Clean Water Services
Our commitment is clear.

DATE: December 20, 2013

TO: Clean Water Services Advisory Commission (CWAC) Members
and Interested Parties

FROM: Mark Jockers, Government & Public Affairs Manager

SUBJECT: REMINDER OF AND INFORMATION FOR JANUARY 8 MEETING

This is a reminder of the CWAC meeting scheduled for **Wednesday, January 8, 2014.** The CWAC meeting packet will be mailed to Commission members on December 26. The Agenda will also be posted to Clean Water Services' website by December 27 at CWAC section of our website.

Food will be served for CWAC members at **5:30 p.m**. prior to the meeting.

Please call or send an email to Mark Jockers (JockersM@cleanwaterservices.org; 503 681-4450) if you are unable to attend so food is not ordered for you.

Enclosures in this packet include:

- Agenda for January 8, 2014 Meeting
- November 13, 2013 Meeting Notes

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Clean Water Services Advisory Commission
January 8, 2014

AGENDA

6:30 p.m. **Welcome**

6:35 p.m. **Review/Approval of Meeting Notes of November 13, 2013**

6:40 p.m. **Election of Chair and Vice Chair**
Tony Weller has agreed to continue serving as Chair pending the Commission's approval. Mike McKillup has agreed to put his name forward to serve as Vice Chair. Other nominations are welcome from the Commission.

- Chair Nominee: Tony Weller
- Vice Chair nominee: Mike McKillip

Action requested: Nominate and elect Chair and Vice Chair

6:50p.m. **Confirmation of Budget Committee members**
Clean Water Services' Budget Committee is made up of the five Board of Directors and five citizens from CWAC who reside within CWS's service district. The current CWAC member who has been appointed by the Board is Alan DeHarpport. Previous members whose Budget Committee Terms have expired and are eligible for reappointment include: Tony Weller, John Kuiper, Lori Hennings, and Molly Brown. The Budget Committee is scheduled to meet on May 2, 2014

Action requested: Recommend Budget Committee members to the Board for Appointment.

7:00 p.m. **Appointment of Appeals Subcommittee**
The CWAC By-laws (R&O 12-1) charges CWAC with appointing three members to an Appeals Subcommittee to serve three year terms. The Subcommittee hears and decides appeals regarding the implantation or application of various District programs, standards and rules. Staff will provide an overview of the Appeals Subcommittee's role and ask for the Commission to make appointments.

- Jerry Linder, Legal Counsel

Action requested: Appoint Appeals Subcommittee members

7:15 p.m. **A Decade of Innovation and Tree For All Celebration**

In 2004, Clean Water Services was issued the nation's first integrated watershed NPDES permit which allowed for temperature trading in the Tualatin Watershed. Over the past decade a series of innovative strategies were developed to increase community capacity and leverage millions of regional and federal dollars. In 2015, CWS and the local community will be celebrating Ten Years of Innovation and the release of the new Tree for All campaign. This presentation will provide an overview of the last ten years of water quality trading, proposed Tree For All celebration in 2015, and set the stage for the next decade.

- Bruce Roll, Watershed Department Director

Action requested: Informational item

8:15 p.m. **Announcements**

8:20 p.m. **Adjournment**

Next Meeting: February 12, 2014

Clean Water Services
Clean Water Advisory Commission
Meeting Minutes
November 13, 2013

Attendance

The meeting was attended by Commission Chair Tony Weller (Builder/Developer) and Commission members Molly Brown (District 2-Malinowski), Cathy Stanton (District 1-Schouten), Erin Holmes (Environmental), John Kuiper (Business), Mike McKillip (District 3-Rogers), Art Larrance (At-Large-Duyck), Judy Olsen (Agriculture), Stephanie Shanley (Business), Richard Vial (District 4-Terry), David Waffle (Cities), Jerry Ward (Agriculture), and Clean Water Services District General Manager Bill Gaffi.

Commission member Alan DeHarpport (Builder/Developer) was absent. Sandy Webb (Environmental) has resigned her position.

The meeting was also attended by Ray Bartlett (EFA, consulting firm) and Lori Hennings (interested citizen).

Others attending included Bob Baumgartner (Regulatory Affairs Department Assistant Director), Nora Curtis (Conveyance Systems Department Director), Diane Taniguchi-Dennis (Deputy General Manager), Roger Dilts (Regulatory Affairs), Mark Jockers (Government and Public Affairs Manager), Kathy Leader (Finance Manager), Jerry Linder (General Counsel), Carrie Pak (Conveyance Systems Department, Engineering Division Manager), Mark Poling (Business Operations Department Director), Lorien Walsh (Government and Public Affairs), and Ken Williamson (Regulatory Affairs Department Director), all from Clean Water Services.

1. Call to Order
The meeting was called to order by Mr. Weller at 6:34 PM in the conference room at the Clean Water Services Administration Building. Self-introductions were offered.

2. Review/Approval of September 11 Meeting Notes
Ms. Brown moved to approve the minutes of the meeting held September 11, 2013. The motion was seconded by Mr. McKillip. Motion passed.

3. 2013 Stormwater Report
Mr. Dilts distributed copies of the Clean Water Services Stormwater Program Annual Report and briefly reviewed the contents. The report is required as a condition of the District's NPDES (National Pollutant Discharge Elimination System) permit issued through DEQ (Oregon Department of Environmental Quality), and must include nearly a dozen sections addressing specific aspects of a stormwater management program. It brings together information about stormwater collection, illegal discharges, and industrial pretreatment activities from several departments at Clean Water Services and the

District's partner cities, who are co-implementers of the permit. Mr. Dilts noted that city and District staff members are proud of the work they do all year every year and appreciate the chance to showcase it in the report. Some of that work included: 15,800 separate construction site inspections, 28,000 miles of streets swept with nearly 13,000 cubic yards of debris removed, more than 40,000 catch basins cleaned, and more than 300 miles of storm sewer line cleaned, and inspection of all 85 industrial discharge permit-holders added 317 acres of new or redeveloped stormwater treatment area, and added 22 new LIDA (Low Impact Development Approach) sites.

The report is also available on the Clean Water Services website.

4. Regional Stormwater Management Charge (RSMC) Update

Ms. Curtis shared a brief update on the RSMC (Regional Stormwater Management Charge) process, for which the Commission has provided input during several previous meetings. The RSMC will apply to development that is served by publicly-funded regional stormwater facilities. A Commission subgroup including Mr. Weller, Ms. Brown, Mr. McKillip, and Mr. Waffle has also participated in three stakeholder meetings since the last Commission meeting. Ms. Curtis said an ordinance and methodology have been drafted and reviewed, with a public reading on the Ordinance scheduled for the end of November and a public reading/public hearing on both the Ordinance and Methodology scheduled for December 3. As required by law, there will be a third reading of the ordinance December 17. The first facility providing the cost basis for the new RSMC is now under construction. Ms. Curtis estimated completion in early 2014.

