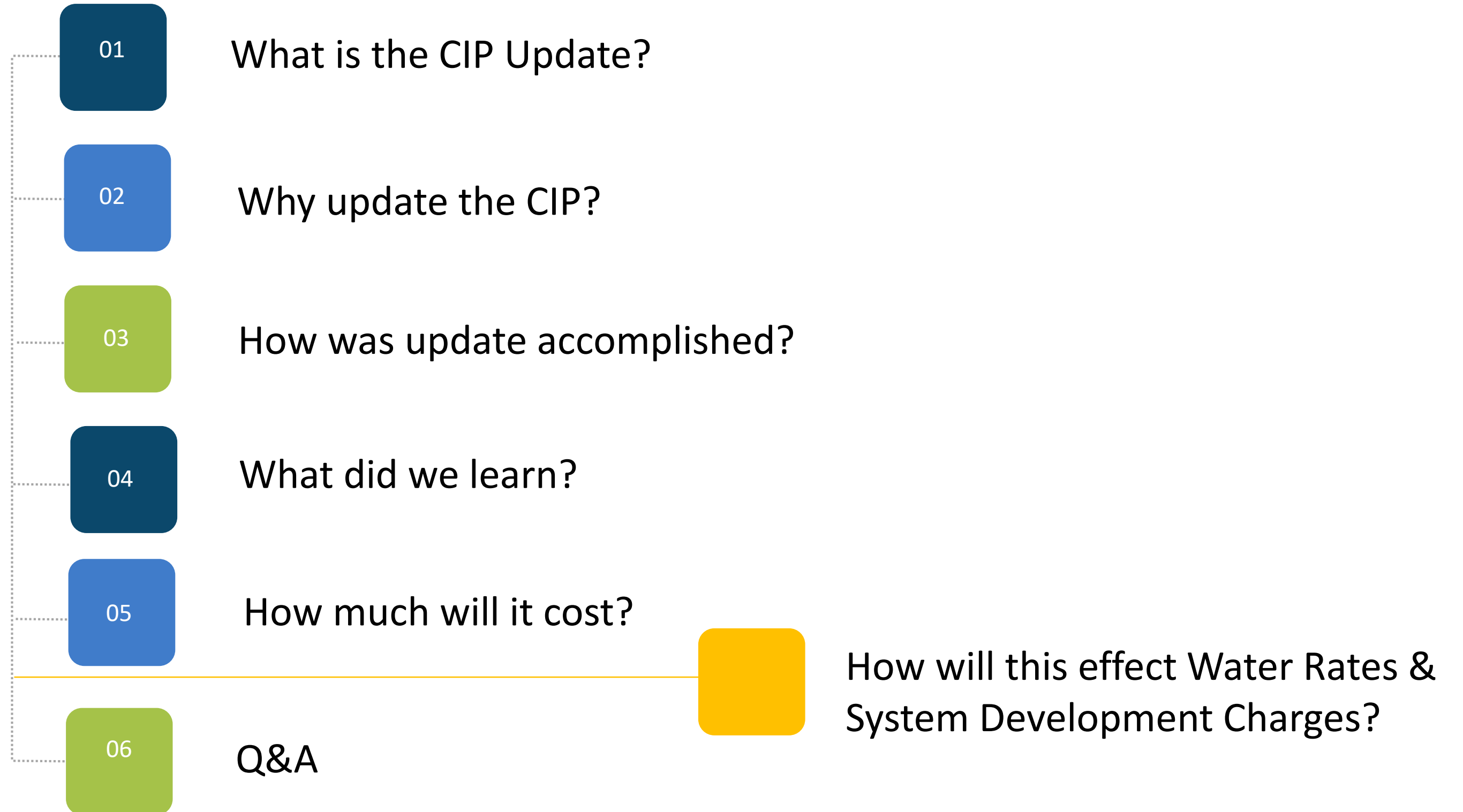


# Water Distribution System Capital Improvement Program Update

Presented by: John Lewis



# Agenda



- Water Distribution Master Plan (2012)
  - OAR 333-061-0060
  - 20 year-planning horizon
  - City required to maintain a “current” Master Plan
- Master Plan Recommendations
  - 20–year Capital Improvement Plan (CIP)

