

July 23, 2019



CITY OF ASHLAND WATER MASTER PLAN STATUS UPDATE

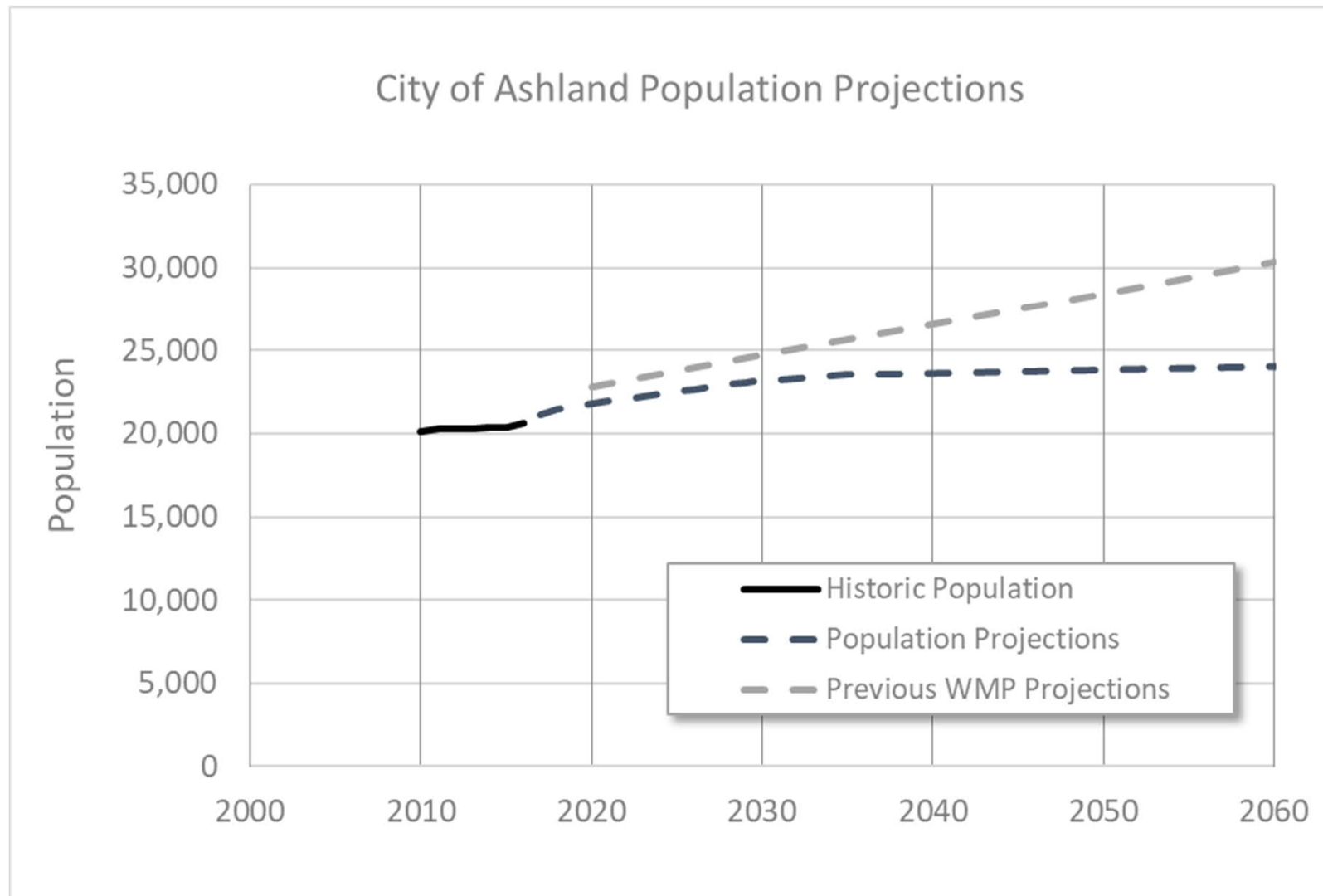
AGENDA

- Final discussion of WMP
 - Changes since last WMP
 - Key Takeaways
- Impacts on Rates
- AWAC Recommendation for Adoption

