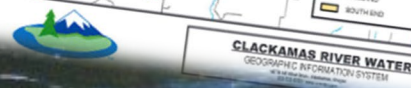
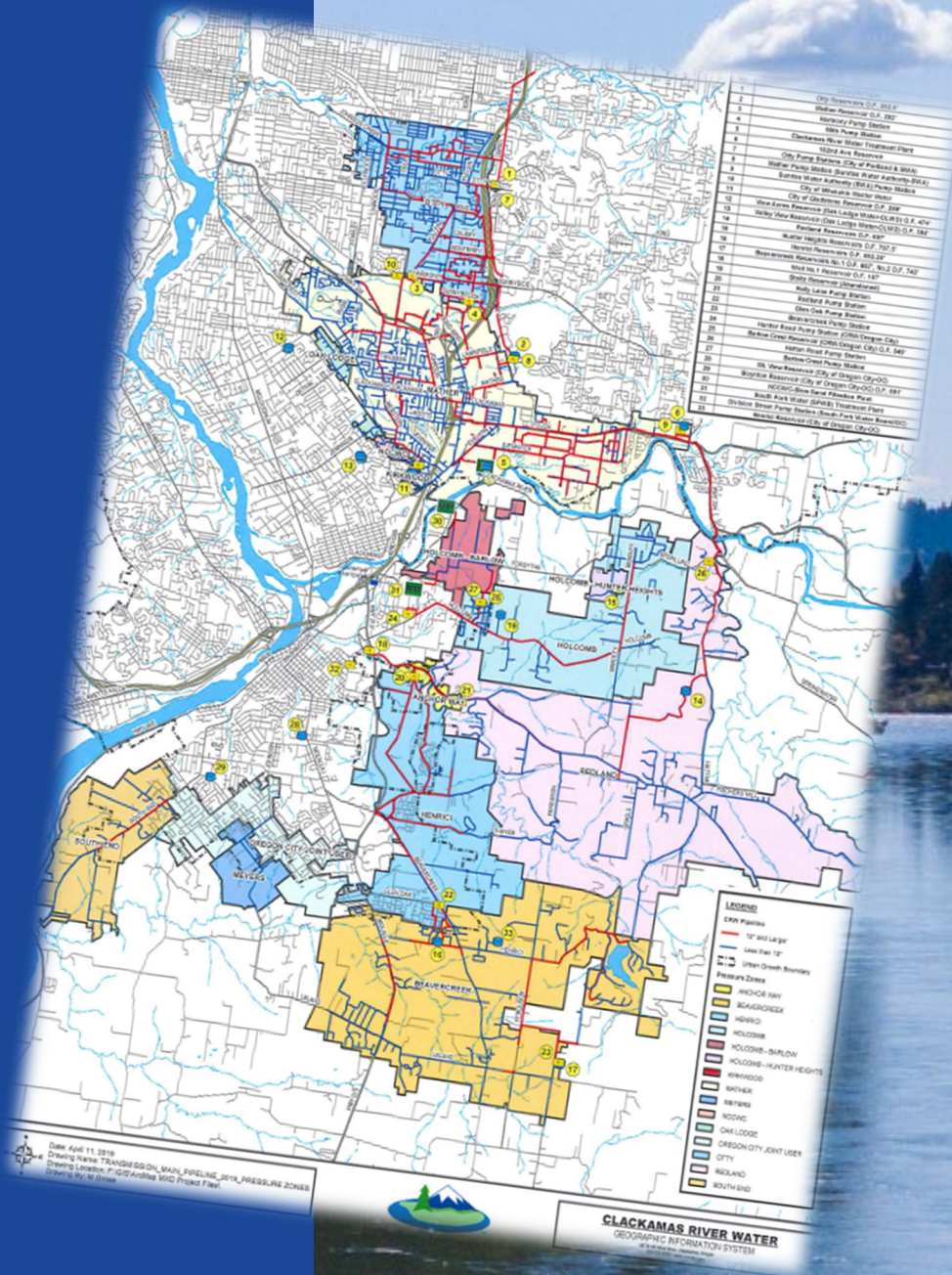
# Capital Planning Strategy Update

