



Annual Community Update for 2022

January 23, 2023

Agenda

- 1 The Beginning**
- 2 The Past**
- 3 Current Status**
- 4 The Future**

“System growth and expansion helps provide more affordable rates”

The Beginning

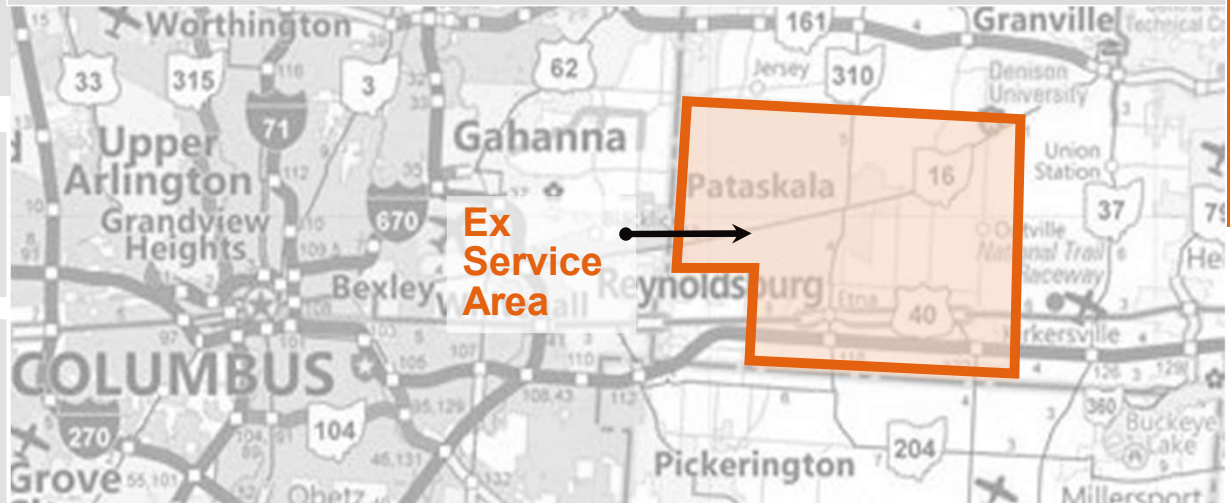
ORC 6119 Regional Water and Sewer District – Separate entity to carry out authority

Formed in 1989 by the Licking County Court of Common Pleas to Serve Etna, Harrison, and Lima Townships to address failing septic systems and package plants.

3 Member Board Appointed by Pataskala, Etna, and Harrison – Consent from entities not required

- *Beechwood Trails*
- *Etna*
- *Summit Station*
- *Columbia Center*
- *Outville*
- *Fursville*

