



## Commission Memorandum

**REPORT TO:** Honorable Mayor and City Commission  
**FROM:** Kristin Donald, Finance Director  
**SUBJECT:** Adoption of the **Water Impact Fee Fund Capital Improvement Plan**  
(CIP) for FY21-25.  
**AGENDA ITEM TYPE:** Action  
**MEETING DATE:** **December 2, 2019**

**RECOMMENDATION:** Adopt the **Water Impact Fee Fund Capital Improvement Plan** (CIP) for FY21-25.

**BACKGROUND:** Each year, the City Manager is required to prepare a 5 Year Capital Improvements Plan and submit it to the Commission by December 15<sup>th</sup>. The Public Works Department, City Manager, and other city staff met in October and November to develop the attached Capital Plan for the equipment and capital needs of the Water Impact Fee Fund

The City's Impact Fee Advisory Committee (IFAC) met on November 5 to review and make recommendations for the planned expenditures of Water Impact Fees. There was a quorum of the Committee and they voted to recommend the attached CIP.

**UNRESOLVED ISSUES:** None.

**ALTERNATIVES:** As suggested by the City Commission. If the Commission is does not wish to adopt this schedule tonight, it can be scheduled for approval on a later agenda.

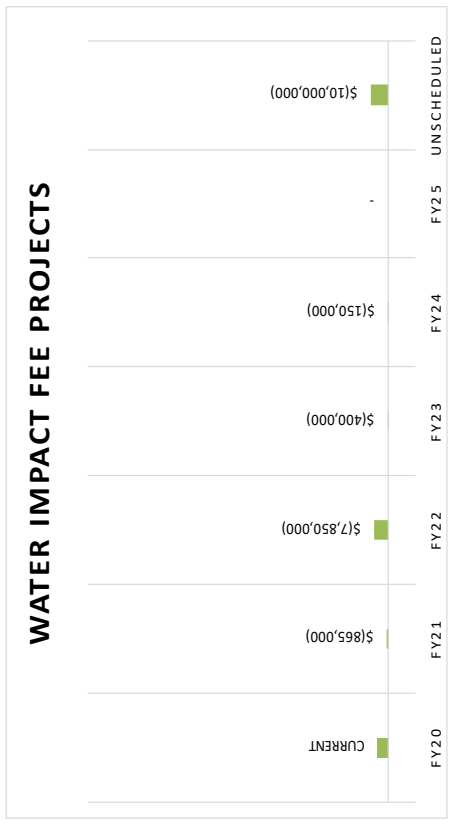
**FISCAL EFFECTS:** This step in the process has no fiscal effect. Once adopted, the Capital Improvements Plan becomes the basis of the City Manager's Recommended Budget for FY21.

Report compiled on: November 15, 2019  
Attached: Water Impact Fee Fund CIP Section

# WATER IMPACT FEE FUND FINANCIAL SUMMARY

Financial Summary	Current Year		Projected			Unscheduled
	FY20	FY21	FY22	FY23	FY24	FY25
Projected Beginning Reserve Balance Dedicated to CIP	\$ 5,121,337	\$ 2,388,425	\$ 2,868,137	\$ 2,644,074	\$ 2,916,926	\$ 3,501,273
Plus: Impact Fee Revenues Dedicated to CIP	\$ 1,888,070	\$ 1,944,712	\$ 2,003,053	\$ 2,063,145	\$ 2,125,039	\$ 2,188,791
Plus: Loan for Well Field WIF32		\$ 6,500,000				
Plus: Loan for Sourdough Transmission Main, PH 2 WIF40	\$ 4,320,000					
Less: Carryover FY19 Capital Projects	\$ (2,645,254)					
Less: Debt payments (WIF03 WIF 32, and WIF40)	\$ (6,295,729)	\$ (600,000)	\$ (877,116)	\$ (1,390,293)	\$ (1,390,693)	\$ (1,390,693)
Less: Scheduled CIP Project Costs	\$ (6,295,729)	\$ (865,000)	\$ (7,850,000)	\$ (400,000)	\$ (150,000)	\$ -
<b>Projected Year-End Cash Dedicated to CIP</b>	<b>\$ 2,388,425</b>	<b>\$ 2,868,137</b>	<b>\$ 2,644,074</b>	<b>\$ 2,916,926</b>	<b>\$ 3,501,273</b>	<b>\$ 4,299,370</b>