Ms. Curtis said comments from the development community have been generally positive and thoughtful as everyone determines how the program will work in practice. She added that the stakeholder group has recently begun discussing reimbursements for privately-funded regional stormwater facilities, which will likely spark some new comments. Mr. Weller commented that the process has moved forward very quickly given its scope and suggested that some adjustments should be expected.

5. System Development Charge Financing Policy Review

Mr. Poling reviewed the Board's charge that the Commission consider the question of offering SDC financing to commercial and industrial customers ***(presentation attached)***. He also reviewed the process and schedule for gathering information and drafting recommendations through January, 2014, then accepting public comments before finalizing recommendations for the Board by the end of March, 2014.

Mr. Poling reviewed the current Clean Water Services ordinance offering SDC financing to residential (single- and multi-family) property owners. Clean Water Services does not offer SDC financing to commercial or industrial customers. Commercial customers are required to pay SDCs when the building permit is issued but industrial customers are not required to pay until the time of discharge. Clean Water Services defines "industrial" customers as those which hold an industrial pretreatment discharge permit. There are currently 85 such customers, which vary greatly in size.

Mr. Poling and Mr. Linder explained there are multiple interpretations as to whether the statutes addressing SDC payments over time actually require, or simply allow, financing for owners of single-family, multi-family, mixed-use, and/or commercial and industrial properties. In addition, customer classes are not clearly defined in the statute, which was originally intended simply to help single-family homeowners during a past economic downturn but was immediately expanded as others lobbied for inclusion.

Mr. Poling, Ms. Leader, and Mr. Bartlett reviewed sections of the white paper ***(attached)*** sent out prior to the meeting. First, Mr. Poling reviewed the customer class definitions. Based on discussion during the last meeting, he included some possible residential sub-classes and left open the possibility of identifying subclasses for commercial or industrial.

Next, Ms. Leader summarized information from Clackamas County and the cities of Bend, Gresham, and Salem. Clackamas County does not offer financing at all, while the three cities offer financing to commercial and industrial customers as well as single-family and multi-family. All require a first lien, charge a relatively high interest rate, and have relatively small total outstanding amounts. All three offer financing on a 10-year term with 20 payments as described in the state statute (Bend also offers shorter-term alternatives), but most projects financed are single-family residential construction and are usually paid off in 2-3 years when the owner sells the property. Ms. Leader noted that among Clean Water Services partner cities, only Tualatin offered a financing program for commercial/industrial but it was discontinued due to risk factors and the administration required and there has not been an outcry for its return. All partner cities use the 10-year/20 payments plan.

Ms. Leader also reviewed printed and graphic information comparing District, city, and total combined SDC revenue by customer class over the past few years. She noted that even with some data still outstanding, it is obvious that amounts collected vary greatly from year to year, as does the proportion collected from each class. The largest share of SDC revenue to Clean Water Services has been from industrial customers, followed by single-family, multi-family, and commercial. Commercial has also accounted for the smallest share of SDCs collected by the cities. Mr. Poling pointed out that commercial SDC revenue, though relatively small, has been surprisingly stable over the past decade. He clarified that “commercial” is anything that is not residential or industrial.

Mr. Bartlett then outlined risks associated with financing SDCs for each customer class. Providing financing opens Clean Water Services to financial risk (partial, late, or non-payment) and to operational risk (expected demand doesn’t materialize after capacity has been expanded; fees from additional usage don’t cover costs of providing additional services). Financing SDCs for single-family residential development presents low financial risk and low operational risk for the District. The residential SDCs financed so far by Clean Water Services have been of no concern when the District issues debt—such a small amount will not make or break a bond issue.

As detailed in the white paper, the risks increase as the financing option is extended to other forms of development. There is medium to high risk with large multi-family, mixed use, or other commercial properties, which change often (Jantzen Beach has been completely leveled and rebuilt three times in the past 20 years) and may have an expected life shorter than the usual 10-year finance term. In commercial development, most of the value is usually in the business rather than the land and building, and they are often owned by multiple corporate entities which may be harder to find or hold accountable than individuals. Industrial developments present high financial risk, as the primary value is usually in equipment which may have limited resale value and will likely be obsolete in 2-5 years. Industrial developments are also likely to have different and/or multiple corporate ownerships on the land, the building, and the equipment, making it more difficult to place a lien. Clean Water Services already incurs significant financial and operational risk by allowing industrial customers to delay paying the SDC until the actual time of discharge, as the infrastructure for service must be in place by then. Mr. Bartlett noted that the general industry expectation for recouping investment on single-family development is about 7 years, but is 1.5 years on industrial projects.

Mr. Bartlett also reviewed ways to mitigate risks, also detailed in the white paper. Depending on the customer class, the District could require first lien position (which may still offer inadequate protection in some cases), charge a higher interest rate, reduce the length of time allowed for payment, and/or require that the outstanding balance be paid if/when the property title is transferred.

Ms. Leader continued, explaining how financing SDCs might affect rates, SDC revenue, and bonds, all sources of revenue for capital improvements. A debt coverage ratio graph (slide #17) showed that SDC revenue combined with other revenue has kept the ratio above 2.0 to maintain good credit ratings and keep cost of debt low. A debt coverage ratio below 1.2 is considered default. The high ratio shown for 2013 reflects a bond being paid off and an unusually large industrial SDC payment. The projections beyond 2014 assume periodic bond issues, which might come earlier, more often, and/or in larger amounts depending on the amount of SDCs financed.

Comments from throughout the meeting are summarized in the Appendix. Key points and themes from the discussion included:

1) Single- and double-family units, especially those converting from a septic system, should be the priority for offering financing
2) No change to current policy for industrial customers
3) Need information from stakeholders about potential demand for financing commercial SDCs
4) Need more information from cities about their interest in financing commercial SDCs
5) Need more information from member Cities about the possibility/feasibility of delayed SDC payment for commercial customers
6) Want more information from cities nationwide about if and how they finance commercial SDCs
7) Members of the Commission cited a need to define/describe if/how the public

purpose is served by offering financing. Other members asked about whether the financing policy question is also a question of encouraging or discouraging development and how that related to the Board's charge

5. Announcements

Mr. Jockers presented plaques to Mr. Ward and Ms. Hennings in thanks for their service as Commission members. Staff will be working with the Board of Directors later this month on appointments to Mr. Ward's position and the Environmental position left open by Ms. Webb's resignation earlier this year. Ms. Stanton was appointed earlier this year to the District 4 position when Ms. Hennings' term expired.

The next meeting is scheduled for December 11.

6. Adjournment

Mr. Weller declared the meeting adjourned at 8:34 PM.