Lima Township and Village of Pataskala merged in 1997



Serves the residents and businesses in Etna and Harrison Townships and Pataskala

The Past

Original Funding Plan

No financial support from creating entities

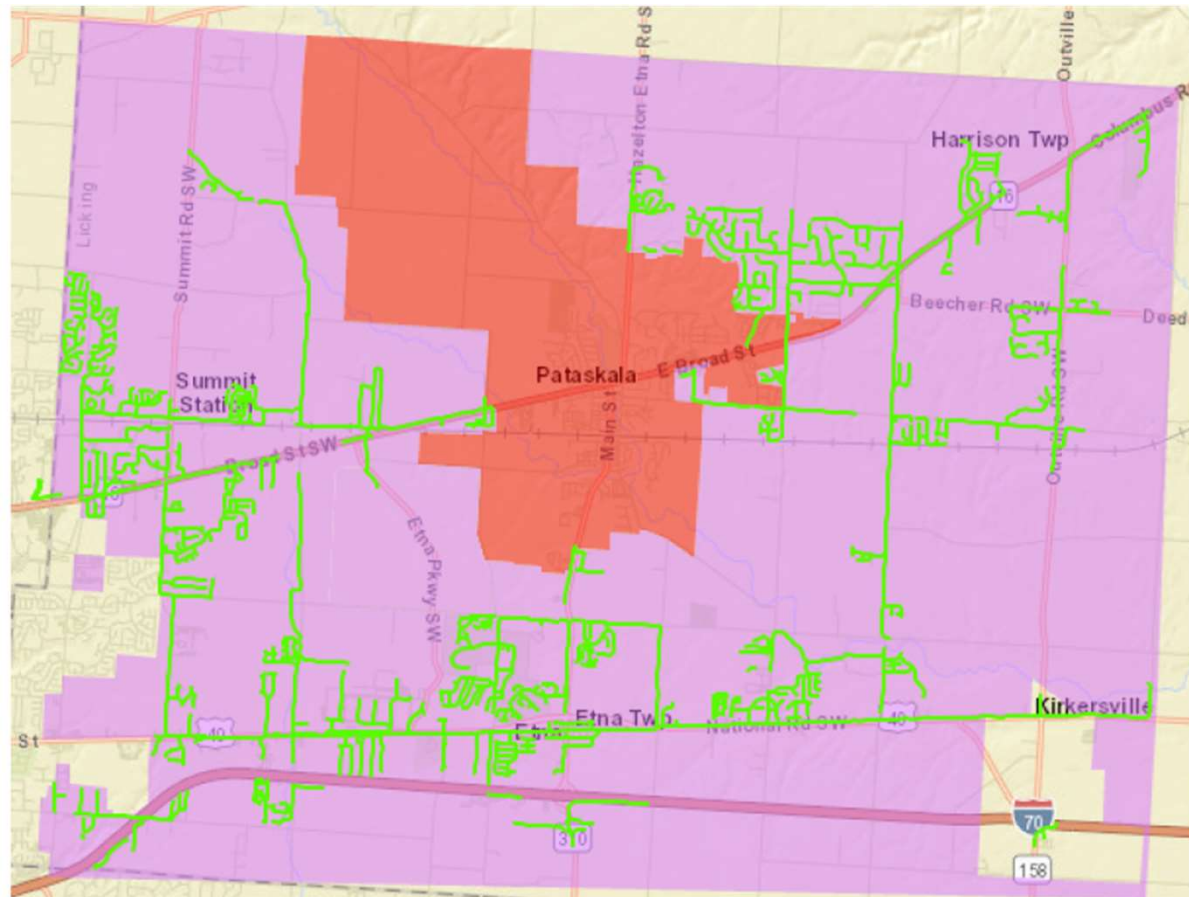
Partial project assessments

No assessments for system-wide benefit projects

Monthly sewer rates

OWDA financing

Existing Service Area



The Past: 1999-2000



- EPA Requested \$44 per month fee for Phase 1A debt service
- \$20.70 Debt Elimination Fee was added in 2000. 75% increase in rates
- Monthly rates were near Max Rate in State of Ohio

"Reduce the Customer Rates by Growing the System in Areas Growth is Wanted"

- capture additional development revenues to offset monthly service and DE fee revenue requirements
- increase customer base and monthly service revenues

Growth 1.0: 2000-2007

Infrastructure Investments

Gale Road ECF Expansion
York Road Water Treatment Plant
Prologis Tank and System Pressure
Zone Changes
US 40 Water & Sewer Mains

Growth Areas

Brooksedge subdivision
Cumberland Trails subdivision
Etna Corporate Park
Prologis Park
US 40 and SR Corridors
Additional Large Subdivisions



Regional Collaboration

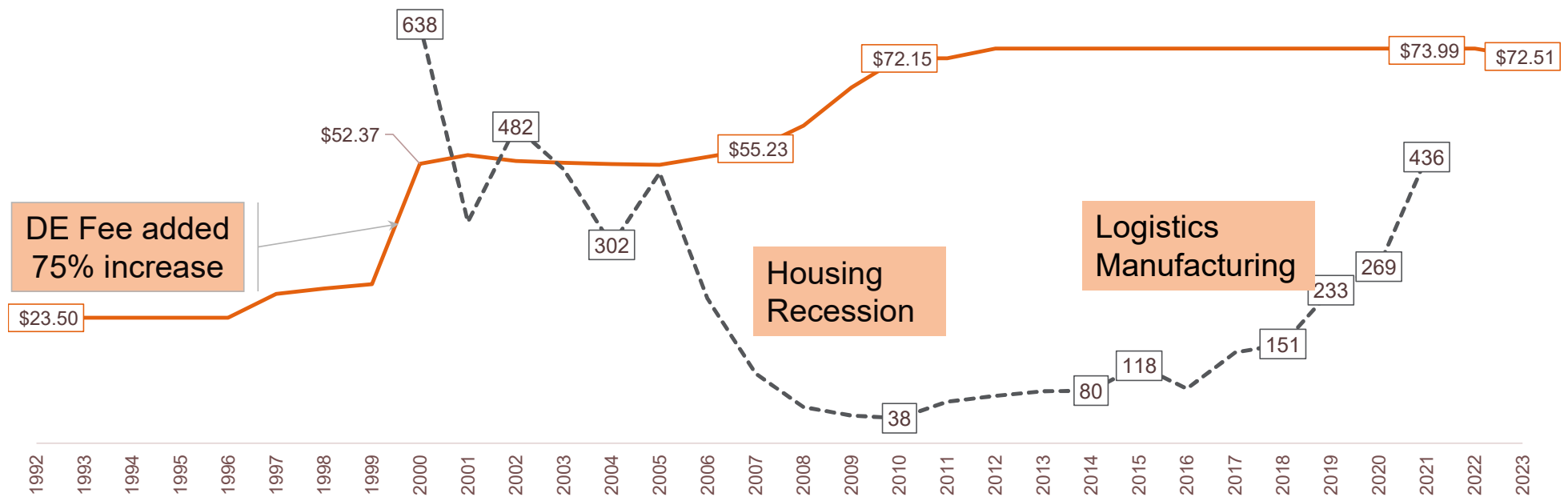
Granville Township – Business Park
Licking County – Jardin Manor
Jefferson Township – TS Tech

