

Northern Nevada Water Planning Commission

DRAFT

2021 Regional Water Management
Plan Chapter 9

**All Figures and Numbers shown are Subject to Change until the
chapter is approved as final**

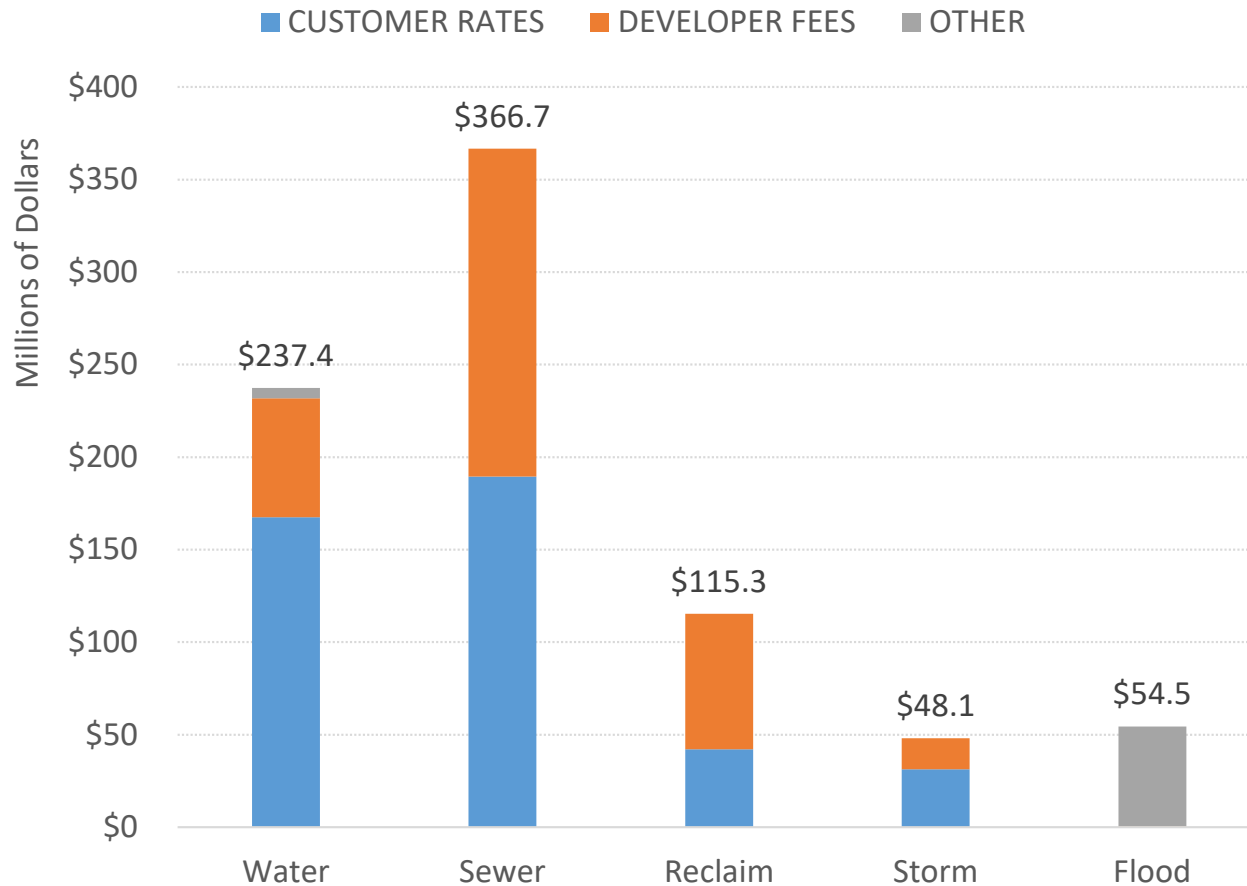
Purpose of the Cost and Financing Chapter

Satisfy Section 42.7 of the Act

- Summarizes capital improvement project (CIP) costs for water-related infrastructure over the short-term (next 5 years)
- Compares the 5-year CIP estimates with previous RWMP 5-year estimates
- Describes population and economic growth trends and how infrastructure needs will respond to changes
- Considers the impact of existing asset rehabilitation costs and new infrastructure costs on existing and future users of the infrastructure