(Meeting notes prepared by Sue Baumgartner)

APPENDIX

Clean Water Advisory Commission Meeting Minutes

November 13, 2013

Discussion of
SDC Financing for Commercial and Industrial Customer Classes

1. **Classes and Subclasses**

    a. Defining classes and sub-classes is a way to say who you are including and why, or who you are excluding and why, based on risk or other factors. (Brown, Weller)

    b. Single-family developers I've talked to aren't interested in financing, so that really just leaves single-family septic conversions. Maybe "septic conversion" is the classification/criteria to use. (Weller)

    c. Seems like a large multi-family project such as the one just financed should be considered commercial. (Brown)

    d. Commercial sub-classes could be Office, Restaurant, Retail. Industrial could be divided into Light, Heavy, "Clean Room.." (Vial)

    e. Financing for commercial is difficult to think about because it varies from a small fast-food place to a hospital to a flex-space so the SDCs could be very small or quite large, yet it's not a big component of the overall SDC revenue. (Weller)

    f. The idea of helping smaller businesses has come up often; maybe there could be wording to address that. We can ask how small business is defined in the various jurisdictions. For example, development codes in Beaverton differ for buildings above and below 50,000SF. (Stanton)

2. **Risk and Financial Impact**

    a. How much do you want in the finance pool? When you finance an SDC, you are essentially deferring the revenue stream for your capital improvement plan. There is usually about $50 million budgeted for capital improvements and at some point these delayed payments will create a gap. (Weller)
        i. It could be that we'd have to increase borrowing to replace that revenue. (Gaffi)
        ii. When you think about the industrial risks identified in the white

paper, and the size of the industrial SDC amounts, that really ties in with the comment about the gap in the revenue stream. (Waffle)

b. From what the debt coverage ratio graph shows, if we decided as a policy matter to encourage a class of development by offering to finance SDCs and that actually did trigger the need for additional capital in the bond market, we've got room (to borrow and still keep the ratio above the minimum). (Vial)
    i. Yes, depending on the amount and the timing. Keep in mind there is more to that line than just issuing more debt—your bond rating will change as cash reserves are depleted through construction and as your debt service increases. That will increase your cost of capital. (Leader)
    ii. Part of the reason for maintaining the ratio at 2.0 or higher is to keep us from being in the position of "needing" to borrow. As we saw in some of the other charts, the SDC amount is volatile. (Poling)
    iii. The SDC for a retailer like Lowe's or Home Depot which has few fixtures might be less than $200,000; something like the Cornelius Wal-mart with a grocery and deli could be more than $1 million. (Poling, Leader)
    iv. So even if we financed a $5 million SDC, we'd have plenty of bond capacity if we needed it. I appreciate that the conservative levels shown on the graph are beneficial for us, but the argument for not offering financing because we don't want to risk having to add more bond debt because of the potential for a swing of a few million dollars in SDCs is not convincing. (Vial)

c. If we look at single family as 40%-50% of SDCs except for 2013, and we look at who's going to be the users of a financing program, we can look at how much (money) is going to be in the program. I'm not necessarily advocating to expand financing, but we wouldn't zero out our SDC revenue. (Weller)

d. The debt service coverage ratio should be preserved for your own capital needs. (Waffle)

e. As a lender, the key thing I look for is debt coverage ratio, regardless of the loan purpose. Clean Water Services has a good strong ratio—why would you want to mess with that? Financing isn't your business-maybe you can use it to accomplish some of your objectives safely if you put enough caps and conditions on it, but otherwise leave it to the experts. If you can keep a good strong financial position, that's what you should do. (Ward)

f. I agree, but I think the board is asking us if we want to try and expand the financing of SDCs in order to encourage some kind of development in the area. And to say no because we want to protect our 2:1 ratio on our debt service doesn't answer the question. (Vial)

    i. Where did the question of whether we want to support development come up? (Holmes)
        1. If Clean Water Services offers financing that the developer can't get from the bank or chooses to get from the District instead of from the bank, then Clean Water Services is facilitating the project (supporting development). (Weller)
        2. Remember this question of offering financing came up because there is no policy in place for commercial and industrial and because Hillsboro and Clean Water Services had different interpretations of the state statute. It wasn't really driven by economic development or jobs, though that undertone is there—it was really to clarify the policy on commercial and industrial for the future. The Holland project qualified for SDC financing under the current single-family/multi-family policy—it is a mixed-use commercial project but only the multi-family residential portion of the SDCs was financed—but it brought to light the differences in interpretation and the need for a policy. (Jockers, Linder)

g. If this is the last line item in the construction budget that is going to make or break the deal, then there needs to be more equity in the deal. (Ward)

h. Having sat in on budget and rate increase processes, I would say that anything that could potentially hurt credit ratings or raise rates should be considered ever so carefully. (Hennings)
    i. It would be tough to explain a rate increase based on financing SDCs. (Weller)

3. <u>Purpose/Demand/Interest</u>

a. The white paper notes on page 7 that it (providing financing beyond residential) "may" encourage economic development…if we can't quantify that, then what's the public purpose served in pursuing this? I'd want to see that it **would** encourage development, then the Board can decide if this is the development that you want to happen or don't want to happen. (Waffle)

b. Are people clamoring for financing, asking for help—what's the demand? Part of our process is talking to stakeholders—have we asked any of them if not offering financing is actually a hindrance to development? (Ward, Weller, Vial, Shanley)
    i. The main one we've had was an industry that wanted to do a small

expansion, and we basically let them rent capacity. (Gaffi)

ii. There isn't a lot of demand for this; partly because lenders don't want to give up first lien position. If the person who would most need this finance option is someone who can't get financing for SDCs through their bank, why would that same bank agree to subordinate first lien position to us? (Gaffi)

iii. I know of a senior housing project of about $25 million with potential SDC probably about $0.5 million. The developer is not interested in SDC financing as their project financing covers it and they would rather not do a separate deal with another agency; he rejected the idea even before talking about terms, such as first lien. (Weller)

iv. Single-family developers I've talked to have no interest in financing SDCs, but they would love to delay payment until closing. (Weller)

c. It would be good to ask member cities about their interest in a financing program for commercial SDCs and who they think would use it. If cities have no interest, probably no need for Clean Water Services to lead the way. (Weller)

   i. Partner cities vary greatly in their interest. Hillsboro has high interest in attracting development (the rate they offered for The Holland project was lower than the lender's, which is what saved them enough money for the project to be feasible and for the lender to be willing to give up first lien position). (Gaffi)

   ii. Important to get a full conversation with cities as different staff will have different perspectives. Dave and I sit on the city managers group and can discuss with them to get a coordinated opinion. (Taniguchi-Dennis)

d. Need to know who else in the US is doing commercial and industrial SDC financing, and how much demand there is. (Stanton, Vial)