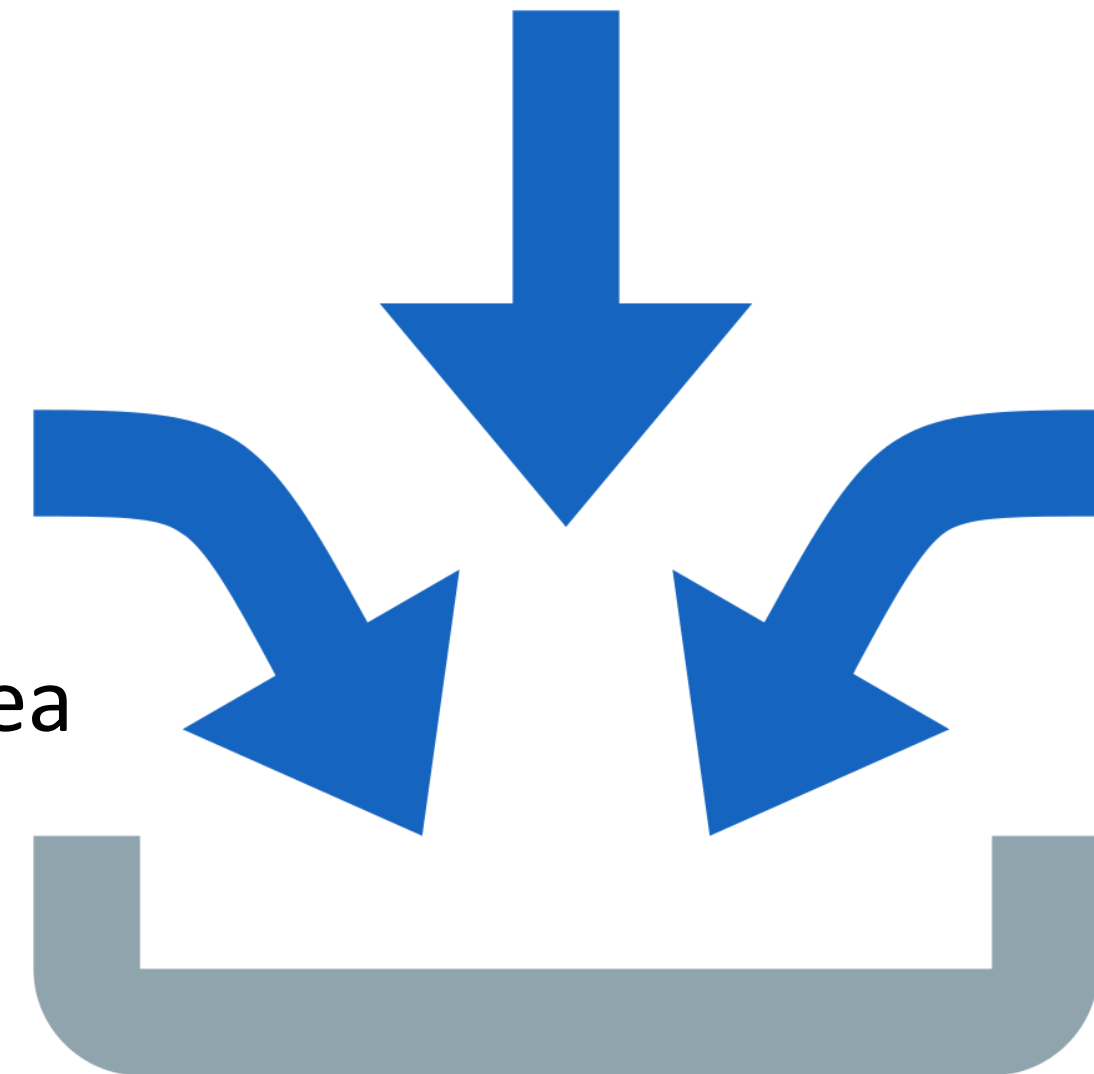


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- Elements of the 2012 Water System Master Plan (WSMP) are still valid
- New information and updates:
  - Updated population growth and demand projections
  - Planning for Concept Plan areas
    - Beavercreek Road
    - Park Place
    - South End
  - Observed operational challenges and issues
  - Increased focus on capital maintenance