Total Estimated 5-Year CIP Costs

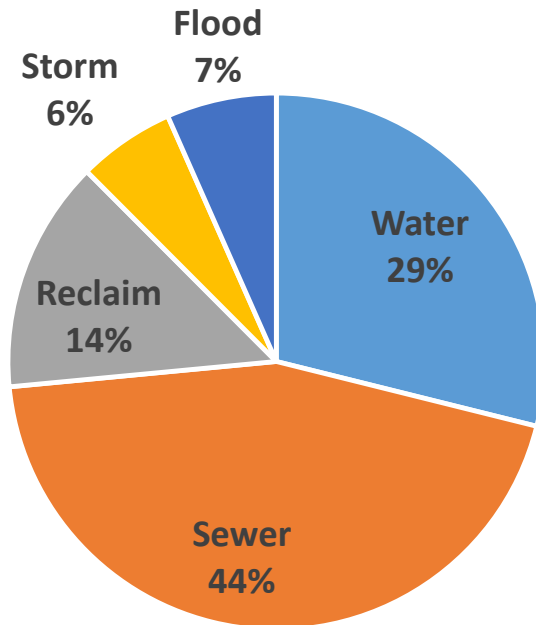
\$821.9 Million including TRFMA projects; \$767.7 Million without



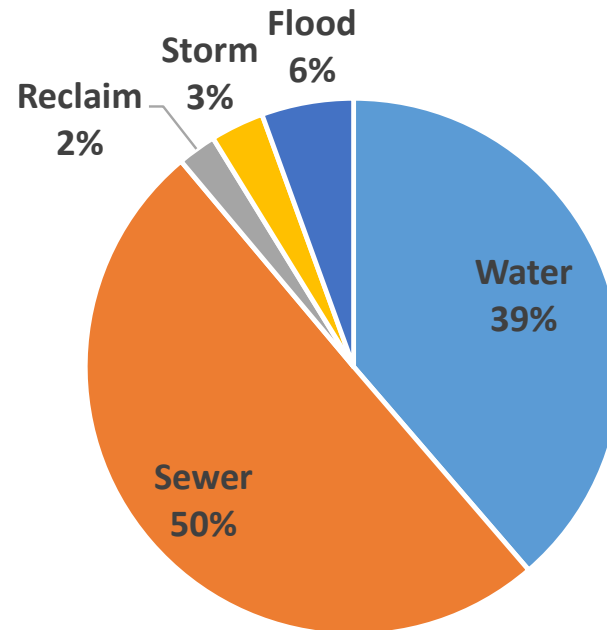
Chapter 9 provides tables of the CIP estimates by provider

Planned Share of Spending by Water Utility Type

2021 RWMP



2016 RWMP



Summary of Planned 5-Yr CIP Spending

Planned spending of capital improvements in next 5 years is greater than planned spending in the next 5 years in the previous two RWMP updates

- In total, 84% higher than in the 2011 RWMP, and 48% higher than in the 2016 RWMP (in 2021 \$)
- Proportion of spending on new infrastructure paid by developers is greater than in the previous two plans