Assumptions Made for Revenue Estimates	Current Year		Projected		
	FY20	FY21	FY22	FY23	FY24
Estimated Annual Water Impact Fee Revenues	\$ 1,888,070	\$ 1,888,070	\$ 1,944,712	\$ 2,003,053	\$ 2,063,145
Estimated Annual Increase	0.0%	3%	3%	3%	3%
Total Estimated Revenues	\$ 1,888,070	\$ 1,944,712	\$ 2,003,053	\$ 2,063,145	\$ 2,125,039
Current Revenues Dedicated to CIP %	100.0%	100.0%	100.0%	100.0%	100.0%
Plus: Increase Dedicated to Water Capacity Expansion CIP	0.0%	0.0%	0.0%	0.0%	0.0%
Total % Dedicated to CIP	100.0%	100.0%	100.0%	100.0%	100.0%
Total Estimated Revenues Dedicated to CIP	\$ 1,888,070	\$ 1,944,712	\$ 2,003,053	\$ 2,063,145	\$ 2,125,039
					\$ 2,188,791



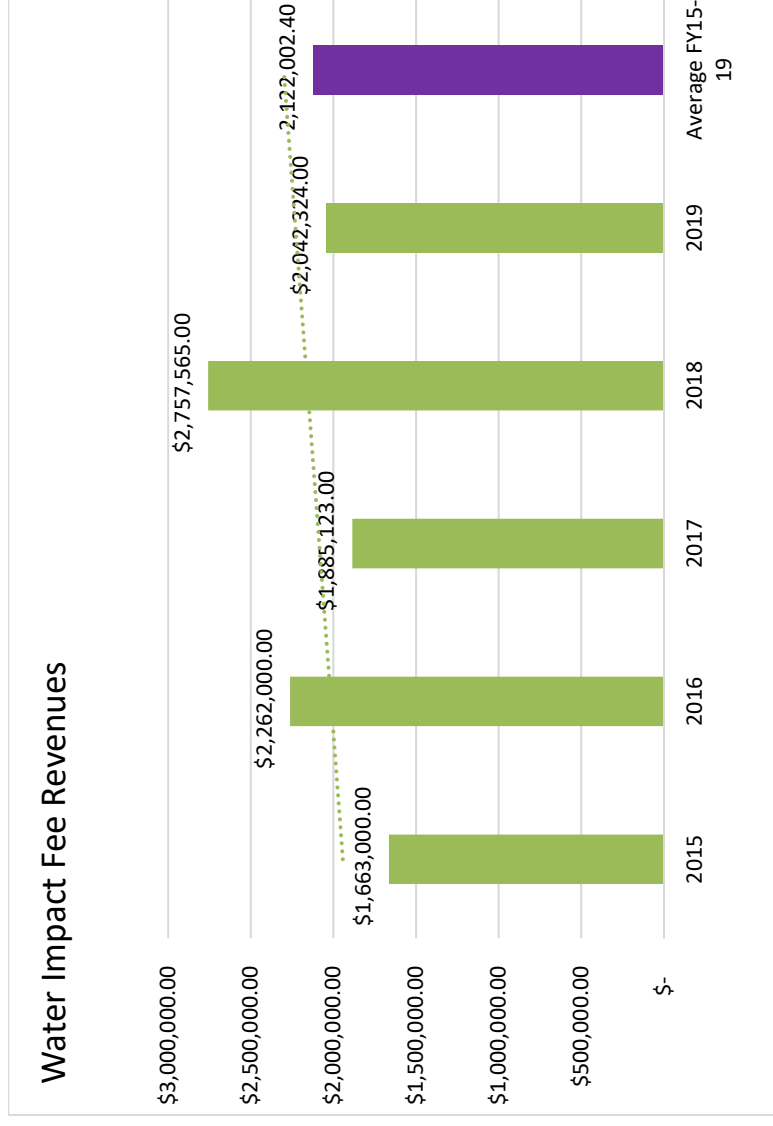
## WATER IMPACT FEE FUND PROJECT SUMMARY