- New demographic data
  - Clackamas County and City Population Forecast (2016)
  - Recent City water use trends
- Water system hydraulic model
- Existing WSMP
- Engineering and Operations staff
- Related studies
  - Oregon City/CRW Joint Engineering Study
  - Preliminary planning for Mill Redevelopment Area



- Capital Maintenance (Renewal & Replacement)
  - Reservoir Coatings, Seismic/Safety
  - Pump Station Rehabilitation
  - PRV Replacement
  - Main Replacements



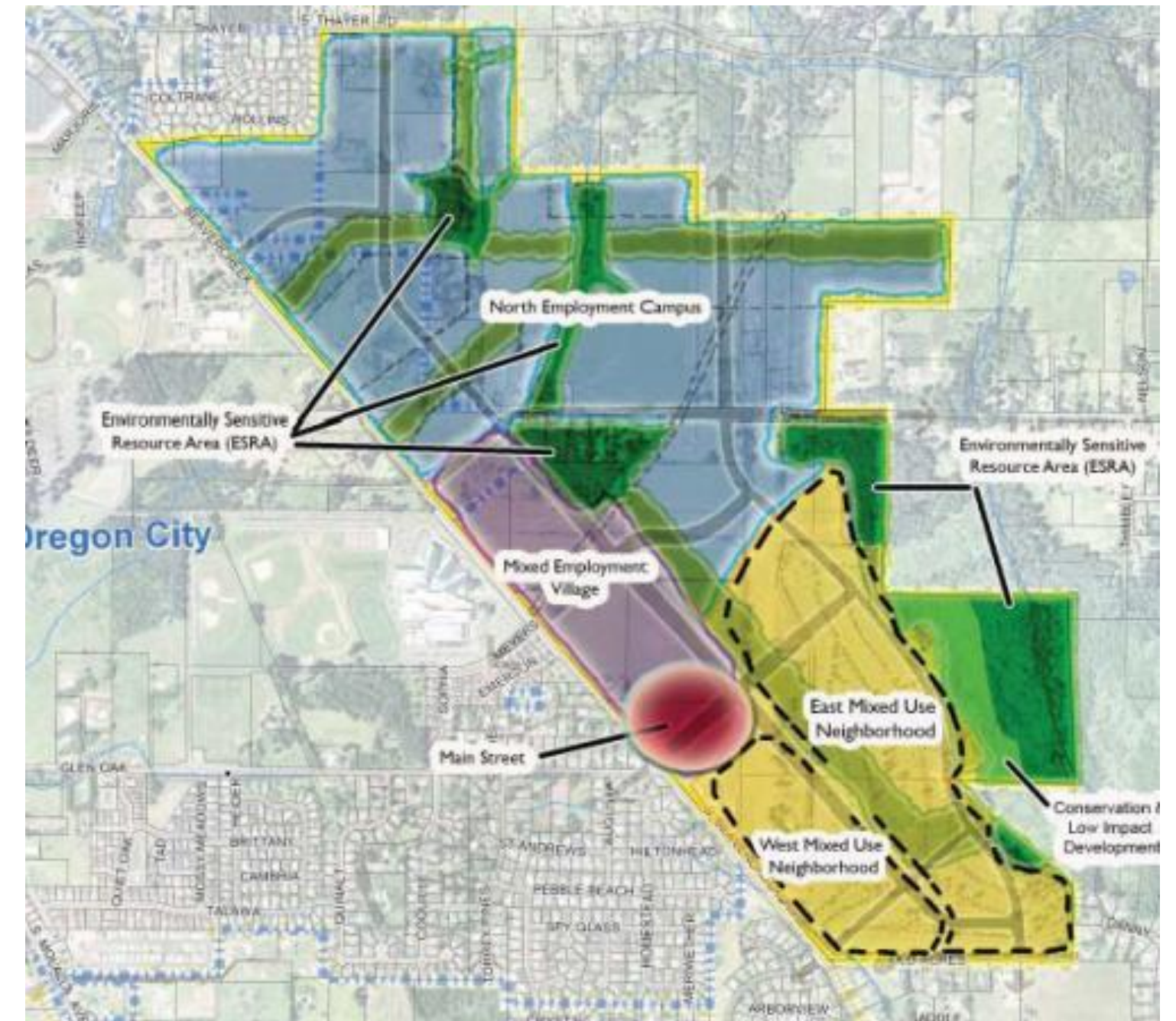


- Capacity and Operations
  - Molalla Avenue Transmission
  - Undersized mains
  - Looping
  - Pressure Reducing Valves (PRVs)