Development vs Rates



Based on 4,000 gallons of water use per month

— 4 kgal Bill - - - New Connections



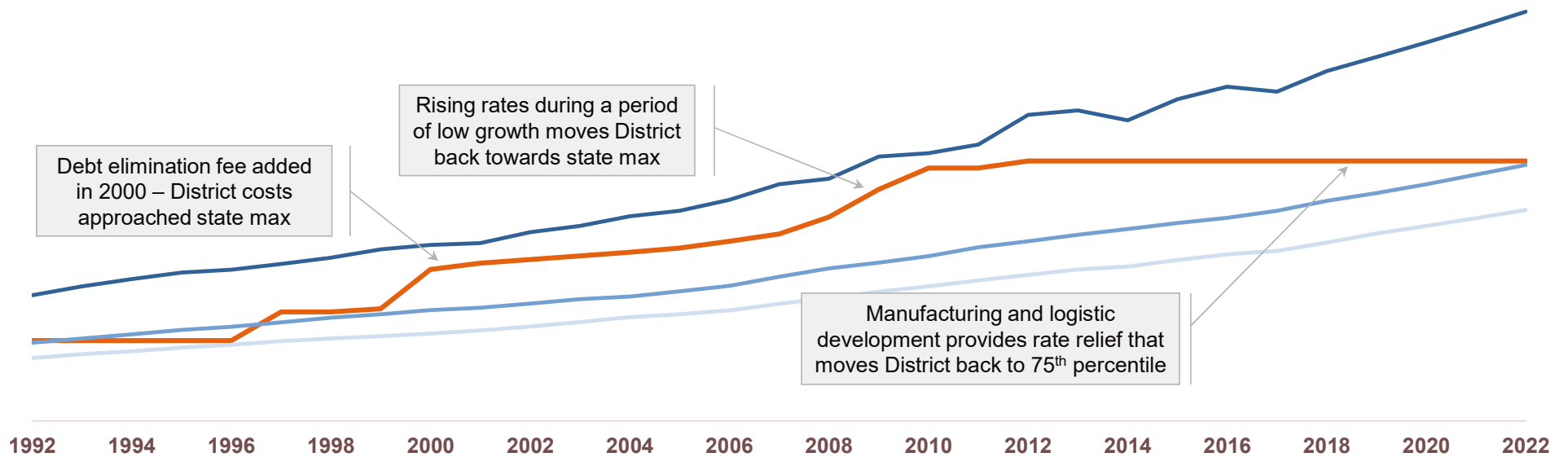
Average annual rate increase since 1992 is 3.7%
 Since 2000, it is 1.4%, and since 2010 it is 0.0%

Since 1992, consumer price index has increased 2.5% per year
 Since 1992, Ohio median household income has increased 2.6% per year

Monthly Customer Bills Relative to Ohio Utilities

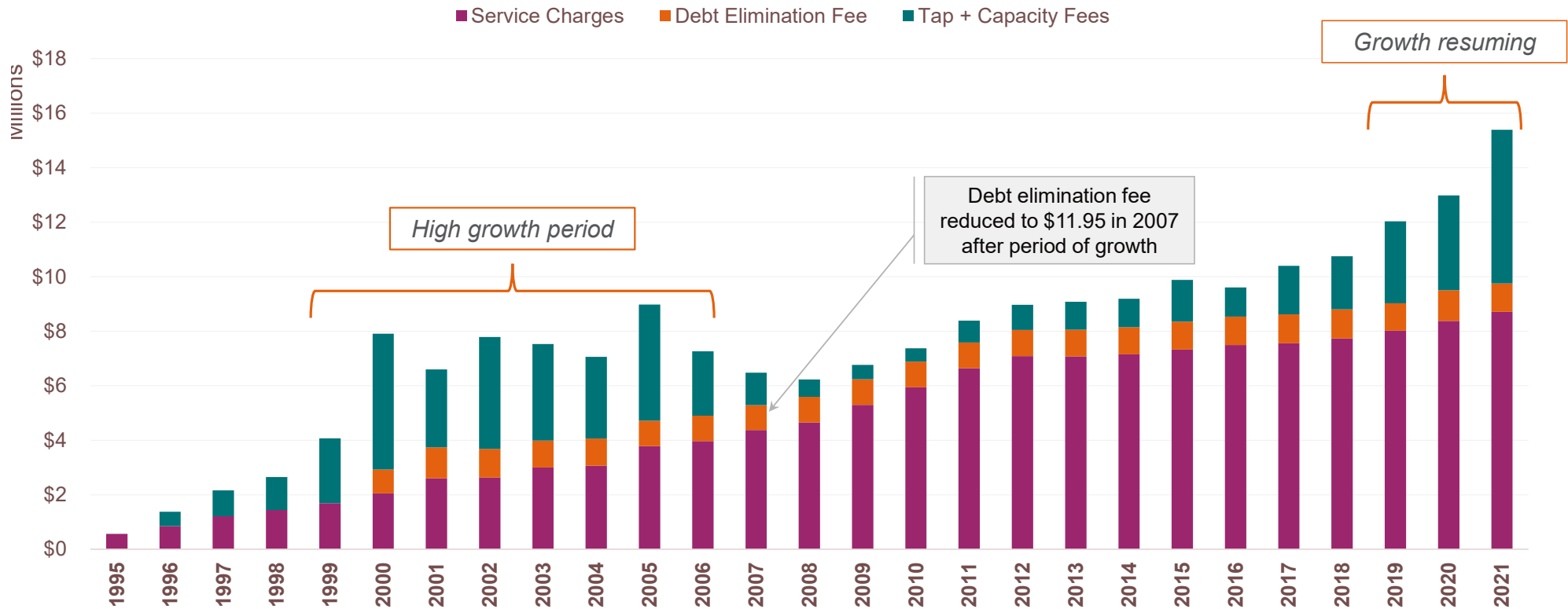
Based on 7,450 gallons of water use per month

SLCWSD Ohio Average Ohio 75th Percentile Ohio Max



Since 1992, Ohio average water and sewer bills have increased by 4.2% per year
 Since 2000, National water and sewer bills have increased by 5.1% per year

Historical system revenues



Since 1995, tap and capacity fees account for 25% of revenue
 Debt elimination fees account for 12% of revenue

Growth and Funding Opportunities (2017 – 2022)

Growth Opportunities

- Interest rates reached historical lows which spurred residential growth in central Ohio
- Amazon effect on logistics manufacturing in Etna
- Mixed-use commercial to support increased housing