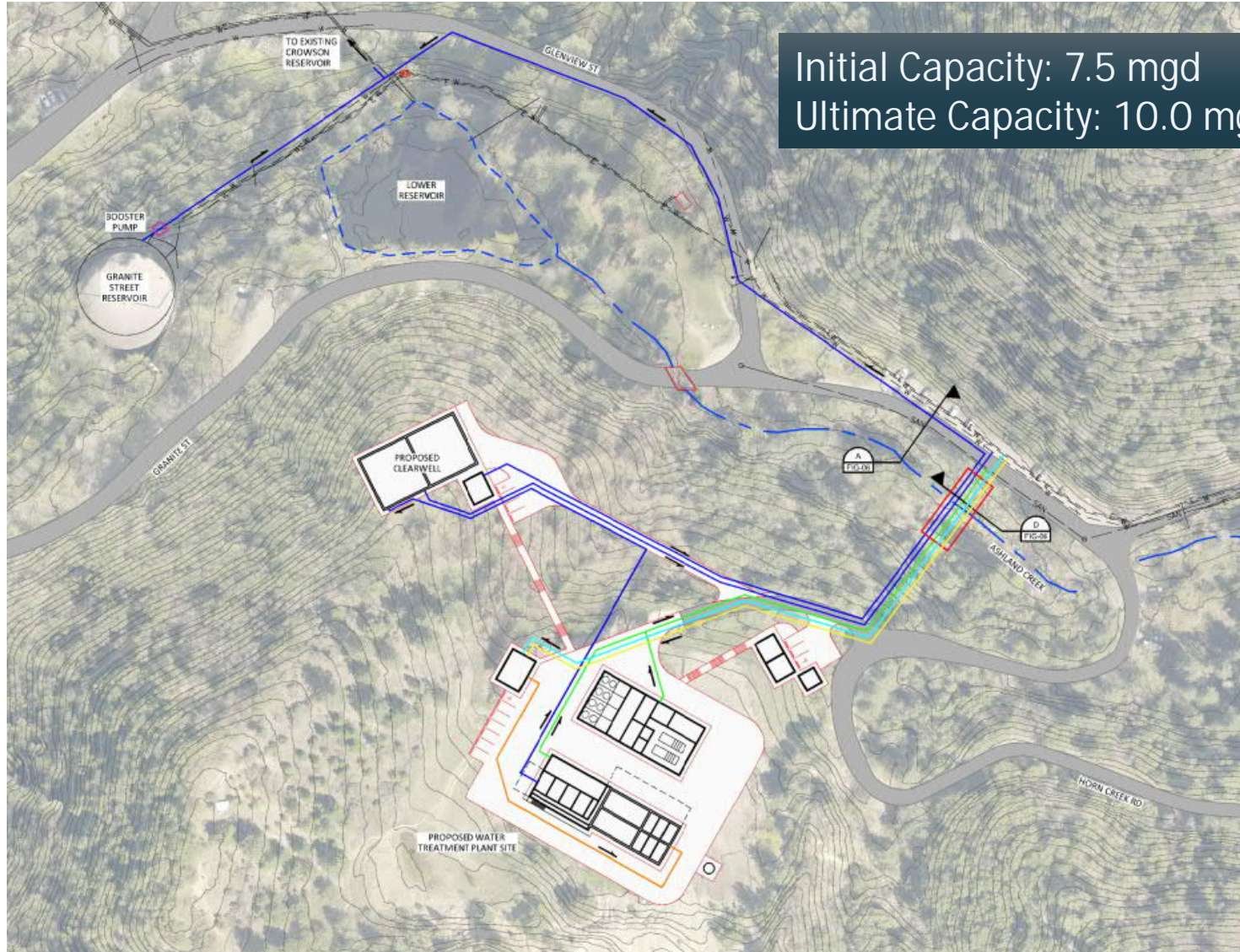


CHANGES SINCE LAST WMP

SIGNIFICANTLY LOWER POPULATION PROJECTIONS



DECISION ON NEW WTP CAPACITY AND LOCATION



Initial Capacity: 7.5 mgd
Ultimate Capacity: 10.0 mgd

CONSTRUCTION OF THE TAP EMERGENCY SUPPLY SYSTEM



CONSTRUCTION OF THE NEW PARK ESTATES PUMP STATION

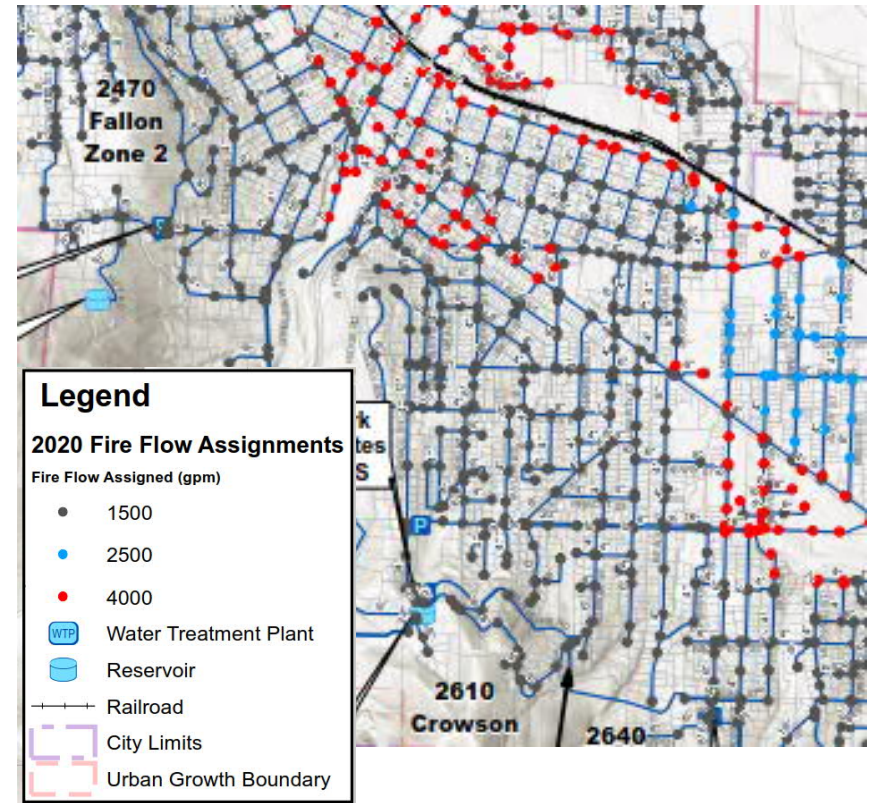
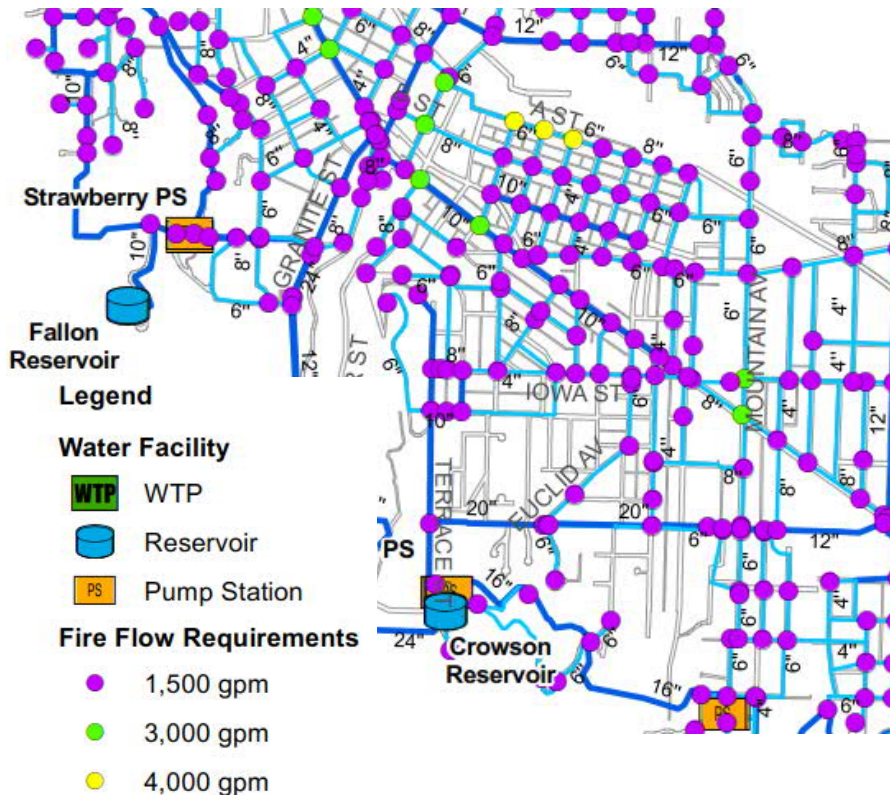


