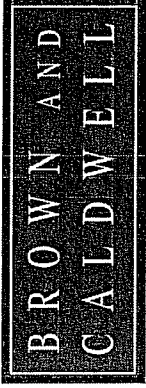


# Oak Park Water System Water Storage and Leasing Options Financial Analysis

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# Scope of Financial Analysis

1. Conifer Tank Replacement Option
2. Construction Cost Funding Option
3. O&M Service Contract with Cal Water
4. 20 Year Lease with Cal Water



# Finding 1: Build Proposed Doubletree Tank

# Finding 2: Borrow for Construction Cost

Alternative Ranking  
of Alternative  
(annual NPV) in Year 1 or 2

Description

**Base Case: District Replaces Conifer Tank with Doubletree Tank**

TSD Builds Doubletree Tank (with TSD Cash Reserves)	\$33,186	\$1,945,000
TSD Builds Doubletree (with SRF Low Interest Loan)	\$28,139	\$130,928

**Alternative 1: Cal Water Intertie Alternatives to Doubletree Tank**

Alternative 1A: Intertie between Cal Water Westlake District and OPWS (with TSD cash reserves)	\$95,609	\$2,260,000
Alternative 1B: Intertie between Cal Water and OPWS (Funded by Cal Water, refer to Table 5 for assumptions)	\$131,834	\$533,150

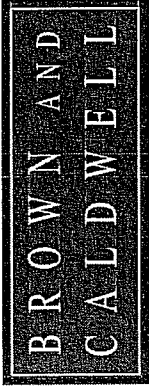
**Finding 2: Continue to Operate  
with Existing Staffing Resources**

<b>Cal Water</b>	<b>Contract</b>	<b>Actual OPWS Costs</b>
<b>Service (\$/yr)</b>	<b>(FY 2003-04 est)</b>	
<b>\$1,528,944</b>		<b>\$647,473</b>



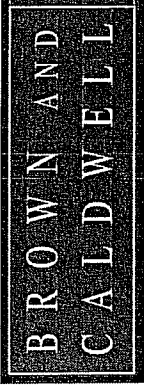
# Finding 3: Do Not Lease OPWS

<b>Call Water NPV</b>	<b>Unfunded TSD</b>
<b>Pmt. to TSD (\$/yr)</b>	<b>Costs (\$/yr, a)</b>
<b>\$178,497</b>	<b>\$1,680,401</b>



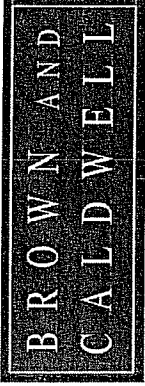
# Table 3 Base Case: Replace Conifer with Doubletree Tank

One-time Capital Construction Costs of Proposed Doubletree Tank	
Doubletree Tank Purchase Cost (1 MG, d, e)	\$500,000
Pipeline in Kanan Road from Deerhill to Conifer (~3,500 ft, a, c, d)	\$595,000
Tank Grading and access improvements (d)	\$100,000
Changes to lower Deerhill Zone to increase pressure to 15 psi (d)	\$100,000
Modifications to turnout at Deerhill (d)	\$250,000
Engineering and Environmental Cost (d)	\$300,000
<b>Total Capital Cost</b>	<b>\$1,845,000</b>
Tank Maintenance and Life Cycle Values	
Tank site O&M costs (annual, d)	\$10,000
Exterior Coating (% of original cost, cost on 15 year cycle)	5%
Interior Coat & floor replmt (% of original cost, once at 30 years)	20%
<b>Tank Removal and Site Remediation (f)</b>	<b>\$100,000</b>



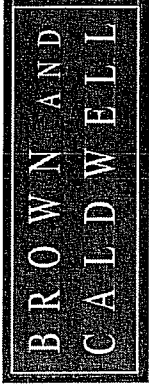
**Table 5  
Conifer Tank Replaced with Cal Water Intertie**