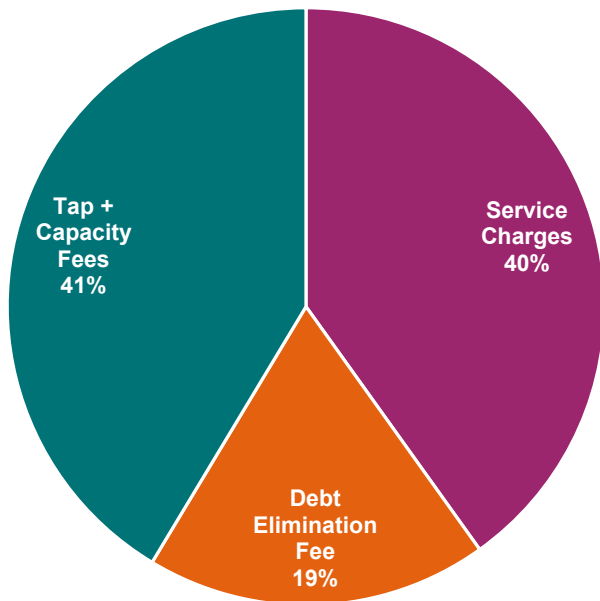
Funding Opportunities

- ARPA Funding – Local and State Allocations
- Bi-Partisan Bill - \$1.3B over 5 years to Ohio EPA
- Congressional Directed Spending - Earmarks

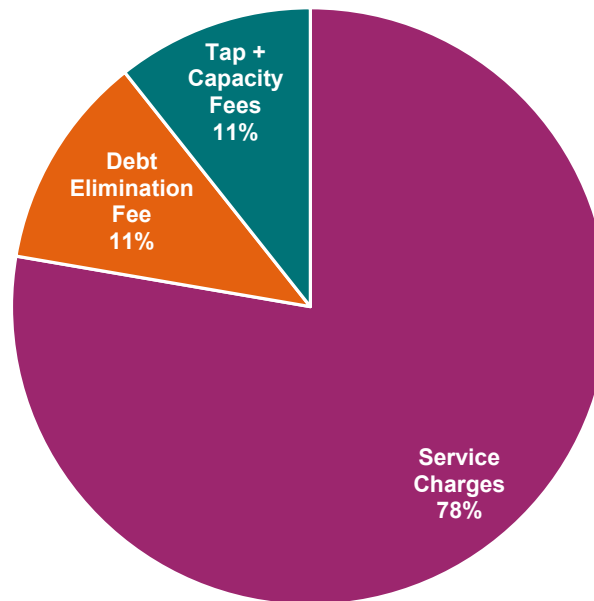
Time to Resume/Improve Strategy to Reduce Rates!

System Revenues Since 2000, by Type

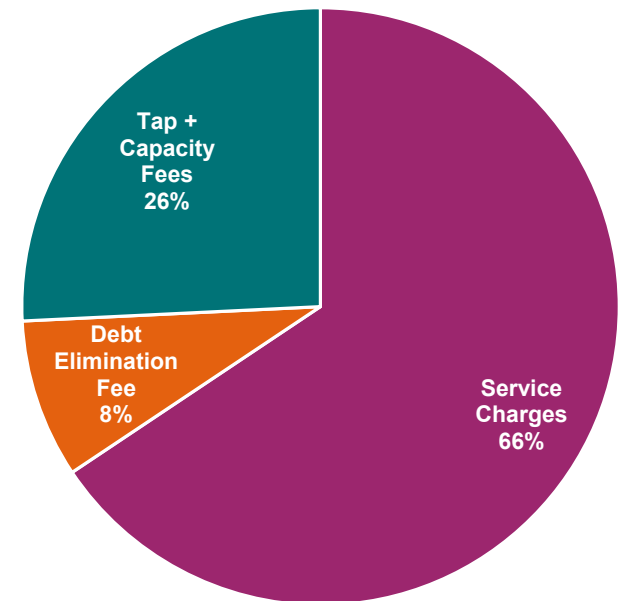
2000-2007



2008-2016



2017-2022



2023-2033 could be better than 2000-2007

Growth 2.0

Infrastructure Investments

Gale Road ECF Phase 2 Expansion
York Road WTP Exp and Wellfield
Pataskala Corporate Park Sewers
Broad Street Sewer Improvements
Wagram WRF Improvements
SR 310 Water Main Extension

