

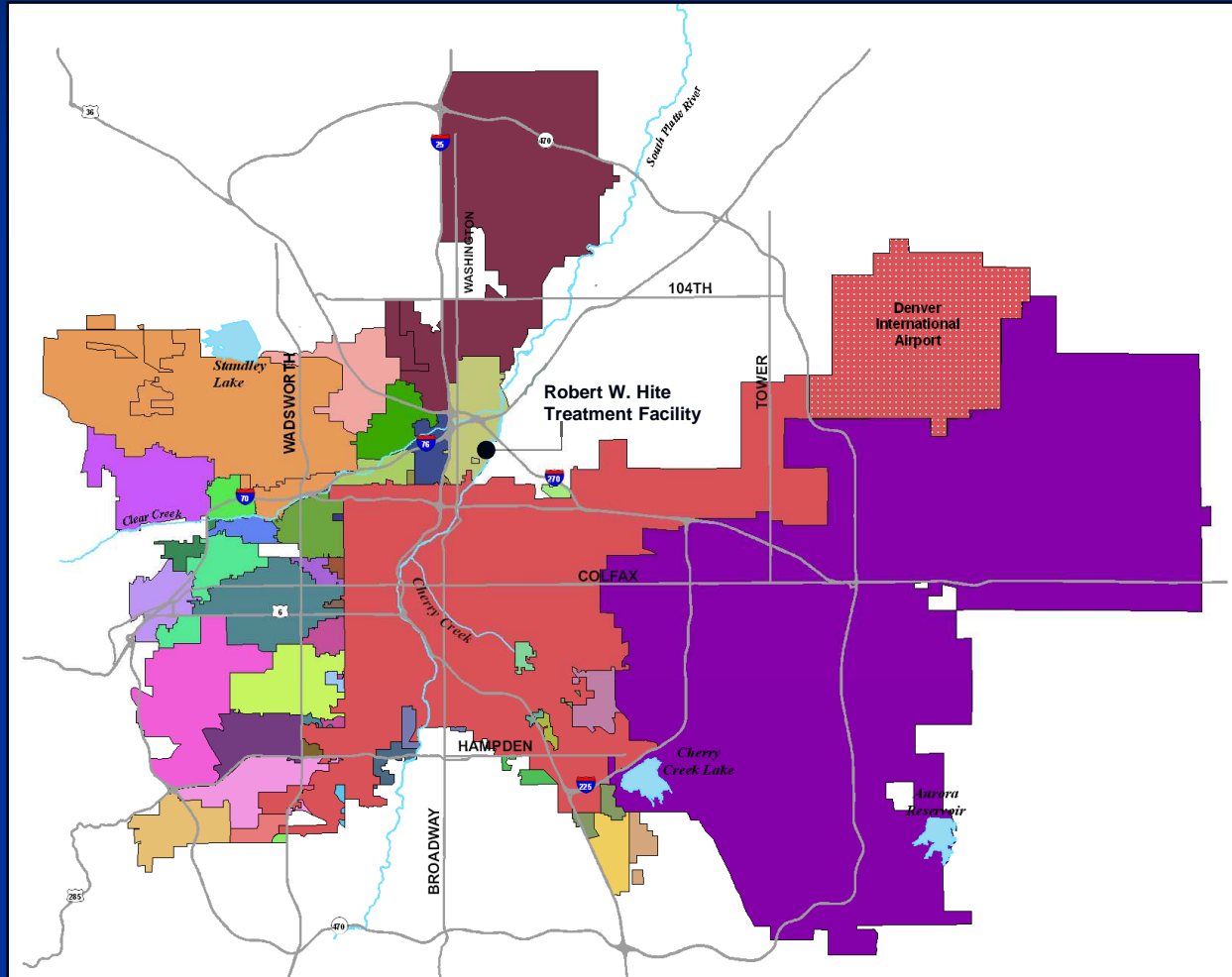
# CAPITAL PLANNING AND FINANCING PAST, PRESENT, AND FUTURE



Metro Wastewater Reclamation District



# Metro District Structure



- Single-purpose special district
- Charges assessed to municipalities = no direct ratepayer involvement





