



# **B-1: Project 2030 Study and Next Steps**

JUNE 29, 2021

# PRESENTATION OVERVIEW

**Team Member Introductions**



**Purpose of Project 2030**



**Customer Advisory Committee & Customer Engagement**



**Project 2030 Overview**



**CAC Comments & Policy Recommendation**



**Next Steps**



CITRUS  
HEIGHTS  
WATER  
DISTRICT

# INTRODUCTIONS



Customer Advisory Committee  
**PARTICIPANT DIRECTORY**



**CUSTOMER ADVISORY COMMITTEE**



**Kimberly Berg**  
*CAC Member, Commercial*



**Julie Beyers**  
*CAC Member, Residential*



**Ray Bohke**  
*CAC Member, Residential*



**Deborah Cartwright**  
*CAC Member, Residential*



**Patti Catalano**  
*CAC Member, Residential*



**Katherine Cooley**  
*CAC Member, Institutional*



**Wes Ervin**  
*CAC Member, Commercial*



**Michael Goble**  
*CAC Member, Residential*



**Suzanne Guthrie**  
*CAC Member, Residential*



**Andrew Johnson**  
*CAC Member, Residential*



**Doug MacTaggart**  
*CAC Member, Residential*



**Bren Martinez**  
*CAC Member, Residential*



**Dave Mitchell**  
*CAC Member, Institutional*



**James Monteton**  
*CAC Member, Residential*



**Richard Moore**  
*CAC Member, Residential*



**Jenna Moser**  
*CAC Member, Residential*



**Richard Moses**  
*CAC Member, Residential*



**Mike Nishimura**  
*CAC Member, Commercial*



**Aimee Pfaff**  
*CAC Member, Residential*



**Peg Pinard**  
*CAC Member, Residential*



**Cyndi Price**  
*CAC Member, Institutional*



**Chris Ralston**  
*CAC Member, Institutional*



**Javed Siddiqui**  
*CAC Member, Residential*



**Noe Villa**  
*CAC Member, Institutional*



**Ray Riehle**  
*CHWD Director*

**CHWD STAFF**



**Tamar Dawson**  
*CHWD Assistant Engineer*



**Paul Dietrich**  
*CHWD Project Manager*



**David Gordon**  
*CHWD Director of Operations*



**Madeline Henry**  
*CHWD Management Analyst/Acting Chief Board Clerk*



**Rex Meurer**  
*CHWD Water Efficiency Supervisor*



**Joshua Nelson**  
*CHWD Assistant General Counsel*



**Missy Pieri**  
*CHWD Director of Engineering/District Engineer*



**Susan Talwar**  
*CHWD Director of Finance and Administrative Services*

**CONSULTANTS**



**Hilary Straus**  
*CHWD General Manager*



**Bryan Godbe**  
*Godbe Research*



**Habib Isaac**  
*Raftelis Financial Consultants, Inc.*



**Roger Kohne**  
*Harris & Associates*



**Andrew MacDonald**  
*Harris & Associates*



**Laura Mason-Smith**  
*Mason-Smith Success Strategies*

# PURPOSE OF PROJECT 2030

- Tidal wave of water main replacement is expected starting in 2030.
- The District's water main replacement is expected to quadruple starting in 2030.
- Project 2030 Study provides a water main replacement strategy: funding, phasing, implementation, & public engagement.
- This presentation will provide an overview of the Study, the CAC, and the CAC Recommended Alternative.



CITRUS  
HEIGHTS  
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# CUSTOMER ADVISORY COMMITTEE & CUSTOMER ENGAGEMENT



# CUSTOMER ADVISORY COMMITTEE & CUSTOMER ENGAGEMENT

- CAC Purpose – Provide transparent input from a large group of representative CHWD customer stakeholders on the District’s major capital improvement projects
- 24 CAC members – residential, commercial, institutional, and a CHWD Board Member
- A CAC Chair and Vice Chair elected by the CAC members
- All meetings open to public attendance and comment
- Meeting agendas and summaries posted on the CHWD website and YouTube Channel
- CAC members invited to the District’s Annual Strategic Planning Sessions and regular Board meetings