Funding Success/Opportunities

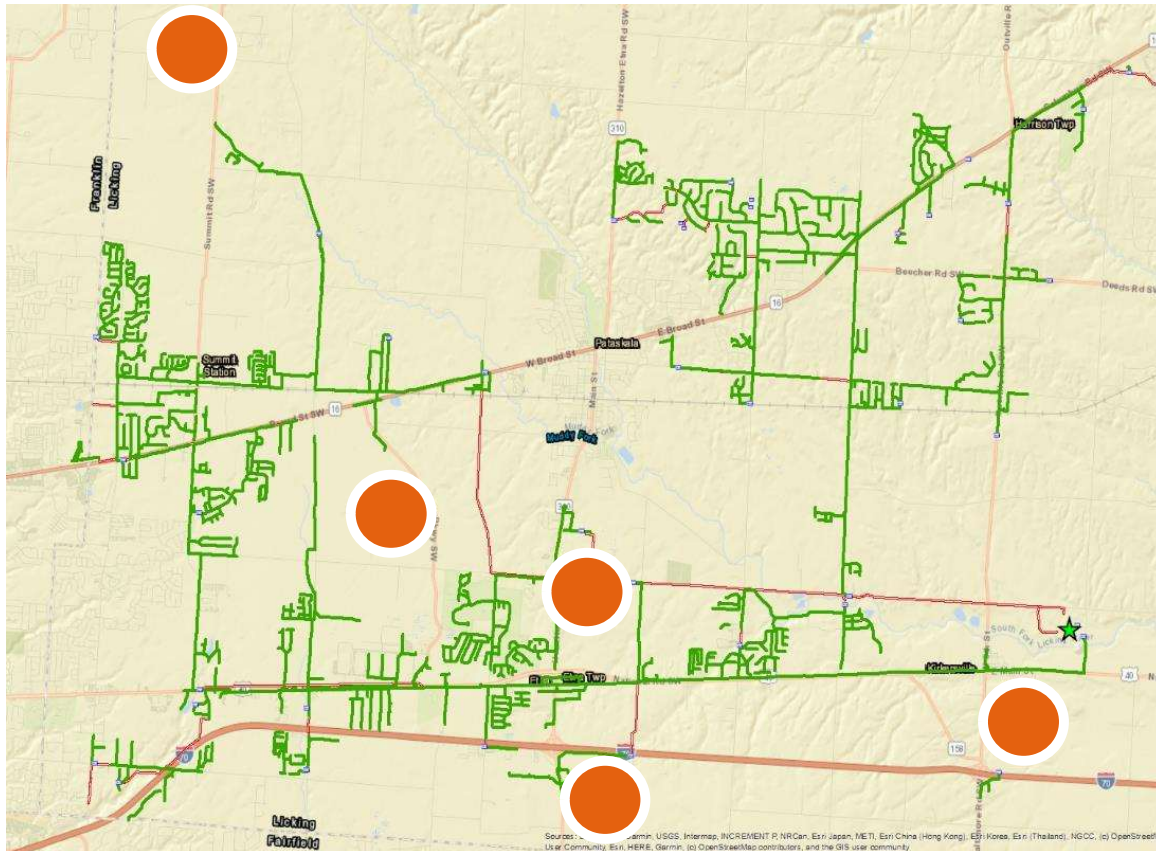
Pataskala Corporate Park - \$4.2M
ARPA Funding – \$2.4M
Earmarks - \$2.1M
Ohio EPA DEFA – 50% PF
\$15M in Project Applications



Regional Collaboration Opportunities

Union Township – Luray Area
Licking County – SR 161 Sewer District #9 Service Area
Kirkersville – Water Service

Growth Areas



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Growth Areas

- Pataskala Corporate Park
- Pataskala Innovation Park
- I-70/SR 310 Interchange
- SR 310 - Smoke Road (N of 40)
- Harrison Twp Manufacturing

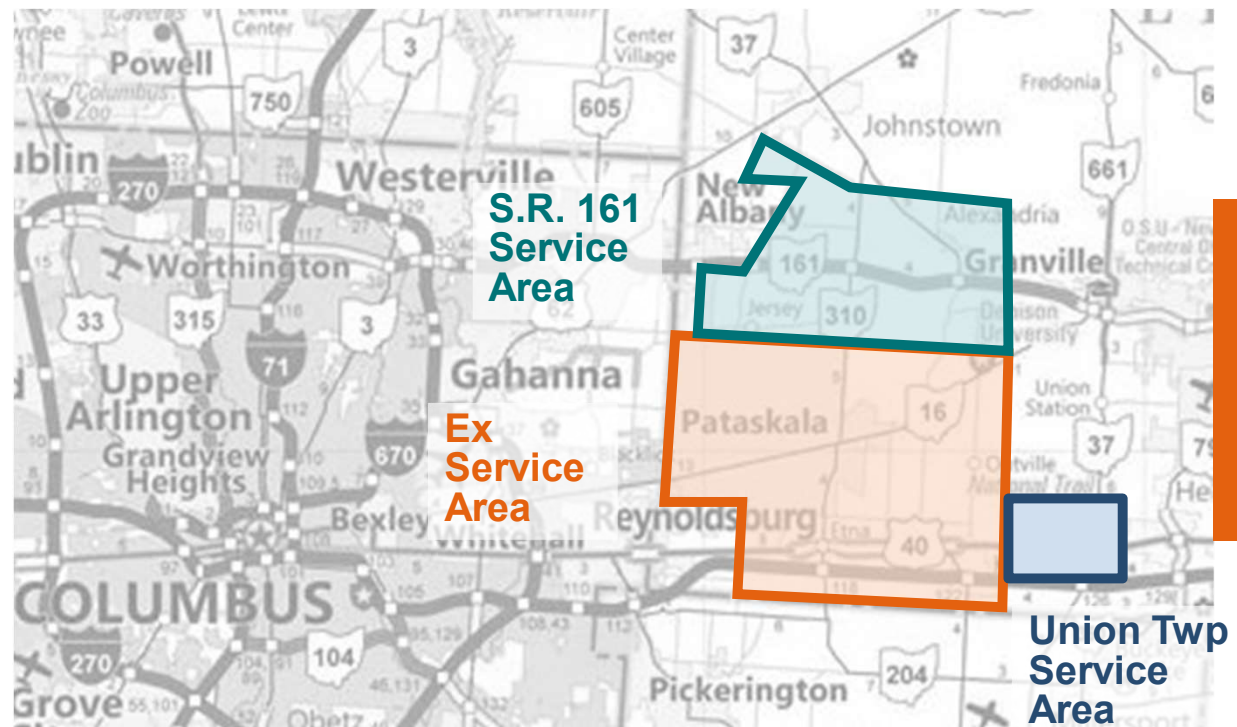
Regional Collaboration

Agreement with Licking County Commissioners in 2010 and Modified in 2013 and 2022.