CONSTRUCTION OF THE TERRACE ST PUMP STATION



UPDATED HYDRAULIC MODEL

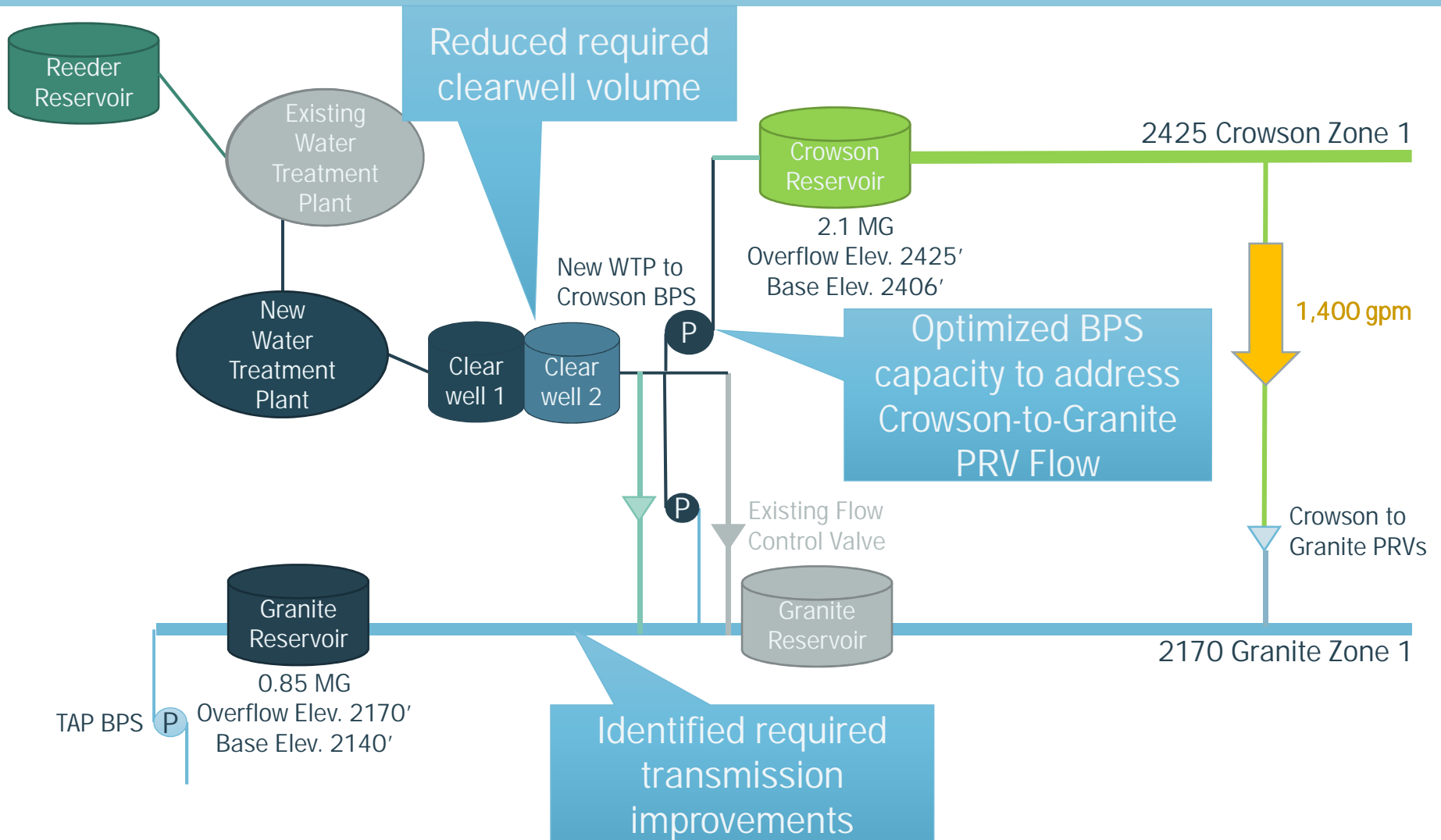
- More nodes representing hydrants
 - More fire flow issues identified



