



Utility Board Workshop

Water and Sewer Rate Update

October 14, 2020

Presented by:

Angie Sanchez, Vice President / Principal
Chase Bozett, Senior Analyst



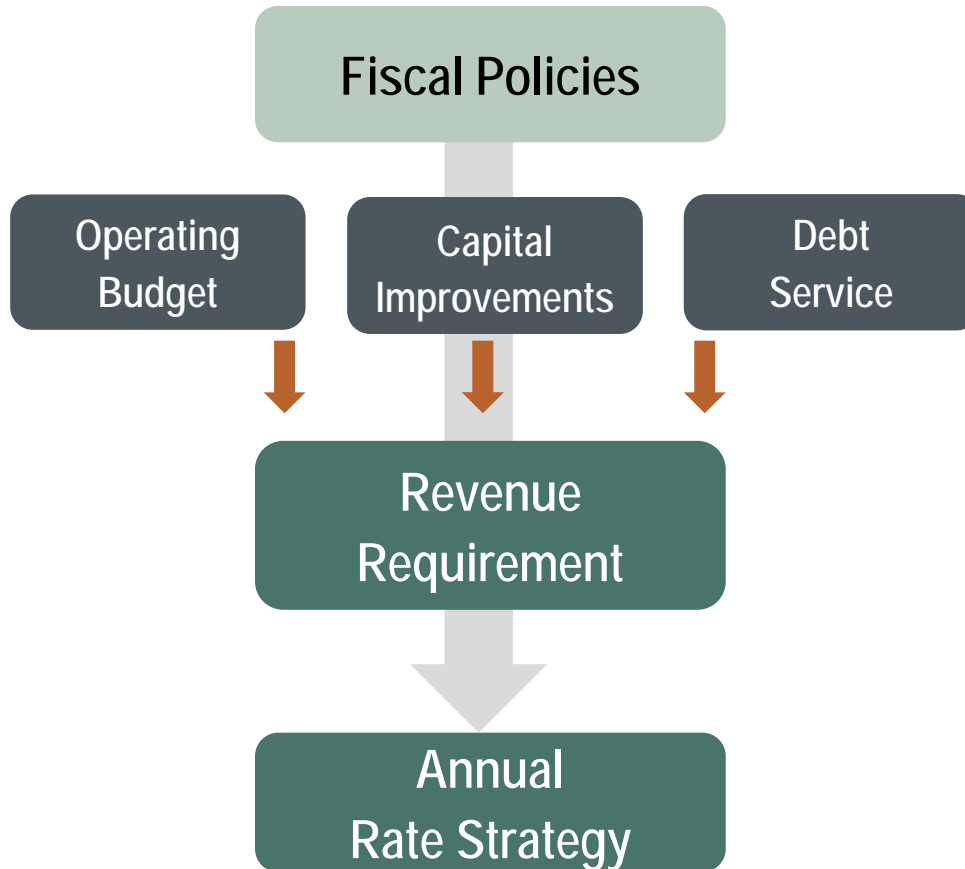


Overview

- ◆ FCS GROUP retained to complete a water, sewer and stormwater rate update
- ◆ Presented Stormwater preliminary findings at September 23 workshop
- ◆ Focus for today's workshop – Water and Sewer
 - Overview
 - Present key data inputs and assumptions
 - Summary of preliminary water and sewer findings
- ◆ Review of previous Stormwater 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



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)	Water: 90 Days (\$760k - \$880k) Sewer: 30 Days (\$200k - \$235k)
Capital Reserve	To provide a source of funding for emergency repairs, unanticipated capital, and project cost overruns.	Water: 1% of Capital Assets (\$400k - \$730k) Sewer: 2% of Capital Assets (\$1.1m - \$1.5m)
System Reinvestment Funding	To ensure ongoing system integrity through reinvestment in the system.	Water: Phased to \$3.9m in 2026 Sewer: Phased to \$2.0m in 2026



Financial Policies (Continued)

- ◆ Help guide the financial management of the City

Policy	Purpose	Target
Capital Funding Decisions	To provide a basis of determining how capital projects should be funded by the utility	Cash fund projects under \$2m Seek alternative funding methods for projects > \$2m to mitigate rate impacts
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
Rate Equity	To establish rates and charges, which equitably recover the cost of service from each utility's customers.	Each utility meets all utility financial obligations on a stand-alone basis



Key Data Inputs/Assumptions

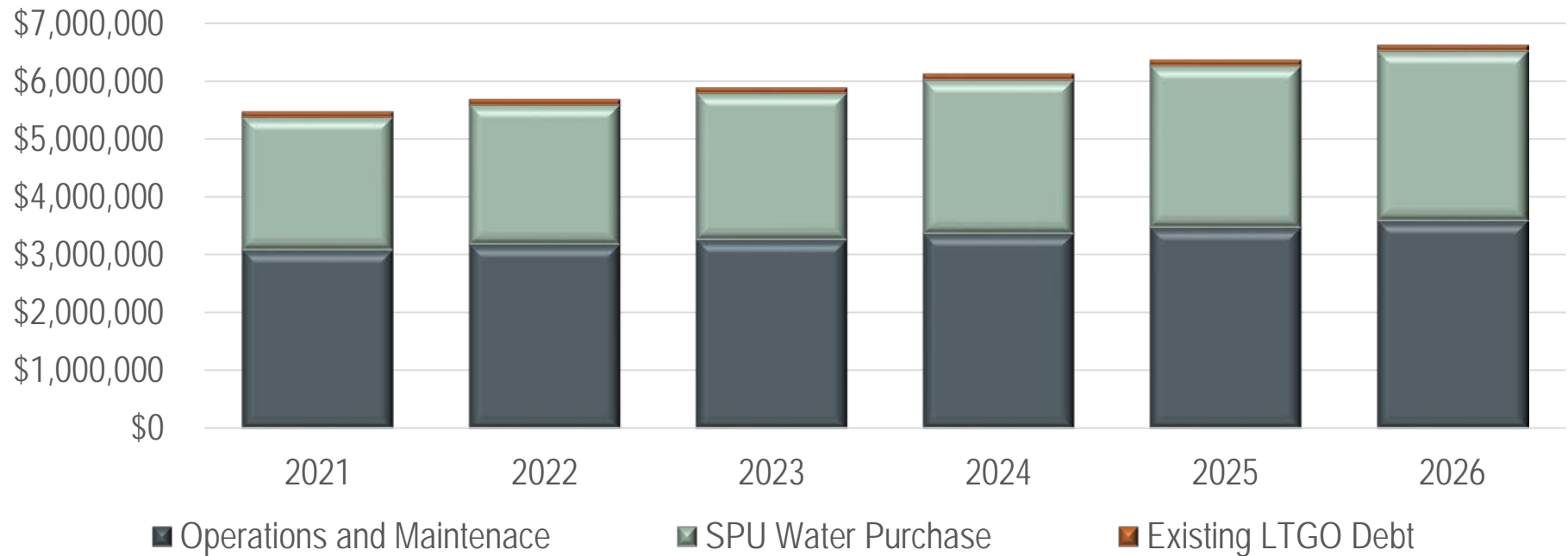
- ◆ **Study period: 2021-2026**
 - Focus on 2021-2022 for rate-setting
- ◆ **Rate revenue**
 - Water: 2019 revenue levels based on historical usage and COVID considerations
 - Sewer: 2020 budget maintained as revenue more stable
- ◆ **Preliminary 2021/2022 biennial budget used as baseline for expenses**
 - City tax increase to 8% in 2021 and 2022 back to 5.3% in 2023
 - Applied on top of customer bill
- ◆ **Incorporated City provided capital improvement plan**
 - Focus is on prioritizing critical infrastructure maintenance