Project #	Project Name	FY2021	FY2022	FY2023	FY2024	FY2025	Unscheduled
WIF28	5126 WEST SOURDOUGH RESERVOIR 1 - SITING		350,000	-	-	-	-
WIF32	GROUNDWATER WELL FIELD AND TRANSMISSION CONSTRUCTION	500,000	7,500,000	-	-	-	-
WIF37	SOURDOUGH CANYON NATURAL STORAGE - PLANNING & DESIGN	25,000	-	-	150,000	-	-
WIF51	SOURDOUGH CANYON NATURAL STORAGE	-	-	-	-	-	10,000,000
WIF52	WATER MAIN COTTONWOOD ROAD BETWEEN OAK TO BAXTER	-	-	400,000	-	-	-
WIF53	NELSON MEADOWS WATER MAIN OVERSIZING	340,000	-	-	-	-	-
	<b>Fiscal Year totals</b>	<b>865,000</b>	<b>7,850,000</b>	<b>400,000</b>	<b>150,000</b>	<b>-</b>	<b>10,000,000</b>

## WATER IMPACT FEE FUND DETAIL

### BACKGROUND

This enterprise fund revenue source is impact fees. Revenue estimates for Water Impact Fees have been updated with the 5-year average collection amount, detailed on the following page. Revenues have grown on average by 6 % per year, over the past 5 years. For the CIP, we have used the 5-year Average collection, plus 3% growth each year from FY21 to FY25.



**CAPITAL PLAN SUMMARY**

WIF32 Groundwater Well Field and Transmission Construction - Water right permitting and mitigation plan; purchase of mitigation water rights; construction of aquifer recharge or other mitigation infrastructure; acquisition of land for well field site; construction of wells, power, power backup, instrumentation and controls, SCADA, control building and site improvements; and transmission main construction to tie ground water supply into the existing system. Beginning in FY21 with design and construction in the following year (FY22) for an estimated total of \$8 million. This is critical for meeting long-range water supply needs and enhancing overall water supply resiliency and redundancy. It enhances connectivity by providing a redundant water supply source in the event of Sourdough WTP outage.

A significant amount of borrowing has been incurred for Projects WIF03, and WIF 40 and more will be incurred with WIF32. Over \$10 million will need to be borrowed to complete these three projects. Because of the uncertainty of the revenue stream, the Water Utility will need to borrow via revenue bonds and be reimbursed by the Water Impact Fee Fund. There may be rate-requirements to support this borrowing which were included as part of our more recent Water rate study. The estimated borrowing is outlined in the table below:

<b>Estimated Debt Schedule</b>						
<b>Debt- Description</b>	<b>Project #</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
Loan Debt Service - WTP 5.3MG Water Storage Reservoir (WIF03)	WIF14	600,000	600,000	600,000	600,000	600,000
Debt Service for Borrowing - Transmission Main (WIF40)	WIF45		277,116	277,116	277,116	277,116
Debt Service for Borrowing - Well Field (WIF 32)	WIF43			513,177	513,577	513,577
		600,000	877,116	1,390,293	1,390,693	1,390,693

The project highlighted above aids in our efforts towards the Strategic Plan **6.1 a Watershed Management**.