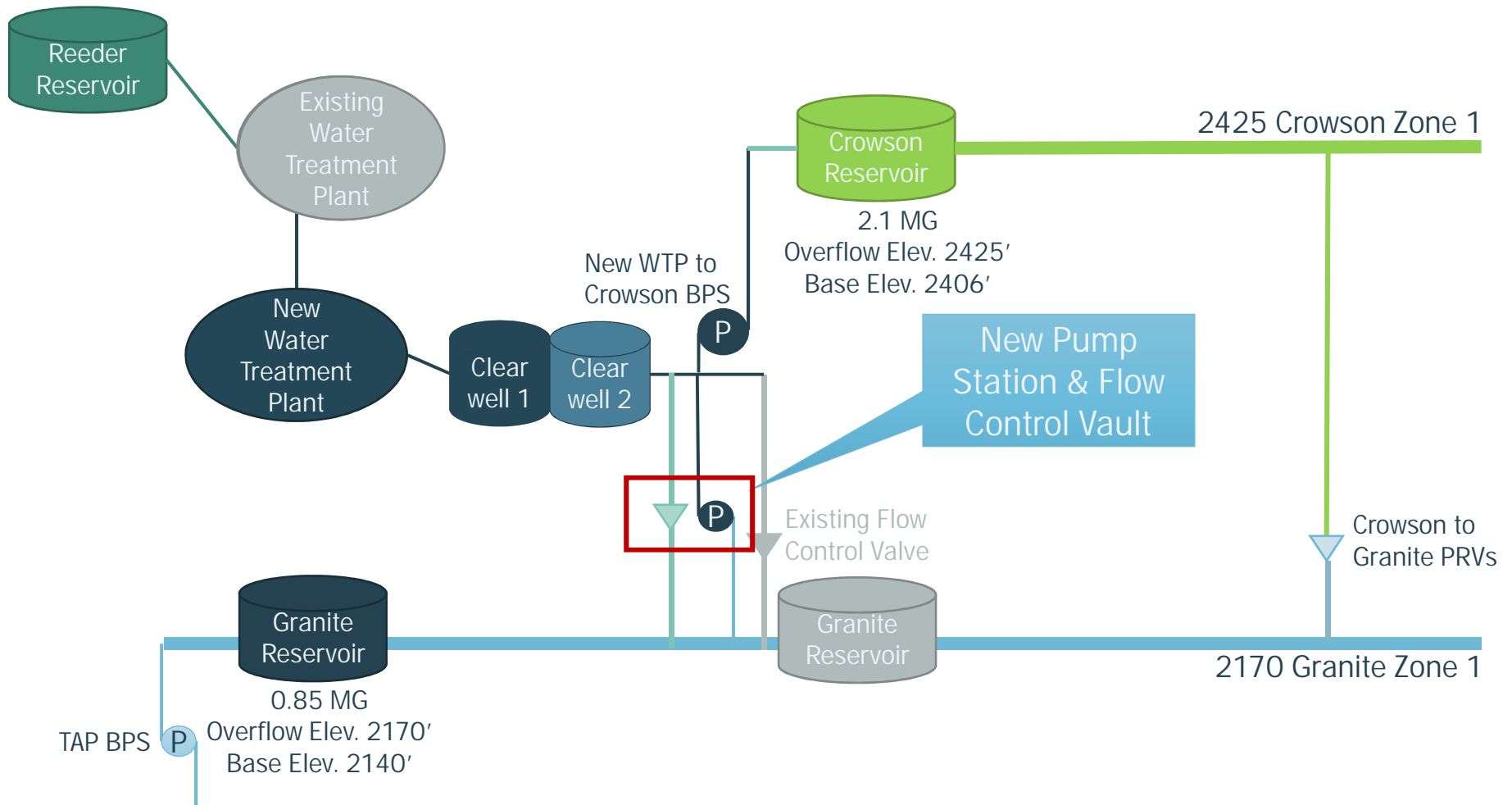


KEY WATER MASTER PLAN UPDATE TAKEAWAYS

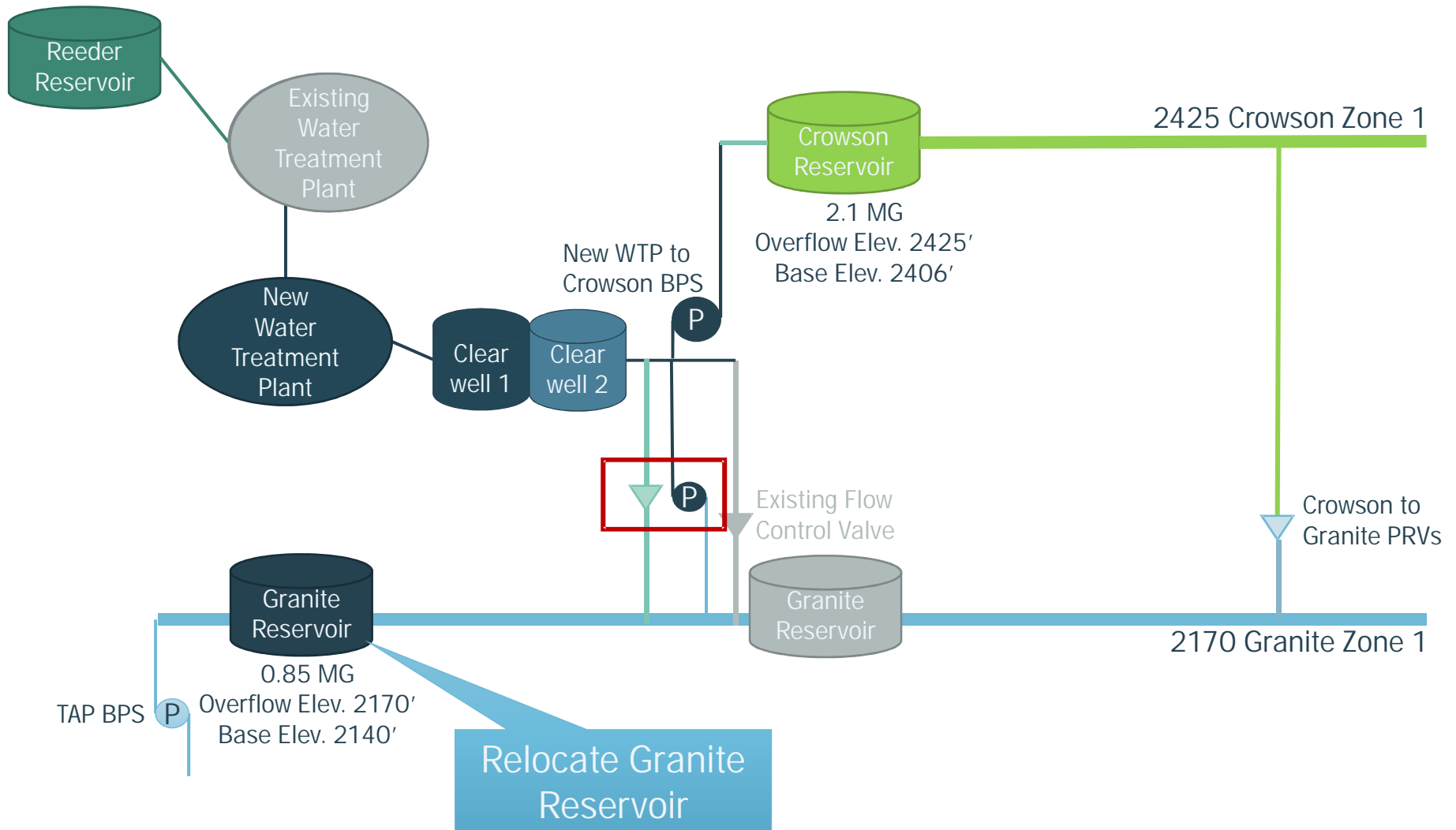
INTEGRATION OF THE NEW WTP



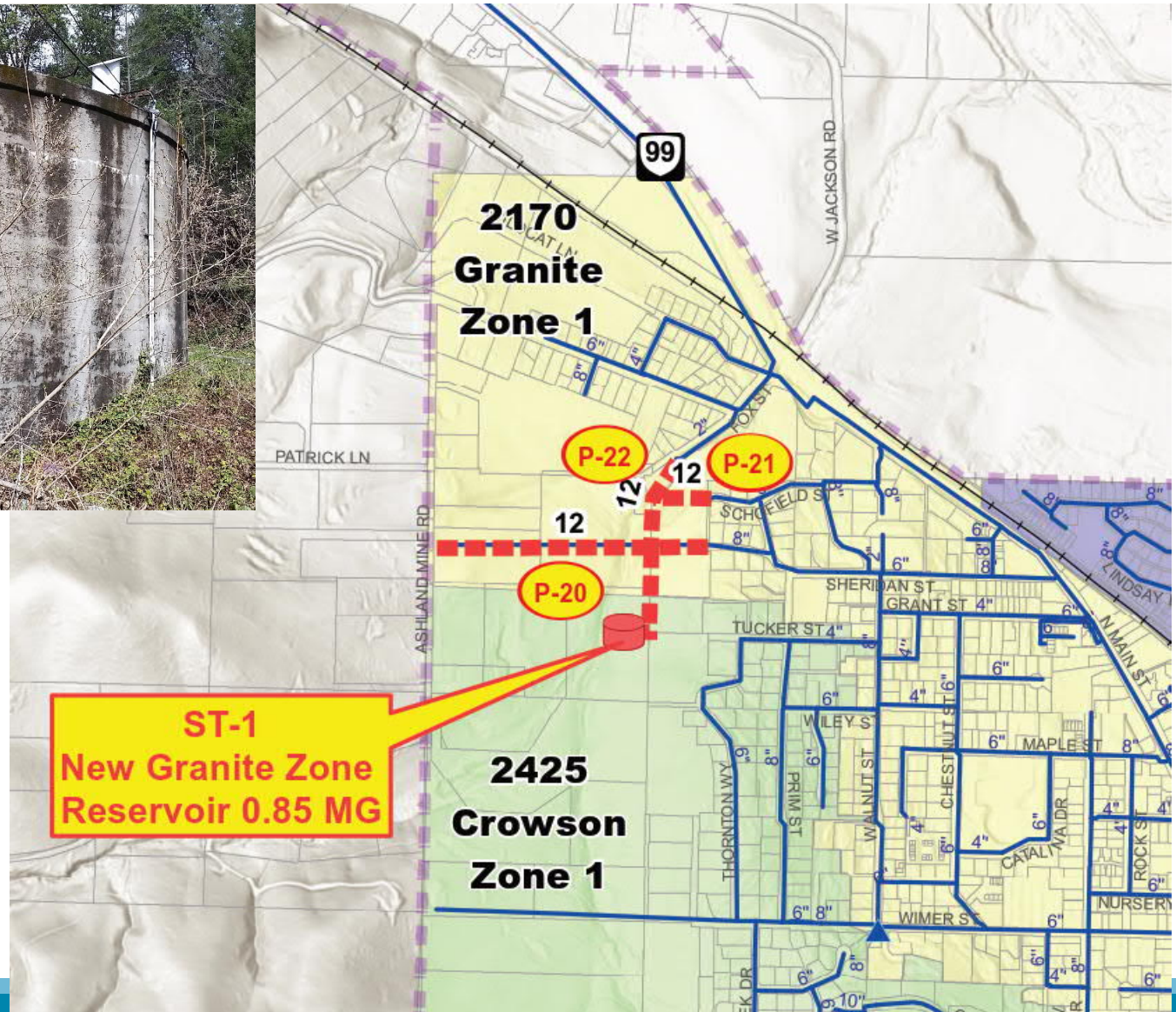
IMPROVING TAP SUPPLY TO HIGHER PRESSURE ZONES