4. <u>Approaches and Terms</u>

a. It was noted last meeting that if a limit was placed on the amount of financing extended, we did not want a single-family or owner-occupied duplex property to end up without financing just because others got there first. (Poling)

   i. Single-family septic conversions should be our priority. (Weller)

   ii. The importance of financing to get single-family homes off septic and onto sewer has come up repeatedly—that's good public purpose for health and safety. (Stanton)

b. The turnover on commercial/industrial properties concerns me. Do a five-year instead of a 10-year term on those. (Weller, several others agreeing)

c. Industrial (anyone with an industrial waste permit) could/should be excluded from a financing program due to the conflict of interest. (McKillip)
    i. It would seem odd to borrow from our regulator. (Shanley)
    ii. Industrial customers are already allowed to pay as they need the capacity—it's not really financing, but the payments are not required up front, either. (Weller)

d. If we offer financing the terms must be set so that all our costs are covered, including administration. We should keep first lien position. We could set up a minimum initial payment up front. A fair rate would be higher than our own cost of money that we will have to borrow because of the delayed SDC revenue stream. (Weller)

e. What about deferring payment until occupancy for commercial projects, as is already done for industrial customers—building the system and waiting for that payment would be no different than when we build the system before we get a payment from an industrial discharge permit customer. (Vial)
    i. One subtle difference is that with industrial there is a permit issuance that triggers the SDC discussion, so we have our own administrative mechanism to ensure payment. With commercial we would rely on the city to track when they have issued building occupancy permits, and there are big differences between cities. (Taniguchi-Dennis)
    ii. It looks like Gresham offers deferral options—let's find out how that is working and any administrative issues they have. (Vial)
        1. Would be good to talk to other cities and could also chat about other SDCs—parks, water, etc. There is already authority in place to defer transportation development tax until occupancy. (Gaffi, Waffle)

Financing of System Development Charges White Paper

- Executive Summary and Recommendations
  - Recommendation – TBD - Ties together the existing policy and any recommendations for the Board from the Advisory Commission
  - Charge from the Board
    - Should the District consider financing (payment over time) the Sanitary System Development Charge (SDC) for commercial and industrial customer classes? If so, with what terms and conditions?
  - Additional information TBD
- Customer Classes
  - Definition of classes (taken from the Rates and Charges R&O and other sources as noted)
    - Residential or a Dwelling Unit (DU) - A separate residential unit with kitchen, bed and bathroom facilities including those in multiple dwellings, apartments, motels, hotels, mobile homes or trailers. Where allowed by zoning regulations, a dwelling unit shall also include an ancillary dwelling unit located on the same lot, when such ancillary dwelling unit does not exceed 1000 square feet in gross floor area.
    - Commercial or a Commercial Establishment - Any structure used other than as a dwelling.
    - Industrial Class or Industrial User - shall have the meaning set forth in the District's Industrial Sewer Rules and Regulations, Resolution and Order No. 09-1 (hereinafter R&O 09-1), and in 40 Code of Federal Regulations, Section 403.3(j). R&O 09-1""Industrial User" shall mean any user of the District sewerage system who discharges an effluent other than domestic wastewater into the District Wastewater System by means of pipes, conduits, pumping stations, force mains, constructed drainage ditches, surface water intercepting ditches, intercepting ditches, and all constructed devices and appliances appurtenant thereto." 1.04.28 Industrial User – IU shall have the meaning and scope of 40 CFR 403.3(j).Citation: 40 CFR 403.3(j)"The term *Industrial User* or *User* means a source of Indirect Discharge".

- Potential Sub-classes
  - Residential – Potential Sub-classes
    - Single Family Residential
    - Multi-family Residential
    - Mixed Use

- Background
  - Other Cities and Jurisdictions Policies and Experience
    - District staff collected data from like jurisdictions in Oregon including, Cities of Bend, Gresham, and Salem and Clackamas and Washington Counties. Most jurisdictions offered financing to all customer classes (residential, multi-family, commercial and industrial) over 10 years, however, interest rates applied are generally higher than current market rates ranging from 5% to 9.5%. In most cases, due the higher interest rate and first lien requirements, they have few commercial and industrial customers utilizing the program. A majority of the financed balances relate to contractors and developers who hold the financing during construction and pay off balances when the property is sold. See Appendix A **Error! Reference source not found.Error! Reference source not found.Error! Reference source not found.**attached for details by jurisdiction.

- Scale
  - Total Sanitary SDC Revenues
    - The District relies on SDC revenues to fund new capital construction and pay for existing capacity in the system. This has always been a volatile revenues source by year and by customer class, but has a significant impact on financing of infrastructure to meet capacity needs with growth. District collections have varied from a low of $2.4 million to a high of $12.7 million since 2005 and vary by class with 45% collected from industrial customers, 35% from single-family residential, 13% from multi-family and 7% from commercial customers. Appendix B provides historical trends of Sanitary SDC revenue collected by the District and SDS member Cities by customer class.
  - How much financing per year and/or per owner?
    - Current Policy – there are no limitations for the amount of financing the District offers either to an individual or in total. This was not a significant issue for consideration until the recent financing of the multi-family residential portion of the Holland Developments that when executed for the three

developments at Orenco Station will total about $4 million in total SDC financing.

- Security

  - Risk - Assessing the risk of default on the financing and the consequences of default. The risks are twofold—financial and operational. Whenever CWS finances an SDC, CWS is extending its credit to a 3rd party.

    - **Financial Risk:** There is always a positive risk that the 3rd party will not pay back the loan, or pay it back partially or delinquently.

    - **Operational Risk:** Operationally, when CWS sees increases in building activity, it begins planning for and constructing new wastewater facilities. CWS begins constructing ahead of increases in usage and, in so doing, takes two additional financial risks: (1) the money spent on the new capacity, and (2) that the increase in usage will pay the increase in operating costs of the new capacity. This last point requires some explanation. WWTPs in general benefit from scale economies, which is to say that the cost of sewage treatment per gallon decreases as the amount of sewage flow increases. This formula also works in reverse: decreases in flows result in higher costs per gallon. If a large development that requires more capacity than exists drives CWS to build new capacity and the development fails to materialize, then CWS is stuck with increasing operating costs.

  - Assessing Risk By Customer Class

    - Single Family residential - Low Risk – Low risk of financial default and low risk of operational failure. Until recently the SDC's financed were single family residential and the owner of the property took out the financing and with first lien position the District was well secured. Should the District offer financing to developers, the financial and operational risk remain relatively low. The single-family developments appeal to both the home-ownership and rental markets any each residential represents a relatively minute increase in sewage flow . Developers are sensitive to vacancy rates and tend to build new homes just ahead of the market—as a result financial risks to CWS are low. One single-family subdivision does not produce sufficient sewage flow to trigger an increase in CWS's treatment capacity—operational risk is very low.

    - Multifamily residential - Low to medium risk – Developments that involve a small number of units (under 100), and units already constructed present low financial and operational risks to CWS for the same reasons as discussed above for single family developments. Larger multifamily developments (e.g., 500 units or more) have greater financial and operational risk to CWS. In general, the larger the multifamily development the greater the risk to CWS—financially and operationally. However, similar to single-family developments, the security of a lien on the RMV is strong and developers tend to follow the market for new developments very carefully thereby reducing any market risk of complete failure.

