

Preliminary Water and Sewer Funding Analysis: Findings and Strategies for River Terrace

4/28/2014

		WATER
1. Funding Trend Expected without River Terrace	1.1	Lake Oswego/Tigard Water Partnership Commitments in Place
	1.2	City bond proceeds of up to \$51 million needed by FY 2020
	1.3	Water fund must exceed 1.15 minimum coverage, plus establish Debt Service Reserve Fund equal to 1 year of debt service
	1.4	Utility rate increases are planned to meet these requirements
	1.5	Water utility customer accounts outside River Terrace estimated to increase from 19,875 (FY 2015) to 20,236 (FY 2020); 0.45% avg. annual growth rate
	1.6	Annual O&M requirements are estimated to decrease from \$8.4 M (FY 2015) to \$7.9 M (FY2020) without River Terrace
	1.7	Annual avg. water rate revenue per account is estimated to increase from \$454 to \$495 per year (between FY 2015 and FY 2020)
	1.8	Available resources from water system development charges (SDCs) for capital projects expected to increase from \$2.9 million (FY 2015) to \$8.1 million (FY 2020)
2. Funding Impacts with River Terrace	2.1	Anticipate 280 to 460 net new dwelling units added in total between FY 2016-17 and FY 2020-21
	2.2	River Terrace is not expected to significantly impact City water rates or O&M costs
	2.3	No change compared with baseline unless city chooses to assist developers in constructing new water transmission lines in River Terrace
	2.4	Available resources from water SDCs for capital projects (city-wide) expected to range from \$8.1 to \$14 million FY 2020
3. Draft Funding Strategies for River Terrace	3.1	City water SDC fund balance could help fund or finance capital projects in River Terrace
	3.2	City can also use pay-as-you-go CIP funding for smaller projects
4. Potential Public Facility Plan Projects for River Terrace (by FY 2020)	Potential City-Led Projects	
	4.1	Pressure Reducing Valve (design & construction)
	4.2	3.0 MG Cach Reservoir (design/construction)
	4.3	Design of transmission mains in 550 and 410 zones
	Potential Public-Private Projects	
4.4	16-inch transmission mains in 550 zone (design starting in 2016; construction subject to development agreements and SDC credits)	
4.5	20-inch transmission mains in 410 zone (design starting in FY 2016; construction subject to development agreements and SDC credits)	

PRELIMINARY SUMMARY FINDINGS: WATER

The City of Tigard's Water Fund is being programmed to make major investments per the LO-Tigard Water Partnership. Prior and planned rate increases should adequately address revenue requirements and enable the city to proactively construct capital projects that benefit existing and future customers, including those in River Terrace. Development Agreements could be utilized to allow private (developer) construction of water lines (eligible for SDC credits).

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SANITARY SEWER	
1. Funding Trend Expected without River Terrace	<p>1.1 City currently maintains 167 miles of sanitary system lines</p> <p>1.2 Utility accounts estimated to increase from 18,162 (FY 2015) to 18,736 (FY 2019-20) outside River Terrace; assumes 0.45% avg. annual growth rate</p> <p>1.3 Annual sewer O&M requirements expected to increase from \$1.8 M (FY 2015) to \$2.2 M (FY 2020) without River Terrace</p> <p>1.4 City CIP projects include \$8.5 million over next 5 years, including: Krueger Creek Bench View Slope Stabilization; Dairy Dell Creek Sewer Interceptor (line, trail, boardwalk, roadway); East Tigard Sewer Replacement Program</p> <p>1.5 Sewer fund is shrinking from \$4.1 million in FY 2014 to (\$3.0 million) by FY 2019, a \$7.0 million decrease or approximately \$1.4 million per year. The use of remaining reserves to pay for operations and CIP projects is estimated to result in a negative Sewer fund balance in FY 2017.</p> <p>1.6 Tigard should consider local city-wide sewer surcharge to allow city to fund its operational and capital needs in the Sanitary Sewer Fund. The City of Tigard Budget Committee has recommended hiring an outside firm to assist with this analysis.</p> <p>1.7 Available resources from sewer system development charges (SDCs) for capital projects are nominal with or without River Terrace</p>
2. Funding Impacts with River Terrace	<p>2.1 Anticipate 280 to 460 net new dwelling units added in total between FY 2016 and FY 2020 (June)</p> <p>2.2 River Terrace is not expected to significantly impact sewer rates, but O&M costs may increase slightly as new lines require inspection</p> <p>2.3 No change in debt service compared with baseline scenario; city not likely to have resources available to assist with sewer lines in River Terrace</p> <p>2.4 Available resources from sewer SDCs for capital projects are nominal with or without River Terrace (less than \$100,000 over next 5 years)</p>
3. Draft Funding Strategies for River Terrace	<p>3.2 City may need to delay CIP projects and implement an areawide utility surcharge to maintain positive fund balance with or without River Terrace</p> <p>3.3 City could utilize pay-as-you-go CIP funding for sewer gravity line design; but will need to rely on Clean Water Services (CWS) and developers to fund and construct sewer improvements in River Terrace</p>
4. Potential Public Facility Plan Projects for River Terrace (by FY 2020)	<p>Potential City-Led Sanitary Sewer Projects</p> <p>4.1 Sewer gravity main lines design</p> <p>CWS Sanitary Sewer Improvements</p> <p>4.2 North Pump Station (design underway, construction in FY 2015-16)</p> <p>4.3 South Pump Station (design and construction potentially by FY 2019-20)</p> <p>Potential Public-Private Projects</p> <p>4.4 Potential for interim gravity line connection to new development may be available per CWS approval</p>

PRELIMINARY SUMMARY FINDINGS: SEWER

The City of Tigard's Sanitary Sewer Fund is financially challenged with or without River Terrace, and a local city-wide surcharge is recommended. The city will need to coordinate with CWS to ensure that planned pump stations and force mains serving River Terrace are constructed in a timely manner. The city's limited financial resources may be focused on design of gravity main lines. Development Agreements can be utilized to allow private (developer) construction of gravity lines (eligible for SDC credits, subject to approval by CWS).