Water Revenue Requirement



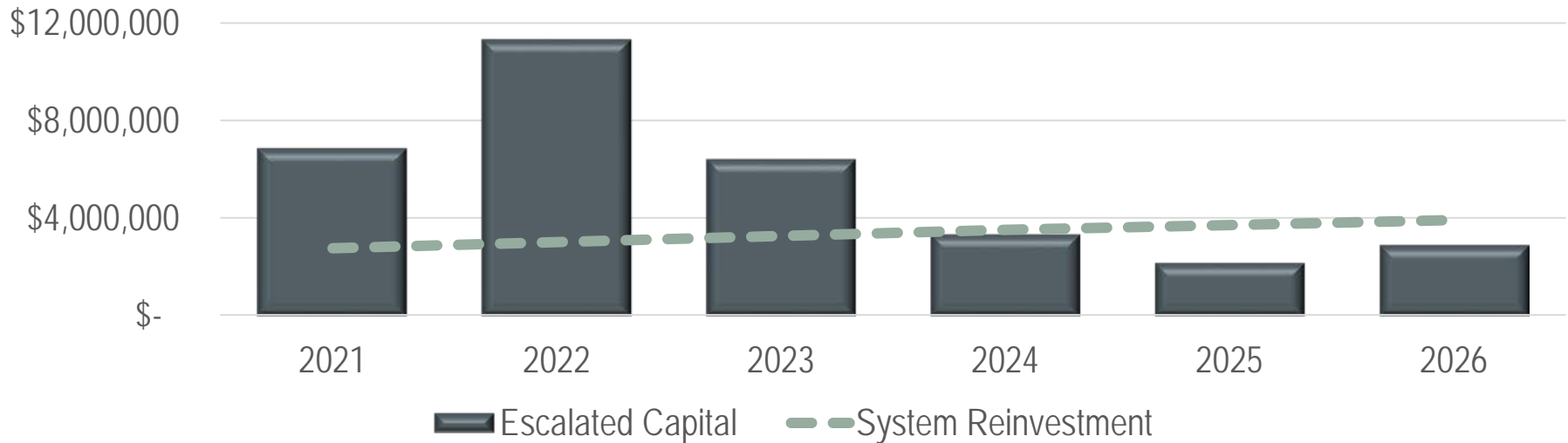
Water: 2021 – 2026 Operational Costs



- ◆ **Total operational costs: \$5.5 to \$6.6 million**
 - Operating and Maintenance: \$3.1 to \$3.6 million
 - SPU Water Purchases: \$2.3 to \$2.9 million
 - Existing Debt Service: \$110,000



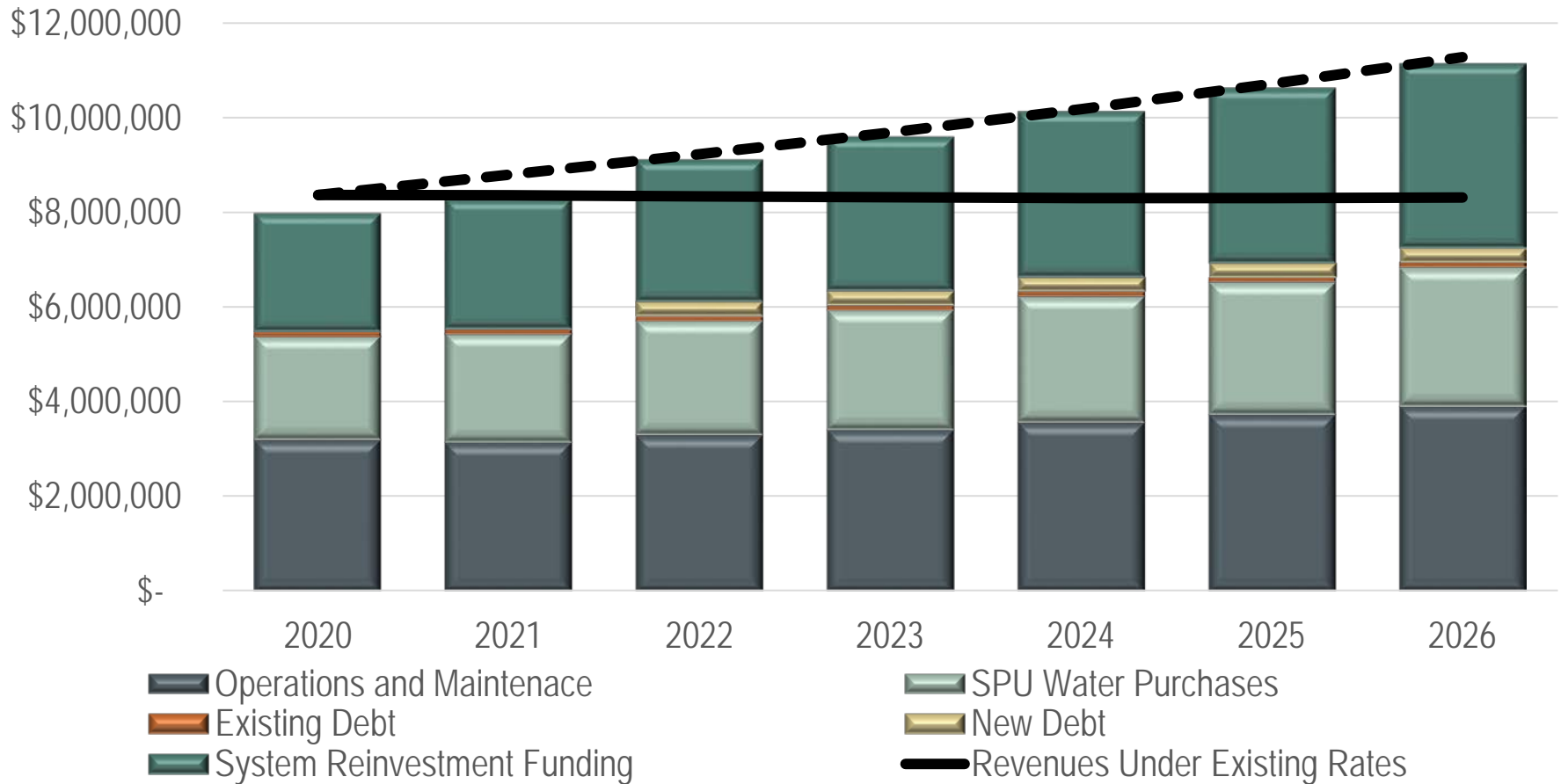
Water: 2021 – 2026 Capital Plan



- ◆ **\$33.1 million in total escalated spending from 2021-2026**
 - Booster chlorination station (\$3.7 million)
 - SCADA system improvement (\$3.1 million)
 - Water reservoir improvements (\$4.1 million)
 - Meter replacement implementation (\$4.3 million)
- ◆ **Outside funding projected to assist 2022 capital completion**
 - \$3.5 million debt proceeds



Water: Revenue Requirement Summary



- ◆ Existing rates are sufficient to cover all operational costs through the forecast
- ◆ Rate increases target system reinvestment funding and capital needs



Water: Sample Single Family Bill

	Existing 2020	2021	2022	2023	2024	2025	2026
Sample Bimonthly Bill	\$110.29	\$116.08	\$122.17	\$128.59	\$135.34	\$142.44	\$149.92
<u>Bimonthly</u> Increase		\$5.79	\$6.09	\$6.42	\$6.75	\$7.10	\$7.48
Percent Increase		5.25%	5.25%	5.25%	5.25%	5.25%	5.25%