- Large Multi-Family/Mixed use development - Medium to high risk - The risks of financial and operational default for these developments is similar to that for multiple family plus the added risk of commercial developments. The risks associated with commercial developments is higher than for residential developments because there are fewer of them and competition of newer nearby developments can reduce the value of existing commercial developments, and as explained for Commercial developments, ownership and the ability to collect on liens is more complex and risky.

- Commercial - Medium to high risk financially as the financing is not personal, as in single family but most likely with an incorporated body. Equity is probably sufficient on a very small commercial (e.g., restaurant) versus a much larger commercial development where significant value is in the equipment, not in the property. The system consequence has an even greater range, from very small to very high depending on the size and nature of the business.

- Industrial - High financial risk. While the District does not currently finance industrial customers, industrial customers do not purchase the SDC until the time of actual discharge, and all of the infrastructure to serve must be in place and ready at that time. Thus the District already incurs significant financial and operational risk, particularly for high flow and/or high wasteload customers. High risk of financial and operational default results because the scale of industrial development, the financial security pledged for collateral, and the term of usage. The scale of industrial developments can range from a small assembly plant that produces only domestic waste, to a large water-based processing plant that produces significant volumes and solids of wastewater. The risk varies with the scale of the development. For residential developments, the land and building represent over 80% of the real market value of the property and this is the collateral pledged to repay any debt. For industrial developments of any size the real market value is heavily weighted toward the value of the equipment in the building which may have a limited resale value and may depreciate to scrap value in just a few years. The term of use for industrial developments may be very short relative to housing developments. Housing structures last up to 100 years while industrial developments that are primarily valued for their equipment may have a resale value for only a few years (5 to 10 years).

- Risk Mitigation

  - Collateral – currently the District asks for first lien position on the property to get financing. This may not be adequate. The provisions in the SDC statutes closely follow the financing process in the LID statutes. When crafting an LID the local government assesses the risk of repayment based on the necessity to foreclose on a property that has failed to make payments. The government is at substantial risk if payments are not received on time because it has already issued bonds and used the proceeds to pay contractors to make the necessary LID improvements. The debt service schedule requires the government to make periodic payments and if the LID assessments fall short of the debt service payments, then the government has to use its general fund revenues to make the payments. So when a default on a property happens the government wants to be able to quickly foreclose on the property, sell it, and repay itself for any losses it has incurred. For these reasons, the government crafts the LID so that the LID assessment on any one property is a fraction of the market value of the property. CWS incurs a similar but lesser risk with financing large SDCs. CWS's risks of accepting installment payments of SDCs is less than it would be for s similar size LID because CWS does not immediately issue any bonds to cover the financed SDCs. Nonetheless, it needs to protect itself from default on the SDCs it finances.

    Generally, the cost of sewer SDCs and of building the on-site sewer lines represents a small fraction of the total cost of a development. A recent article in the ENR magazine (October 14, 2013, pp 55) estimates it represents about 1.6% of the total cost of construction (excluding land). This average is for all types of construction (e.g., residential, commercial, industrial) and may vary substantially among developments. A developer's motivation for financing the SDC portion of a large development will be influenced by the interest rate and terms CWS offers for financing the SDC relative to the developers access to capital from its own resources or from lenders it depends on for construction financing. CWS is not in a position of evaluate the market risk of a particular commercial or industrial development. That task is performed by lenders who have experience and expertise on staff to evaluate such risks.

  - Interest Rate – the current rate is the Oregon 10 Year AA Bond rate plus 2% admin fee (current total rate is about 4.6%). Is this adequate to cover the risk component? CWS may consider variable interest rates depending on the type of development:

    - Single Family Residential – Lowest risk and lowest SDC; the market value is concentrated in the land and building

        - Multifamily Residential – Higher risk and larger SDCs than single family; the market value is concentrated in the land and building

        - Commercial – Equal to higher risk and SDCs than multiple family; the market value is concentrated in the land and building

        - Industrial – Equal to higher risk and SDCs than commercial; the market value may be concentrated in the equipment used in manufacturing (land and building value may be less than 50% of the total market value)

    - ❖ Term - Current is 10 years. Reducing the term reduces the exposure to potential default. Especially for industrial developments that supply product to an existing or perceived market may have a short life due to market shifts.

    - ❖ Title Transfer – District asks that all outstanding balance with any accrued interest be paid at the time of title transfer.

    - ❖ Borrower – this will vary based on customer class. Most single family residents are individuals. The large multifamily at Orenco is a corporation.

- ▪ Impact on the Financial Capacity of the District with increased SDC Financing – The capital program is funded from three sources – rate revenue (cash), SDC's, and bond proceeds. SDC financing affects all three components. The District will need to ensure adequate financial reserves and maintain strong annual debt service coverage ratios. This is accomplished through net rate revenue (rates less operating expenses) and SDC revenues collected to cover outstanding debt payments. This will allow the District to maintain favorable credit ratings thus keeping the cost of debt issuance low through favorable interest rates.   It is important for the District to maintain capacity and flexibility for future debt issuances to meet growth and regulatory based capital expansion needs.

    - ❖ Rate revenue – one of two sources to cover the financed SDC's. Might require higher rate increases to fund the capital program. On the plus side, if financing encourages development, there are more ratepayers.

    - ❖ SDC revenue – obviously, the collection over time reduces this as a source of funding for constructing current program as well as reimbursing and paying off debt for previously constructed SDC eligible projects (SDC_r). Because the District pledges SDC revenue to help back bonds, increased financing may affect the District's ability to pay and/or the District's bond rating, making the cost higher.

    - ❖ Bond Proceeds – the other source of funding to cover financed SDC's. May require more frequent borrowing than the District's current financial plan calls for. Potential effect on the bond rating noted above. Future debt issuances required to meet sanitary sewer expansion needs, in particular if the District experiences rapid growth, will impact the District's fiscal capacity to issue new debt without adequate collection of SDC revenues and/or utility service rate increases.

- Economic and Stakeholder Issues

  - Economic Development – providing financing beyond residential may encourage economic development in the service area. This in turn provides jobs, increased taxes for the taxing jurisdiction. The direct benefit to the District is increased ratepayers but since we charge for what our costs are, not a significant benefit other than general economic vitality of the County.

  - "Big Business" vs. "Small Business"

    - The ability to raise financing differs by customer. This is also driven in part by economies of scale, business type, etc.

  - Member Cities

    - Member Cities offer SDC installment payments similar to the District with financing limited to residential and multi-family property owners in installments over 10 years at market rates. Most have limited installment balances. The largest balances outstanding are currently reported for multi-family development in Hillsboro at $1.8 million. See Exhibit A for detail by jurisdiction.

    - Under existing IGA's, the member Cities collect SDC's and remit a majority of the Sanitary SDC to the District (96%). If financing was extended to commercial customers the Cities may be more inclined ask the District to revise the IGA to have the District administer the financing agreements.