Board Work Session  
February 22, 2021

Presenters:

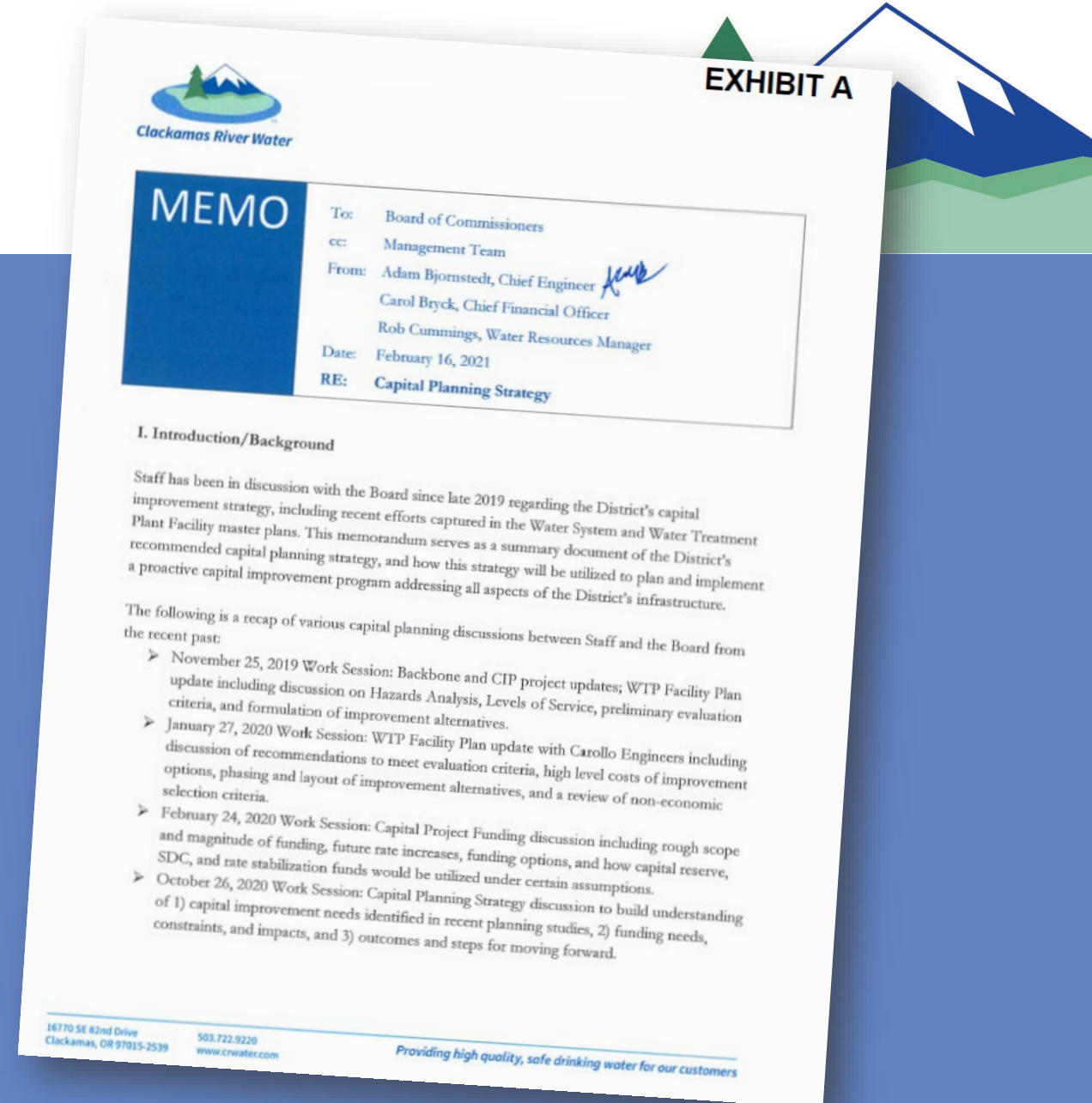
Adam Bjornstedt *Chief Engineer*

Carol Bryck *Chief Financial Officer*



# CAPITAL PLANNING STRATEGY

- Refer to “Capital Planning Strategy” Memo, -February 16, 2021





# DISCUSSION OUTLINE



- What we've done/where we're at: planning studies completed
- Evaluation criteria
- Magnitude of need, "balanced approach"
- Infrastructure categories, classifications, value- *Table 1*
- Recommendations: Priorities, Costs, Timelines- *Table 2*
  - Primary Agency Drivers
- Financial Considerations- *Figure 1 & 2, Table 3*
- Conclusions & Next Steps

# PLANNING COMPLETED OR IN PROGRESS



- **2018 Water System Master Plan.** Defines ~\$330 million worth of improvements for (20-yr period).
- **WTP Facility Plan** (in progress). Will define phased improvements; ~\$50-70 million including short and long term improvement strategies (20-yr period).
- **Emergency/Resilience Planning.** RRA/ERP developed to address AWIA defines additional infrastructure needs; ~\$3 million (20-yr period).
- **2020 Strategic Plan.** Objectives should guide capital planning.



## All plans...

- Define system deficiencies and improvement needs, through the common criteria of **age, capacity, water quality, & hazard resilience.**
- Identify overall need – while detailed objectives and tactics, including specific project scoping and funding, will be addressed through annual project and budget planning.

*Note- Estimated cost ranges are in study-year dollars, AACE level 5 estimates.*

# EVALUATION CRITERIA (REVIEW)



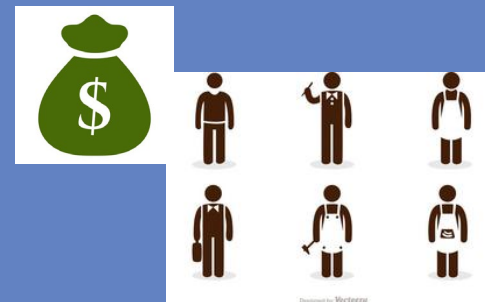
