

FINANCIAL IMPACTS:

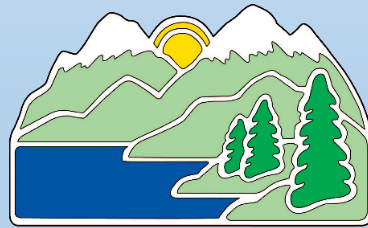
No financial impact.

ATTACHMENTS:

None.

Long-Term Financial Planning

District Priority Projects Update



Tahoe City Public Utility District

Today's Goals

- Continue Long-Term Financial Planning (LTFP) Board discussions
- Review and discuss an updated list of District Priority Projects narrowed down to a 10-year horizon (from 30-year presented earlier)
 - Any missing / any that should be removed?
- Identify Priority Projects that may meet the Board's philosophy for potential debt financing
- Review and discuss need to further prioritize project list and to further account for project delivery capacity
- Discuss next steps in LTFP process
- Receive feedback



LTFP – Past Discussions

In the past year, there have been three Board LTFP discussions related to today's subject matter:

- April 16, 2021 – Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion
- May 21, 2021 – Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion – Part 2
- August 20, 2021 – Long Term Financial Planning - Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion



LTFP – Past Discussions

April 16, 2021 - Board Meeting – “Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion”

Discussed:

- Tahoe Cedars/Madden Creek Master Plan Summary
- Infrastructure funding options (cash/debt)
- Potential debt service payment (full project cost scenario)
- Future policy considerations
- Public outreach considerations

Board Feedback:

- Public engagement is important – District must define goals first
- Interest in pursuing some level of financing to take advantage of historically low cost of borrowing*



LTFP – Past Discussions

May 21, 2021 - Board Meeting – “Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion”

Discussed:

- 30 Year Planning Horizon
 - Existing Water System Infrastructure Liabilities & Revenue Projections
 - Future Water System Acquisitions
 - Property Tax Revenue Projections
 - Future Large General Fund Projects
- Water System Policy Considerations
- Public Outreach Considerations

Board Feedback:

- Interest in evaluating customer willingness towards contributing financially to speed up the pace of system reconstruction
- Hire Communications consultant and develop communications strategy – bring back to Board for review



LTFP – Past Discussions

August 20, 2021 - Board Meeting – “Long Term Financial Planning - Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion”

Discussed:

- Introduced Martin Rauch of Rauch Communications, retained to develop a public engagement strategy
- Staff recommendation to take a step back due to magnitude of the financial demands on the entirety of the District – proceed deliberately
- Impact that financial decisions for Tahoe Cedars/Madden Creek play for future potential water system acquisitions
- Development of a LTFP Team consisting of staff and municipal financial advisor, water rate, and special assessment consultants
- Development of methodology for a more limited/prioritized approach for Tahoe Cedars water system replacement
- Delay Tahoe Cedars/Madden Creek project execution until the LTFP and community participation is more developed.



LTFP – Past Discussions

August 20, 2021 - Board Meeting – “Long Term Financial Planning - Tahoe Cedars & Madden Creek Water Infrastructure Funding Discussion” (Cont.)

Staff presented a plan for a series of LTFP presentations for the Board to:

- Examine alternative project approaches for the reconstruction of the TCWS and MCWS
- *Examine, in further detail, cost estimates for currently identified water infrastructure and parks/recreation facility improvement projects*
- Evaluate debt financing options
- Evaluate overall District borrowing capacity for both water and parks/recreation facility projects
- Evaluate mechanisms and amounts for current property owner financial participation and for owners of potential future acquisitions.
- Evaluate policy considerations



Priority Projects – Assumptions

- 10-year planning horizon – advance the discussion/planning process
 - Ability to plan more accurately than 30-year period
 - Acceptable time-period for spending “borrowed” money
 - 10-Year period to begin when we expect to draw on loan/bond (A few years)
- Attempted to account for workload and staffing project delivery capacity
- Identified projects that Board might consider for debt financing
 - Large, one-time costs
 - Benefit multiple customers
 - Not routine rehab/replacement projects
 - Low grant funding eligibility*

Notes:

No “new” projects – focused on fulfilling commitments already made

All of these could be offset with Grant Funding – to the degree available



10-Year Water Capital Projects – For Consideration of Debt Financing

➤ Tahoe Cedars System Reconstruction	\$ 43.0M
➤ Madden Creek System Reconstruction	\$ 8.0M
➤ West Shore Storage & Transmission Augmentation - (Storage Only)	\$ 10.5M
➤ Administrative Facility Improvements – Water Fund Share	\$ 5.0M