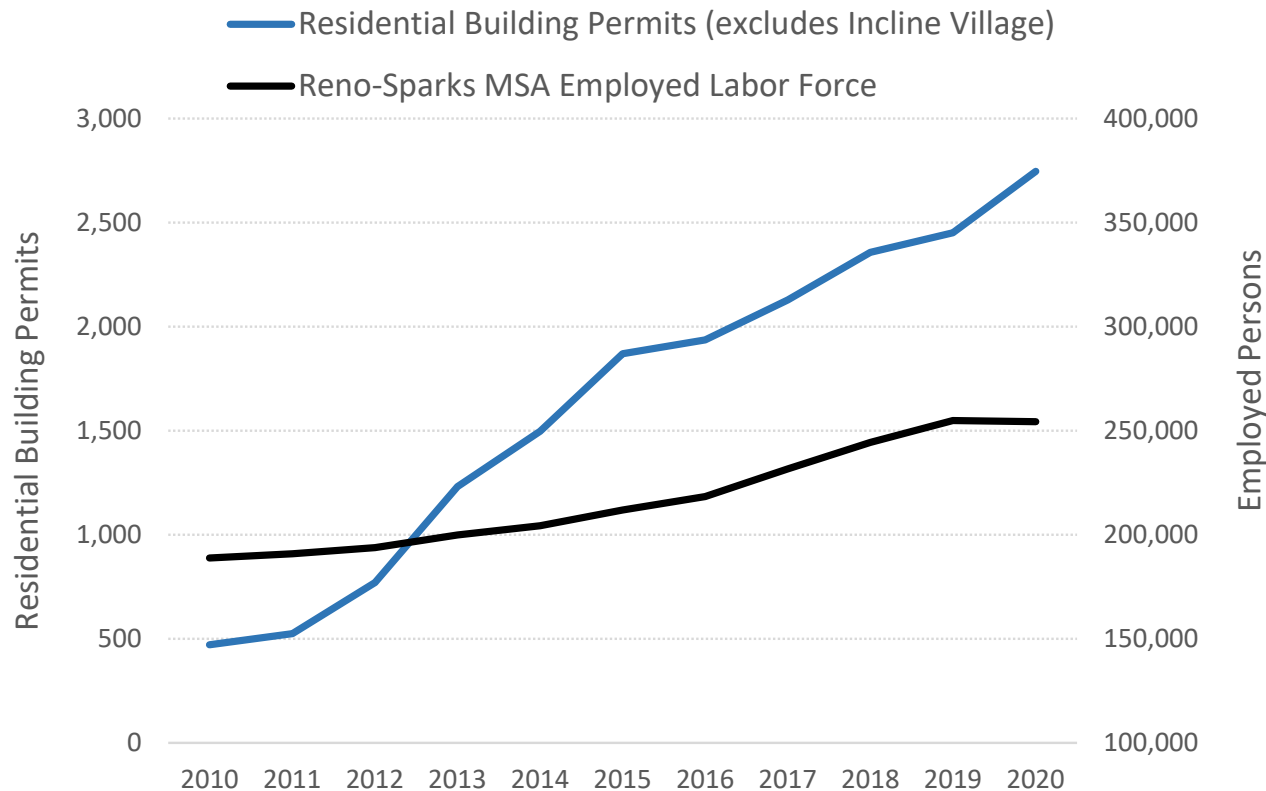
Projects Funded by	RWMP [1] 2011	RWMP 2016	RWMP [1] 2021
[3]	[2]	[2]	Millions of \$s
	<i>2021 \$s</i>	<i>2021 \$s</i>	<i>2021 \$s</i>
User Rates	\$351.52	\$396.4	\$436.3
<i>Percent of Projects - Existing Customers</i>	<i>84%</i>	<i>77%</i>	<i>57%</i>
Developer Fees	\$66.35	\$120.9	\$331.5
<i>Percent of Projects - New Customers</i>	<i>16%</i>	<i>23%</i>	<i>43%</i>
Total	\$417.9	\$517.3	\$767.7

[1] Excludes the Truckee River Flood Project as this was not included in the 2016 RWMP 5-Year CIP cost.

[2] Inflated by the ENR CCI.