- Future Growth (Concept Plan Areas)
  - Storage
  - Pumping
  - Transmission



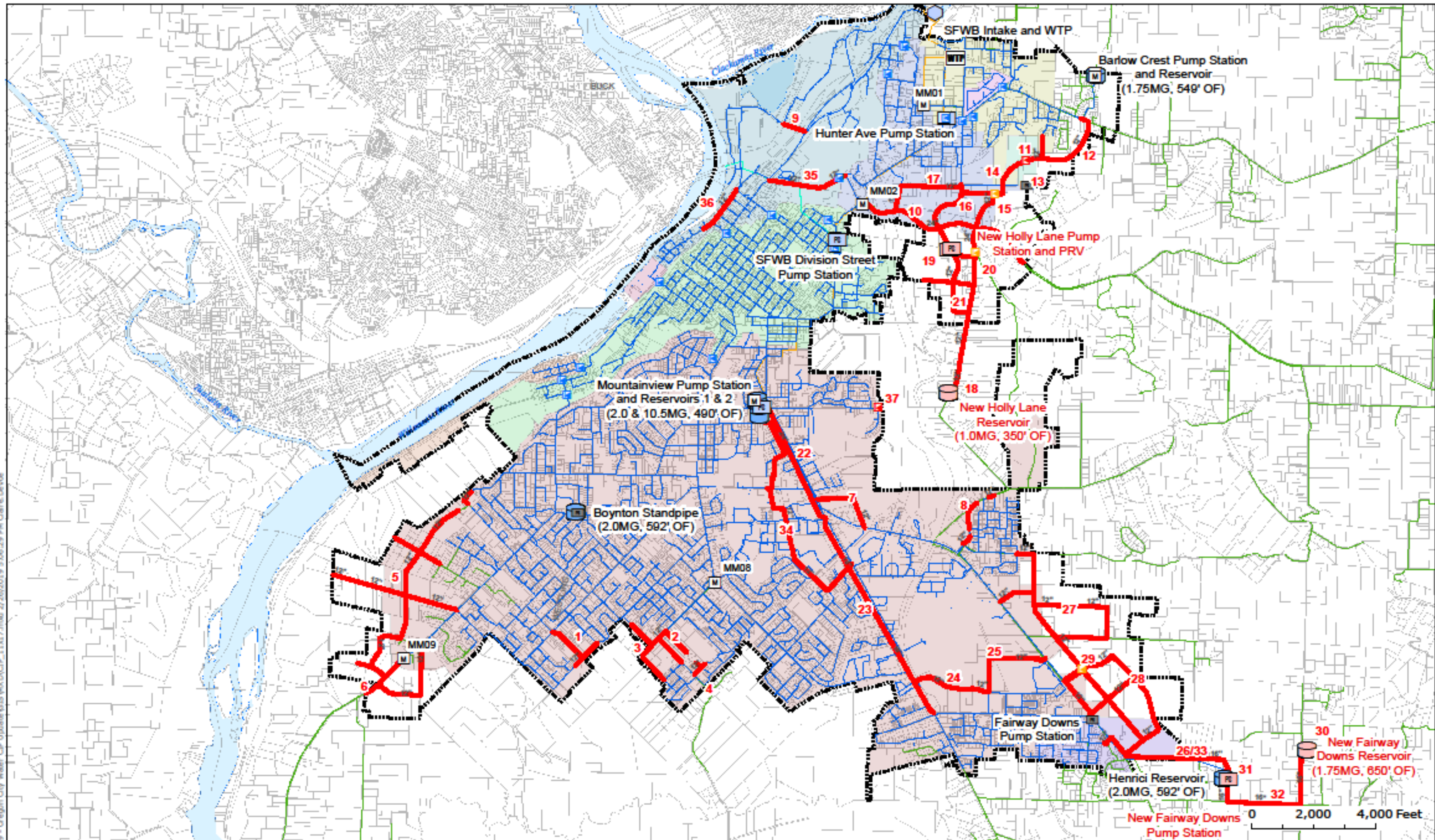


# Total Water CIP Summary Costs

| Year                      | Capacity & Operations Project Costs | Pipe Replacement Costs | Facility Rehabilitation Costs | Total CIP Project Costs |
|---------------------------|-------------------------------------|------------------------|-------------------------------|-------------------------|
| 0 – 5 Years               | \$19,134,000                        | \$7,145,500            | \$8,167,000                   | \$34,446,500            |
| 5 – 10 Years              | \$4,198,000                         | \$2,996,500            | \$1,390,000                   | \$8,584,500             |
| 10 – 20 Years             | \$-                                 | \$8,033,500            | \$3,577,000                   | \$11,610,500            |
| SUBTOTAL                  | \$23,332,000                        | \$18,175,500           | \$13,134,000                  | \$54,641,500            |
| Time Based on Development | \$25,522,500                        | \$-                    | \$100,000                     | \$25,622,500            |