Total Water Infrastructure Projects to consider for Debt Financing **\$ 66.5M**

West Lake Tahoe Regional Water Treatment Plant (to be included in Financial Model) - \$20M



10-Year Water Capital Projects – Pay/Go Financing

- Recommend \$1.5M/year (Min.) towards these projects – total of \$15M (Min.) over 10 year
 - \$2.5M/Year for Water Capital from Water Rates (current rate study)
 - \$600K/Year committed to WLTRWTP Financing (from water rates)
- Regular end-of-life, replacement, rehabilitation, and upgrade water capital projects:
 - Localized water line replacement projects
 - System hydraulic improvement projects
 - Smart meters / battery replacements
 - Tahoe City Main Emergency Water Supply
 - Rubicon Water System Transmission Improvements



Longer Term Planning Horizon Water Capital Projects

Future Water Projects/Acquisitions:

- WSSA Transmission Improvements - \$9M
- Tahoe City Main Source Augmentation Projects - Scope and \$\$ TBD
- Potential Water System Acquisitions & Related Infrastructure Improvements - \$45M
 - Tahoe Pines/Tahoe Swiss Village
 - Glenridge
 - Skyland-Nielsen
 - Tahoe Park (plus Washoe Heights)
 - Ward Well
 - Lakeview (Real Estate Row)



10-Year Sewer Capital Projects – Pay/Go Financing

- \$1.5M/year* towards these projects – total of \$15M over 10 years (plus \$6.5M reserve amount)
 - Dollar Edgewater SLR
 - Regular/Ongoing Sewer Line Replacements
 - SPS Storage Improvements
 - Sewer Pump Station Rehabilitations
 - Future Sewer System Master Plan Projects
 - Admin Facility Improvements – Sewer Fund Share \$5M

*Per 2019 Rate Study

Impacts workload and staffing capacity

No debt financing recommended currently



10-Year General Fund (Parks and Rec) Projects for Consideration of Debt Financing

- Multi-Use Trail System Rehabilitation - West and North Shore \$ 4.2M
 - Tahoe City Community Center Building (Occupancy Only) \$ 3.1M
 - Tahoe City Golf Course Clubhouse Improvements (District Share) \$ 2.5M
 - Administrative Facility Improvements (Gen Fund Share) \$ 5.0M
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Total General Fund Capital Projects to consider for Debt Financing - \$14.8M



10 Year General Fund (Parks/Rec) Projects – Pay/Go Financing

- Recommend \$500k/year – total of \$5M over 10 years, for upgrades and end-of-life rehabilitation of existing District-Owned Facilities
 - TCGC/WSP Property
 - Lake Forest Boat Ramp
 - Lake Forest Campground
 - Bells Landing
 - Kilner Park
 - Tahoe City Community Center
 - Fairway Community Center
 - Highlands Community Center
 - Tahoe XC Property
 - Tahoe City Sidewalks



Longer-Term Planning Horizon General Fund Capital Projects

Future General Fund Opportunities/Projects:

- Joint-Active Recreation Assessment Projects
- Tahoe City Community Center Projects
- Recreation Center/Swimming Pool
- Other Future Opportunities



Projects to consider for Debt Financing

Priority Projects

Water

• Tahoe Cedars Water System Reconstruction	\$ 43,000,000
• Madden Creek Water System Reconstruction	\$ 8,031,000
• West Shore Storage Augmentation (Storage Only)	\$ 10,486,000
• Admin Facility Master Plan Projects (Water Fund)	<u>\$ 5,000,000</u>
Water Fund Subtotal	\$ 66,517,000

General Fund

• Multi-Use Trail System Rehabilitation (West/North Shore)	\$ 4,200,000
• Tahoe City Community Center (Occupancy Only)	\$ 3,132,000
• TCGC/WSP Clubhouse (District Share)	\$ 2,500,000
• Admin Facility Master Plan Projects (General Fund)	<u>\$ 5,000,000</u>
General Fund Subtotal	<u>\$ 14,832,000</u>
Total	\$ 81,349,000

Next Steps

Staff to continue developing future presentations for the Board to:

- Evaluate mechanisms and amounts for current property owner financial participation and for property owners of potential future water system acquisitions
- Examine alternative project approaches for the reconstruction of the TCWS and MCWS
- Evaluate overall District borrowing capacity for both water and parks/recreation facility projects
- Evaluate debt financing options
- Further refine the presented 10-year capital program to account for above evaluations
- Evaluate policy considerations



Questions, Comments, Feedback?