- *Age*- How does the age of our water system components affect their ability to contribute to long-term system health and function?
- *Capacity*- How will the system be able to meet current and future demands?
- *Water Quality*- How will the system be able to meet current and future water quality goals and requirements?
- *Resilience*- How will the system be able to meet hazard resilience goals and requirements?

# MAGNITUDE OF NEEDS VS. RESOURCES



- Total need outweighs resources
- Common theme nationally
- **Balancing act:** Deferred maintenance and responsible capital improvements

- If we looked at it from a “bulk” standpoint...(All needs identified from planning studies):
  - ~\$400 million over 20 year period
  - = ~\$20 million per year
  - = INFEASIBLE



# CRW INFRASTRUCTURE CATEGORIES & CLASSIFICATIONS



Table 1. CRW Capital Project Categories and Classifications

Category	Classification	Respective Value (Criteria Met)	Project Type
<b>Water Treatment</b>	Replace/Repair	Age	Existing process repair or replace; “In-kind”
	Enhancement	Capacity, WQ, Resilience, Age	Replacement or new process/facility that meets expanded goal
<b>Distribution System</b>	Replace/Repair	Age, Capacity, Resilience	Existing waterline, storage or pumping repair or replace; helps meet existing demand, deficiency, or risk
	Enhancement	Capacity, WQ, Resilience, Age	New waterline, storage, etc. to meet new/future demand or other criteria
<b>System Resilience</b>	Replace/Repair	Resilience	May be tied to capital projects or stand-alone
	Enhancement	Resilience	May be tied to capital projects or stand-alone