Note: Assumes 3/4" meter and 14 ccf bimonthly usage

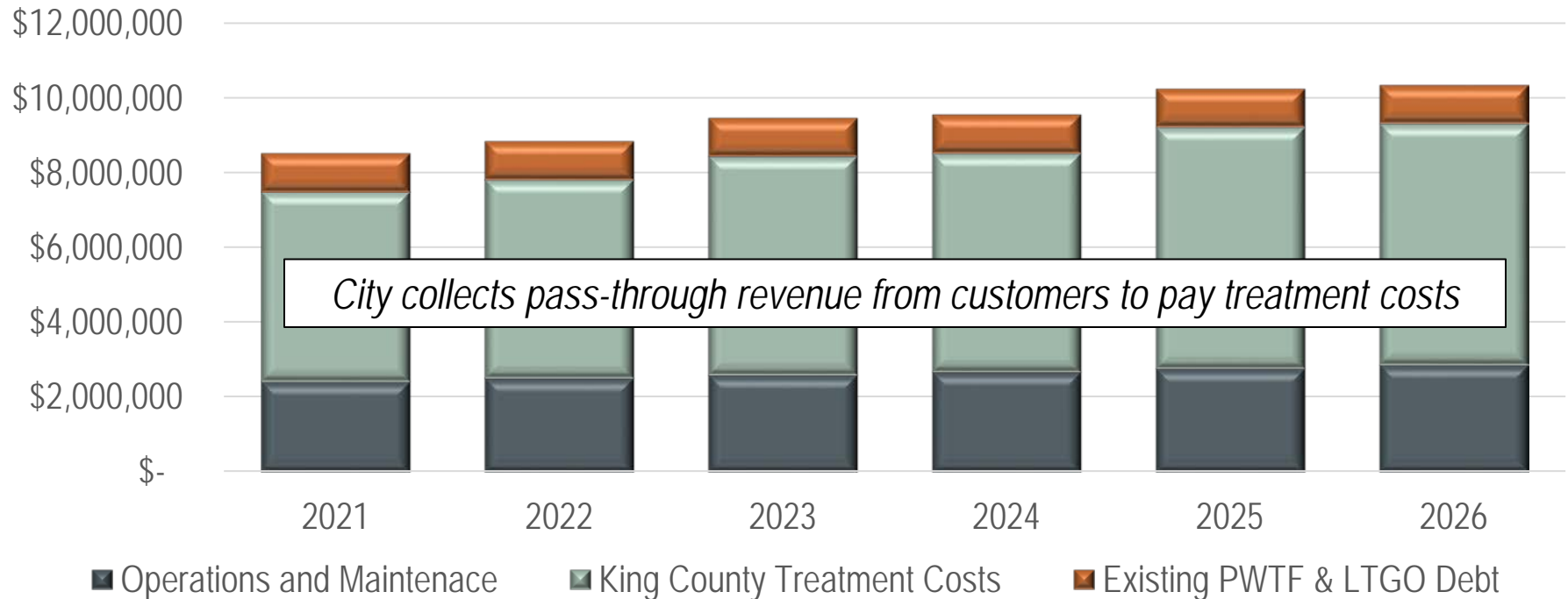
	Existing 2020	2021	2022	2023	2024	2025	2026
Sample Monthly Bill	\$55.15	\$58.04	\$61.09	\$64.30	\$67.67	\$71.22	\$74.96
<u>Monthly</u> Increase		\$2.89	\$3.05	\$3.21	\$3.37	\$3.55	\$3.74
Percent Increase		5.25%	5.25%	5.25%	5.25%	5.25%	5.25%



Sewer Revenue Requirement



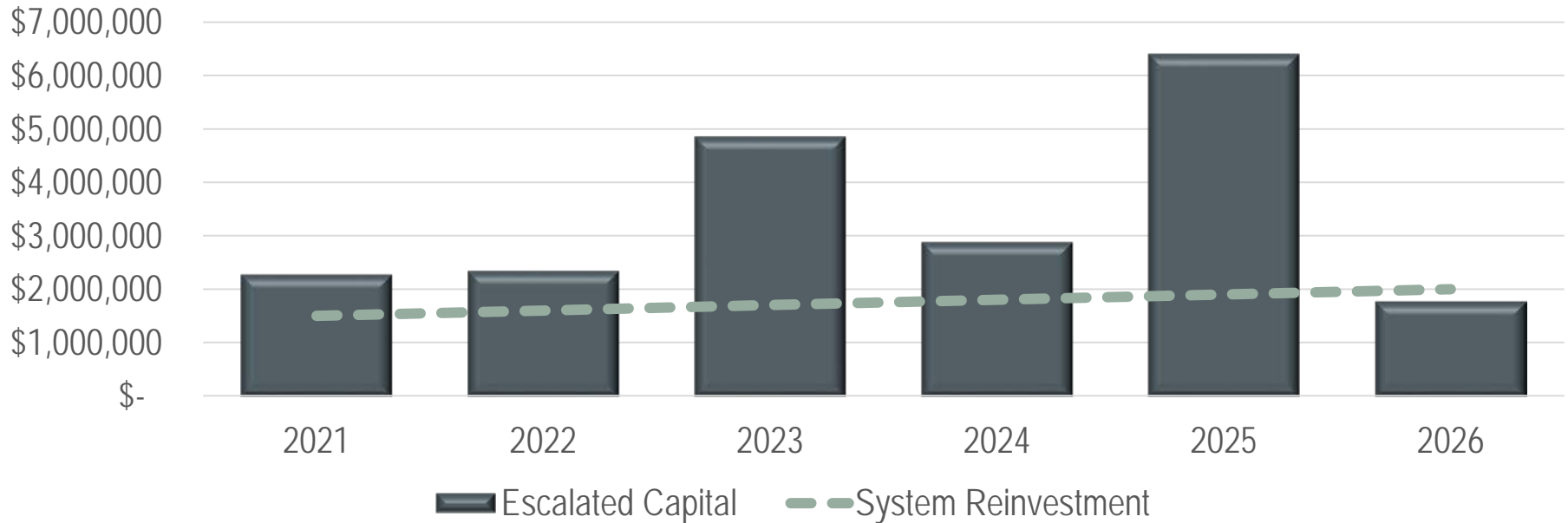
Sewer: 2021 – 2026 Operational Costs



- ◆ **Total operational costs: \$8.5 to \$10.3 million**
 - Operating and Maintenance: \$2.4 to \$2.8 million
 - King County Treatment: \$5.1 to \$6.5 million
 - Existing Debt Service: \$1 million