- Administration

  - The District has limited billing staff and contracts with Tualatin Valley Water District to bill joint and District only utility customers. The District also has an IGA with Washington County Tax & Assessment to administer installment payments for financed LID, LSI and sanitary sewer connection charges. The County charges fees based on new accounts opened and billings generated semi-annually. The District does not have the current capacity in-house to administer significant increases in installment payments. Jurisdictions that offer installment payments for business classes also require Legal review of contacts signed with property owners. District staff has experienced this effort when working with Hillsboro staff on the installment agreement for multi-family/mixed use development with the Holland Group.

- Potential Alternatives
    - Residential
        - ❖ Option 1 – No change in policy
            - Complies with state law, but with large multi-family developments such as the Holland Development at Orenco Station, may have significant impact on the amount financed.
        - ❖ Option 2 - Segregate Multi-Family and Multi-Family Mixed Use from Single Family
            - Continue to offer financing to all residential property to meet state requirements but have different terms and conditions and/or limits on the amount the District finances for multi-family dwellings, including the residential portion of mixed use development.
    - Commercial
        - ❖ Option 1 - No change in policy
            - No financing of SDC's for commercial property and the fees are payable at the time of building permit. Represents the least risk for the District and collects fees
        - ❖ Option 2 - Delay SDC until Occupancy
            - This provides the opportunity for the developer to delay the charge until the Occupancy Permit is issued. Other jurisdictions outside Washington County offer this form of financing. Interest may or may not be charged as well as a down payment.
        - ❖ Option 3 - Finance SDC's
            - Key to this alternative is the terms and conditions. This is a high financial risk and a medium operational risk. Some total dollar limit to financing might be required to protect the District's bond rating.
        - ❖ Option 4 – Purchase of Temporary Capacity
            - The District has a monthly charge for temporary SDC's for facilities and discharges that are temporary. These charges might be modified to allow a payment route to regular capacity purchase without the full cost upfront. This is also a form of financing.
    - Industrial

- Option 1 - No change in policy

    - Under the current District policy, industrial class customers are allowed to postpone payment of SDC charges until the time of discharge. This represents both a high financial and operational risk to the District, depending on type and size of the industry.

- Option 2 - Finance SDC's

    - This alternative represents the highest operational and financial risk to the District of all the alternatives. Terms and conditions are key and many security alternatives may not provide protection for the District's risk. Limiting the total amount financed is key to protecting the District.

- Option 3 – Purchase of Temporary Capacity

    - The District has a monthly charge for temporary SDC's for facilities and discharges that are temporary. These charges might be modified to allow a payment route to regular capacity purchase without the full cost upfront. This is also a form of financing.

- Recommendation(s)

    - To be determined.

Appendix A – Installment Agreement Comparison

Link to Spreadsheet (not available externally) Appendix_A Installment Agreement Comparison.xlsx

SDS Member Cities/CWS	Allow Sanitary SDC Install-ments	Customer Class	Term	Annual Interest Rate	First Lien	Applic ation Fee	% Pre - paid	Current Balance Financed	Notes
CWS	Y	SF/MF	10 years/20 semiannual pymts	Oregon 10 year bond rate AA + 2%	Y	N	N	$321 k	While not financed directly, the District has a receivable from IGA w/Hillsboro for Holland Development Wrap of $ 1.3 million on MF
Hillsboro	Y	SF/MF	10 years/20 semiannual pymts	10 Yr Avg T-Note +2%	Y	N	15%	$1.8 million	Includes $1.4 million for Wrap and $300K 4th & Main Bldg.
Beaverton	Y	SF/MF	10 years/20 semiannual pymts	Prime + 2%	Y	$250		none	Legal owner with proof of ownership and proof of property market value via certified appraisal or last County tax roll.
Tigard	Y	SF- reimb. district & connection fee only	10 years/20 semiannual pymts	Applicable Federal Rate (AFR), semi-annual, long-term	Y	N	N	$25k est.	Loan conditions: owner-occupied, structure existed at time reimb. district formed, and property owner requesting loan held title to property at time district was formed.
Tualatin	Y	SF/MF	10 years/20 semiannual pymts		Y				Use to allow commercial & industrial financing but discontinued few years back. Applied sliding scale fee of 15-20% of amount financed.
Forest Grove	Y	SF/MF	5 or 10 year semiannual installments	5 yr: Prime rate + 1% 10 yr: Prime rate = 2%	Y		15%		Interest rate set by Council resolution, 10 year loan allowed for Sanitary Sewer
Cornelius	Y	SF/MF	10 years/20 semiannual pymts	Not specified	Y	N		Never used	Rules cite Bancroft section of ORS
Sherwood*									*Waiting for information

Other Jurisdictions	Allow Sanitary SDC Install-ments	Customer Class	Term	Annual Interest Rate	First Lien	Application Fee	% Pre - paid	Current Balance Financed	Notes
Salem	Y	SF/MF/COM /IND	10 years/20 semiannual pymts	9.50%				$2.1 million	Majority financed relate to Contractors - paid once new construction is complete. No significant commercial. Some Condo's/Apts.
Bend	Y	SF/MF/COM /IND	10 years/20 semiannual pymts	Trad. 5 - 7%, Def 12%, Empl. 0% for 3 years	Y				Three loan programs: Traditional, Deferral and Employment Based. Approved over $2.0 million since 2008. Mainly SF residential.
Gresham	Y	SF/MF/COM /IND	10 years/monthly pymts	8%	Y	$431		under $500k	Offer deferral options for businesses to date of occupancy. Each financing requires a contract reviewed by legal. Owner of property must sign agreements.
Clackamas County	N								Limited financing in N. Clackamas indigent w/Federal money.
Washington County LUT*									*Waiting for information

Appendix B – Member City and District Revenue by Customer Class

Link to spreadsheet (not available externally) Appendix B Sanitary SDC Revenue History by Class.xlsx

Member City Sanitary SDC Revenue by Customer Class

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals	%
Beaverton												
SF Residntl	629,840	570,880	412,850	273,360	42,800	54,018	138,169	249,261	458,275	424,156	3,253,608	26%
MF Residntl	1,074,560	582,240	961,283	115,140	429,120	808,418	352,575	60,971	408,395	1,279,566	6,072,268	48%
Commcl	165,568	143,232	195,438	84,336	155,982	530,894	613,461	645,731	342,869	369,579	3,247,090	26%
	1,869,968	1,296,352	1,569,571	472,836	627,902	1,393,329	1,104,205	955,963	1,209,539	2,073,301	12,572,966	100%
Tigard												
SF Residntl	701,600	1,167,300	843,820	732,340	265,020	303,440	571,010	462,050	794,186	670,605	6,511,371	75%
MF Residntl											-	0%
Commcl	181,830	331,340	167,090	297,070	141,940	135,450	142,430	135,630	185,233	443,345	2,161,358	25%
	883,430	1,498,640	1,010,910	1,029,410	406,960	438,890	713,440	597,680	979,419	1,113,950	8,672,729	100%
Forest Grove												
SF Residntl								248,600	380,100	736,410	1,365,110	84%
MF Residntl								16,400	64,125	90,660	171,185	11%
Commcl								14,184	-	67,059	81,243	5%
	-	-	-	-	-	-	-	279,184	444,225	894,129	1,617,538	100%