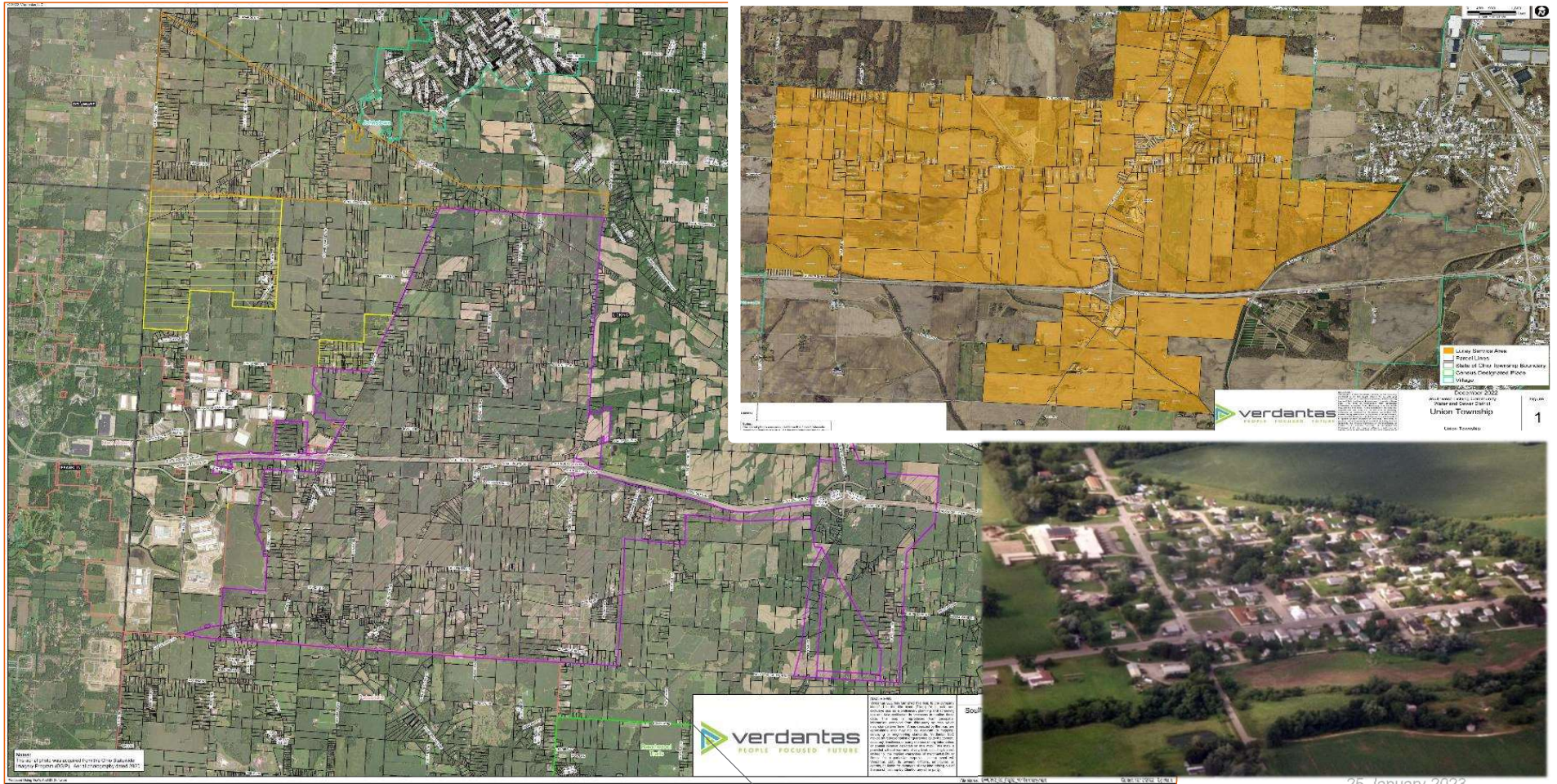
Comprehensive Plan Updates by Jersey Township and St. Albans Township