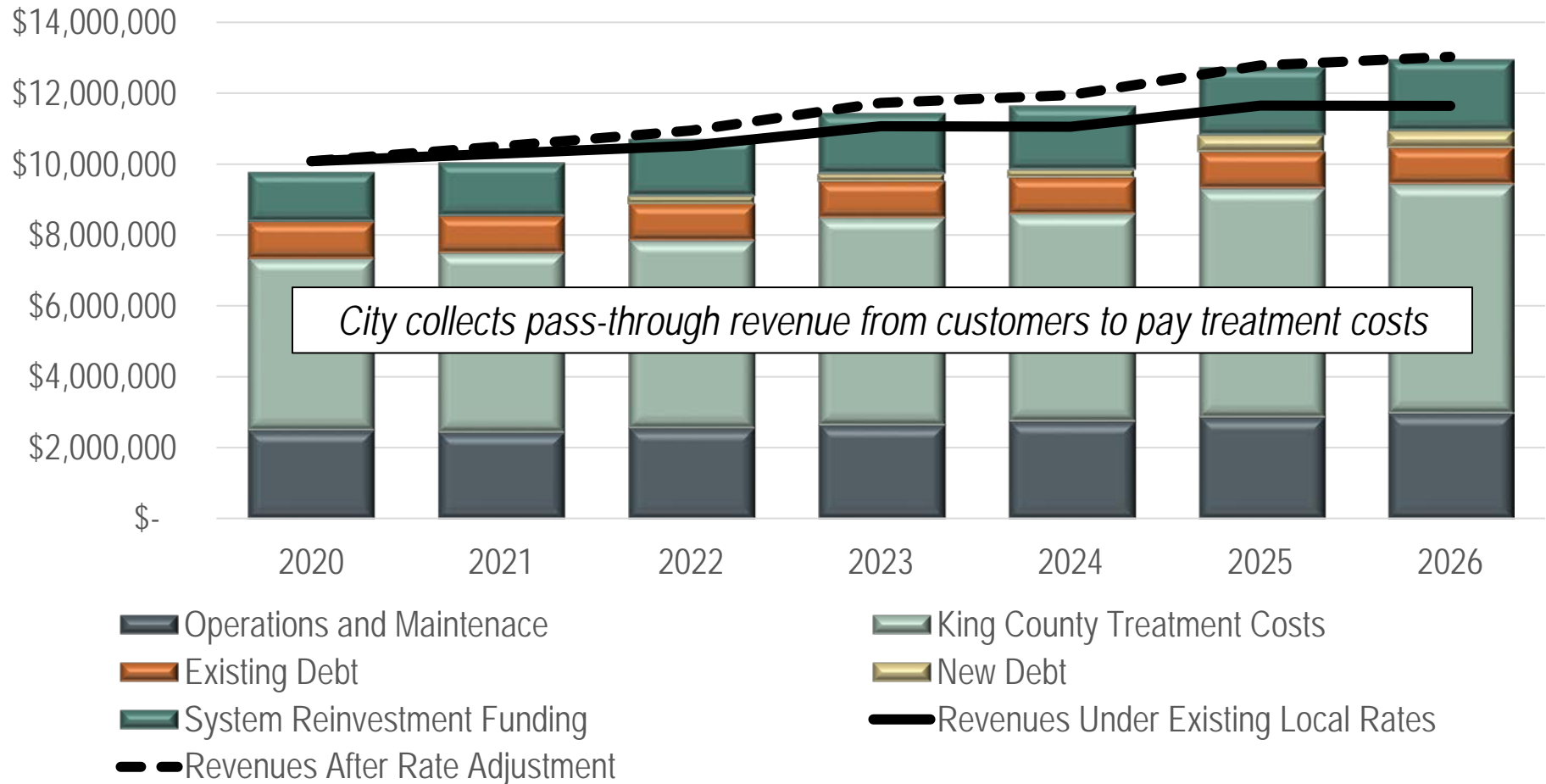
Sewer: 2021 – 2026 Capital Plan



- ◆ **\$20.6 million in total escalated spending from 2021-2026**
 - SCADA system improvements (\$3.1 million)
 - Lake line locating and marking (\$3.3 million)
 - Lake line condition assessment (\$2.3 million)
- ◆ **Outside funding projected to assist capital completion**
 - \$2.5 million debt proceeds in 2022 and \$3 million in 2025



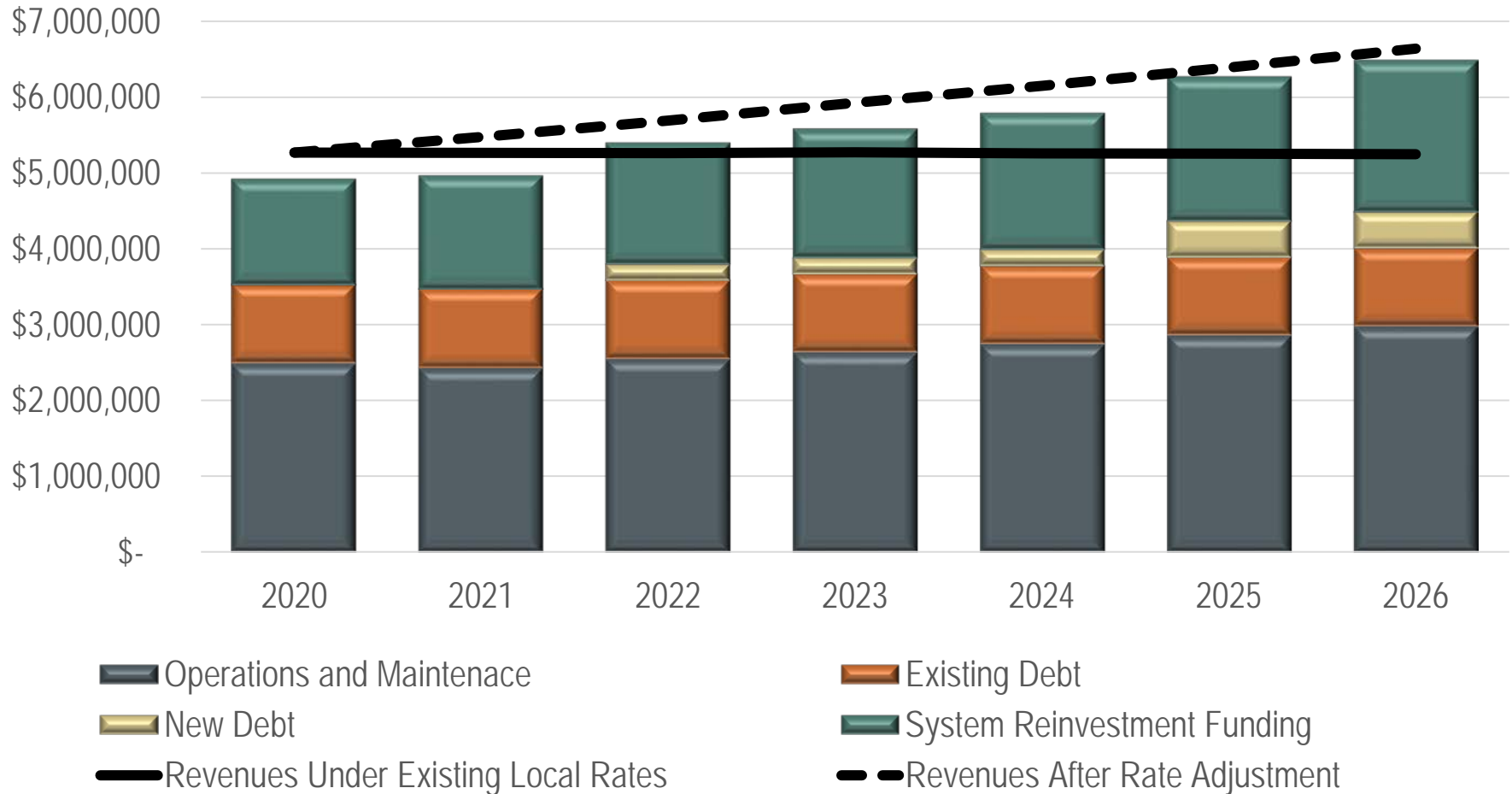
Sewer: Revenue Requirement Summary



- ◆ Existing rates are sufficient to cover all operational costs through the forecast
- ◆ Rate increases target system reinvestment funding and capital needs



Sewer: Revenue Requirement Summary – Local Portion Only



- ◆ Existing rates are sufficient to cover all operational costs through the forecast
- ◆ Rate increases target system reinvestment funding and capital needs