# The Past

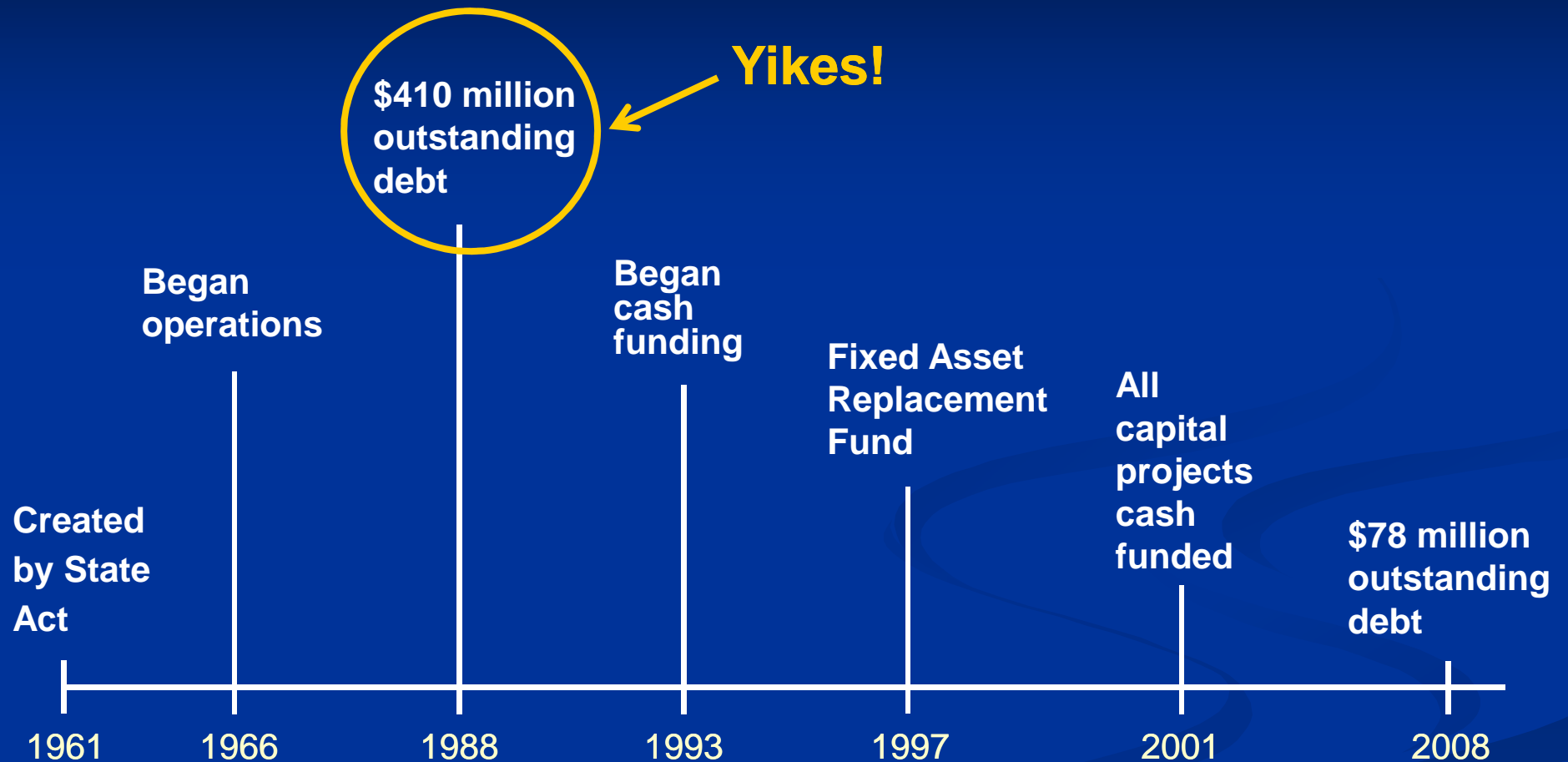


Learning to Be Proactive  
and Shaping the Future  
...Whether We Knew It or Not

or,  
The “Yikes!” Moment



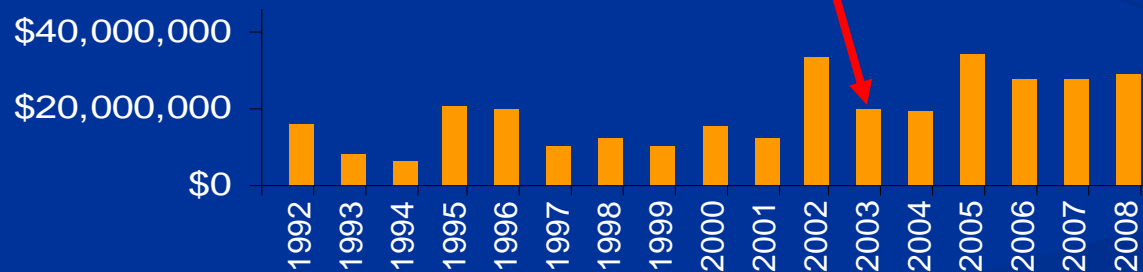
# Brief Financial History



# Historical Capital Needs



Not Business as Usual...  
Not for Many Years...