# CUSTOMER ADVISORY COMMITTEE & CUSTOMER ENGAGEMENT

At the nine Project 2030 CAC meetings held between CAC formation in 2018 and now, the CAC:

- Learned about their Water District history, scope, and operations
- Learned about District water mains:
  - What they look like
  - How they function
  - Where they are located
  - What it takes to assess and replace them
- Considered results of quantitative research of District customers
- Considered the concept of Inter-Generational Equity
- Considered water main replacement alternatives and funding options
- Developed a recommendation for CHWD's water main replacement strategy for consideration by the CHWD Board of Directors
- Consistently demonstrated curiosity, willingness to learn, commitment, and dedication to the good of all customers





# CUSTOMER ADVISORY COMMITTEE



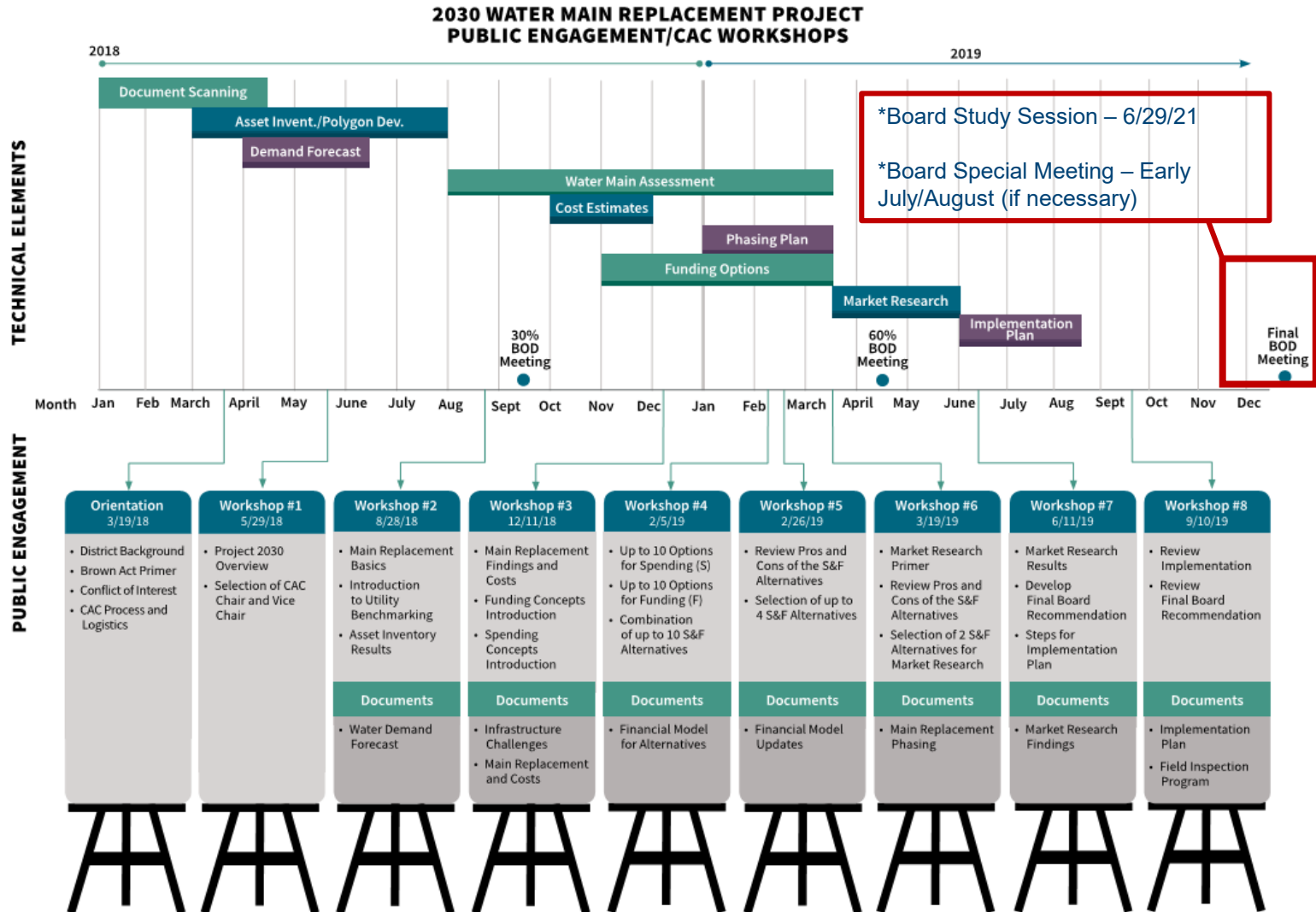
#	Funding Description	Project Cost - 2018 \$ Millions	Annual Spending 2018 \$ Millions	Prefunding (Millions)	% of System Replaced by 2030 (50 Years Starting in 2030)	Table Vote
4.4	Prefunding, with Debt	\$320	\$6.4	\$16.0	55%	
5.2	Prefunding, No Debt	\$300	\$7.8	\$29.0	72%	
5.4	Prefunding, with Debt	\$390	\$7.8	\$22.5	72%	●●●●
6.4	Prefunding, with Debt	\$480	\$9.6	\$29.4	85%	●●●●●
7.4	Prefunding, with Debt	\$510	\$10.2	\$19.2	94%	●●●●●●