## CLASSIFICATIONS (REVIEW)

- Replace/Repair
- Enhancement

**VALUE Discussion-** An improvement’s ability to sustain or realize District mission or strategic objectives...  
 Direct/indirect, economic/non-economic factors, “buy-in”

# PROPOSED PRIORITIES, COSTS & TIMELINES

- ❖ 6-year plan allows time to address some immediate needs while planning for future
- ❖ Ongoing prioritization effort (annually- concurrent with budgeting efforts and guided by District drivers)
- ❖ Estimated cost ranges are in study-year dollars, ACE level 5 estimates

Table 2. Proposed Capital Planning Priorities, Costs and Timelines

Category	Example Project Type(s)	Total Cost (Estimated Range)	Timeline	Comments
Treatment- R/R	Detailed Treatment Process Studies	\$200K-\$210K	FY 21-27 (phased over several budget cycles)	Required to scope future improvements to specific equipment and processes, such as filters, instrumentation, clearwell, seismic, etc.
Treatment- R/R	Treatment Process Renovations	\$2.2M-\$2.7M	FY 21-27 (phased over several budget cycles)	Required to maintain current capacity and prepare for larger-scale “progressive” WTP improvements plan (“Alt. 2b”)
Treatment- Enhancement	Facility Plan “Alternative 2b”- Phases 1&2, New process additions	\$50M-\$70M	TBD	<i>Added to this table only as representative value- timeline is beyond 6-year planning horizon</i>
Distribution- R/R	Waterline replacements (replace substandard, aged, non-resilient lines)	\$9.0M-\$12.0M	FY 21-27 (phased over several budget cycles)	Ongoing “R/R program” targets significant waterline replacement to meet age/capacity issues (per WSMP)
Distribution- Enhancement	Upsize existing waterlines, pumping and transmission upgrades to distribute CRW water to other zones; enhance and build upon seismic transmission systems	\$5.0M-\$6.0M	FY 21-27 (phased over several budget cycles)	May meet current demands with some capacity for future growth (depends on scope); some of these projects may overlap with Distribution R/R work
Resilience	General facility site/security improvements	\$100K-\$250K	FY 21-27 (phased over several budget cycles)	As identified in RRA/Mitigation Strategies
<b>Totals</b>	6-year Total Estimated Cost Range: \$16.5M-\$21.16M (Annual average \$2.75M-\$3.53M)			