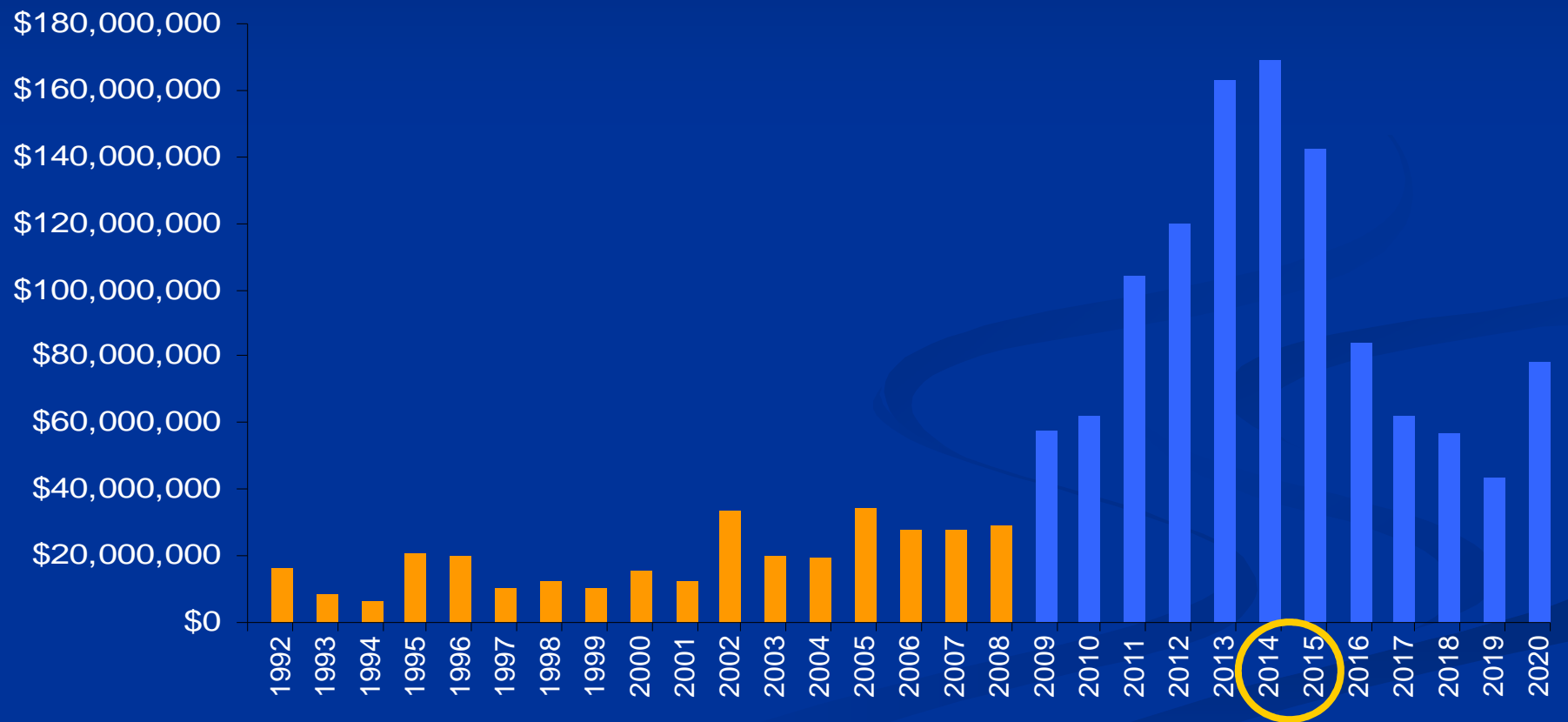
# The Present



Capital Needs  
Capital Project  
Management Program  
Funding the Needs



# Capital Needs





# Major Projects in the Near Term

South Complex  
Renovations  
\$325 million

2009-2014

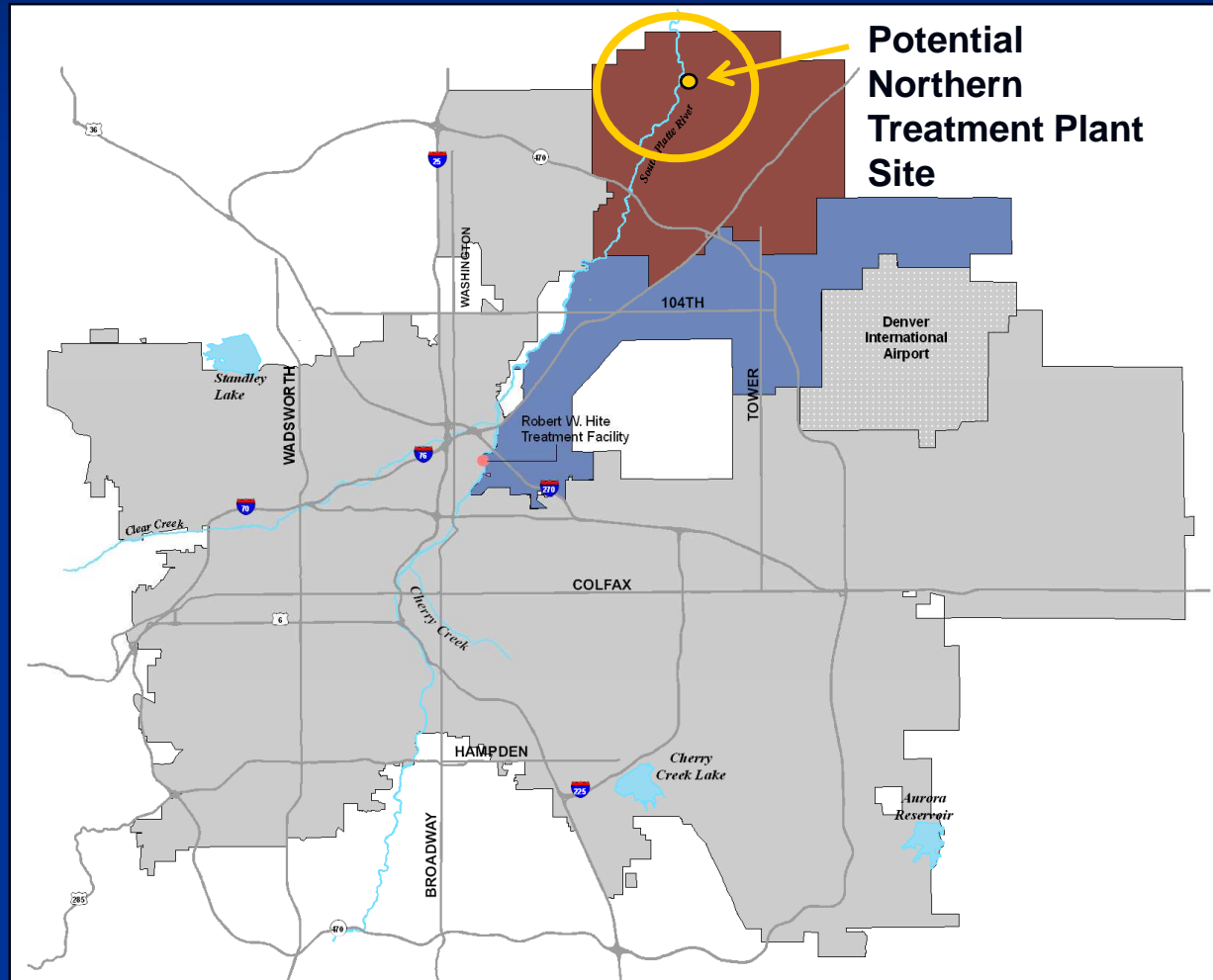
North Complex  
Renovations  
\$67 million

2007-2010





# Northern Treatment Plant



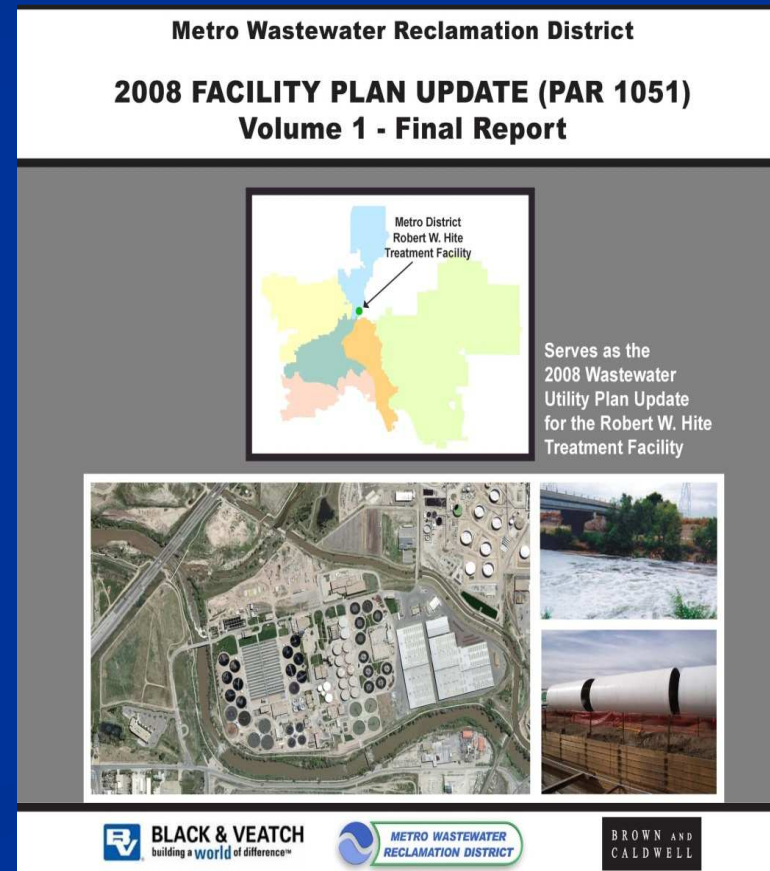
- \$300 million
- Completed by 2015
- Expand service area



# Elements of Our Approach

## *Maintaining a System that Allows Relatively Smooth Rate Adjustments*

- Establishing a Capital Project Management Program
  - Accurately forecasting capital needs
  - Accurately projecting costs
  - Effectively managing costs
- Identifying appropriate funding sources