Project Name	Year	Description	Amount	Total	Project #
5126 WEST SOURDOUGH RESERVOIR 1 - SITING	2022	5126 WEST SOURDOUGH RESERVOIR 1 - SITING	350,000	350,000	
		<b>DESCRIPTION:</b>	-		
		SITING STUDY AND LAND ACQUISITION FOR 5MG GROUND STORAGE RESERVOIR TO SERVE 5126 PRESSURE ZONE FROM WEST TRANSMISSION MAIN. THE WEST SOURDOUGH RESERVOIR WILL BE THE NEXT NECESSARY RESERVOIR FOR THE CITY TO CONTINUE TO PROVIDE ADEQUATE POTABLE WATER AND FIRE FLOW. PROPER SITING OF THIS RESERVOIR WILL PROVIDE REDUNDANT SUPPLY TO SOURDOUGH AND HILLTOP RESERVOIRS. IT WILL INCREASE WATER STORAGE CAPACITY BY 5MG, AND WILL PROVIDE GREATER EFFICIENCY IN PROVIDING POTABLE WATER AND FIRE FLOWS TO THE CITY'S WESTERN AREAS. BETTER ABILITY TO TAKE SOURDOUGH OR HILLTOP RESERVOIRS OFFLINE AND STILL PROVIDE SUFFICIENT STORAGE. OTHER AFFECTED PROJECTS INCLUDE GROUNDWATER PLANNING, ENGINEERING AND CONSTRUCTION WEST TRANSMISSION MAIN STUDY, DESIGN, CONSTRUCTION; RESERVOIR DESIGN, CONSTRUCTION PROJECTS.	-		<b>WIF28</b>
		<b>ALTERNATIVES CONSIDERED:</b>	-		
		WAIT UNTIL THE NEED FOR THE RESERVOIR IS MORE IMMINENT	-		
		<b>ADVANTAGES OF APPROVAL:</b>	-		
		PROCUREMENT OF LAND WHILE IT IS AVAILABLE, AND LESS EXPENSIVE	-		
		<b>ADD OPERATING COSTS:</b>	-		
		UNKNOWN AND WOULD BE ACCOUNTED FOR IN THE WATER FUND.	-		

Project Name	Year	Description	Amount	Total	Project #
GROUNDWATER WELL FIELD AND TRANSMISSION CONSTRUCTION	2021	GROUNDWATER WELL FIELD AND TRANSMISSION CONSTRUCTI	500,000	500,000	
		<b>DESCRIPTION:</b>	-		
		WATER RIGHT PERMITTING AND MITIGATION PLAN;	-		
		PURCHASE OF MITIGATION WATER RIGHTS; CONSTRUCTION	-		
		OF AQUIFER RECHARGE OR OTHER MITIGATION	-		
		INFRASTRUCTURE; ACQUISITION OF LAND FOR WELL FIELD	-		
		SITE; CONSTRUCTION OF WELLS, POWER, POWER BACKUP,	-		
		INSTRUMENTATION AND CONTROLS, SCADA, CONTROL	-		
		BUILDING AND SITE IMPROVEMENTS; AND TRANSMISSION	-		
		MAIN CONSTRUCTION TO TIE GW SUPPLY INTO THE	-		
		EXISTING SYSTEM. THIS IS ABSOLUTELY CRITICAL FOR	-		
		MEETING LONG-RANGE WATER SUPPLY NEEDS AND	-		
		ENHANCING OVERALL WATER SUPPLY RESILIENCY AND	-		
		REDUNDANCY. IT ENHANCES CONNECTIVITY BY PROVIDING	-		
		A REDUNDANT WATER SUPPLY SOURCE IN THE EVENT OF	-		
		SOURDOUGH WTP OUTAGE.	-		
		<b>ALTERNATIVES CONSIDERED:</b>	-		
		STATUS QUO OPERATION	-		
		<b>ADVANTAGES OF APPROVAL:</b>	-		
		IMPROVE WATER DISTRIBUTION OPERATIONS THROUGH	-		
		INCREASED UNDERSTANDING OF SYSTEM OPERATING	-		
		CHARACTERISTICS. IMPROVE RESPONSIVENESS TO	-		
		DYNAMIC OPERATING CONDITIONS. FACILITATE	-		
		IMPROVED ACCESS TO EXISTING SITES NOW REQUIRING	-		
		CONFINED SPACE ENTRY PROCEDURES. STANDARDIZE	-		
		AND IMPROVE SURGE CONTROL FEATURES THROUGHOUT	-		
		SYSTEM.	-		
		<b>ADD OPERATING COSTS:</b>	-		
		DEBT SERVICE (IF ANY) TO CONSTRUCT, POWER COSTS,	-		
		SCADA MAINTENANCE, VAULT MAINTENANCE, INSTRUMENT	-		
		MAINTENANCE, PROGRAMMING LIBRARIES	-		
					<b>WIF32</b>