# CAPITAL PLANNING AND PRIORITIZATION- *CRW DRIVERS*



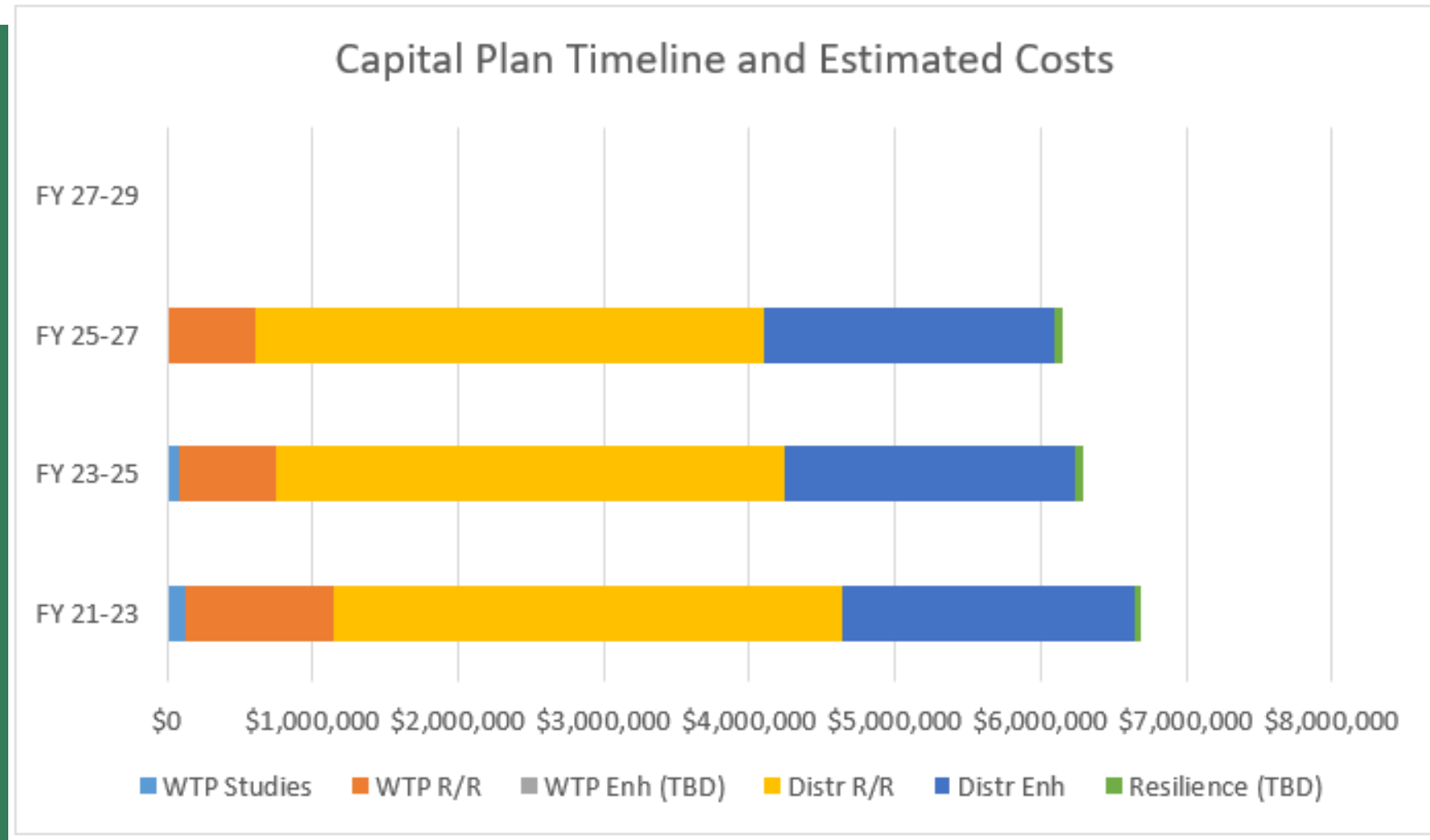
- District Vision, Mission, & Strategic Objectives
- WTP Improvements required to continue meeting current and future criteria (age, water quality, capacity, resilience)
- WS Master Plan identified required ongoing repair/replacements (aging/leaking/ undersized piping)
- System enhancement goals (2015 “Backbone” objectives) etc.
- Planning and prioritization must fit funding availability and constraints, including rates and SDCs

# FUNDING AND SCHEDULES



Figure 1. Capital Plan Short-term Timeline and Estimated Costs per Biennium

- FY 27-29 costs TBD (beyond 6-yr planning horizon)
- Estimated costs represent annual averages from ranges presented in table 2
- Estimated costs are in study-year dollars, AACE level 5 estimates





# SUMMARY OF FUNDING OPTIONS

- Table 3- Potential Financial Resources
- CRW reserves
- Other sources- all have conditions/constraints
- Timeframes associated with any capital improvements, cradle to grave.
  - No true “shovel-ready” projects
  - Every project requires planning, design, and management