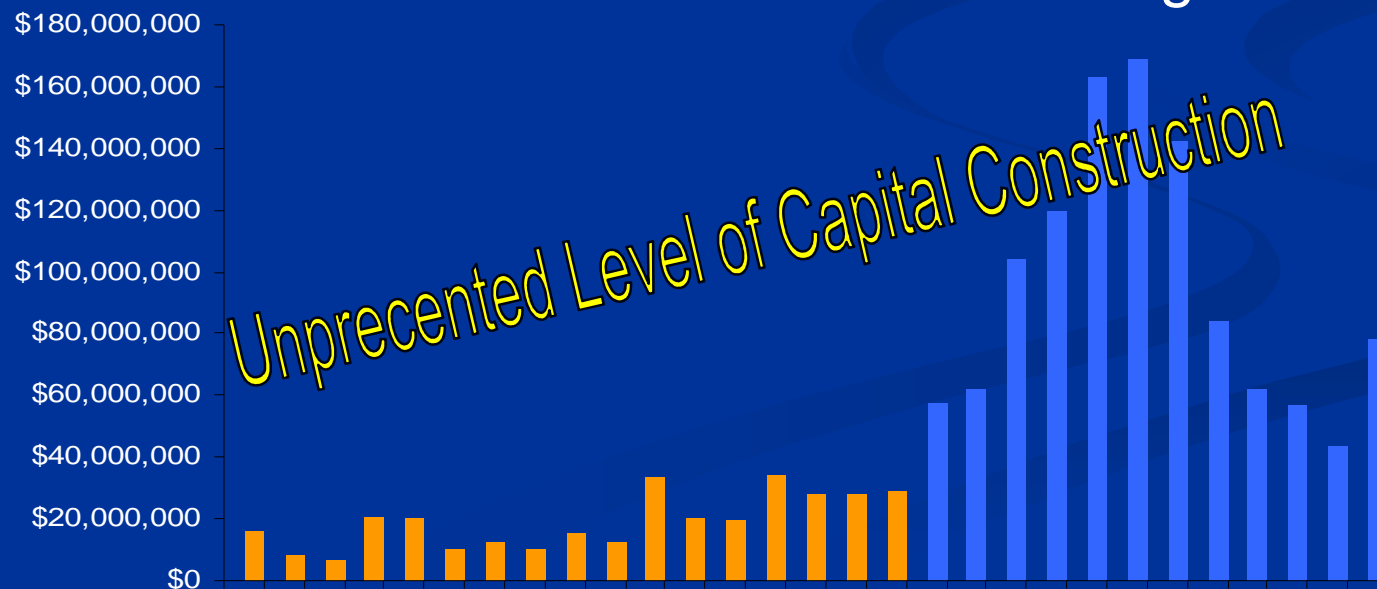
# Capital Project Management Program

## Key Objectives

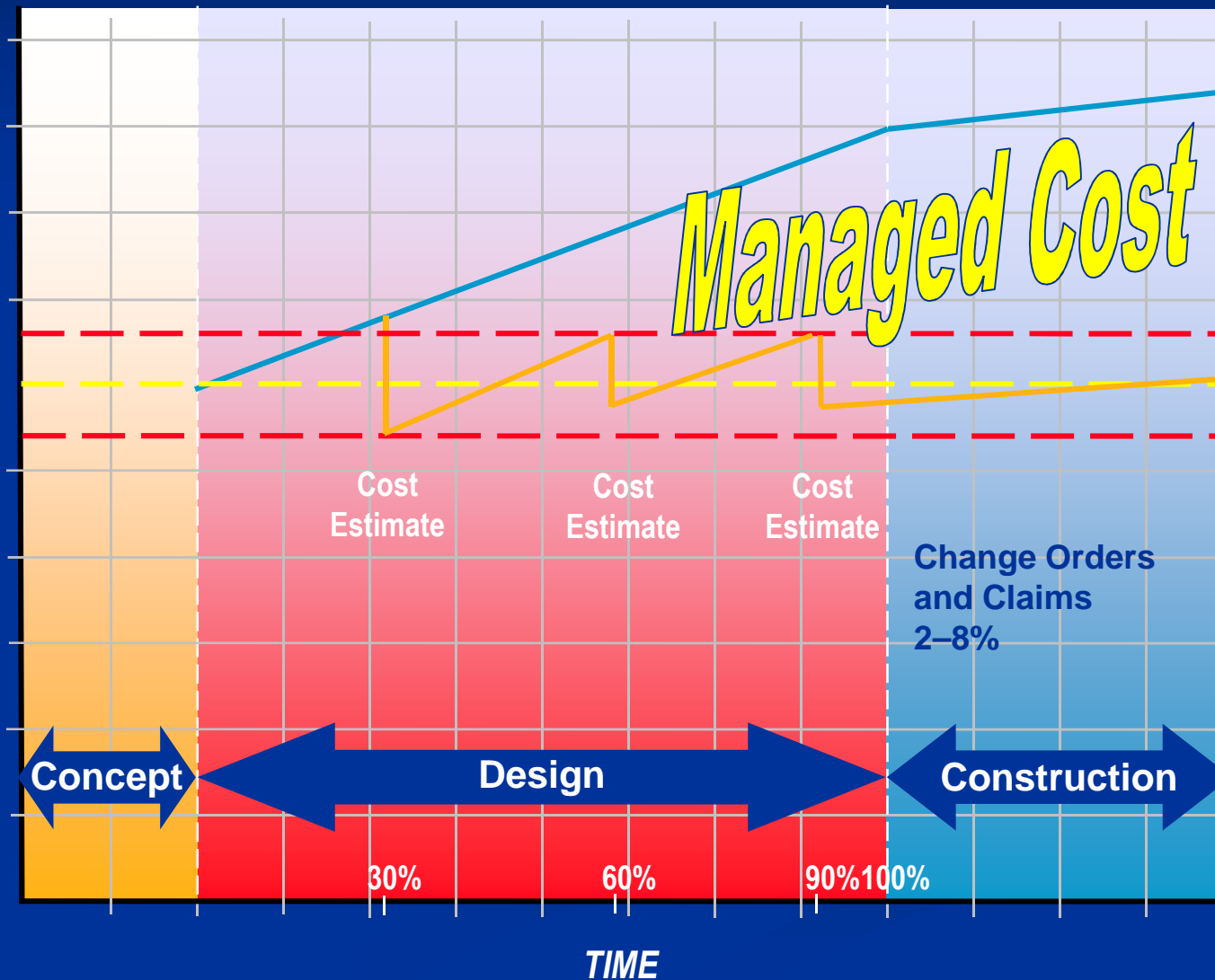
- Control costs
- Implement Capital Project Management Team
- Protect facility operations

## Key Differences

- Business process changes
- Training and mentoring
- Preliminary designs
- Construction management
- Culture changes