Sewer: Sample Single Family Bill

Bi-Monthly Bill

	Existing 2020	2021	2022	2023	2024	2025	2026
Local Bill	\$90.26	\$93.87	\$97.63	\$101.53	\$105.59	\$109.82	\$114.21
King County Metro Bill	\$90.66	\$94.74	\$99.00	\$109.16	\$109.16	\$120.34	\$120.34
Total Bill	\$180.92	\$188.61	\$196.63	\$210.69	\$214.75	\$230.16	\$234.55
Local Increase		\$3.61	\$3.76	\$3.90	\$4.06	\$4.23	\$4.39
King County Increase		\$4.08	\$4.26	\$10.16	\$ -	\$11.18	\$ -
Total Increase		\$7.69	\$8.02	\$14.07	\$4.06	\$15.40	\$4.39
Local Percent Increase		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
King County Percent Increase		4.50%	4.50%	10.25%	0.00%	10.24%	0.00%
Total Percent Increase		4.25%	4.25%	7.15%	1.93%	7.17%	1.91%

Note: Assumes 10 ccf bimonthly winter usage



Sewer: Sample Single Family Bill

Monthly Bill

	Existing 2020	2021	2022	2023	2024	2025	2026
Local Bill	\$45.13	\$46.94	\$48.82	\$50.77	\$52.80	\$54.91	\$57.11
King County Metro Bill	\$45.33	\$47.37	\$49.50	\$54.58	\$54.58	\$60.17	\$60.17
Total Bill	\$90.46	\$94.31	\$98.32	\$105.35	\$107.38	\$115.08	\$117.28
Local Increase		\$1.81	\$1.88	\$1.95	\$2.03	\$2.11	\$2.20
King County Increase		\$2.04	\$2.13	\$5.08	\$ -	\$5.59	\$ -
Total Increase		\$3.85	\$4.01	\$7.03	\$2.03	\$7.70	\$2.20
Local Percent Increase		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
King County Percent Increase		4.50%	4.50%	10.25%	0.00%	10.24%	0.00%
Total Percent Increase		4.25%	4.25%	7.15%	1.93%	7.17%	1.91%



Stormwater Revenue Requirement



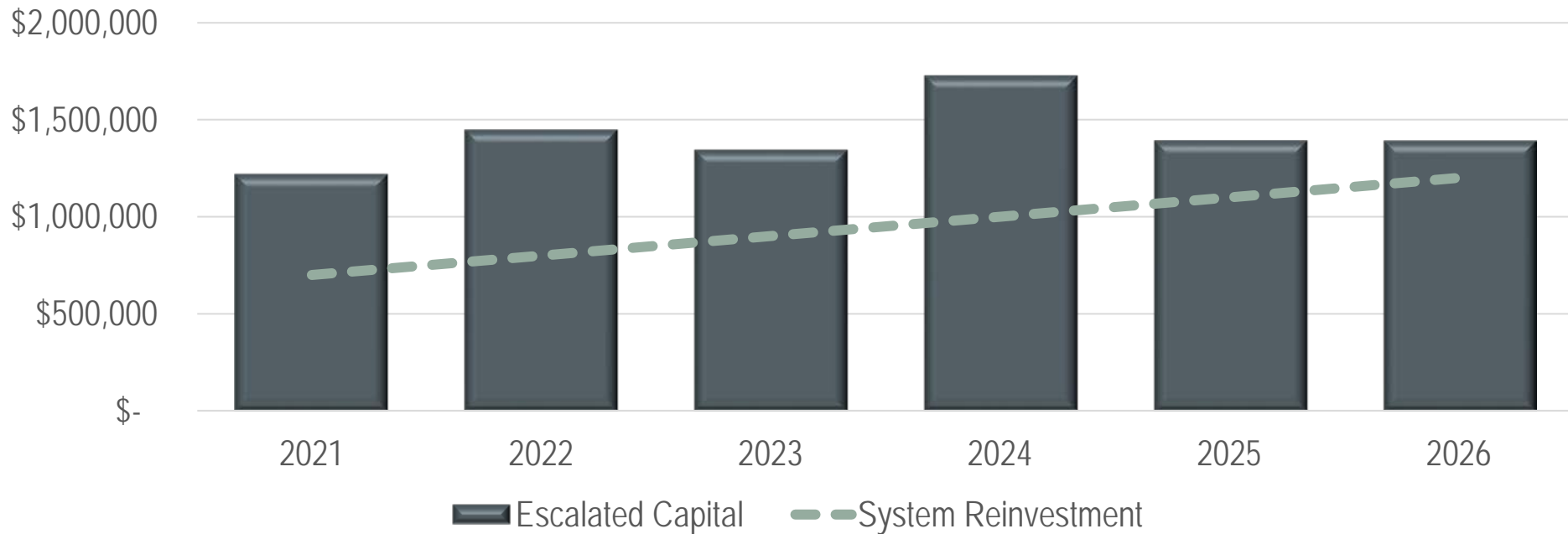
Stormwater: Financial Policies

- ◆ 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



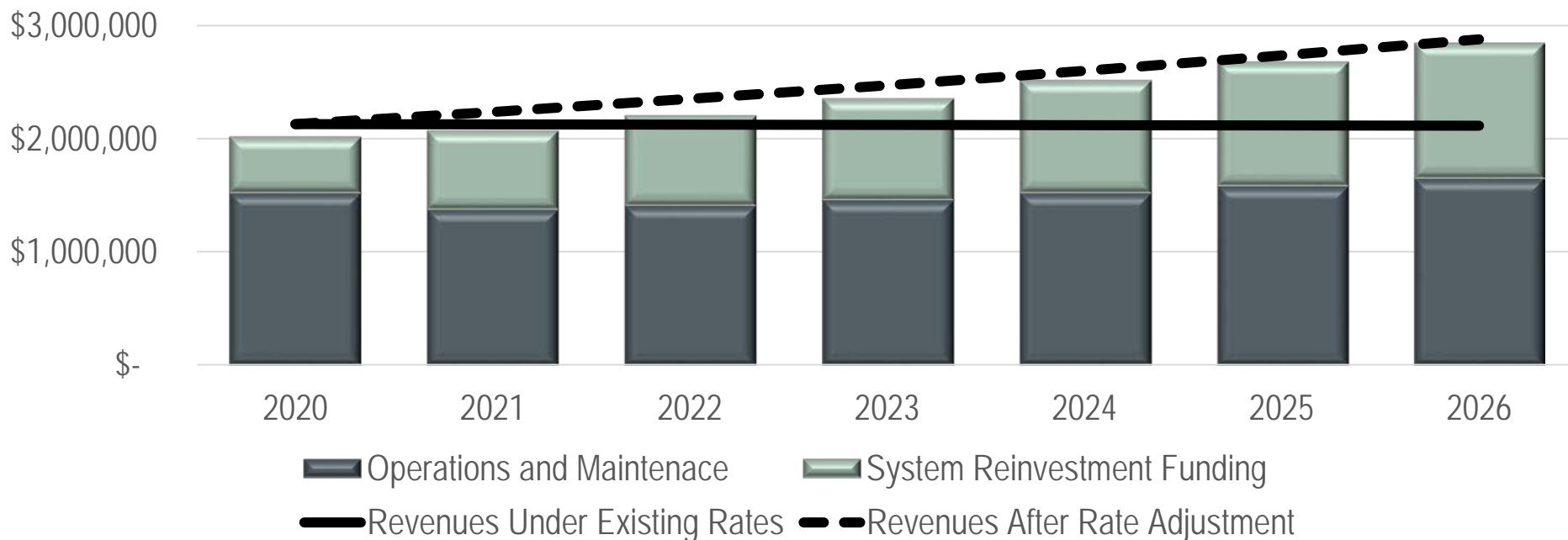
Stormwater: 2021 – 2026 Capital Plan



- ◆ **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



Stormwater: 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 recommendations
- ◆ 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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Financial Planning
and Analysis