Intel announcement significantly increased development potential

Union Twp I-70/SR 37 Interchange – Key Connector to SR 161



Service Area Expansion Opportunities



Infrastructure and Funding – Kirkersville and Luray

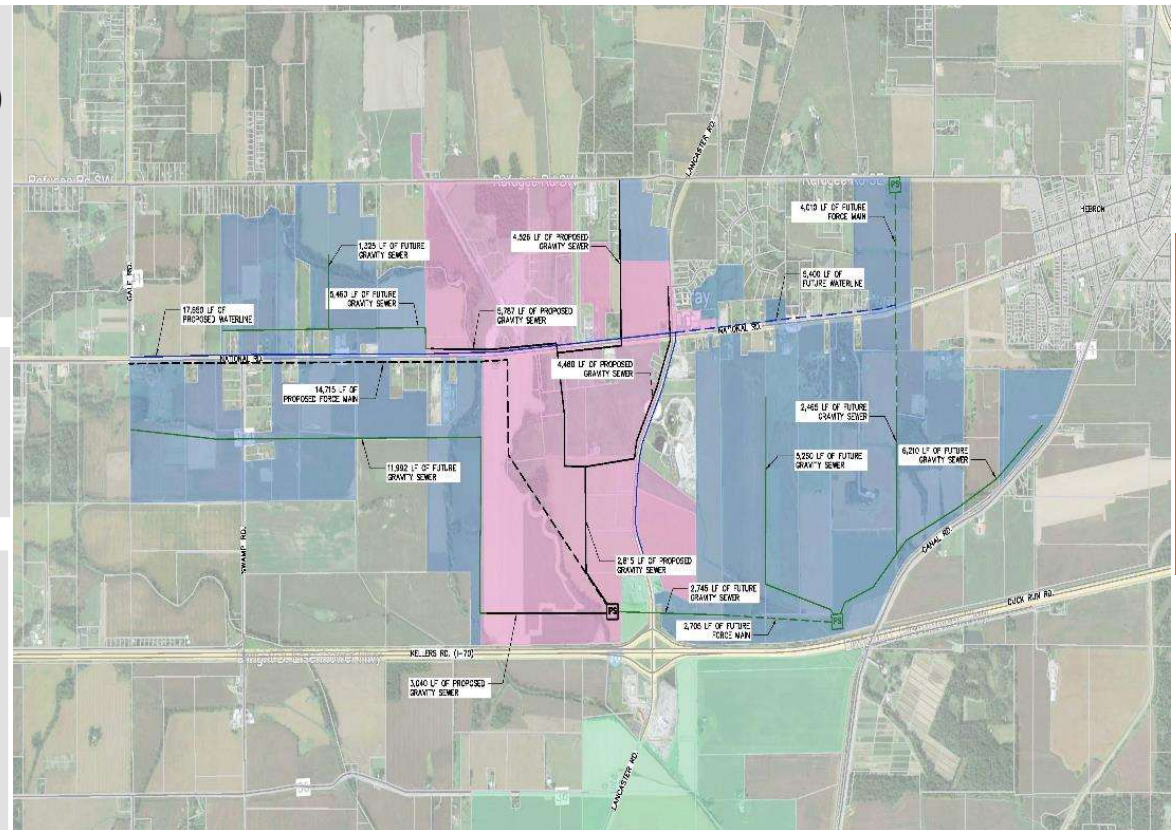
Union Township Waterline Extension
Phase 1 – US 40 (Gale Road to SR 37)
and SR 37 (US 40 to I-70)

Replace private water systems, provide
centralized water service/fire flow

Separate Ohio EPA DEFA Funding
Applications - \$9M Total

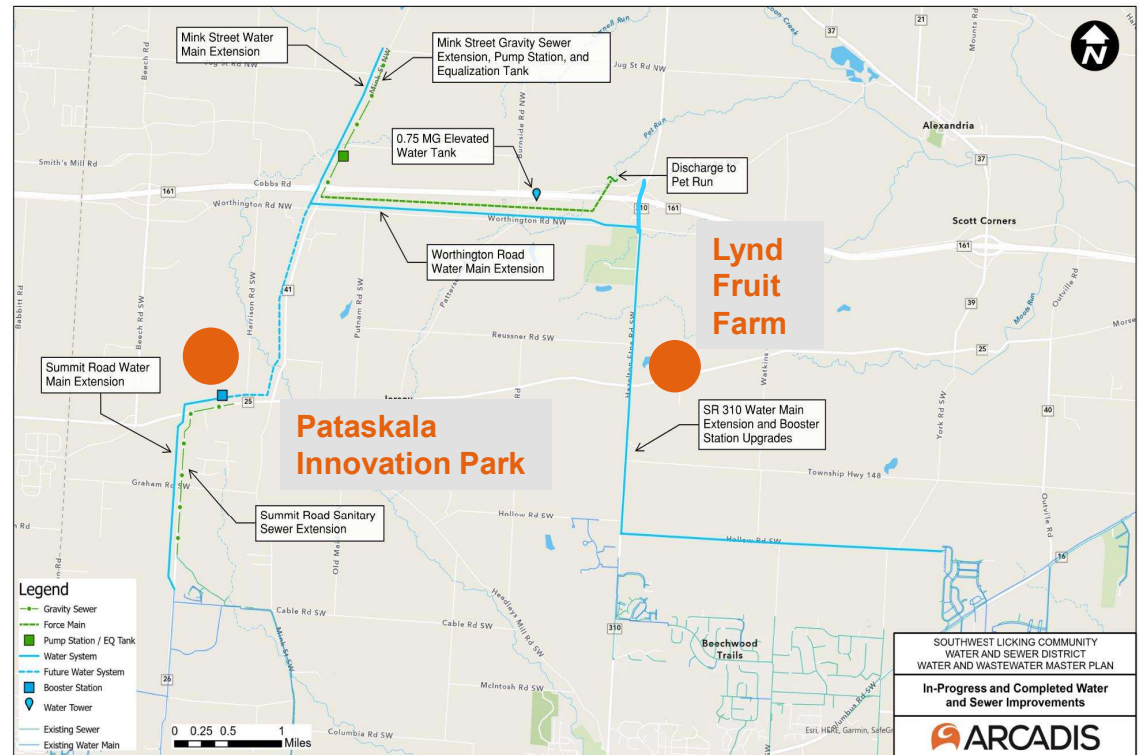
Village of Kirkersville water system
improvements