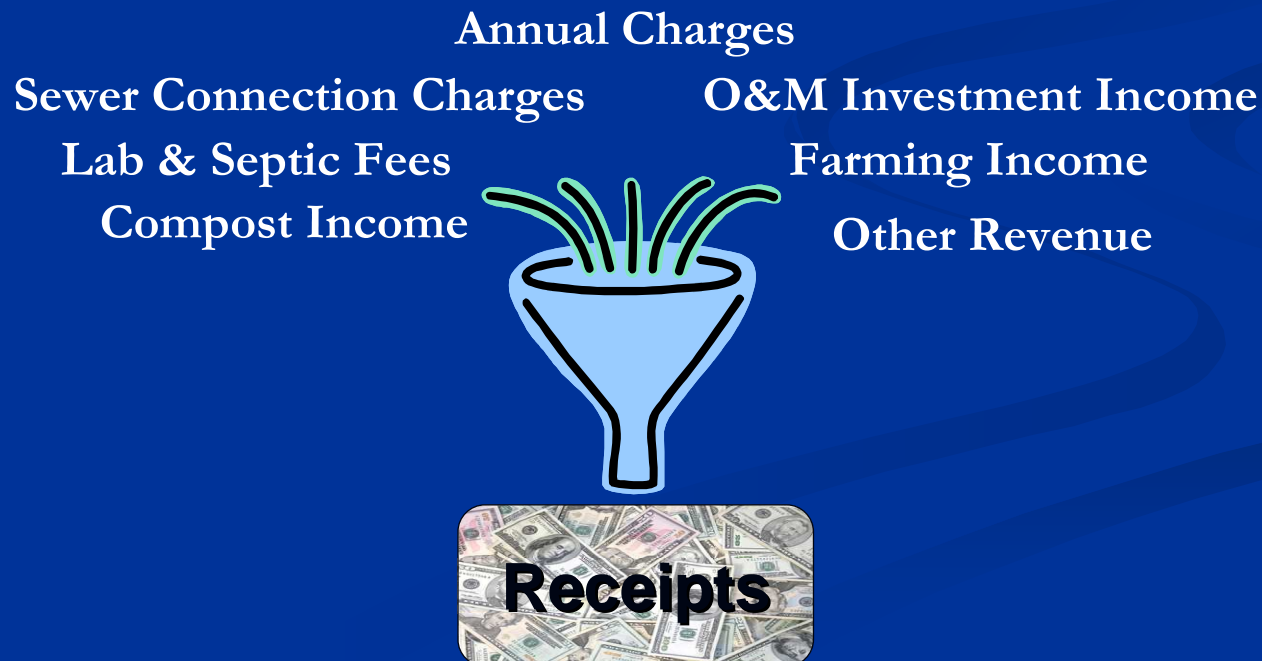
# Cost Controls – Cost Management and Cost Creep



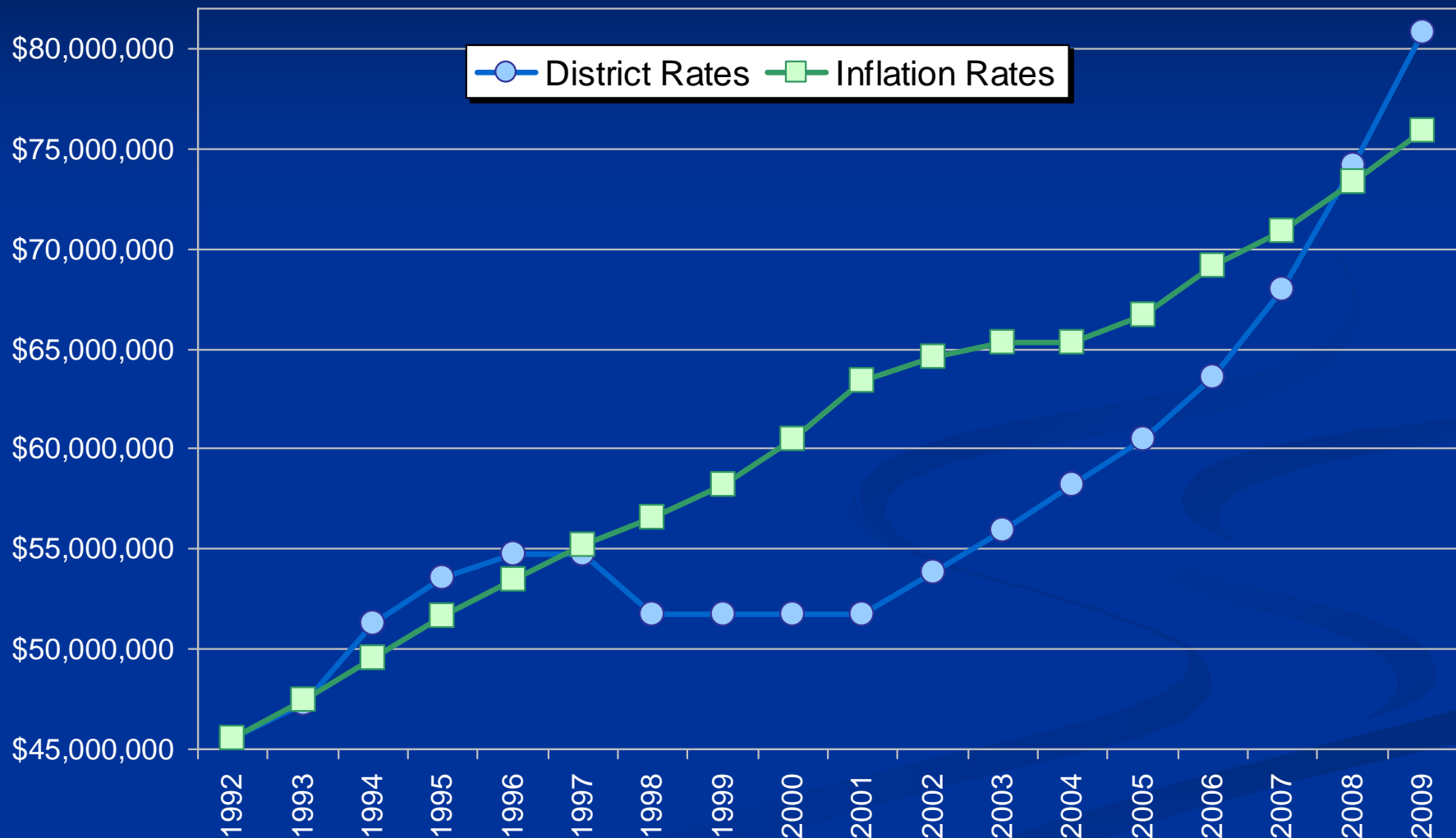


# Funding the Needs

- Identify future needs with high probability of accuracy
  - Rate payers understand our needs
  - Have confidence in our planning
- Understanding revenue sources