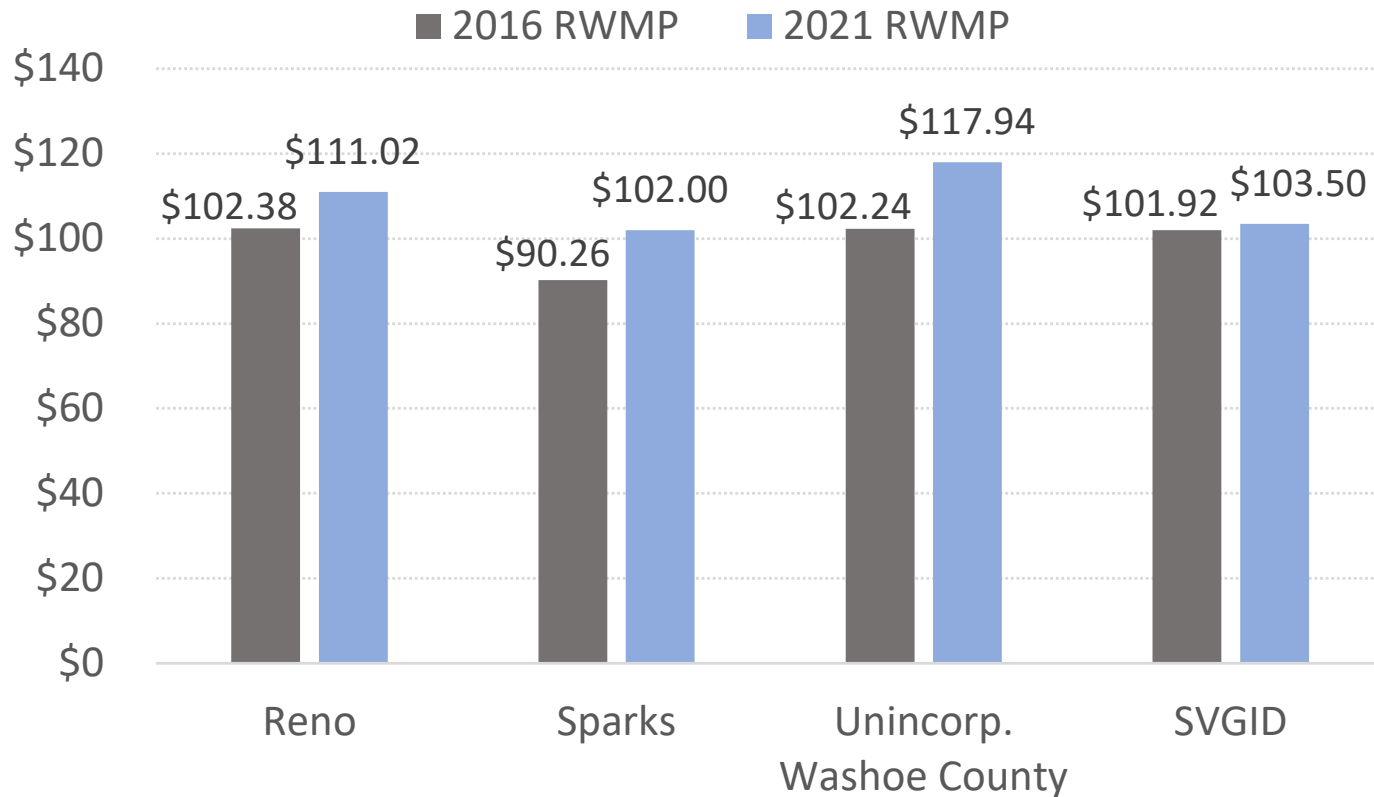
Reasons for Greater Planned Spending

- More infrastructure to maintain as growth has occurred and more stringent regulatory requirements to meet and more geographical constraints
- More infrastructure to build as growth is expected to continue



Typical Residential Water-Related Utility Bills

Comparison Bill for a Home using 15,000 Gallons



Note: Monthly bill; increase averages less than 3% per year in all areas

Impact on Existing Users

Measurement is beyond the needed scope of the chapter; each agency will determine appropriate rates

Generally, would expect rates to increase greater than inflation

- *In May 2019, the American Water Works Association released an article, “Rate survey: water cost increases outpacing other U.S. goods and services” in which it reported between 2014 and 2018 **water rates increased 5.1% per year and wastewater rates increased 5.6% per year.***
- *In June 2020 the National Association of Clean Water Agencies determined that the **cost of wastewater service more than doubled the rate of inflation over the past twelve months, the 18th consecutive year that the increase in charges has outpaced inflation.***

Impact on New Users / Housing Costs

- Connection and other developer fees are determined by each agency as appropriate
- Feasibility analysis presented in Appendix K
 - Demonstrates water utilities developer fees small proportion of total housing costs;
 - Water-related developer fees are unlikely to influence the supply of new housing at their current levels;
 - May influence where housing is built, depending on macro and micro economic variables
 - Water fees encourage infill; sewer fees do not

Longer-Term CIP Costs (Years 6 – 20)

- Very preliminary figures presented in the chapter
- Not all long-term costs included, rehabilitation excluded
- Should only be considered a minimum investment in new & upgraded infrastructure (\$35.9 million per year versus \$66.3 million per year in next 5 years)
- Many factors affect costs which makes longer-term planning difficult for providers:
 - Where growth occurs (geography, topography, soils etc.)
 - Pace of growth
 - Changing regulatory environment (health, environmental)

Completion of Chapter 9

- Portions of data (and text) may be updated after review with each agency
- Portions of chapter may be updated per feedback from the NNWPC
- Sufficient time to make revisions before being accepted and adopted by the WRWC Board as part of the 2021 RWMP