| TOTAL                     | \$48,854,500                        | \$18,175,500           | \$13,234,000                  | \$80,264,000            |



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**City of Oregon City**  
**Water CIP Analysis**

**Figure 5**  
**CIP Projects**

**PRESSURE ZONE**

- Canemah
- Fairway Downs
- Intermediate
- Lower
- Paper Mill

**CIP Facilities**

- PRV
- Tank
- Pump
- Emergency PRV

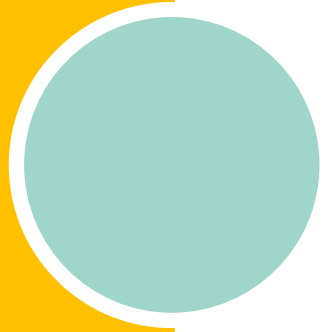
**Existing Facilities**

- Intake
- Master Meter
- PRV
- Pump Station
- Reservoir
- WTP
- Abandon Pump Station

**Legend**

- CIP Projects
- OC Water Mains
- CRW Water Mains
- SFWB Water Mains
- UGB
- taxlots

0 2,000 4,000 Feet



- **Water Rates**
  - Key assumptions
  - Capital needs forecast
  - Revenue requirement
- **System Development Charge**
  - Methodology
  - Growth forecast
  - Reimbursement fee calculation
  - Improvement fee calculation





# Key Assumptions

## Annual Cost Inflation

- Salaries: 2.0%
- Benefits: 5.0%
- Other Operating Costs: 2.21%
- Construction Costs: 3.0%

