



# OLYMPIC VALLEY PUBLIC SERVICE DISTRICT BOARD REPORT



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**SUBJECT:** Olympic Valley Mutual Water Company  
Update

**EXHIBIT:** F-4, 5 Pages

**AUTHOR:** Charley Miller, General Manager

**MEETING DATE:** June 30, 2026

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## **RECOMMENDED ACTION:**

This report is informational only; no action is requested from the Board.

## **DISCUSSION:**

On February 19, 2025, the Board authorized the General Manager to initiate formal discussions with the Olympic Valley Mutual Water Company (OVMWC) regarding the potential merger or acquisition of the Mutual Water Company by the District. Since that time, staff and consultants have evaluated the technical, financial, operational, and governance considerations associated with consolidation.

To support this effort, the Board approved professional services agreements with Hydros Engineering to prepare a Capital Improvement Plan (CIP) for the Mutual water system and HDR Engineering to evaluate financial alternatives and potential rate structures. Hydros identified approximately \$8 million in capital improvements over a 15-year planning period, including production wells, storage facilities, transmission infrastructure, and operational improvements necessary to provide a level of service consistent with District standards.

Using the Hydros CIP, HDR incorporated the anticipated capital needs into the District's existing financial model and evaluated several rate and financing scenarios. The preliminary analysis demonstrates that multiple approaches are financially feasible but produce significantly different outcomes depending on several policy decisions, including whether existing Mutual debt remains with Mutual customers, whether future capital improvements are funded through cash or long-term financing, whether all customers ultimately transition to a single water rate, and the length of any rate transition period.

The analysis also confirms that, upon consolidation, the District would become responsible for operating and maintaining the combined water system. As the owner and operator of the consolidated system, the District Board would retain authority over capital improvement priorities, staffing, operational standards, regulatory compliance, and financial management.

At this stage, staff is not seeking direction on any specific consolidation alternative. Rather, the purpose of this report is to provide the Board with an overview of the work completed to date and identify the key policy questions that will shape future recommendations.

Staff's next steps include accepting grant funding from the Placer County Water Agency Financial Assistance Program, completing the consolidation study, further evaluating financing alternatives and the transferability of existing Mutual debt, analyzing Proposition 218 implementation options, and returning to the Board with consolidation alternatives and recommendations for consideration.

**FISCAL/RESOURCE IMPACTS:** The consultant services described in this report were previously authorized by the Board and are included in the District's adopted budget. Staff anticipates utilizing grant funding from the Placer County Water Agency Financial Assistance Program (scheduled for Board acceptance in July, 2025) to offset future costs associated with the consolidation study.

**STRATEGIC PLAN ALIGNMENT:**

**Focus Area:** Proactive Planning | **Goal:** Consider options for expanding services

**ATTACHMENTS:**

- Presentation: Olympic Valley Mutual Water Company Consolidation Update.

**DATE PREPARED:** June 24, 2026

## Mutual Consolidation

- February 12<sup>th</sup>, 2025
  - OVPSD received a resolution from the Olympic Valley Mutual Water Company requesting that OVPSD explore the possibility of merging or being acquired.
- February 19<sup>th</sup>, 2025
  - OVPSD Board authorizes GM to initiate formal negotiations with Olympic Valley Mutual Water Company.
- April 29<sup>th</sup>, 2025
  - The OVPSD Board approved a PSA with HDR to conduct a Water Rate Alternative Analysis and a PSA with Hydros Engineering to develop a Capital Improvement Plan to support the rate analysis.
- October 9, 2025
  - OVPSD received a conflict-of-interest determination regarding sitting OVPSD Board members residing within the OVMWC boundaries

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## The Why

- Increase efficiency through shared infrastructure, staffing, resources, and operations.
- Improving long-term financial sustainability through broader customer base. (~20% Increase in connections)
- Reduce duplication of water system management within Olympic Valley.
- Provide a consistent level of service to all customers in the Valley.