# PROJECT 2030 BUILDING BLOCKS



# PROJECT OVERVIEW





# PROJECT 2030 REPORT

Workshop #	Technical Memorandum No./Report & Title	Key Discussions
Orientation		Orientation
1	-	Presented District history, current operations & budget, overview of Project 2030 Study, & selected CAC Chair & Vice Chair.
2	TM No. 1: Water Demand Forecast	Provide overview of existing and future water demands for water main sizing.
3	TM No. 2: Infrastructure Challenges TM No. 3: Water Main Assessment	Discussed challenges that will likely impact the replacement of water mains. Discussed key assumptions & methodologies for water main assessment & replacement.
4	TM No. 4: Spending and Funding Options	Reviewed 21 Spending & Funding Alternatives.
5	TM No. 4: Spending and Funding Options	Completed further analysis of the 21 Alternatives and the CAC chose the top 5 Alternatives.
6	TM No. 4: Spending and Funding Options	Reviewed the top 5 Alternatives and the CAC chose the top 2 Alternatives. Provided an overview of market research.
7	TM No. 4: Spending and Funding Options	Reviewed the top 2 Alternatives. Received results of the market research of the top 2 Alternatives. The CAC voted Alternative 5.4 as the preferred Alternative.
8	TM No. 6: Phasing Plan TM No. 7: Implementation Plan	Reviewed Phasing & Implementation Plan for the preferred Alternative.
9	Draft Final Project 2030 Study	Reviewed the Study, discussed next steps, and provided an update of the preferred Alternative.



# PROJECT 2030 REPORT

- All Technical Memos that were presented at the CAC Workshops were compiled into the Final Report
- Section 3 Customer Advisory Committee
  - Overview of the CAC
  - Summary of all CAC Meetings/Workshops
  - **Update of the CAC-Selected Preferred Alternative 5.4 since September 2019**
    - **District's Financial Position has Changed**
    - **Project 2030 Prefunding/Surcharge Changed**
    - **District has developed a Public Engagement Strategy**
  - **Next Steps**
- Appendices



# UPDATE OF THE CAC-SELECTED PREFERRED ALTERNATIVE SINCE SEPTEMBER 2019

- In late 2019 (after the CAC selected Alt. 5.4), the CHWD Board approved a rate increase of 11% for FY 2020.
- District did not increase rates or implement separate funding for Project 2030 in FY 2021.
- The District has successfully ended several budget years in a better net position than was projected due to expense control. The PAYGO component of this Alternative has been bolstered and less prefunding is now required.