RELOCATING AGING GRANITE RESERVOIR TO OPTIMIZE GRANITE ZONE OPERATIONS



RELOCATING AGING GRANITE RESERVOIR TO OPTIMIZE GRANITE ZONE OPERATIONS



RESOLVING WATER QUALITY ISSUES BY EXPANDING ALSING RESERVOIR AREA

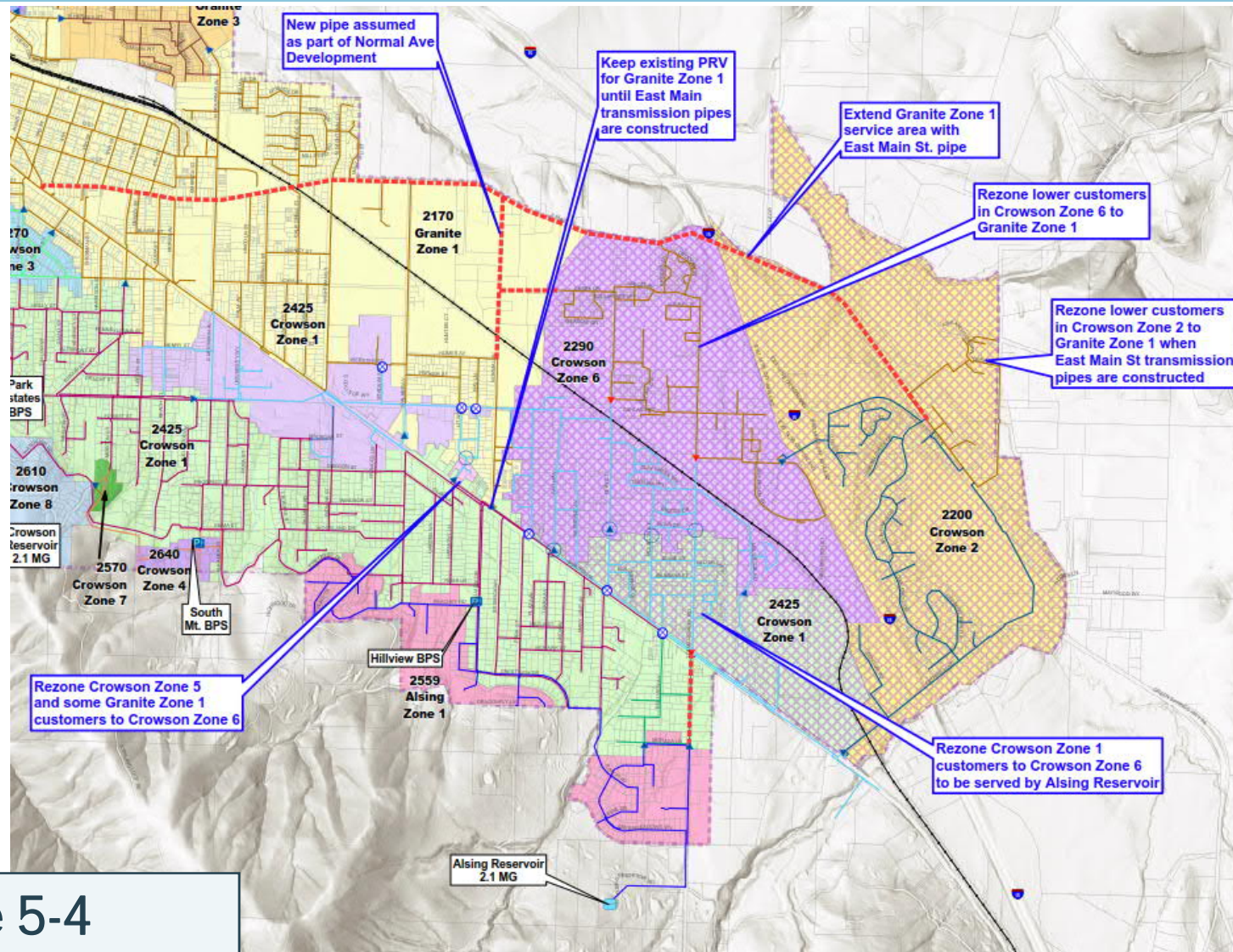


Figure 5-4

COMPLETING PARK ESTATES FIRE IMPROVEMENTS

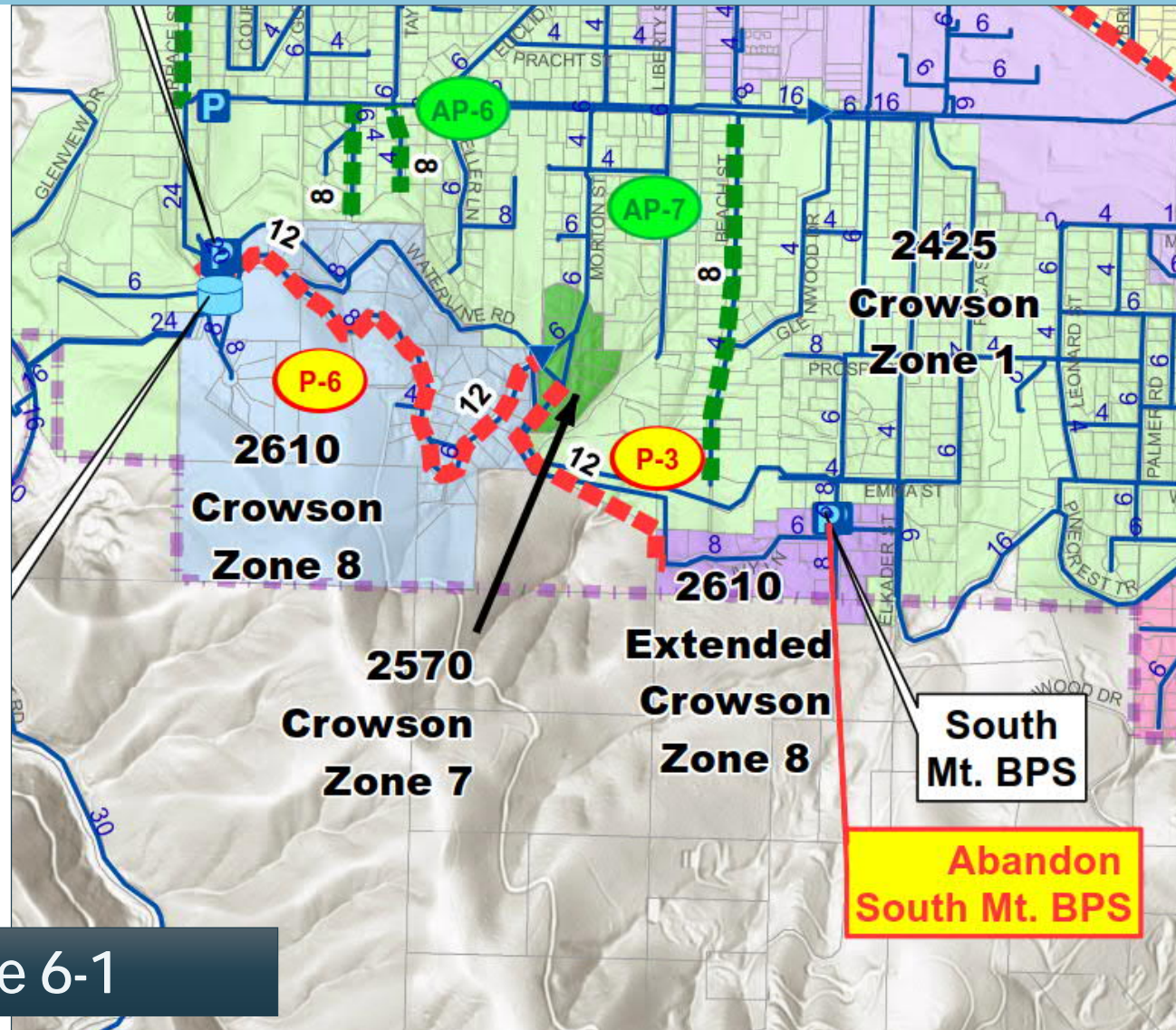
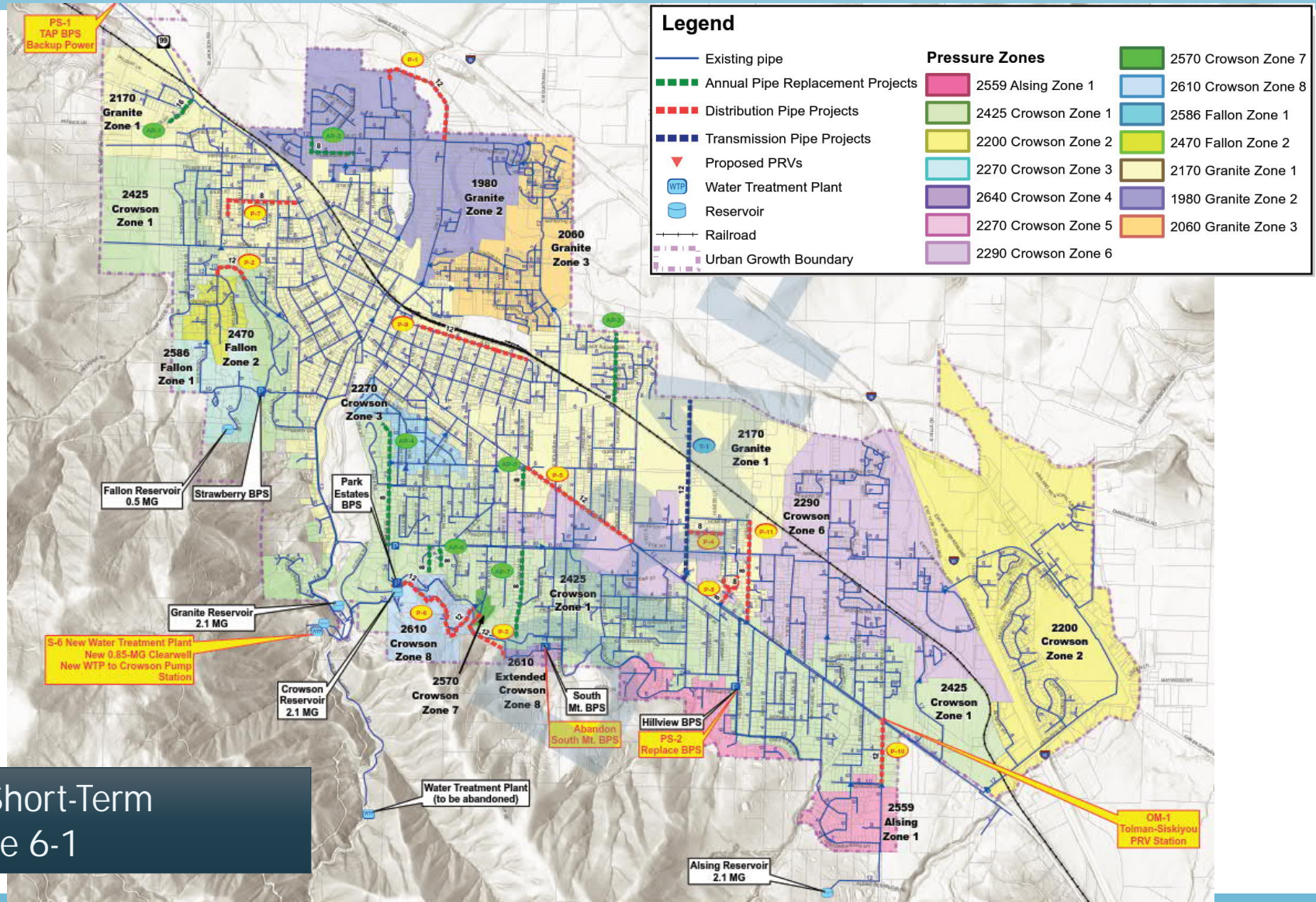