Economic
Services



Agencies
and Partners



Key Data Assumptions

Forecast Assumptions		
General Cost Inflation	4.00%	Staff input
Construction Cost Inflation	3.00%	5-year historical construction cost index
Labor Cost Inflation	2.00%	5-year historical employment cost index – wages
Benefit Cost Inflation	6.50%	5-year historical employment cost index – benefits
SPU Purchased Water Cost	5.00%	Historic and recent trends in SPU
King County Treatment Cost	0.00%-10.25%	King County Metro rate forecast
Investment Interest	0.50%	Staff input
Customer Growth	0.00%	No growth projected



Water: Summary

Revenue Requirement	2020	2021	2022	2023	2024	2025	2026
Revenues							
Rate Revenues Under Existing Rates	\$ 8,272,471	\$ 8,272,471	\$ 8,272,471	\$ 8,272,471	\$ 8,272,471	\$ 8,272,471	\$ 8,272,471
Non-Rate Revenues	94,913	84,781	66,590	44,532	29,029	29,947	37,893
Total Revenues	\$ 8,367,384	\$ 8,357,252	\$ 8,339,061	\$ 8,317,003	\$ 8,301,500	\$ 8,302,418	\$ 8,310,364
Expenses							
Cash Operating Expenses	\$ 3,197,783	\$ 3,081,773	\$ 3,178,762	\$ 3,257,831	\$ 3,361,547	\$ 3,470,062	\$ 3,583,431
Purchased Water	2,190,480	2,300,004	2,415,004	2,535,755	2,662,542	2,795,669	2,935,453
Existing Debt Service	107,150	109,875	107,250	109,531	111,631	108,550	110,150
New Debt Service	-	-	308,708	308,708	308,708	308,708	308,708
Rate Funded Capital	2,500,000	2,750,000	3,000,000	3,250,000	3,500,000	3,700,000	3,900,000
Total Expenses	\$ 7,995,414	\$ 8,241,652	\$ 9,009,724	\$ 9,461,824	\$ 9,944,428	\$ 10,382,989	\$ 10,837,742
Net Surplus (Deficiency)	\$ 371,971	\$ 115,600	\$ (670,662)	\$ (1,144,821)	\$ (1,642,928)	\$ (2,080,570)	\$ (2,527,378)
Additions to Meet Coverage	-	-	-	-	-	-	-
Total Surplus (Deficiency)	\$ 371,971	\$ 115,600	\$ (670,662)	\$ (1,144,821)	\$ (1,642,928)	\$ (2,080,570)	\$ (2,527,378)
% of Rate Revenue	0.00%	0.00%	8.11%	13.84%	19.86%	25.15%	30.55%
Annual Rate Adjustment	0.00%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Cumulative Annual Rate Adjustment	0.00%	5.25%	10.78%	16.59%	22.71%	29.15%	35.94%
Rate Revenues After Rate Increase	\$ 8,272,471	\$ 8,706,776	\$ 9,163,881	\$ 9,644,985	\$ 10,151,347	\$ 10,684,293	\$ 11,245,218
Additional Taxes from Rate Increase	\$ -	\$ 58,333	\$ 119,728	\$ 145,425	\$ 199,077	\$ 255,545	\$ 314,979
Net Cash Flow After Rate Increase	\$ 371,971	\$ 491,572	\$ 101,020	\$ 82,268	\$ 36,871	\$ 75,706	\$ 130,391
Coverage After Rate Increases	n/a	n/a	11.39	12.15	12.82	13.58	14.41
Average Residential Bi-Monthly Bill (14 ccf usage)	\$ 110.29	\$ 116.08	\$ 122.17	\$ 128.59	\$ 135.34	\$ 142.44	\$ 149.92
\$ Bi-Monthly Difference		5.79	6.09	6.41	6.75	7.11	7.48



Water: Unescalated Capital Plan

Project Description	2021	2022	2023	2024	2025	2026
Emergency Water System Repairs	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Booster Chlorination Station	995,000	2,510,000	-	-	-	-
SCADA System Replacement (Water)	675,000	975,000	1,275,000	-	-	-
Water Reservoir Improvements	375,000	1,735,000	1,715,000	-	-	-
82nd Ave and Forest Ave, W of WMW Water System Improvements - Construction	-	-	145,000	810,000	-	-
74TH Ave, SE 29th, & 73rd Ave Water System Improvements - Design	-	-	-	-	-	188,000
Madrona Crest East Addition Water System Improvements	350,000	2,448,000	-	-	-	-
77th & 78th Ave SE (SE 27th - SE 29th) Water System Improv. (Town Center)	-	-	-	204,000	950,000	-
Avalon Dr and Benotho PI Neighborhoods Water System Improvements	-	-	-	-	279,000	1,775,000
60th Ave SE, btw SE 27th and SE 32nd, and 62nd Ave Water System Improvements	-	229,000	1,456,000	-	-	-
82nd Ave SE, N of SE 24th St Water System Improvements - Construction	1,087,000	-	-	-	-	-
Hydrant Replacement (contract work)	-	-	250,000	-	250,000	-
Water System Components (valve, air vac, blow off, and etc.)	35,000	35,000	35,000	35,000	35,000	35,000
Abandonment of 1955 12" Cast Iron water main (Reservoir to First Hill)	-	-	320,000	-	-	-
Water Model Updates/Fire Flow Analysis	15,000	50,000	15,000	50,000	15,000	50,000
RRA, ERP UPDATES, AND WATER SYSTEM PLAN UPDATES	200,000	100,000	-	-	-	-
Meter Replacement Implementation	2,050,000	2,050,000	-	-	-	-
Reservoir Generator Replacement	240,000	120,000	-	-	-	-
Mercerwood - 94th Ave SE and Crestwood PI Water System Improvements	-	-	229,000	1,456,000	-	-
Solutions for Water System Deficiencies - Consultant Services	120,000	-	-	-	-	-
Utility Funded Street Projects	387,378	269,551	296,940	274,285	207,157	248,353
TOTAL	\$ 6,679,378	\$ 10,671,551	\$ 5,886,940	\$ 2,979,285	\$ 1,886,157	\$ 2,446,353

- ◆ Projects are escalated at 3% annual based on historical Engineering News Record Construction Cost Index 20 City Average



Water: Current Rate Schedule

Residential Bimonthly Water Rates					
Class	Fixed Charge	Volume Charge			
	Per Meter Equivalent*	Block 1 (0-10 ccf)	Block 2 (11-20 ccf)	Block 3 (21-30 ccf)	Block 4 (31+ ccf)
Single Family Residential	\$36.89	\$4.38	\$7.40	\$8.89	\$11.96
Low-Income Residential	\$36.89	\$1.10	\$1.85	\$2.22	\$2.99
Conservation Surcharge**				\$0.10	\$0.30
Class	Fixed Charge	Volume Charge			
	Per Meter Equivalent*	All Use (0-99+ ccf)			
Multi-Family Residential	\$36.89	\$6.49			

Non-Residential Bimonthly Water Rates			
Class	Fixed Charge	Volume Charge	
	Per Meter Equivalent*	Winter** (All Usage)	Summer** (All Usage)
Commercial/Public	\$ 36.89	\$ 4.03	\$ 10.01
Irrigation	\$ 36.89	\$ 6.03	\$ 12.67



