

- 1) Agency member dues would increase by 3% each year, as previously presented.
- 2) A dues component for an additional DRSCW staff position would be allocated 2/3 to Agency members with a POTW and 1/3 to Agency members without a POTW, which is the same dues allocation formula used since the formation of the Workgroup. The additional staff component has been included in the calculation of dues for FY 15-16, beginning at \$75,000 for that year and increasing by 3% per year, as previously presented.
- 3) A proposed assessment for project funding and would be allocated 100% to Agency members with a POTW and the project assessment would be in addition to annual dues, as previously presented.
- 4) Over the entire eight year period from FY 15-16 through FY 22-23, the recommended funding plan would generate total project funding of \$26,231,388, consisting of Agency member project assessments of \$15,738,831 and local project sponsors matches of \$10,492,557 (see Table 1, page 9).
- 5) The recommended funding plan would generate dues, project assessments and local matches each year as indicated below:

<u>Year</u>	<u>DRSCW Agency Member Project Assessments</u>	<u>Local Matches from Project Sponsors</u>	<u>Total Amount of Annual Project Funding</u>	<u>DRSCW Agency Member Dues</u>	<u>Total Annual DRSCW Program Funding</u>
FY 15-16	\$900,000	\$600,000	\$1,500,000	\$430,483	\$1,930,483
FY 16-17	927,001	617,999	1,545,000	443,400	1,988,400
FY 17-18	1,516,529	1,011,021	2,527,550	456,714	2,984,264
FY 18-19	1,562,028	1,041,355	2,603,383	470,409	3,073,792
FY 19-20	2,589,444	1,726,296	4,315,740	484,501	4,800,241
FY 20-21	2,667,131	1,778,087	4,445,218	499,065	4,944,283
FY 21-22	2,747,142	1,831,428	4,578,570	514,031	5,092,601
FY 22-23	2,829,556	1,886,371	4,715,927	529,447	5,245,374
Totals	\$15,738,831	\$10,492,557	\$26,231,388	\$3,828,050	\$30,059,438

The attached tables include the following information:

Current and potential DRSCW Agency members

The table contains a list of the current 37 DRSCW Agency members. In addition, there are an additional 24 public agencies holding an NPDES permit for discharges from a public separate storm sewer system into the DRSCW watersheds and these Agencies are listed as potential Agency members. All of the POTWs discharging into the DRSCW watersheds are owned by DRSCW Agency members.

Total Tributary Area and Total Tributary POTW MGD

The total tributary area for each public agency with an NPDES permit for storm water and the total tributary POTW MGD are listed. These amounts are utilized to calculate DRSCW member Agency dues and assessments.

Current FY 14-15 Dues (effective 3/1/14)

Agency member dues for FY 14-15, effective March 1, 2014, increased 3% as previously budgeted. The amount of the FY 14-15 dues and the increase from the prior year's dues are listed for each Agency. Current DRSCW Agency member dues (\$320,657) represent 94% of the total amount of dues from all eligible Agency members (\$341,112) (see Table 2, page 10).

Proposed Dues and Assessments – FY15-16 through FY 22-23

The dues, including a new staffing component, assessments for project funding, total dues and assessments and estimated O&M costs of phosphorus removal for each Agency member are provided for each year from FY 15-16 through FY 22-23, as detailed in the calculation method discussed above (see Tables 3 through 10, pages 11 through 18).

Eight Year Totals – FY 15-16 through FY 22-23

The eight year totals of dues, project funding assessments and total dues and assessments for each Agency member are provided for the entire eight year project funding period, FY 15-16 through FY 22-23 (see Table 1, page 9).

Calculation Rates

At the bottom of the table, the calculation rates are provided for each of the columns in the table. DRSCW Agency member dues and assessments are calculated as follows: (fixed component) plus (tributary acreage times rate per acre) plus (POTW MGD times rate per MGD).

Estimated Phosphorus Removal O&M Costs (\$130/MG)

The key element of the proposed funding program is no NPDES obligations for phosphorus removal at DRSCW Agency member POTWs for a period of eight years. This would both allow, and be contingent upon, DRSCW members making funds available for identified projects, as detailed in this memo. The table contains a calculation of the estimated O&M costs of phosphorus removal for Agency members with a POTW(s) as a reference for comparison for each year from FY 15-16 through FY 22-23. The estimated cost of \$130/MG for FY 14-15 is based on the high point of the range of O&M costs presented to the Workgroup on June 27, 2012 by Pavel Hajda, Symbiont, for phosphorus removal to Level 1P (1.0 – 1.5 mg/l) with chemical addition only. The source of this estimate is the USEPA Municipal Nutrient Removal Technologies Reference Document, dated September 2008. The high point of the range was selected for our purposes based upon the recommendation of Mr. Hajda, in large part because the cost data in the USEPA report is already several years old. In utilizing these cost estimates, each Agency member should keep in mind any necessary modifications to the estimated removal cost based on individual circumstances at their

POTW(s). The estimated O&M cost of phosphorus removal is inflation adjusted (3% per year) and was utilized to establish the proposed schedule of project assessments.

Cost Savings of Proposed DRSCW Program over Phosphorus Removal O&M Costs

Table 11 (see page 19) presents the total cost savings of the proposed DRSCW funding program over the estimated phosphorus removal costs across all three DRSCW watersheds. Table 12 (see pages 20 through 38) presents the cost savings of the proposed DRSCW funding program over the estimated phosphorus removal costs for each DRSCW Agency member with a POTW. As the cost to design and construct phosphorus removal facilities is essentially the same in both scenarios, just occurring at different times, these costs were not included in either scenario.

In both tables, the baseline conditions assume no DRSCW funding program and the implementation of phosphorus treatment at all POTWs in the DRSCW watersheds within three years (2018). Under baseline conditions, the watershed would spend an estimated total of \$118,933,065 on phosphorus removal over the 15 year period extending through 2029. Under the eight year DRSCW funding program, the watershed would spend \$44,413,407 on phosphorus removal and invest \$26,231,388 of total project funding, or \$15,738,831 in project assessments, on watershed projects identified by the IPS tool, for a cost savings of \$48,288,270 over the same 15 year period. These calculated cost savings obviously do not include the expected significant benefit of the proposed projects on local watersheds.

Next Actions

We propose to review this recommended funding plan and special condition language during the DRSCW special meeting with all members at the rescheduled annual meeting to be held on March 11.