# CAC-SELECTED PREFERRED ALTERNATIVE FROM SEPTEMBER 2019

## Original Alternative 5.4

Funding Description	Cost (2018 \$)	Avg. Annual Spending	Prefunding	Percent Debt	System Replaced by 2080
Prefunding with Debt	\$390 million	\$7.8 million	\$22.5 million*	4%	72%

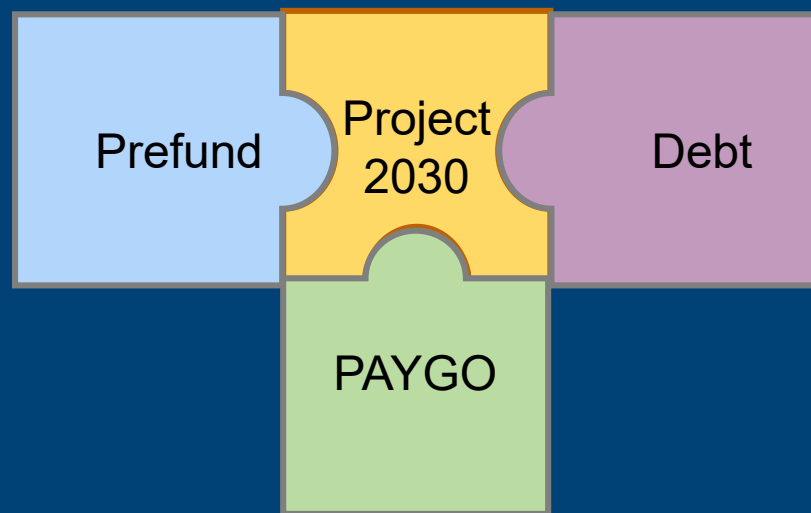
**\*Monthly Surcharge - \$8.63 (1-inch meter)**

- 85% of all meters are 1-inch



# UPDATE TO THE CAC-SELECTED PREFERRED ALTERNATIVE SINCE SEPTEMBER 2019

- Prefunding (Reduced from \$23M → \$12.1M)
  - Surcharge
    - Original Amount: \$8.63/mo → \$23M by 2030
    - Revised Amount: \$5.25/mo → \$12.1M by 2030, Start in 2022 & continue thru Project 2030 timeline
- Other Funding Sources
  - Debt: 4%-6%
  - PAYGO: Assumes base rates increase & surcharge continues thru Project 2030 timeline







# CAC-SELECTED PREFERRED ALTERNATIVE - UPDATED

## Revised Alternative 5.4 (Redline)

Funding Description	Cost (2018 \$)	Avg. Annual Spending	Prefunding	Percent Debt	System Replaced by 2080
Prefunding with Debt	\$390 million	\$7.8 million	<del>\$22.5</del> \$12.1 million*	4-6%	72%