Replace residential wells and provide
centralized water service/fire flow



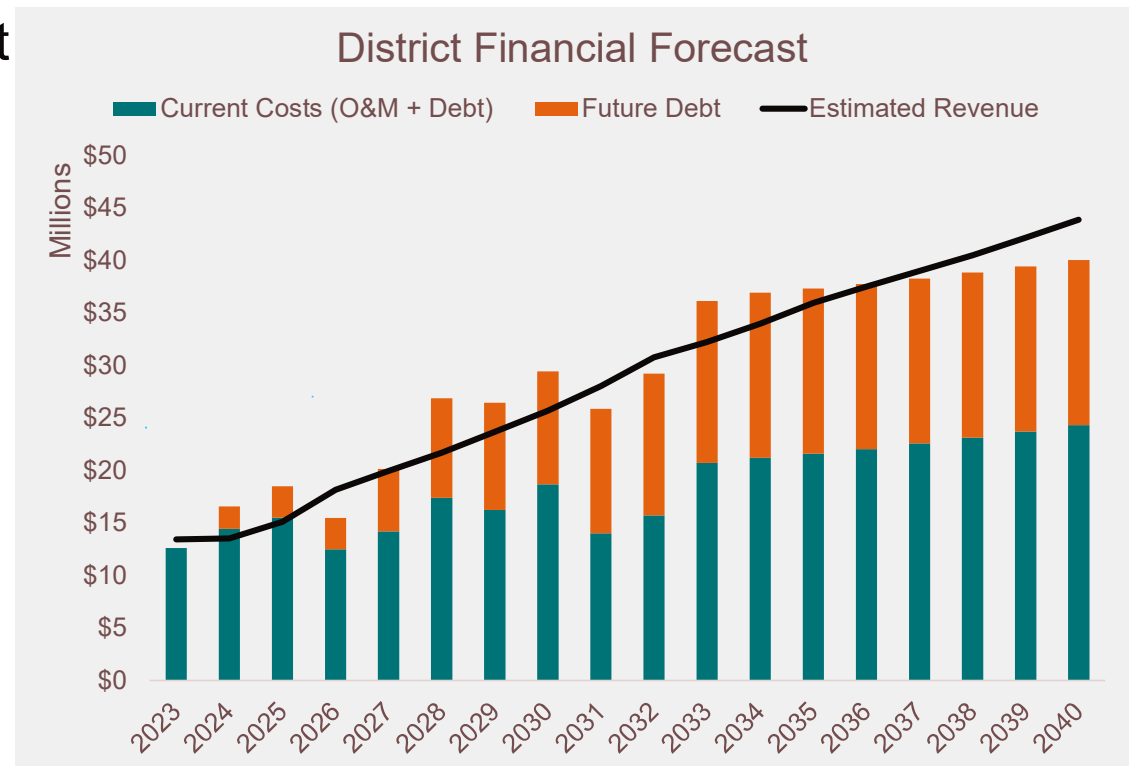
Initial Infrastructure - SR 161 Service Area

- ✓ The infrastructure cost is estimated to be \$26.3M
- ✓ Earmark of \$2.1M for Tower
- ✓ Ohio EPA funding request for Summit Road Extensions - \$6M
- ✓ JEDDs and TIFs planned for non-residential areas



2022 Financial Plan and Forecast

- DE fee being eliminated over next 3 years
- Forecast based on system growth and rate increases below industry average
- Typical customer bills are approx. 2.75% of median household income
 - “High Burden” Bills are in excess of 4%
- Update financial plan after master plans are complete



Master Planning – SR 161 Service Area



Started October 2022

- ✓ Short-term plan to provide service has been developed (**Done**)
- ✓ Long-range plan for water supply and wastewater discharge (**Done**)
- ✓ Phased and affordable infrastructure plan
- ✓ Leverage once-in-a-lifetime funding opportunities
- ✓ Economic development infrastructure funding tools
- ✓ Capital recovery and surcharges, local infrastructure oversizing
- ✓ Detailed financial analysis



Master Planning – Existing Service Area



Started January 2023

- ✓ Accelerated treatment plant projects for increased capacity
Wagram WRF, York Road WTP and Gale Road ECF
- ✓ Identification of in-fill growth areas and downstream impacts
- ✓ Modeling to determine system upsizing needs to for conveyance or distribution
- ✓ Determine phased infrastructure plan
- ✓ Leverage once-in-a-lifetime funding opportunities
- ✓ Update previous financial analysis



Comprehensive Financial Analysis

Start Summer/Fall 2023

- ✓ Update financial model that was previously prepared in 2022
- ✓ Include funding opportunities including special economic development tools revenue
- ✓ Evaluate connection fees and rate structures
- ✓ Prepare multiple scenarios based on potential conditions





The Future

- Eliminate the DE Fee in 3 years (\$2.95 reduction in 11/22)
- Leverage growth to provide affordable water and sewer rates to our customers
- Support a Thriving Community in Western Licking County (which benefits everyone)
- Complete the master plans and financial plans in 2023

“System growth and expansion helps provide more affordable rates”

Questions and Answers

- 1. How does the proposed expansion in Jersey Township impact existing customers?**
 - It provides a larger customer base and more opportunity for revenue (development and operating)
- 2. How does this expansion benefit the district and not increase debt significantly?**
 - Debt will increase; the additional revenue and economies of scale benefits will have to outweigh the additional expense
- 3. Why is the \$20M in reserves not used to pay down debt?**
 - The financial model prepared in 2022 has this factored in over time
- 4. Will assessments be levied in the new service area similar to the past?**
 - We were not currently planning on assessments given the types of projects

Questions and Answers

5. **How will the new service area expansion be paid for?**
 - **New funding opportunities, development revenue, monthly rates and TIFs/JEDDs**
6. **Will outside rate surcharges be imposed for the new customers?**
 - **That has not been done that in the past because we are a 6119 but that will be considered in the financial model update**
7. **Has a business plan been prepared to justify this expansion?**
 - **The initial plan was developed in 2021/2022 and will be expanded after the master plans are complete**
8. **Why was the Wagram WRF delayed from 2019 to 2022?**
 - **Covid had an impact and then site conditions needed to be studied**



**Thank
You!**