Table 3. Potential Financial Resources for CRW Capital Programs

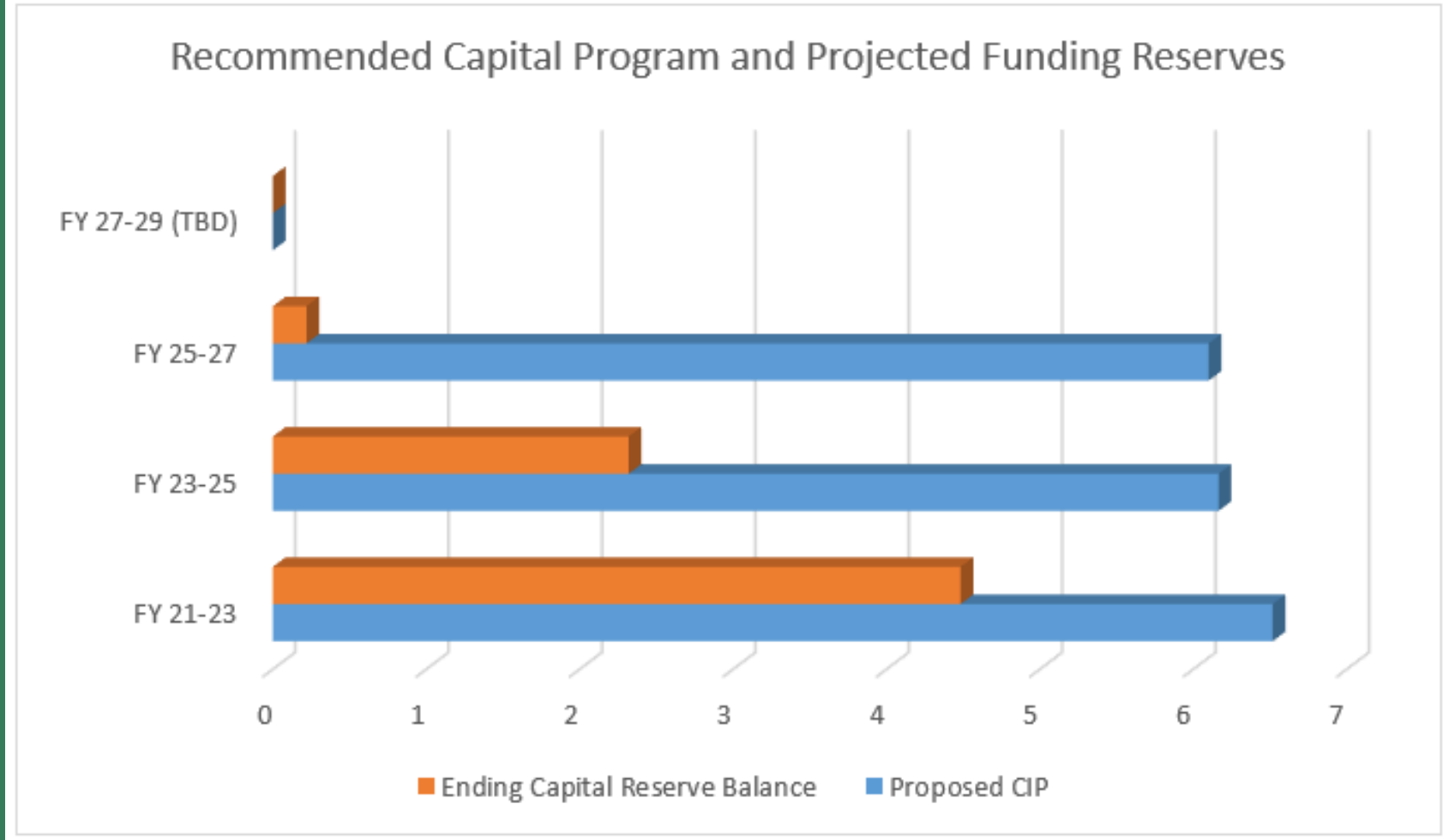
Funding Type	Funding Source	Possible Capital-related applications	Timeframes/other considerations
<b>CRW Capital Reserves</b>	CRW rates & SDCs	Most capital improvements	Available to budget biennial CIP projects; fund can act as “savings” for future larger CIPs
<b>CRW General Fund</b>	CRW rates, SDCs, other revenue	Studies, capital outlay, other	Available to budget biennial needs
<b>Municipal Bonds</b>	Bond marketplace	Most capital improvements	Typically come with time constraints on application and spending; CRW can only borrow what debt covenants/rates can allow (i.e. “pay-off”)
<b>Low Interest Loans</b>	Various federal or state programs	May be loan program specific, some capital projects may qualify	Typically come with time constraints on application and spending; CRW can only borrow what debt covenants/rates can allow (i.e. “pay-off”)
<b>Grants</b>	Various federal or state programs	May be grant program specific, some capital projects may qualify	Typically come with time constraints on application and spending; selection is competitive (no guarantee); (usually include cost-share (in-kind) component
<b>Partnership/cost share</b>	Partner agencies	Most capital projects; need-specific	Need-specific, but would require negotiated agreements