**\*Monthly Surcharge - ~~\$8.63~~ \$5.25 (1-inch meter)**

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# CAC-SELECTED PREFERRED ALTERNATIVE - UPDATED

## Revised Alternative 5.4

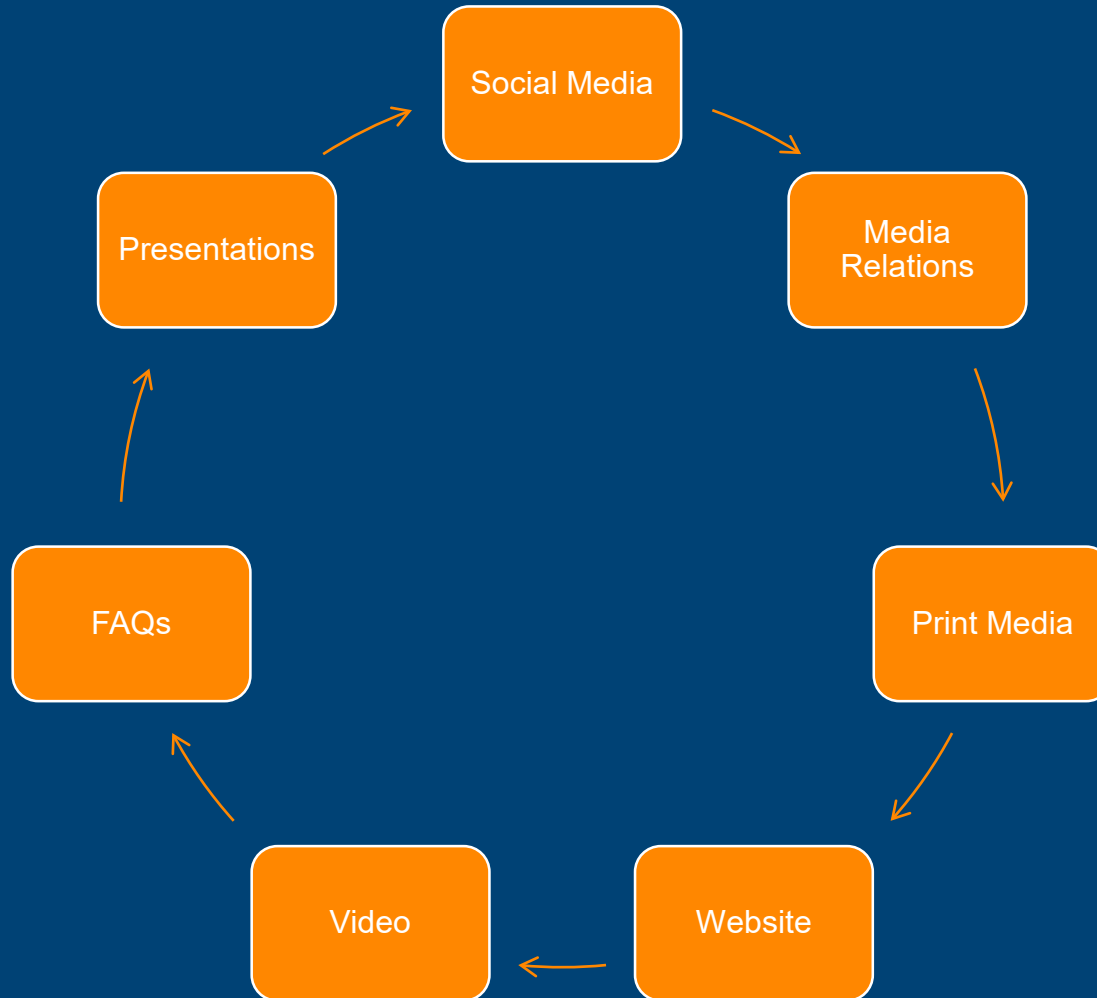
Funding Description	Cost (2018 \$)	Avg. Annual Spending	Prefunding	Percent Debt	System Replaced by 2080
Prefunding with Debt	\$390 million	\$7.8 million	\$12.1 million*	4-6%	72%

**\*Monthly Surcharge - \$5.25 (1-inch meter)**

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# PUBLIC ENGAGEMENT



- CAC's Role:
  - Continue to educate customers about Project 2030
    - CHWD to provide Project 2030 Information Packet
  - Attend Board Meeting & Community Meetings to present the Study, findings, recommendations, & implementation as required.





# CAC RECOMMENDATION FOR THE UPDATED PREFERRED ALTERNATIVE 5.4

## Revised Alternative 5.4

Funding Description	Cost (2018 \$)	Avg. Annual Spending	Prefunding	Percent Debt	System Replaced by 2080
Prefunding with Debt	\$390 million	\$7.8 million	\$12.1 million*	4-6%	72%

**\*Monthly Surcharge - ~~\$8.63~~ \$5.25 (1-inch meter)**

- 85% of all meters are 1-inch



# CAC COMMENTS





# BOARD CONSIDERATION OF CAC REVISED RECOMMENDED ALTERNATIVE 5.4

- Discussion and Possible Action





# BOARD CONSIDERATION

- Proposed Motions for Consideration:
  1. Board to consider the CAC recommendation to adopt the Project 2030 Study, which includes revised Alternative 5.4 as the strategy for water main replacements.
  2. Board to provide consensus direction concerning the accompanying funding target specified in this Study.
  3. Board to direct the CHWD to develop an education and public engagement strategy supporting the adoption and implementation of Project 2030.





# CAC PROJECT 2030 NEXT STEPS

- Board Meeting(s) (if necessary)
- The Project 2030 prefunding component as outlined in the Study will be included as part of the 2022 budget development process for Board consideration.
- An education and public engagement strategy supporting the adoption and implementation of Project 2030 will be implemented.
- As part of the Study's Project Preparation phase, condition assessment of the District's transmission mains will begin.



**NEXT STEPS**