Project Name	Year	Description	Amount	Total	Project #
GROUNDWATER WELL FIELD AND TRANSMISSION CONSTRUCTION	2022	GROUNDWATER WELL FIELD AND TRANSMISSION CONSTRUCTI	7,500,000	7,500,000	
		<b>DESCRIPTION:</b>	-		
		WATER RIGHT PERMITTING AND MITIGATION PLAN;	-		
		PURCHASE OF MITIGATION WATER RIGHTS; CONSTRUCTION	-		
		OF AQUIFER RECHARGE OR OTHER MITIGATION	-		
		INFRASTRUCTURE; ACQUISITION OF LAND FOR WELL FIELD	-		
		SITE; CONSTRUCTION OF WELLS, POWER, POWER BACKUP,	-		
		INSTRUMENTATION AND CONTROLS, SCADA, CONTROL	-		
		BUILDING AND SITE IMPROVEMENTS; AND TRANSMISSION	-		
		MAIN CONSTRUCTION TO TIE GW SUPPLY INTO THE	-		
		EXISTING SYSTEM. THIS IS ABSOLUTELY CRITICAL FOR	-		
		MEETING LONG-RANGE WATER SUPPLY NEEDS AND	-		
		ENHANCING OVERALL WATER SUPPLY RESILIENCY AND	-		
		REDUNDANCY. IT ENHANCES CONNECTIVITY BY PROVIDING	-		
		A REDUNDANT WATER SUPPLY SOURCE IN THE EVENT OF	-		
		SOURDOUGH WTP OUTAGE.	-		
		<b>ALTERNATIVES CONSIDERED:</b>	-		<b>WIF32</b>
		STATUS QUO OPERATION	-		
		<b>ADVANTAGES OF APPROVAL:</b>	-		
		IMPROVE WATER DISTRIBUTION OPERATIONS THROUGH	-		
		INCREASED UNDERSTANDING OF SYSTEM OPERATING	-		
		CHARACTERISTICS. IMPROVE RESPONSIVENESS TO	-		
		DYNAMIC OPERATING CONDITIONS. FACILITATE	-		
		IMPROVED ACCESS TO EXISTING SITES NOW REQUIRING	-		
		CONFINED SPACE ENTRY PROCEDURES. STANDARDIZE	-		
		AND IMPROVE SURGE CONTROL FEATURES THROUGHOUT	-		
		SYSTEM.	-		
		<b>ADD OPERATING COSTS:</b>	-		
		DEBT SERVICE (IF ANY) TO CONSTRUCT, POWER COSTS,	-		
		SCADA MAINTENANCE, VAULT MAINTENANCE, INSTRUMENT	-		
		MAINTENANCE, PROGRAMMING LIBRARIES	-		

