



Utility Board Workshop

Stormwater Rate Update

September 23, 2020

Presented by:

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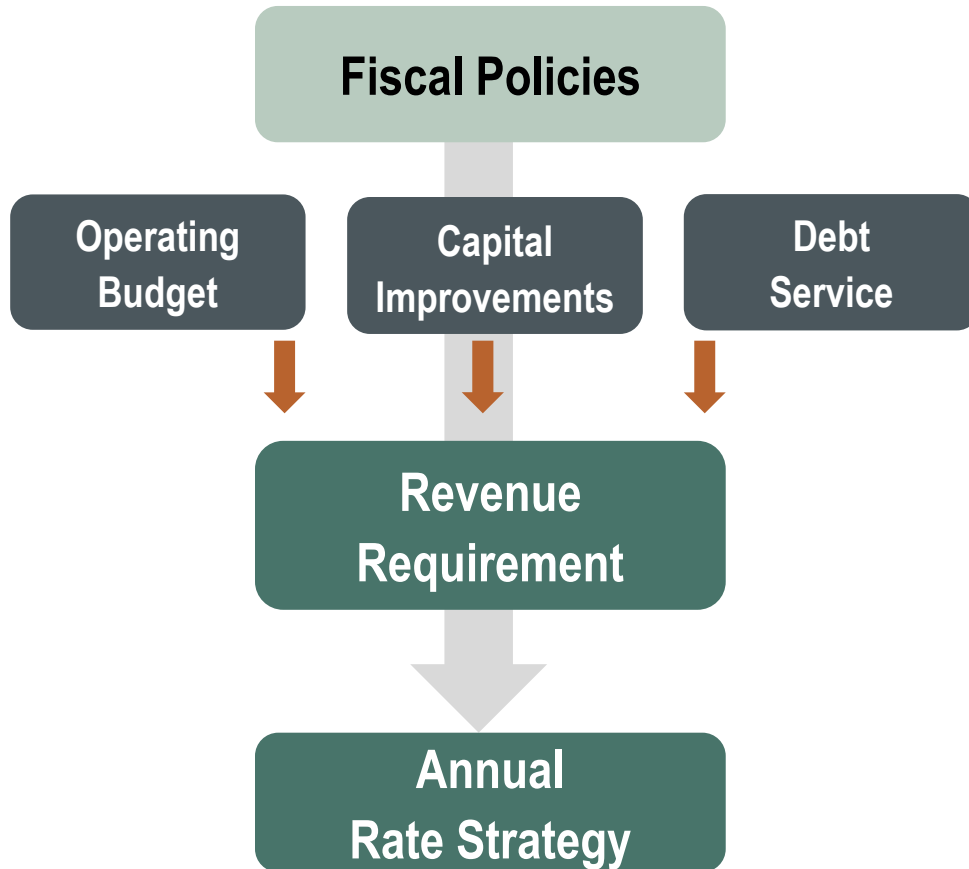


Overview

- ◆ **FCS GROUP retained to complete a water, sewer and stormwater rate update**
- ◆ **Focus for today's workshop – Stormwater**
 - Overview
 - Present key data inputs and assumptions
 - Summary of preliminary findings
- ◆ **Next steps**
- ◆ **Questions**



Rate Update Overview



- ◆ Evaluates sufficiency of current rates to meet all utility financial obligations on a stand-alone basis
- ◆ Develop rate plan to balance financial needs and minimize customer impacts
- ◆ Multi-year rate plan with rate focus on 2021-2022
- ◆ Last external rate study completed in 2010



Key Data Inputs/Assumptions

- ◆ **Study period: 2021-2026**
- ◆ **Rate revenue based on historical actuals and 2020 budget**
 - Rate revenue assumed flat over the time period
- ◆ **Preliminary 2021/2022 biennial budget used as baseline for expenses**
 - City tax increase to 8% for 2021 and 2022 back to 5.3% in 2023
- ◆ **Incorporated City provided capital improvement plan**
 - Focus is on prioritizing critical infrastructure maintenance