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals	%
Cornelius												
SF Residntl				24,800	47,600	33,000	25,200	4,100	-	4,665	139,365	25%
MF Residntl				-	-	-	-	-	-	-	-	0%
Commcl				111,600	25,200	151,100	10,800	89,970	13,500	14,400	416,570	75%
	-	-	-	136,400	72,800	184,100	36,000	94,070	13,500	19,065	555,935	100%
CWS												
SF Residntl		2,542,500	2,350,000	1,842,700	1,522,800	836,000	1,444,700	1,430,550	2,195,500	1,959,885	16,124,635	35%
MF Residntl		2,480,000	991,500	623,400	286,900	77,500	57,600	116,900	65,900	1,345,455	6,045,155	13%
Commcl		491,313	498,175	247,269	356,919	304,663	302,256	376,594	219,725	234,598	3,031,511	7%
Industrial		180,815	178,958	94,038	247,445	3,502,070	3,443,236	639,226	3,286,174	9,116,939	20,688,901	45%
	-	5,694,628	4,018,633	2,807,407	2,414,064	4,720,233	5,247,793	2,563,269	5,767,299	12,656,877	45,890,202	100%
Tualatin												
SF Residntl				131,800	159,900	-	78,100	65,600	72,990	9,330	517,720	16%
MF Residntl				-	-	-		-	693,000	-	693,000	22%
Commcl				258,340	165,380	88,080	147,967	248,460	859,881	243,981	2,012,089	62%
	-	-	-	390,140	325,280	88,080	226,067	314,060	1,625,871	253,311	3,222,809	100%

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals	%
Hillsboro												
SF Residntl												
MF Residntl	Not Available											
Commcl												
Sherwood	-	-	-	-	-	-	-	-	-	-	-	-
SF Residntl												
MF Residntl	Not Available											
Commcl												
	-	-	-	-	-	-	-	-	-	-	-	-
Group Totals												
SF Residntl	1,331,440	4,280,680	3,606,670	3,005,000	2,038,120	1,226,458	2,257,179	2,460,161	3,901,051	3,805,051	27,911,809	39%
MF Residntl	1,074,560	3,062,240	1,952,783	738,540	716,020	885,918	410,175	194,271	1,231,420	2,715,681	12,981,608	18%
Commcl	347,398	965,885	860,703	887,015	820,221	1,059,086	1,206,114	1,420,599	1,607,708	1,358,562	10,533,291	15%
Industrial	-	180,815	178,958	94,038	247,445	3,502,070	3,443,236	639,226	3,286,174	9,116,939	20,688,901	29%
Totals	2,753,398	8,489,620	6,599,114	4,724,593	3,821,806	6,673,532	7,316,704	4,714,256	10,026,353	16,996,233	72,115,609	100%

SDC Policy Review

Presentation to the Clean Water Advisory Commission

November 13, 2013

CleanWater Services

Agenda

- Review charge, process, and schedule
- Review White Paper
- Input Process
- Action Items for next meeting

CleanWater Services

Goals for Tonight's Meeting

- Review the current draft of the White Paper and analyze the question of extending SDC financing to commercial and industrial customer classes.
- If yes,
  - Start develop of potential alternatives
  - Develop additional information needs for crafting the recommendations
- If maybe,
  - Develop additional information needs for making the determination

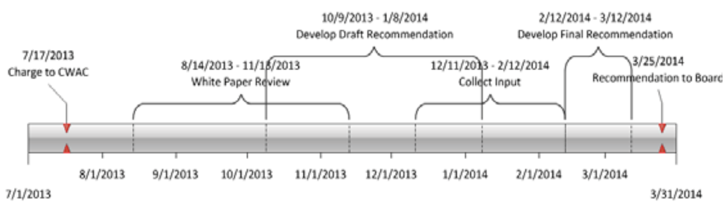
CleanWater Services

Process

- Review Information about potential changes and their affects through a "White Paper" format.
  - White papers prepared by staff and consultants with subject matter expertise
- Collect Stakeholder and Public Input
  - Cities via SDS and Finance Committees
  - Public Comment @ Commission Meetings
- Prepare findings/recommendations
- Present to the Board of Directors

CleanWater Services

Schedule



SDC Financing

- **Current District Ordinance**
  - **Offered to Residential Property Owners Only**
- **ORS Requirements**
  - **Residential Property Owners**
  - **Multi-family Property Owners**
  - **Mixed use**
  - **Commercial and Industrial**

White Paper Review

- **Customer Classes**
  - **Potential Sub-classes**
    - **Residential**
      - Single Family
      - Multi-family
      - Mixed Use
- **Other Cities and Jurisdictions Policies and Experience**
  - **Classes offered financing**
  - **Terms and conditions**

Other Jurisdictions

Jurisdictions	Sanitary SDC Installments	Customer Class	Term	Annual Interest Rate	First Lien	App. Fee	% Pre-paid	Current balance Financed	Notes
Salem	Y	SF, MF, COM, IND	10 years/20 semiannual pymts	9.50%				$2.1 million	Majority financed relate to Contractors - paid once new construction is complete. No significant commerical. Some Condo's/Apts.
Bend	Y	SF, MF, COM, IND	10 years/20 semiannual pymts	Trad. 5 - 7%, Def 12%, Empl. 0% for 3 years	Y				Three loan programs: Traditional, Deferral and Employment Based. Approved over $2.0 million since 2008. Mainly SF residential.
Gresham	Y	SF, MF, COM, IND	10 years/monthly pymts	8%	Y	$431		under $500k	Offer deferral options for businesses to date of occupancy. Each financing requires a contract reviewed by legal. Owner of property must sign agreements.
Clackamas County	N								Limited financing in N. Clackamas indigent w/Federal money.
Washington County LUT*									*Waiting for information.