## Annual Growth Rate

- Customer Account Growth: 1.5%
- SDC revenue based on current charges

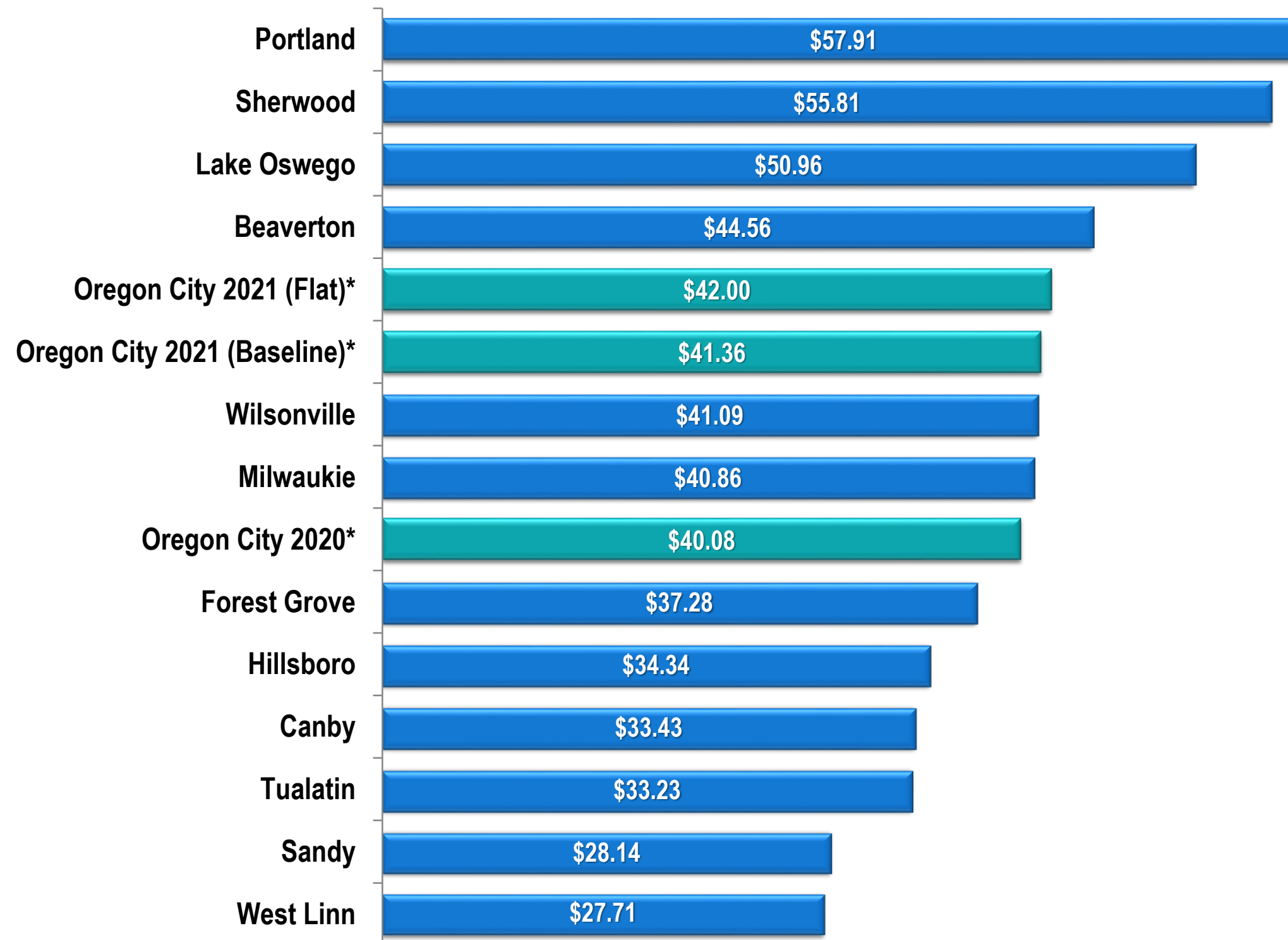
## Operating Forecast

- Rate revenue based on FY19 budget
- Operating costs and non-rate revenues based on FY 2021 Budget
  - Adjusted for inflation in future years

## Debt Issuance

- Interest Rate: 5.0%
- Repayment Term: 20 Years
- Issuance Costs: 1.0% of Amount Issued