Project Name	Year	Description	Amount	Total	Project #
SOURDOUGH CANYON NATURAL STORAGE - PLANNING & DESIGN	2021	SOURDOUGH STORAGE PLAN	25,000	25,000	<b>WIF37 (FY21)</b>
		<b>DESCRIPTION:</b>	-		
		MAYOR ANDRUS PROVIDED A LETTER OF SUPPORT TO MSU TO STUDY NATURAL WATER STORAGE IN THE SOURDOUGH DRAINAGE. THIS WOULD BE A GRANT MATCH TO SUPPORT MSU RESEARCH AND SUBSEQUENT WATER SUPPLY NEEDS.	-		
		<b>ALTERNATIVES CONSIDERED:</b>	-		
		<b>ADD OPERATING COSTS:</b>	-		
		<b>CHANGES FROM LAST CIP:</b>	-		
		ADDITIONAL COMPONENT OF THE PLAN & ADDITIONAL FUNDING	-		
			-		
			-		
			-		
SOURDOUGH CANYON NATURAL STORAGE - PLANNING & DESIGN	2024	SOURDOUGH CANYON NATURAL STORAGE - PLANNING & DESIGN	150,000	150,000	<b>WIF37 (FY24)</b>
		<b>DESCRIPTION:</b>	-		
		ALTERNATIVES PLANNING AND DESIGN FOR SOURDOUGH NATURAL STORAGE ENHANCEMENT PROJECT. THIS PROJECT WILL INCREASE RESILIENCY OF SOURDOUGH WATERSHED TO DROUGHT IMPACTS AND PROVIDES AUGMENTED WATER SUPPLY, PROTECTS EXISTING MUNICIPAL WATER RIGHTS, AND IT AUGMENTS WATER SUPPLY CAPACITY OF SOURDOUGH WATERSHED. THIS IMPACTS THE CITY'S LONG-TERM WATER RIGHTS AND HELPS CLOSE THE APPROACHING WATER SUPPLY GAP. THIS PROJECT COULD HAVE POTENTIAL FEMA INVOLVEMENT FOR FLOOD CONTROL. OTHER AFFECTED PROJECTS INCLUDE FINAL SIZING OF WEST TRANSMISSION MAIN. IT WILL ALSO INFORM LONG-TERM GROUNDWATER NEEDS.	-		
		<b>ALTERNATIVES CONSIDERED:</b>	-		
		POSTPONE	-		
		<b>ADVANTAGES OF APPROVAL:</b>	-		
		IMPLEMENTS IWRP, AUGMENTS SOURDOUGH WATER SUPPLY CAPACITY, AND INCREASES RESILIENCY OF SOURDOUGH WATER SUPPLY BY PROVIDING 'STORAGE' TO REDUCE THE SUSCEPTIBILITY OF DROUGHT IMPACTS	-		
		<b>ADD OPERATING COSTS:</b>	-		
		UNKNOWN	-		
			-		

Project Name	Year	Description	Amount	Total	Project #
SOURDOUGH CANYON NATURAL STORAGE	UNSCHEDULED	SOURDOUGH CANYON NATURAL STORAGE <b>DESCRIPTION:</b> ALTERNATIVES PLANNING & DESIGN FOR SOURDOUGH STORAGE ENHANCEMENT PROJECT. THIS PROJECT WILL INCREASE RESILIENCY OF SOURDOUGH WATERSHED TO DROUGHT IMPACTS & PROVIDES AUGMENTED WATER SUPPLY, PROTECTS EXISTING MUNICIPAL WATER RIGHTS, AND IT AUGMENTS WATER SUPPLY CAPACITY OF SOURDOUGH WATERSHED. THIS IMPACTS THE CITY'S LONG-TERM WATER RIGHTS & HELPS CLOSE THE APPROACHING WATER SUPPLY GAP. THIS PROJECT COULD HAVE POTENTIAL FEMA INVOLVEMENT FOR FLOOD CONTROL. <b>ALTERNATIVES CONSIDERED:</b> POSTPONE <b>ADDITIONAL OPERATING COSTS:</b> UNKNOWN	10,000,000 -	10,000,000	WIF51
WATER MAIN COTTONWOOD ROAD BETWEEN OAK TO BAXTER	2023	WATER MAIN COTTONWOOD ROAD BETWEEN OAK TO BAXTER <b>DESCRIPTION:</b> 16-INCH WATER MAIN TO BE CONSTRUCTED IN COTTONWOOD ROAD BETWEEN OAK AND BAXTER TO MATCH OUR STREET PROJECT IN FY 123. THAT WATER MAIN IS SHOWN IN THE WATER MASTER PLAN, AND WE NEED TO MAKE SURE IT IS CONSTRUCTED WHEN THE ROAD PROJECT IS CONSTRUCTED.	400,000 - - - - - - - - - - -	400,000	WIF52
NELSON MEADOWS WATER MAIN OVERSIZING	2021	NELSON MEADOWS WATER MAIN OVERSIZING <b>DESCRIPTION:</b> DEVELOPER REQUIRED TO INSTALL 16" WATER MAIN PER THE CITY'S WATER FACILITY PLAN. THIS IS AN OVERSIZING COST FROM THE MINIMUM REQUIRED SIZE. EXACT COST TO BE VERIFIED.	340,000 - - - - - - - - - - -	340,000	WIF53