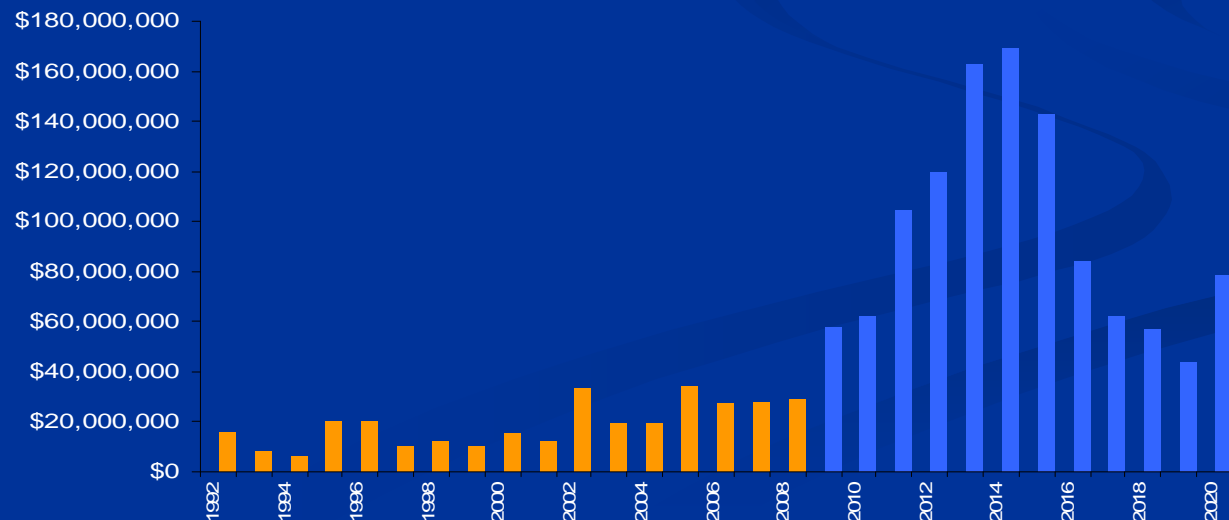
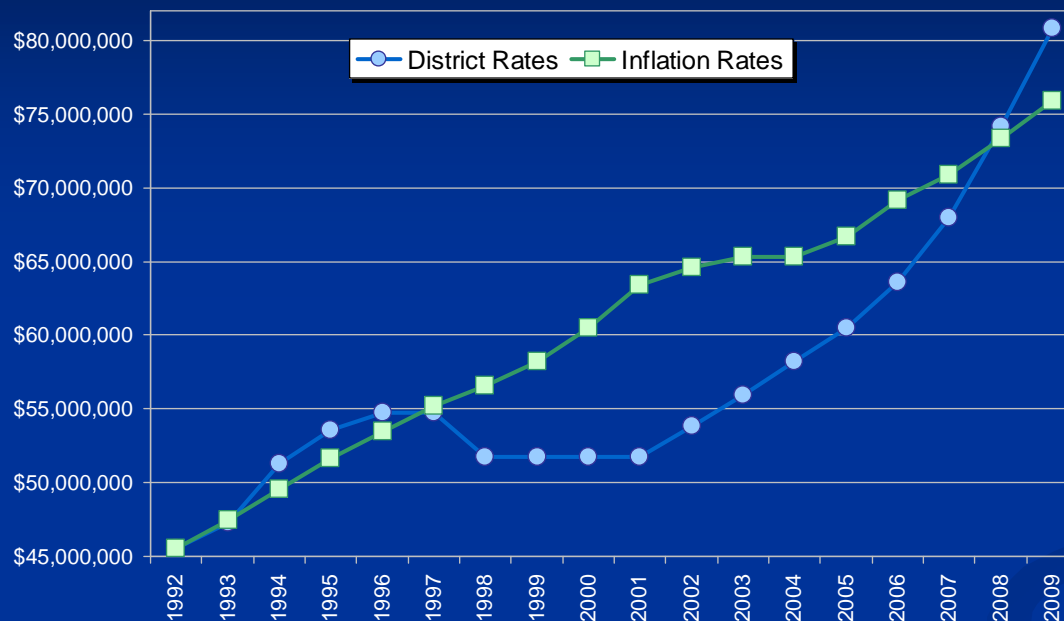


# Annual Charges (Rates) Revenue





# Capital Improvements Rates



# Where are we now?

- ⌘ Entire plant site is under construction
- ⌘ Implementing facilities and procedural improvements in parallel
- ⌘ Major cultural change for staff