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## Hydros Report

Recommended projects within the Mutual water system were identified into a consolidated Capital Improvement Plan (CIP)  
CIP projects were identified from three sources:

- OVMWC 10 Year Water System Maintenance Plan (September 2024, Shaw Engineering)
- Projects identified in previous Mutual preliminary engineering reports but not yet complete
- Projects identified by District to match level of service provided to District customers consistent with existing District facilities

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## Hydros CIP Report

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Well 1 Replacement	2,450,000														
Well 2 Replacement	733,001														
<b>Distribution</b>															
Washeshu Creek Crossing	552,729														
Christy Hill Lane to Christy Lane	445,578														
<b>Storage Tank Modifications</b>															
Recoat Upper Tank	973,790														
Lower Tank Site Modifications	1,107,501														
<b>Total</b>	<b>4,600,000</b>														

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## Hydros CIP Report (Years 1-5)

Large/Early Improvements	Cost	Year
<b>Sources</b>		
Well 1 Replacement	\$800,970	5
Well 2 Replacement	\$733,001	2
<b>Distribution</b>		
Washeshu Creek Crossing	\$552,729	1
Christy Hill Lane to Christy Lane	\$445,578	1
<b>Storage Tank Modifications</b>		
Recoat Upper Tank	\$973,790	4
Lower Tank Site Modifications	\$1,107,501	3
<b>Total</b>	<b>\$4.6M</b>	

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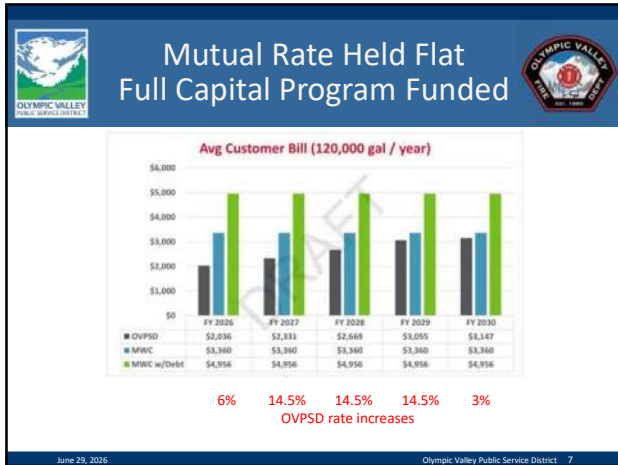
## HDR Financial Model Runs

Utilizing the previously developed Prop 218 Cost of Service Model HDR incorporated the CIP information into a revised rate model to evaluate rate impacts on Mutual and OVPSD customers.

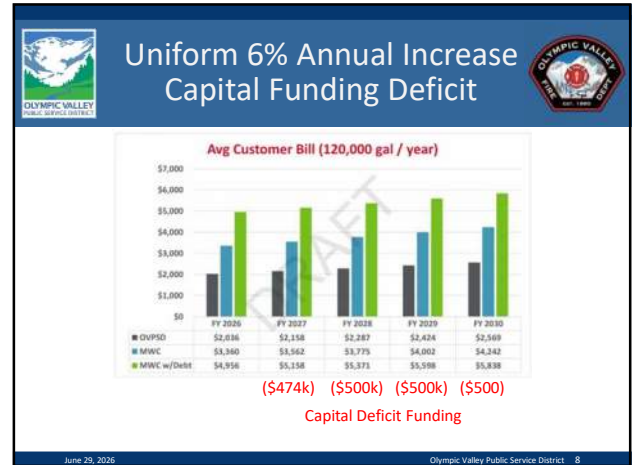
Key Financial assumptions considered:

- Existing Mutual debt remains with Mutual customers
- Capital Improvements identified by Hydros
- Rate Projections are based on HDR's updated financial model
- Scenarios evaluate varying transition periods and financial approaches