Sewer: Summary

Revenue Requirement	2020	2021	2022	2023	2024	2025	2026
Revenues							
Rate Revenues Under Existing Rates	\$ 5,238,081	\$ 5,238,081	\$ 5,238,081	\$ 5,238,081	\$ 5,238,081	\$ 5,238,081	\$ 5,238,081
King County Metro Revenue	4,813,463	5,030,539	5,257,191	5,797,752	5,797,752	6,392,582	6,392,582
Non-Rate Revenues	30,608	26,809	25,049	35,970	21,506	17,445	11,458
Total Revenues	\$ 10,082,152	\$ 10,295,429	\$ 10,520,321	\$ 11,071,803	\$ 11,057,339	\$ 11,648,108	\$ 11,642,121
Expenses							
Cash Operating Expenses	\$ 2,496,133	\$ 2,408,651	\$ 2,502,106	\$ 2,579,631	\$ 2,665,750	\$ 2,755,819	\$ 2,849,812
King County Treatment Costs	4,864,583	5,083,506	5,312,086	5,857,246	5,857,246	6,457,136	6,457,136
Existing Debt Service	1,042,284	1,047,070	1,035,856	1,034,242	1,031,829	1,028,615	1,029,601
New Debt Service	-	-	220,505	220,505	220,505	485,112	485,112
Rate Funded Capital	1,400,000	1,500,000	1,600,000	1,700,000	1,800,000	1,900,000	2,000,000
Total Expenses	\$ 9,803,000	\$ 10,039,226	\$ 10,670,554	\$ 11,391,625	\$ 11,575,330	\$ 12,626,682	\$ 12,821,661
Net Surplus (Deficiency)	\$ 279,152	\$ 256,202	\$ (150,233)	\$ (319,821)	\$ (517,990)	\$ (978,574)	\$ (1,179,541)
Additions to Meet Coverage	-	-	-	-	-	-	-
Total Surplus (Deficiency)	\$ 279,152	\$ 256,202	\$ (150,233)	\$ (319,821)	\$ (517,990)	\$ (978,574)	\$ (1,179,541)
% of Rate Revenue	0.00%	0.00%	2.87%	6.11%	9.89%	18.68%	22.52%
Annual Rate Adjustment	0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Cumulative Annual Rate Adjustment	0.00%	4.00%	8.16%	12.49%	16.99%	21.67%	26.53%
Rate Revenues After Rate Increase	\$ 5,238,081	\$ 5,447,604	\$ 5,665,508	\$ 5,892,129	\$ 6,127,814	\$ 6,372,926	\$ 6,627,844
Additional Taxes from Rate Increase	\$ -	\$ 25,478	\$ 51,976	\$ 61,194	\$ 83,245	\$ 106,178	\$ 130,028
Net Cash Flow After Rate Increase	\$ 279,152	\$ 440,247	\$ 225,219	\$ 273,033	\$ 288,498	\$ 50,093	\$ 80,194
Coverage After Rate Increases	n/a	n/a	13.98	14.64	15.15	7.14	7.41
Local Average Residential Bi-Monthly Bill (10 ccf winter usage)	\$ 90.26	\$ 93.87	\$ 97.63	\$ 101.53	\$ 105.59	\$ 109.82	\$ 114.21
\$ Bi-Monthly Difference (Local)		3.61	3.75	3.91	4.06	4.22	4.39
King County Metro Residential Bi-Monthly Bill	\$ 90.66	\$ 94.74	\$ 99.00	\$ 109.16	\$ 109.16	\$ 120.34	\$ 120.34
\$ Bi-Monthly Difference (Metro)		4.08	4.26	10.16	-	11.18	-
Total Residential Bi-Monthly Bill (10 ccf winter usage)	\$ 180.92	\$ 188.61	\$ 196.63	\$ 210.69	\$ 214.75	\$ 230.16	\$ 234.55
\$ Bi-Monthly Difference (Total)		7.69	8.01	14.07	4.06	15.40	4.39



Sewer: Unescalated Capital Plan

Project Description	2021	2022	2023	2024	2025	2026
Emergency Sewer Repairs	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Pump Station R&R Improvements	200,000	-	750,000	-	750,000	-
Easement, Access Codes and Standards Review	150,000	150,000	-	-	-	-
Pump Station & HGMH Flow Monitoring	-	-	300,000	300,000	1,000,000	-
Pipe Flow Monitoring	-	-	280,000	280,000	-	150,000
Lake Line Locating and Marking	-	-	950,000	1,025,000	925,000	-
Lake Line Condition Assessment	-	-	-	-	2,000,000	-
Comprehensive Pipeline R&R Program	500,000	500,000	500,000	500,000	500,000	500,000
Sewer System Generator Replacement	150,000	150,000	-	-	-	-
Pump Station Accessibility Improvements	100,000	100,000	-	100,000	-	100,000
Comprehensive Hydraulic Model Development	-	-	-	-	-	250,000
Comprehensive I/I Evaluation	-	-	-	-	-	150,000
SCADA System Replacement (Sewer)	675,000	975,000	1,275,000	-	-	-
Utility Funded Street Projects	150,476	50,954	97,940	72,285	56,157	49,353
TOTAL	\$ 2,225,476	\$ 2,225,954	\$ 4,452,940	\$ 2,577,285	\$ 5,531,157	\$ 1,499,353

- ◆ Projects are escalated at 3% annual based on historical Engineering News Record Construction Cost Index 20 City Average



Sewer: Current Rate Schedule

Single Family Bimonthly Sewer Rates				
Class	King County	City Sewer Line Maintenance		
	Fixed Charge	Fixed Charges		Volume Charge
	King County Sewage Treatment	Billing Cost	Base Charge (For first 600 cf of AVERAGE Winter Water Use ¹)	Per 100 cf of AVERAGE Winter Water Use ¹ beyond first 600 cf
Single Family Residential	\$90.66	\$9.46	\$48.48	\$8.08
Low-Income Residential ²	\$90.66	\$9.46	\$12.12	\$2.02

Multi-Family and Commercial Bimonthly Sewer Rates			
Class	King County	City Sewer Line Maintenance	
	Sewage Treatment (Per 100 cf of ACTUAL Water Use ²)	Billing Cost	Volume Charge Per 100 cf of ACTUAL Water Use
Multi-Family Residential	\$6.04	\$9.46	\$8.08
Commercial / Public	\$6.04	\$9.46	\$8.08



Stormwater: Summary

Revenue Requirement	2020	2021	2022	2023	2024	2025	2026
Revenues							
Rate Revenues Under Existing Rates	\$ 2,015,485	\$ 2,015,485	\$ 2,015,485	\$ 2,015,485	\$ 2,015,485	\$ 2,015,485	\$ 2,015,485
Non-Rate Revenues	111,847	110,174	108,410	105,901	104,267	101,063	99,882
Total Revenues	\$ 2,127,332	\$ 2,125,659	\$ 2,123,895	\$ 2,121,386	\$ 2,119,752	\$ 2,116,548	\$ 2,115,367
Expenses							
Cash Operating Expenses	\$ 1,517,159	\$ 1,359,189	\$ 1,382,392	\$ 1,430,152	\$ 1,480,966	\$ 1,533,940	\$ 1,589,242
Existing Debt Service	-	-	-	-	-	-	-
New Debt Service	-	-	-	-	-	-	-
Rate Funded Capital	500,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000
Total Expenses	\$ 2,017,159	\$ 2,059,189	\$ 2,182,392	\$ 2,330,152	\$ 2,480,966	\$ 2,633,940	\$ 2,789,242
Net Surplus (Deficiency)	\$ 110,173	\$ 66,471	\$ (58,497)	\$ (208,766)	\$ (361,214)	\$ (517,392)	\$ (673,875)
Additions to Meet Coverage	-	-	-	-	-	-	-
Total Surplus (Deficiency)	\$ 110,173	\$ 66,471	\$ (58,497)	\$ (208,766)	\$ (361,214)	\$ (517,392)	\$ (673,875)
% of Rate Revenue	0.00%	0.00%	2.90%	10.36%	17.92%	25.67%	33.43%
Annual Rate Adjustment	0.00%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Cumulative Annual Rate Adjustment	0.00%	5.50%	11.30%	17.42%	23.88%	30.70%	37.88%
Rate Revenues After Rate Increase	\$ 2,015,485	\$ 2,126,337	\$ 2,243,285	\$ 2,366,666	\$ 2,496,833	\$ 2,634,158	\$ 2,779,037
Additional Taxes from Rate Increase	\$ -	\$ 10,963	\$ 22,529	\$ 25,084	\$ 34,381	\$ 44,190	\$ 54,539
Net Cash Flow After Rate Increase	\$ 110,173	\$ 166,359	\$ 146,774	\$ 117,330	\$ 85,752	\$ 57,091	\$ 35,138
Coverage After Rate Increases	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average Residential Bi-Monthly Bill	\$ 35.77	\$ 37.74	\$ 39.81	\$ 42.00	\$ 44.31	\$ 46.75	\$ 49.32
\$ Bi-Monthly Difference		1.97	2.08	2.19	2.31	2.44	2.57