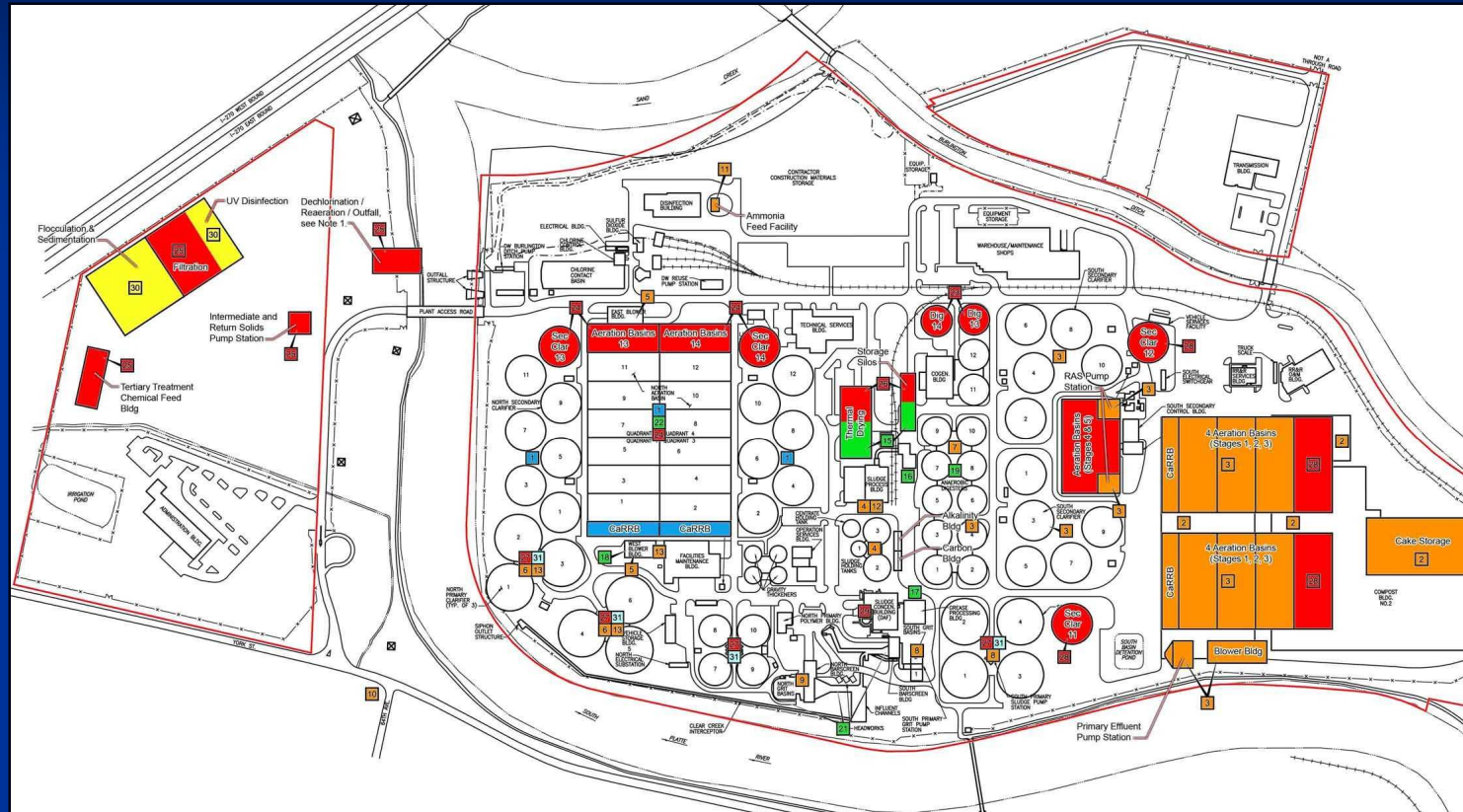


# Where are we now?

- Preparing 2009 revised, 2010 Proposed Budgets
  - 15 staff positions on hold
  - Cut discretionary expenses
  - Locking in prices (fuel, natural gas)
- Reviewing and reprioritizing capital projects
- Rate increases of 9% (2010-2017)
- \$500 million in bonds (2010 and 2013)
- Average annual cost/per household - \$120.50
- Average annual increase/household - \$9.95



# The Future



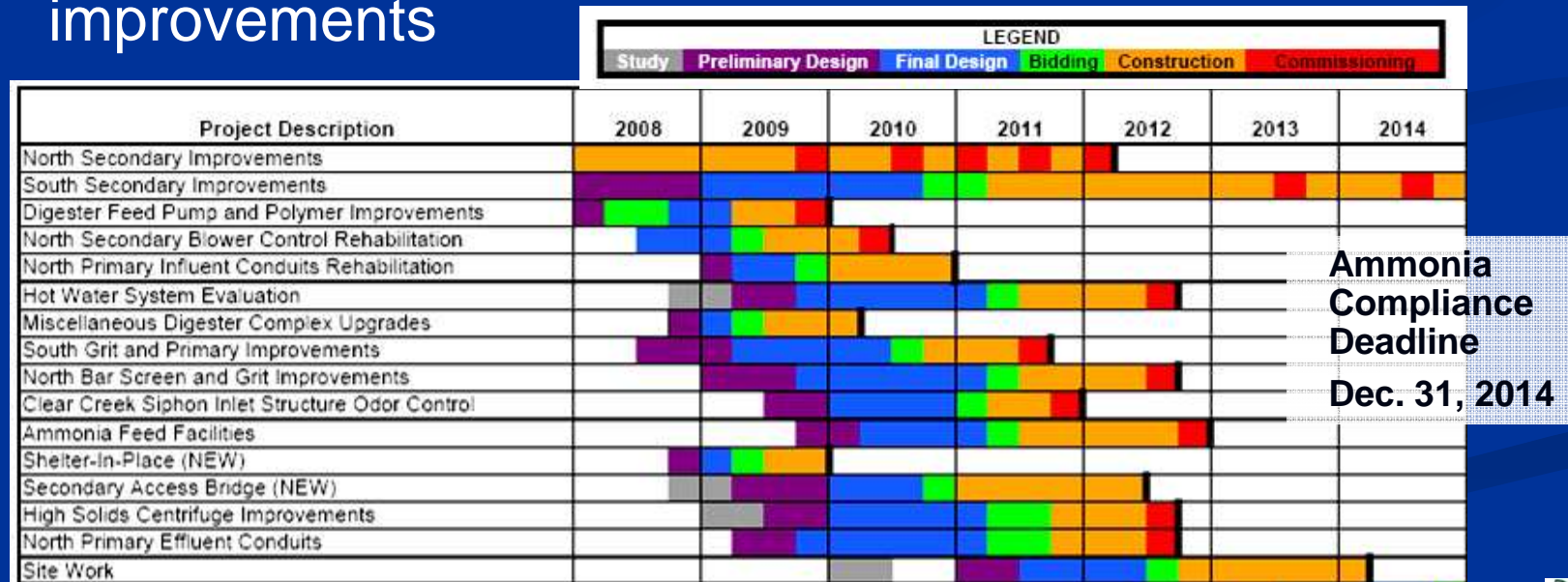
- Legend:
- Phase 1 (2003-2008)
  - Phase 2 (2008-2013)
  - Phase 3 (2013-2018)
  - Phase 4 (2018-2023)
  - Phase 5 (2023-2028)
  - Phase 6 (2028-2033)