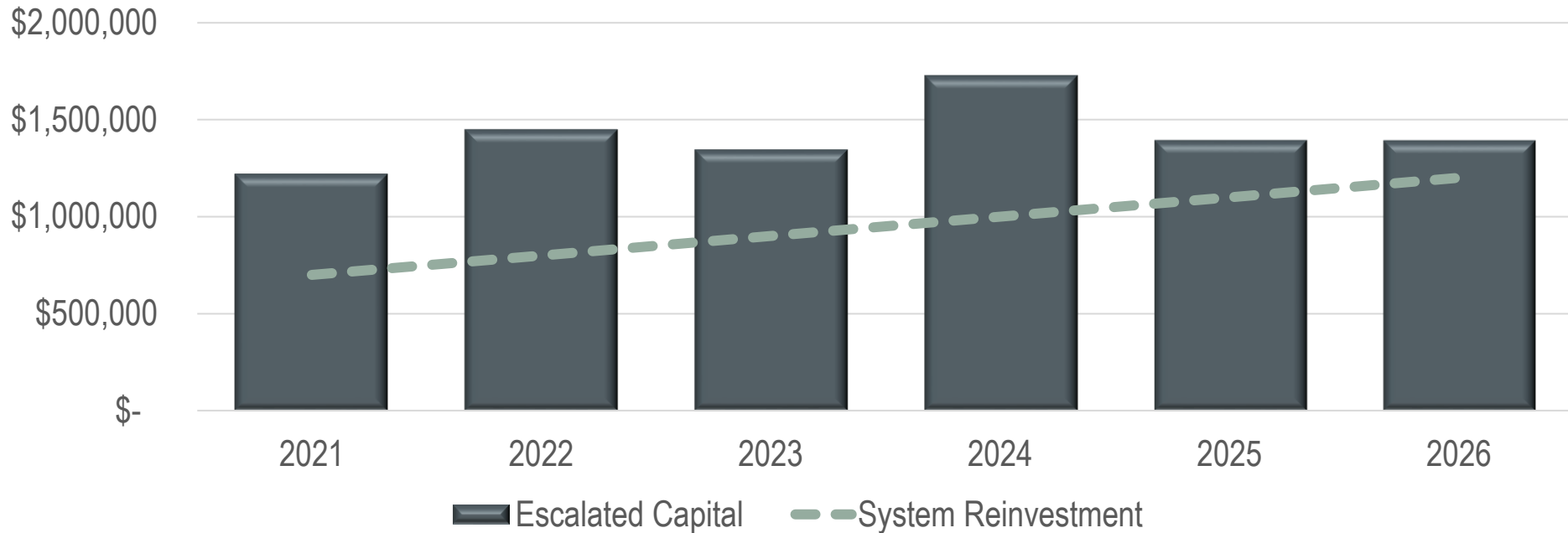
Financial Policies

- ◆ Help guide the financial management of the City

Policy	Purpose	Target
Operating Reserve	To provide sufficient cash flow to meet daily operating expenses (short-term, annual revenue cycles)	30 Days O&M (\$110k - \$130k)
Capital Reserve	To provide a source of funding for emergency repairs, unanticipated capital, and project cost overruns.	2% of Capital Assets (\$120k-\$205k)
System Reinvestment Funding	To ensure ongoing system integrity through reinvestment in the system.	Phased in to \$1.2m in 2026
Debt Service Coverage	To ensure compliance with existing loan/debt covenants and maintain credit worthiness for future debt issuance.	Minimum Bond Covenant Requirement 1.25



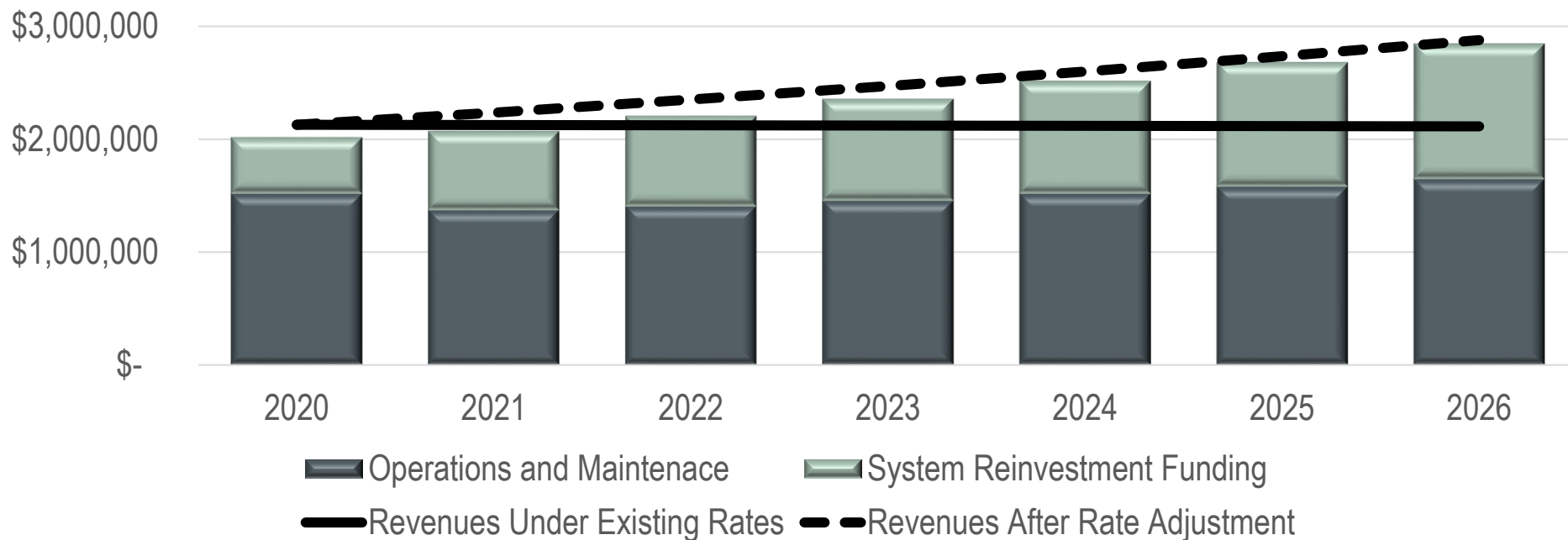
2021 – 2026 Capital Plan



- ◆ **Total escalated CIP of \$8.5 million through 2026**
 - Sub Basin watercourse stabilization projects
 - East Mercer Way culvert replacement
 - Conveyance System assessments/improvements
- ◆ **Capital funding met through available revenue resources**
 - No new debt funding anticipated



Revenue Requirement Summary



Sample Bi-monthly Bill	Existing 2020	2021	2022	2023	2024	2025	2026
Charge per Equivalent Service Unit	\$35.77	\$37.74	\$39.81	\$42.00	\$44.31	\$46.75	\$49.32
Bi-monthly Increase		\$1.97	\$2.07	\$2.19	\$2.31	\$2.44	\$2.57
Percent Increase		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%



Next Steps

- ◆ **Utility Board input/feedback**
 - Alternative scenarios to consider?
 - Incorporate feedback and finalize stormwater recommendations
- ◆ **October TBD present preliminary results of water and sewer rate update**
- ◆ **November 17th bring utility rates to Council for Adoption**
- ◆ **Rates effective January 1, 2021**





Rate and Fee
Consulting



Asset
Management



Utility
Management

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