Project Cost for of Intertie Connection	Cal Water	
	Est. (a)	Revised Est.
16" pipeline in Kanan Road from Linder Canyon Rd to N. Oak Hills Rd (~6,300 ft, b)	\$1,200,000	\$1,200,000
14-inch pipe line in N. Oak Hills Rd from Kanan Road to Conifer (~4,250 ft, b)	\$660,000	\$660,000
Engineering and Environmental Costs	\$300,000	\$300,000
<b>One-time Project Cost (funded from TSD cash reserves)</b>	<b>\$1,500,000</b>	<b>\$2,160,000</b>
<b>Notes</b>		
a. The interconnection cost of \$1.5 million provided by Cal Water is not used for the analysis as the pipe lengths and pipe unit costs are inaccurate		
b. Assumed cost of 16" DI pipe is \$195/ft, 14" DI pipe is \$155/ft. Assumed 14" pipe as determined by District is sufficient to convey peak flows. Pipeline service life is 70 years.		
<b>Additional power supply charges to TSD for peaking pressure (\$/yr, a)</b>		<b>\$50,000</b>
a. With the Conifer Tank removed from service, there will be additional peaking demands on OPWS previously supported by the Conifer Tank. As such, OPWS would incur additional pressurization power costs relating to the diurnal peaking.		
<b>Alternative 1A: Intertie between Cal Water and OPWS</b>		<b>Annual Costs</b>
Fee for use of Cal Water Storage Facilities (plus inflation)		\$100,000
Additional Power Charges		\$50,000
<b>Total Annual Operating Cost</b>		<b>\$150,000</b>



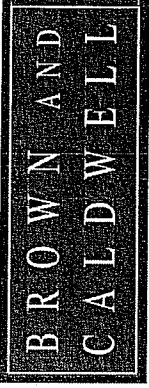
**Table 4**  
**OPWS Current Operations and Capital Costs**

Description	Actual FY 2002-03 (e)	Est. Act FY 2003-04	Avg. Monthly (\$/Acct)
<b>OPWS Administration, O&amp;M and Engineering Costs</b>			
OPWS Customer Support, Acct and Billing Services	\$256,941	\$227,110	\$4.19
VRSD O&M, Administration, Insur., Engr. & Other Services	\$377,966	\$420,363	\$6.92
Total (excluding depreciation)	<u>\$634,907</u>	<u>\$647,473</u>	<u>\$11.11</u>
<b>OPWS Water/Power Purchases</b>	<b>\$1,760,146</b>	<b>\$1,909,843</b>	<b>\$31.80</b>
<b>OPWS Capital-related Costs</b>			
VRSD charge for Repair and Replacement projects	\$148,466	\$341,889	\$4.25
OPWS Debt service (varies by year)	\$619,373	\$808,512	\$12.37
Total Capital Costs (excluding depreciation)	<u>\$767,839</u>	<u>\$1,150,401</u>	<u>\$16.62</u>
<b>Grand Total OPWS Costs (excluding depreciation)</b>	<b><u>\$3,162,892</u></b>	<b><u>\$3,707,717</u></b>	<b><u>\$59.54</u></b>
<b>OPWS Customer Rate-based Revenues</b>	<b>\$3,723,312</b>	<b>\$3,780,462</b>	<b>\$65.03</b>



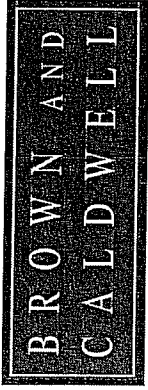
**Table 7**  
**Alternative 2: O&M Service Agreement by Cal Water**

Description	OPWS Accounts	Total (\$/yr)	Monthly
			Fee (\$/acct)
Cal Water Charge for O&M Services (annual, a)	4,808	\$1,528,944	\$26.50
<u>Comparison: Current FY 2003-04 OPSW O&amp;M Costs</u>			
OPWS Customer Support, Acct and Billing Services		\$227,110	
VRSD Contract for O&M, Admin, Insur & Other Service		\$420,363	
Total (excluding depreciation)	<u>4,808</u>	<u>\$647,473</u>	\$11.22



**Table 8**  
**Alternative 3: Lease Agreement by Cal Water**

Description	One-time Payment	Annual Payment
<b>A/B Options -- Twenty-year Leases</b>		
A. One-time Payment by Cal Water	\$1,475,000	\$0
B. One-time Pmt Plus Annual Payments (plus inflation)	\$970,000	\$100,000
C. Annual Cal Water Payments Only (to customers)	\$0	\$120,000
<b>Comparison of Options A, B &amp; C</b>		
A. One-time Payment by Cal Water	\$1,475,000	\$119,363
B. One-time Plus Annual Payments (Optimum)	\$2,205,722	\$178,497
C. Annual Acct. Pmts Only	\$1,482,866	\$120,000



**Table 8**  
**Alternative 3: Lease Agreement by Cal Water**

<b>TSD Costs Not Covered by Cal Water Lease (Table 4)</b>	<b>Average Monthly (\$/Account)</b>	<b>Average Annual Costs</b>
Annual Capital-related Costs (a)	\$16.62	\$1,150,401
Cal Water Funding of Intertie Cost (Alt. 1B, Table 5)	\$9.19	\$530,000
<b>Total TSD Costs Under Lease (\$/year)</b>	<b>\$29.13</b>	<b>\$1,680,401</b>

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# Discussion