



Overview

Tigard is preparing a strategic *Water Financial Plan* as a roadmap for future water utility funding. The plan includes:

- A water rate study
- A methodology to update systems development charges (SDCs) – one-time charges paid by new development to offset the cost of new capacity
- A schedule that identifies when future funds will be needed.

Goals that guide the financial plan:

- ✓ Develop fair and equitable rates, SDCs and fees
- ✓ Ensure water service is financially self-supporting
- ✓ Encourage water conservation
- ✓ Enable Tigard to obtain bond financing for water source ownership

Tigard Water Service Area

Tigard's drinking water system serves a population of 57,000 in the *Tigard Water Service Area*, which includes the cities of Tigard, Durham, King City and the Tigard Water District.

Water Source Ownership

In August 2008, Tigard and Lake Oswego agreed to merge their water systems. The Lake Oswego Tigard Water Partnership will upgrade and expand Lake Oswego's existing water facilities to meet both communities' future needs.

When the water system upgrades are completed in 2016, Tigard will receive 14 million gallons per day of treated drinking water from the Clackamas River. The improvements are timed to be on-line before Tigard's water supply contract with Portland expires.

The Water Financial Plan will determine water rates and fees necessary to pay for water source ownership, ongoing water system operations and other long-term water system needs.

The financial plan will look at how water is being charged (currently customers pay for "blocks" of water) to evaluate if a conservation rate structure (where customers who use more water, pay more than customers who conserve water) or another rate method might be more equitable for ratepayers.

The plan also updates Tigard's SDCs to offset the costs of new capacity and recommends changes to water service fees such as water system connection permits.

Preliminary Findings

Over the past 10 years, Tigard investigated four water supply options including continuing to purchase water from the City of Portland. The Lake Oswego Tigard Water Partnership offers the most beneficial option at the least cost. Tigard customers will save an estimated \$2.5 million per year and gain an ownership share in a local high quality drinking water source, along with an ability to control future costs.

A preliminary estimate indicates Tigard's share of capital costs to upgrade the Partnership's major facilities will be \$118 million. These costs will be funded through higher water rates and increased development charges. The project will be debt-financed, with both cities selling bonds to be repaid with interest over a 20-year period.

Significant increases in water rates and SDCs will be necessary to pay for water system improvements. The costs will be paid through revenue bonds, with funds borrowed and repaid over time.

Next Steps

Work is still under way on the Tigard Water Financial Plan. The plan is scheduled to be reviewed by the Intergovernmental Water Board for the Tigard Water Service Area, then considered for adoption by the Tigard City Council on November 9, 2010. The updated SDC methodology is scheduled to be considered by the City Council on December 14.

Learn More

For more information on the Tigard Water Financial Plan contact John Goodrich, Utility Division Manager at 503-718-2609 or johng@tigard-or.gov or visit www.tigard-or.gov/water.



Lake Oswego's water treatment plant will be upgraded and upsized to provide high quality drinking water to both communities.