## Monthly Bill Comparison – 5/8 x 3/4” Residential, 8 ccf

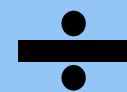


\*Includes South Fork Water Board Treatment Rate w/ assumed 4.0% Rate Increases

## The SDC Calculation

**Reimbursement  
Fee**

Eligible value of  
unused capacity  
in existing facilities

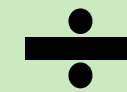


Growth in system  
demand

+

**Improvement  
Fee**

Eligible cost of  
planned capacity  
increasing  
facilities



Growth in system  
demand

=

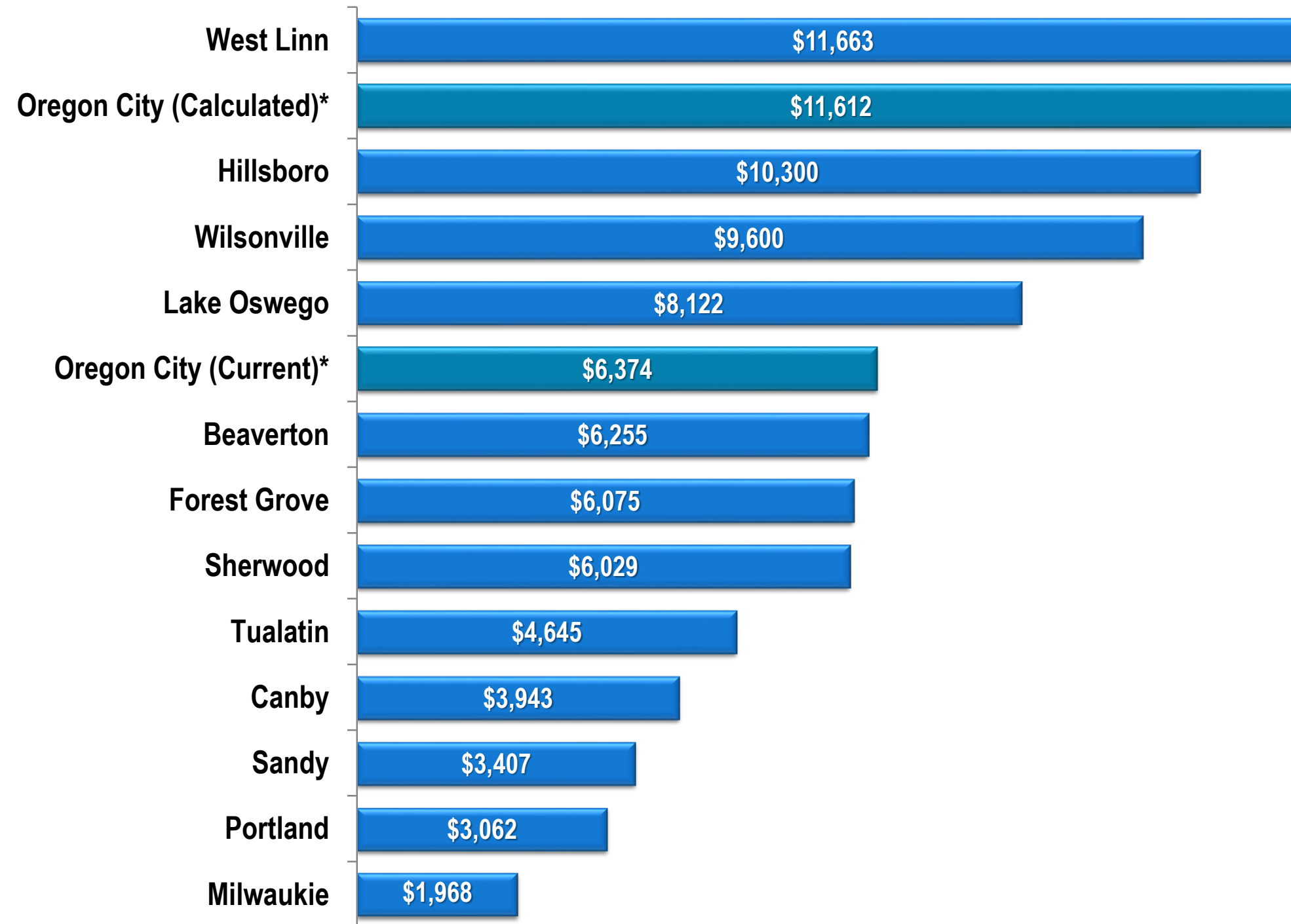
**System  
Development  
Charge**

**\$**

per unit of demand



## Regional SDC Comparison – Single Family



\*Includes South Fork Water Board SDC of \$2,238

- Rates
  - Public Outreach – City Commission Goal 5
  - Planning Commission Public Hearing – CIP Update Adoption
  - City Commission Public Hearing #1 - Water Rate adoption by Ordinance; City Commission guidance on possible Charter changes
  - City Commission Public Hearing #2 – Assuming rate increase above 3% the City Commission adopts Resolution to move forward with a Public Vote for Charter amendment.
  - April 2020
- SDC's
  - Set date for a public hearing at least 90 days in advance.
  - Provide statutory notice at least 90 days in advance of public hearing.
  - Make report available to public during last 60 days of notice period.
  - City council can receive information about and discuss SDCs before scheduled public hearing, but no action (vote) can be taken.



Q&A