Stormwater: Unescalated Capital Plan

Project Description	2021	2022	2023	2024	2025	2026
Sub Basin 42.1 and 42.1a Watercourse Stabilization	\$ 389,657	\$ -	\$ -	\$ -	\$ -	\$ -
Sub basin 23.2 Watercourse Stabilization	202,157	-	-	-	-	-
Sub basin 45b.1 Watercourse Stabilization	36,157	188,500	-	-	-	-
Sub basin 27a.10 Watercourse Stabilization	22,157	79,000	-	-	-	-
Sub basin 22.1 Watercourse Stabilization	-	24,157	139,100	-	-	-
Sub basin 50b.4 (a & e) Watercourse Stabilization	-	17,657	46,000	-	-	-
Sub basin 25b.2 Watercourse Stabilization	-	46,657	145,000	-	-	-
Sub basin 47.4 and Sub basin 10.4 Watercourse Stabilization	-	-	55,514	292,500	-	-
Sub basin 24a.1 Watercourse Stabilization	-	-	17,157	56,500	-	-
Sub basin 39a.2 Watercourse Stabilization	-	-	16,157	40,000	-	-
Sub basin 46a.3 Watercourse Stabilization	-	-	48,657	371,500	-	-
Sub basin 34.1 Watercourse Stabilization	-	-	-	24,157	92,200	-
Sub basin 45b.4 Watercourse Stabilization	-	-	-	28,157	83,600	-
Sub basin 29.3 Watercourse Stabilization	-	-	-	45,157	116,500	-
Sub-Basin 42.2, 42.3, 42.8, 42.8a	-	-	-	-	87,157	333,500
Sub basin 44b.3 Watercourse Stabilization	-	-	-	-	29,157	67,700
Sub-Basin 32b.1 & 32.2 Watercourse Stabilization	-	-	-	-	48,157	150,000
Watercourse Minor Repairs/Maintenance	-	-	-	-	100,000	-
Conveyance System Assessments	112,000	50,000	112,000	50,000	112,000	50,000
East Mercer Way Trenchless Culvert replacements	112,657	503,500	-	-	-	-
Conveyance system Improvement - Drainage repair, extension, replacement	-	-	300,000	300,000	300,000	300,000
Emergency Stormwater conveyance repairs	50,000	50,000	-	-	-	-
Utility Funded Street Projects	258,885	405,982	350,445	326,110	233,058	263,655
TOTAL	\$ 1,183,670	\$ 1,365,453	\$ 1,230,030	\$ 1,534,081	\$ 1,201,829	\$ 1,164,855

- ◆ Projects are escalated at 3% annual based on historical Engineering News Record Construction Cost Index 20 City Average



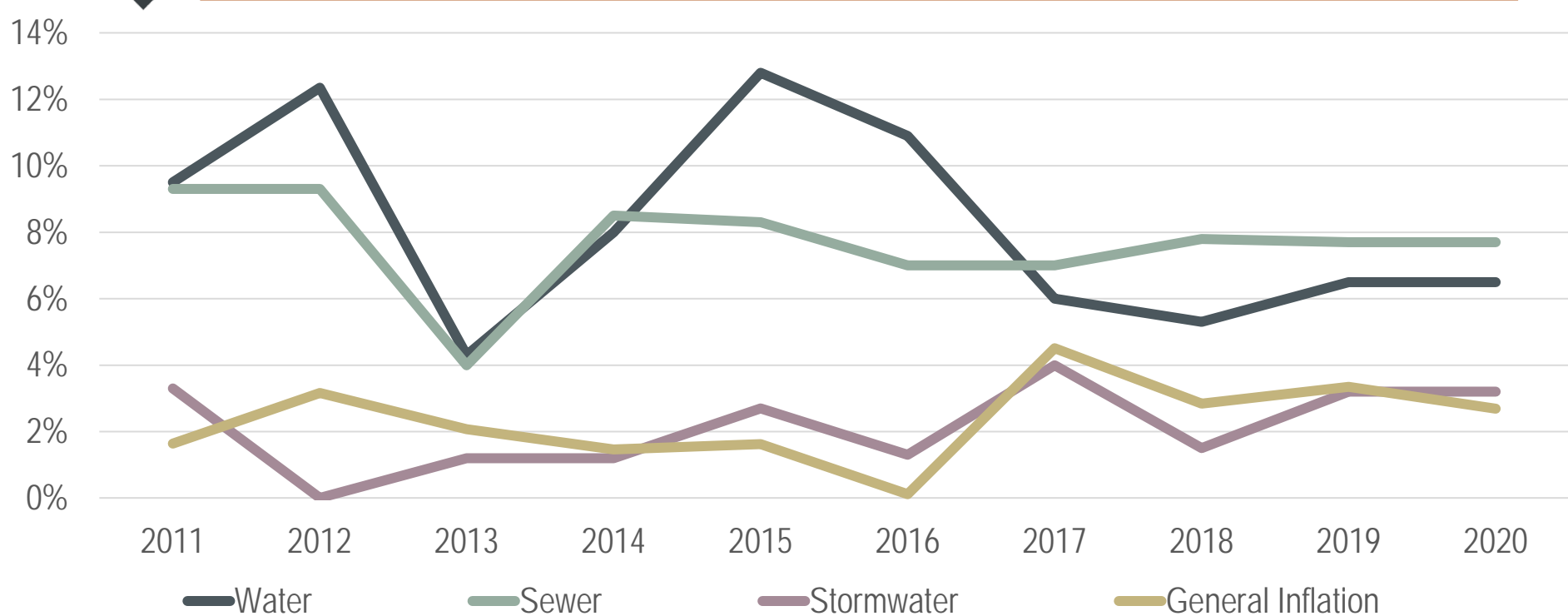
Stormwater: Current Rate Schedule

Bimonthly Storm and Surface Water Rates	
Classification of User	Rate
Single Family Residential	\$35.77
Low Income Residential	\$8.94
Multi-Family Residential*	\$35.77
Commercial/Public*	\$35.77

* For Multi-Family Residential, Commercial or Public property in the City, the number of equivalent service units is determined by dividing the total square feet of impervious surface for each account (which includes roof tops, pavement, and trafficked gravel) by the average square footage of impervious surface for single family residential accounts (3,471 square feet is the average).



Historical Rate Increases



◆ Average Increase

- Water: 8.2%
- Sewer: 7.7%
- Stormwater: 2.2%
- Inflation: 2.3%