# RECOMMENDED PLAN & FUNDING RESERVES



Figure 2. Recommended Capital Program and Projected Funding Reserves

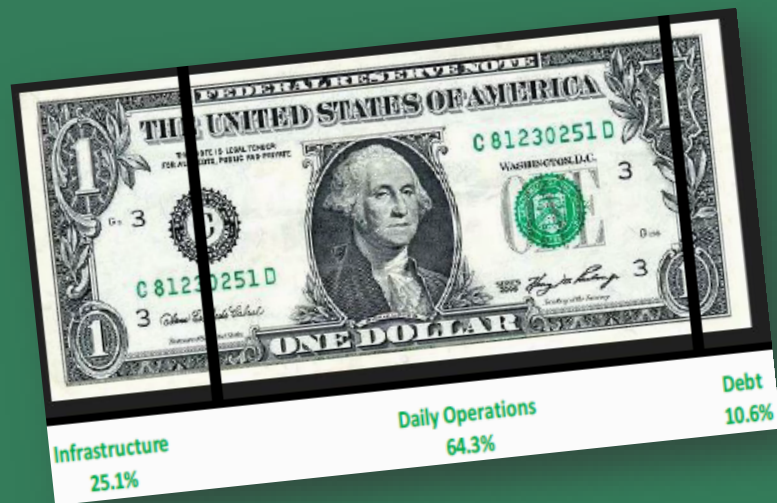
- Assumed available funding includes existing capital reserves, plus \$2M added per year. Does not include SDC reserves.
- Proposed CIP does not include studies or specific RRA “resilience” projects- assumed General Funded.
- Assumed future rates will add sufficient revenue to capital reserves



# RATES AND SYSTEM DEVELOPMENT CHARGES (SDC)



- Recommended plan would significantly draw down reserves by end of FY 25-27.
- Beyond 6-year planning period, borrowing would be proposed to address larger capital improvements.



- Assumed future rates will add sufficient revenue to capital reserves- suggested 5% per year rate increase starting in 2022 (after current 8-yr rate plan) to provide for debt covenants and reserve policy.
- SDC Reserves not included in recommended plan, even though we anticipate up to \$1.5 million of SDC reserves available in next biennium.

# CONCLUSIONS & NEXT STEPS



- ❑ Recommended plan supports responsible planning, strategic objectives
- ❑ Balancing capital improvements with reasonable deferred maintenance
  - ❑ Doing nothing is not an option, not consistent with District mission and vision
  - ❑ Within CRW financial, staffing, and other resource limitations
- ❑ Proactive planning and funding of projects to meet established criteria promotes long term system health, reliability, and resilience.

# CONCLUSIONS & NEXT STEPS



- Recommended approach to timing and funding capital improvements for the next 6 years.
- Major investments like WTP improvements, that require borrowing, are projected beyond the 6-year period.
- The Board will affirm this approach and consider specific projects through the ongoing budget process (each biennium), and approval of future rate increases.
- A 5% annual rate increase, starting in 2022, will allow for the implementation of the recommended capital plan. This will be re-evaluated on a biennial basis as part of the budget process.
- This balanced approach allows for-
  - Progress in addressing identified needs
  - Better defining details for future improvements
  - Implementing improvements necessary for larger-scale future projects
  - Time to pursue activities that will influence funding options

# QUESTIONS