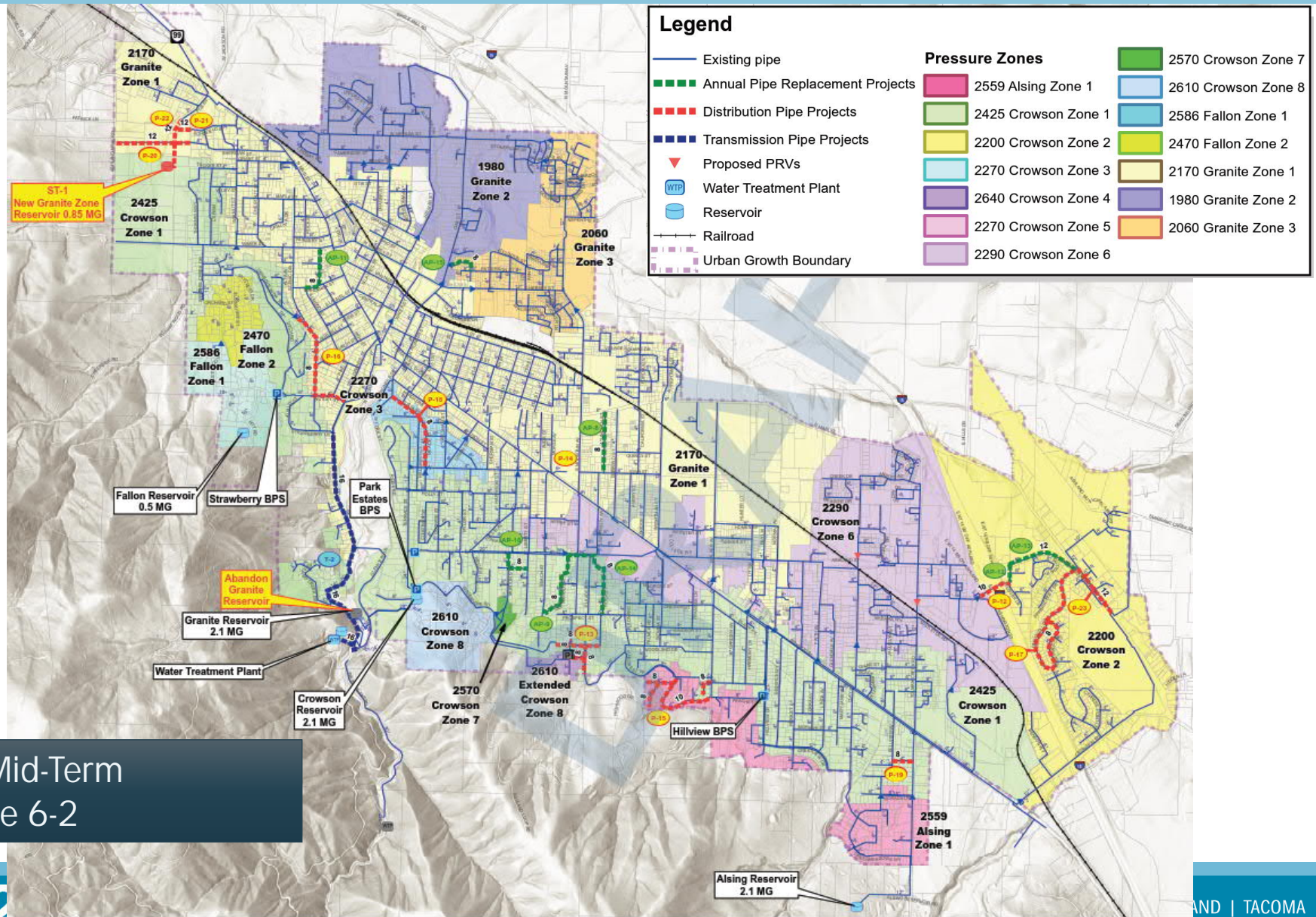
Figure 6-1

SIGNIFICANT CAPACITY IMPROVEMENTS



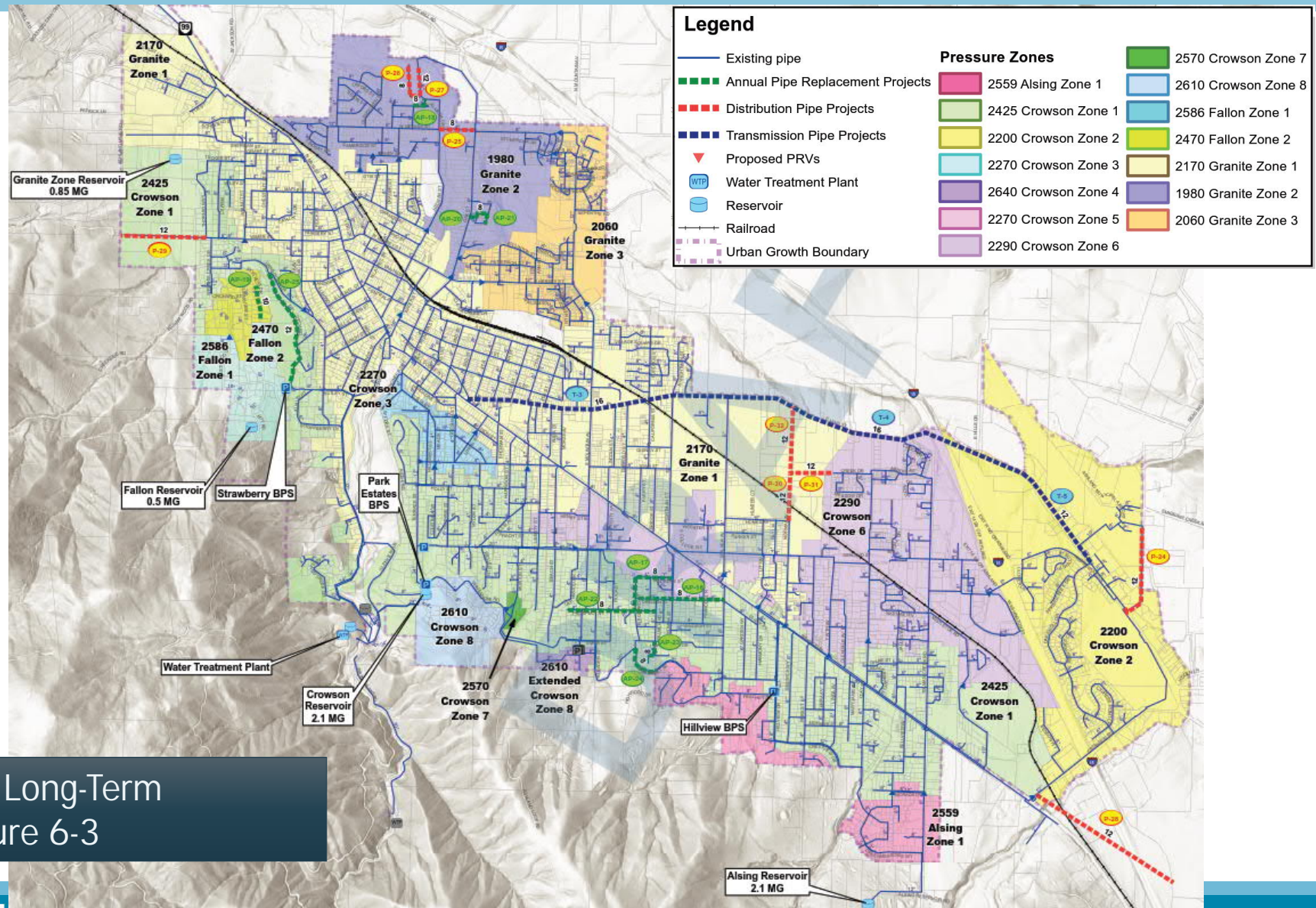
CIP Short-Term
Figure 6-1

SIGNIFICANT CAPACITY IMPROVEMENTS



CIP Mid-Term
Figure 6-2

EXPANDING GRANITE ZONE TO FAR EAST FOR LONG-TERM OPERATIONAL EFFICIENCY



CIP Long-Term
Figure 6-3

PRIORITIZED CIP SHORT-TERM, MID-TERM, AND BEYOND 2040

CATEGORY	TOTAL PROJECT COST	PLANNING PERIOD (YEARS)		
		SHORT-TERM	MID-TERM	LONG-TERM
		FY20-29	FY30-39	FY40+
SUPPLY	\$45.8M	\$41.9M	\$3.4M	\$0.6M
STORAGE	\$2.8M	\$ -	\$2.8M	\$ -
PUMP STATIONS	\$2.5M	\$1.9M	\$0.6M	\$ -
PIPES	\$33.5M	\$10.0M	\$12.3M	\$11.2M
OPERATIONS AND MAINTENANCE	\$2.8M	\$0.9M	\$2.0M	\$ -
RECOMMENDED STUDIES	\$1.0M	\$0.4M	\$0.3M	\$0.3M
TOTAL CIP	\$88.3M	\$55.0M	\$21.3M	\$12.0M



WATER MASTER PLAN FINANCIAL IMPACTS

BACKGROUND

- Full cost-of-service study completed and new rate structure adopted in 2015
- Annual reviews conducted to set rates
- May 2019 the water rate model was updated with a 10-Year Forecast; 4% rate increases recommended for next 10 years
- July 2019 update - Oregon Statutes require financial analysis with Master Plan updates to demonstrate how the City will fund necessary improvements

TOTAL MASTER PLAN CIP COSTS ALLOCATED TO RATES AND SDCS

Master Plan financial chapter discusses funding sources, total CIP estimated costs, and focuses on the short-term CIP funding strategy

Source	Total Master Plan Cost in 2019 \$'s	Percentage
Existing Customers (rates)	\$69.42 M	78.5%
New Customers (SDCs)	\$18.97 M	21.5%
TOTAL	\$88.39 M	100.0%