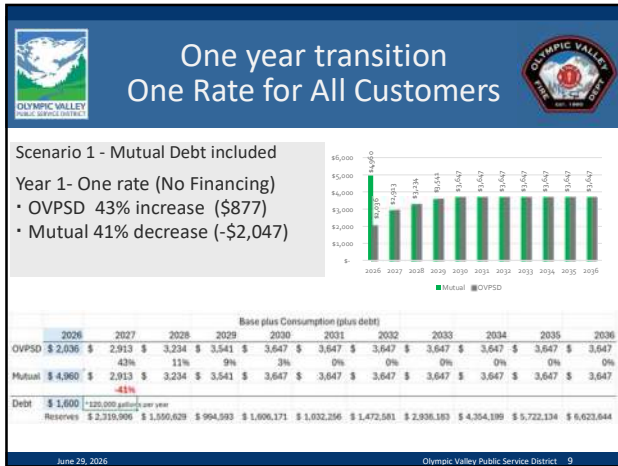
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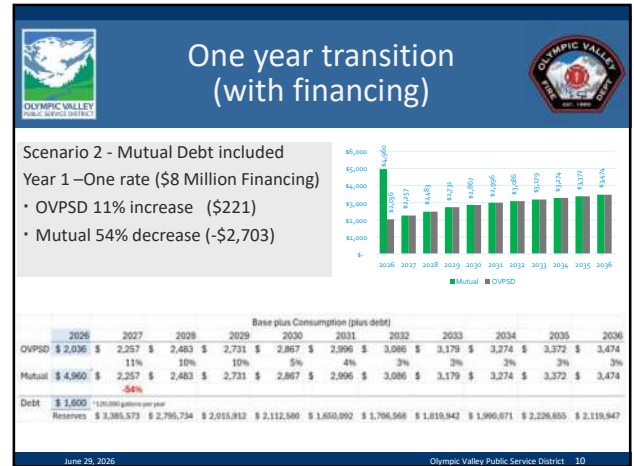
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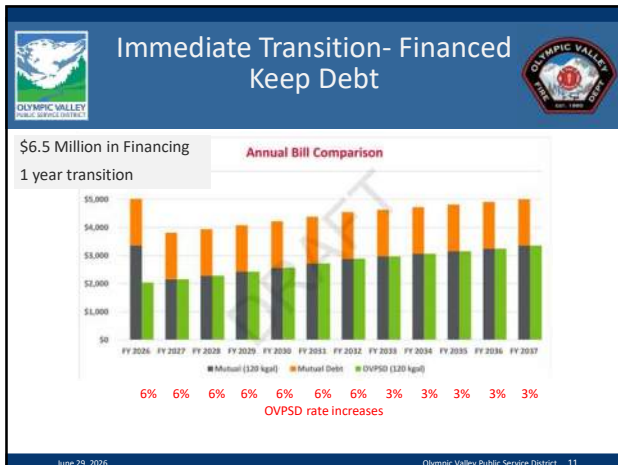
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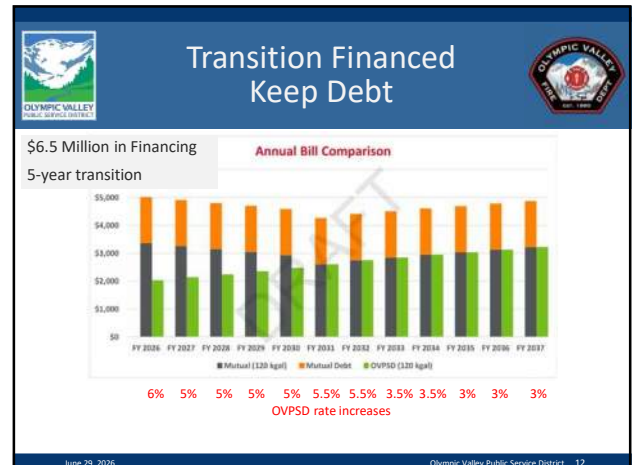
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## Key Policy Questions




- Should the MWC keep its current debt?
- Should capital improvements be funded with cash or debt?
- Should all customers ultimately pay the same rates?
- If rates are unified, what transition period is appropriate?

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## Next steps



- Accept PCWA grant funding for the consolidation study
- Engage Hydros Engineering to complete the study
- Engage municipal financial expertise to evaluate financing alternatives
- Determine transferability of existing Mutual debt
- Evaluate Prop 218 options for customer classes and rate transitions.
- Return to the Board with consolidation alternatives and recommendations.

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