Member Cities

SDS Member Cities/CWS	Sanitary SDC Installments	Customer Class	Term	Annual Interest Rate	First Lien	Application Fee	% Pre-paid	Current balance Financed	Notes
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Hillsboro	Y	SF, MF	10 years/20 semiannual pymts	10 Yr Avg Treasury Note + 2%	Y	N	15%	$1.8 million	Includes $1.4 million for Wrap and $300K 4th & Main Bldg.
Beaverton	Y	SF, MF	10 years/20 semiannual pymts	Prime + 2%	Y	$250		none	Legal owner with proof of ownerhsip and proof of property market value via certified appraisal or last County tax roll.
Tigard	Y	SF- reimb. district & connection fee only	10 years/20 semiannual pymts	Applicable Federal Rate (AFR), semi-annual, long-term	Y	N	N	$25k est.	Loan conditions: owner-occupied, structure existed at time reimb. district formed, and property owner requesting loan held title to property at time district was formed.
Tualatin	Y	SF, MF	10 years/20 semiannual pymts		Y				Used to allow commerical & industrial financing but discontinnued few years back. Applied slidng scale fee of 15-20% of amoutn financed.
Forest Grove	Y	SF, MF	5 or 10 year semiannual installments	5 yr: Prime rate + 1% 10 yr: Prime rate = 2%	Y		15%		Interest rate set by Council resolution, 10 year loan allowed for Sanitary Sewer
Cornelius	Y	SF, MF	10 years/20 semiannual pymts	Not specified	Y	N		Never used	Rules cite Bancroft section of ORS
Sherwood*									*Waiting for information.

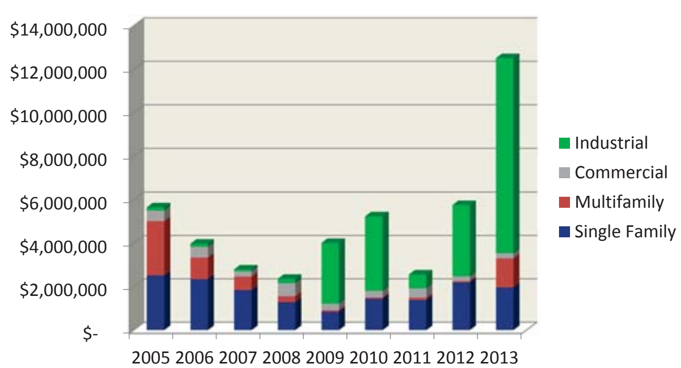
CleanWater Services

White Paper Review

- **Scale**
  - **Total Sanitary SDC Revenues**
  - **Current Financing**
    - **Total per year**
    - **Total per owner**

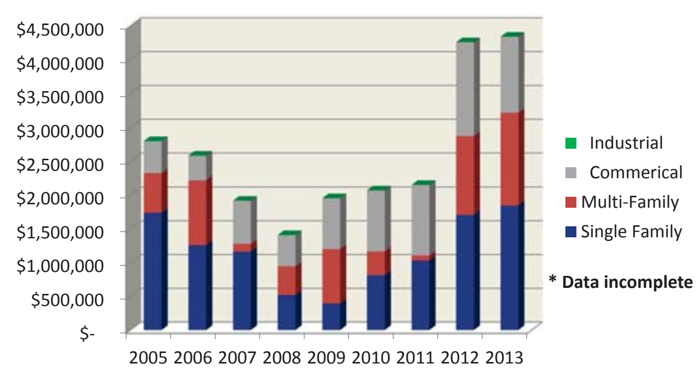
CleanWater Services

District Collected SDC Revenue by Customer Class



CleanWater Services

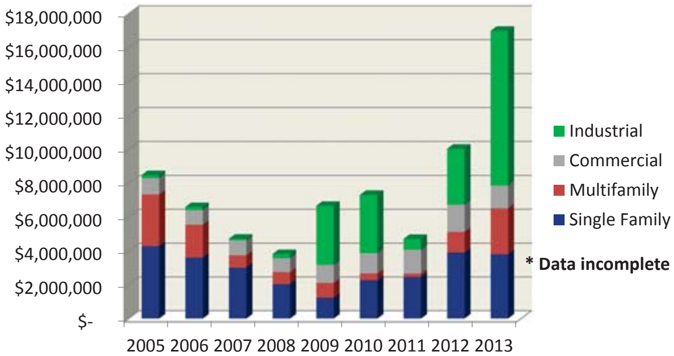
City Collected SDC Revenue by Customer Class*



*** Data incomplete**

CleanWater Services

Total Collected SDC Revenue by Customer Class*



White Paper Review

- **Security**
  - **Two types of Risk**
    - **Financial Risk**
    - **Operational Risk**
  - **By Customer Class**
    - **Single Family Residential**
    - **Multi-family Residential**
    - **Large Multi-family/Mixed use**
    - **Commercial**
    - **Industrial**

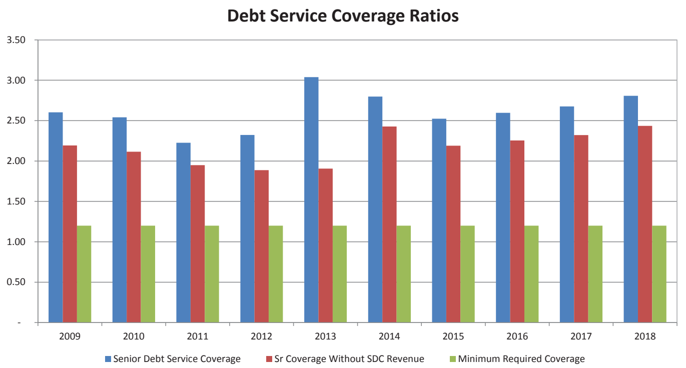
White Paper Review

- **Security**
  - **Risk Mitigation**
    - **Collateral**
    - **Interest Rate**
    - **Term**
    - **Title Transfer**
    - **Borrower**

White Paper Review

- **Impact on the Financial Capacity of the District**
  - **Rate Revenue**
  - **SDC Revenue**
  - **Bond Revenue**

Financial Capacity



Clean Water Services

White Paper Review

- **Economic and Stakeholder Issues**
  - **Economic Development**
  - **"Big Business" versus "Small Business"**
  - **Member Cities**
    - **Summary**
- **Administration**

Clean Water Services

White Paper Review

- **Potential Alternatives**
  - **Residential**
    - **Option 1 - No change**
    - **Option 2 - Segregate into sub-classes**
  - **Commercial**
    - **Option 1 - No change**
    - **Option 2 – Delay SDC until Occupancy**
    - **Option 3 – Finance SDC's**
    - **Option 4 – Purchase of Temporary Capacity**
  - **Industrial**
    - **Option 1 – No change**
    - **Option 2 – Finance SDC's**
    - **Option 3 – Purchase of Temporary Capacity**

Clean Water Services

White Paper Review

- **Recommendations**
  - **TBD**
- **Additional Information Needs**

Clean Water Services

Stakeholder Input

- **Stakeholders – Proposed Input Collection**
  - **Ratepayers – General Public Input @ Commission (?)**
  - **Member Cities – SDS and Finance Committees**
  - **Industry - Commission, other (TBD)**
  - **Environment – Commission, other (TBD)**
  - **Builders/Developers – Commission, other (TBD)**
  - **Customers in each class**
  - **Economic Development Interests**
  - **Bondholders – District's Financial Advisor and Bond Counsel**

CleanWater Services

Other Action Items

- **Information needs**

CleanWater Services

Next meeting

- **Finish Review of White Papers**
- **Collect Stakeholder Input**
- **Develop Draft Recommendations**

CleanWater Services