UPDATE OF WATER FUND FINANCIAL MODEL MAY TO JULY 2019

Updated Short-Term Capital Improvements Plan for Next Ten Years

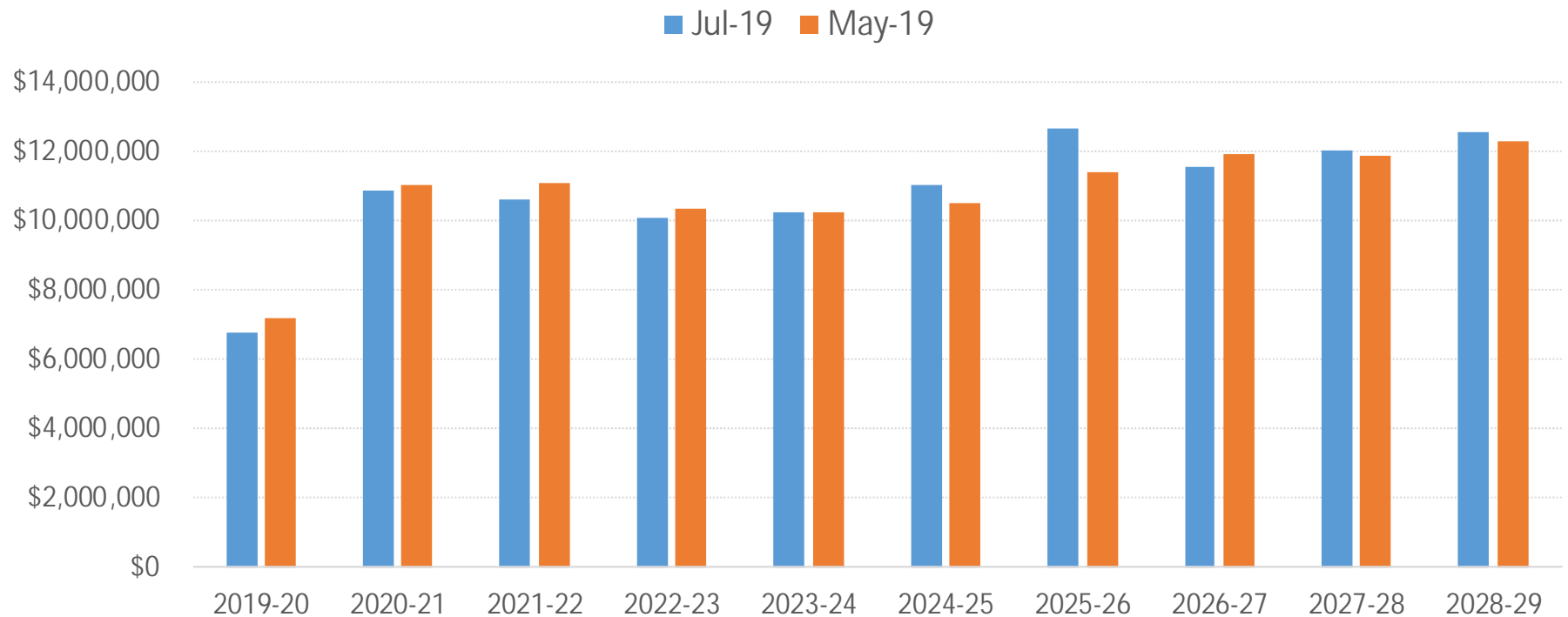
Model	Inflated \$s
May 2019	\$51.76 M
July 2019	\$57.20 M
Difference - Increase	\$5.44 M

10-YEAR CIP FUNDING PLAN IN INFLATED DOLLARS

Source	May	July	July %
Reserves / Cash	\$15.47 M	\$13.22 M	23.1%
SRF Loan (treatment plant) *	\$12.58 M	\$12.58 M	22.0%
SRF Forgiveness (WTP)	\$1.03 M	\$1.03 M	1.8%
DEQ Loan	\$1.30 M	\$1.30 M	2.3%
City Debt	\$20.35 M	\$29.07 M	50.8%
TOTAL	\$51.76 M	\$57.20 M	100.0%

*Remaining amount of loan. Total loan amount is \$13.78 million.

REVENUE REQUIREMENT



MAJOR FINDINGS

Rates

- Can maintain 4.0% increase each year

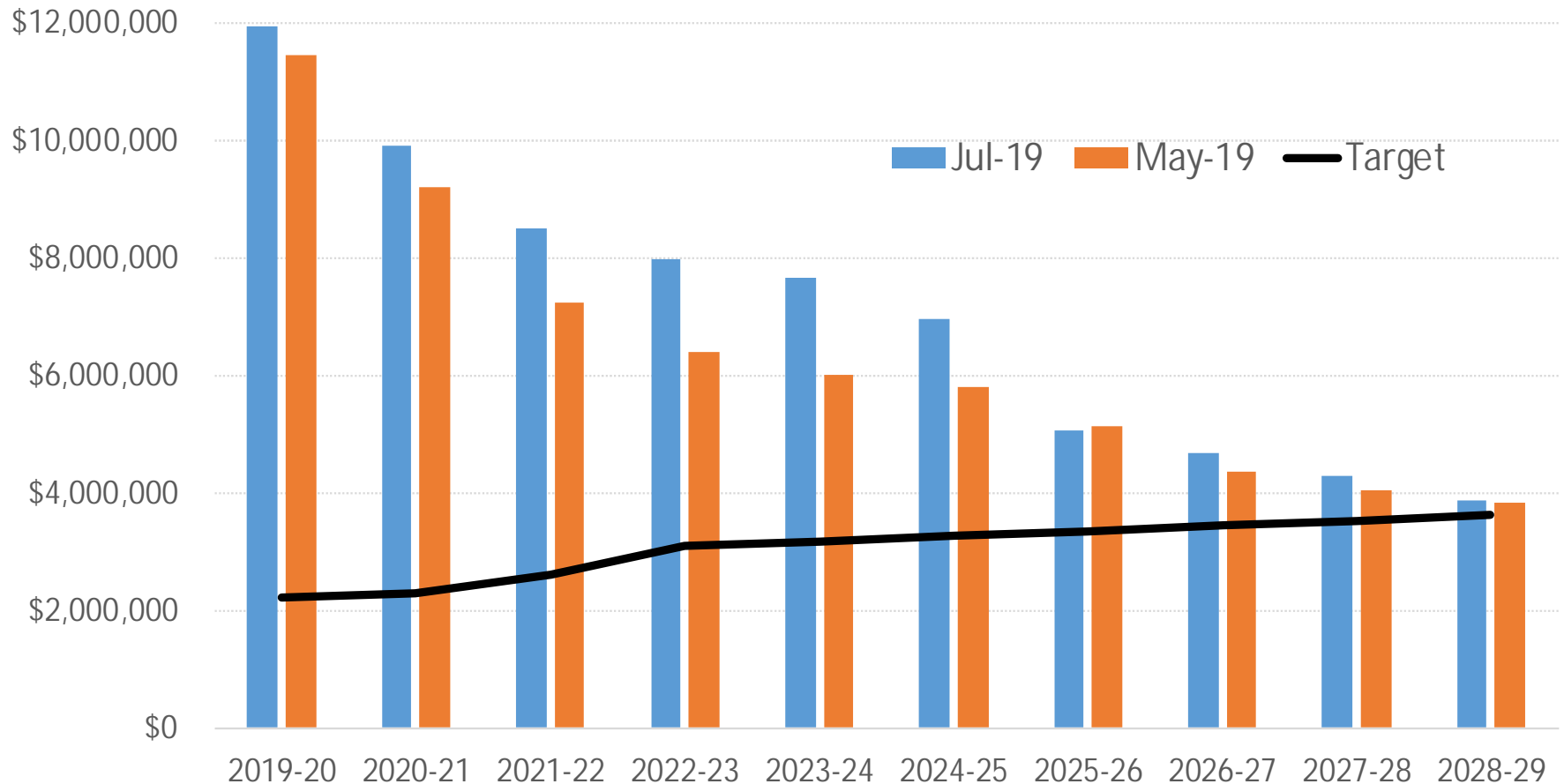
System Development Charges

- Need to be adjusted to account for 2019 Master Plan CIP
- Financial model assumption is \$100,000 SDC Revenue / Year

Cash Flow

- Draw down cash reserves \$9.5 million to pay for WTP (\$6 M), Hillview BPS replacement (\$1.8 M) and smaller projects (\$1.7 M)
- Need to keep cash reserves high next few years due to multiple project activity

PROJECTED CASH FLOW



Excludes bond & loan proceeds and project costs paid for with bond & loan proceeds which may cause cash in the water fund to be greater than or less than shown in projection.



RECOMMENDATION FOR ADOPTION



QUESTIONS?