Planning for  
The Next “Yikes!” Moment

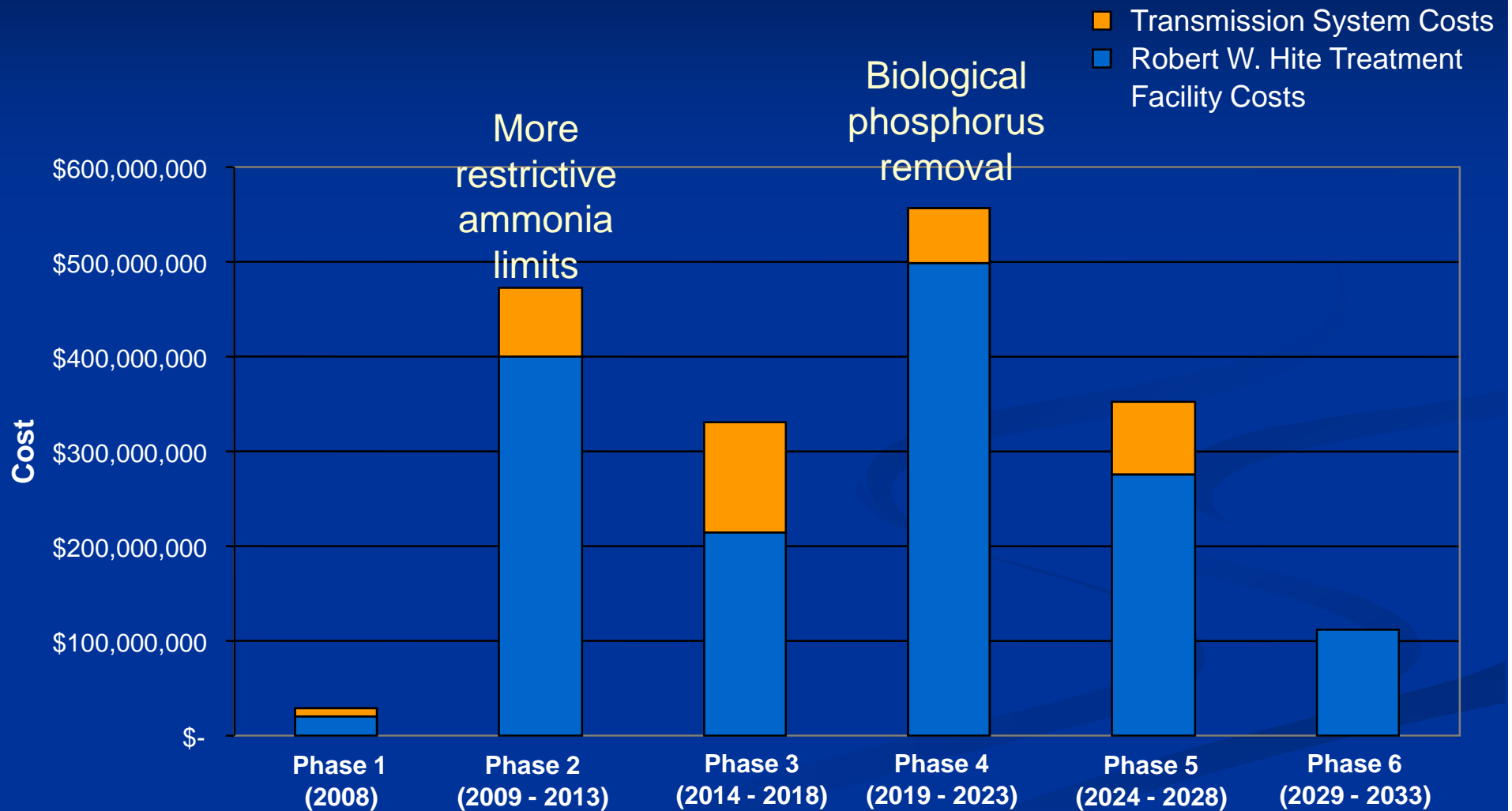


# Looking Ahead

- Deliver capital facilities on time, on budget and according to scope
- Use construction management to control costs and meet compliance schedule
- Staff prepared for next wave of significant capital improvements

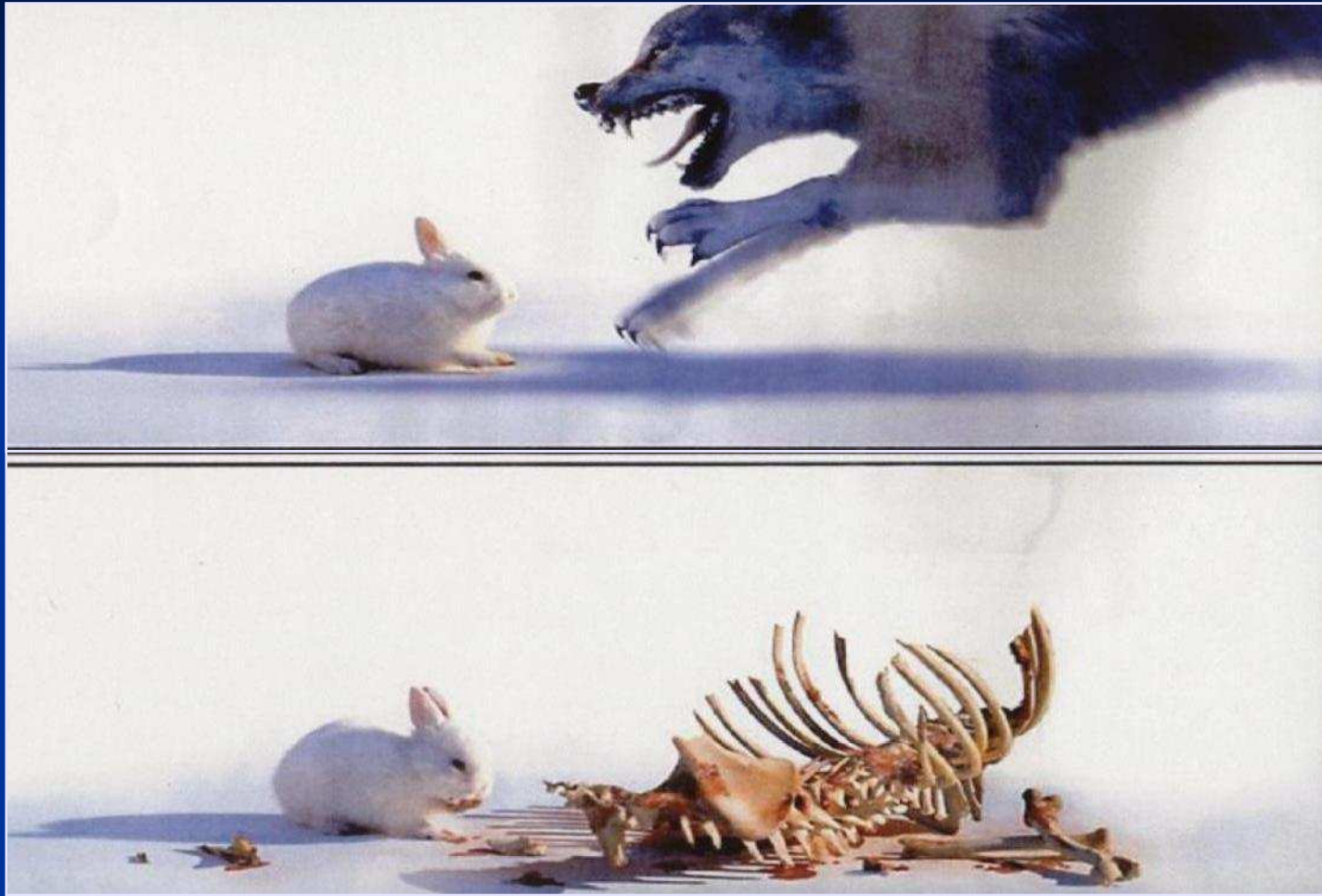


# Future Improvements





# There Will Always Be Surprises...



## Be Flexible but...

 Keep Your Eyes on the Future!

