



W A T E R W O R T H TM



City of Tenino, Washington

Water & Wastewater Financial Planning | Council Presentation



Waterworth



A financial forecasting and revenue calibration solution adopted by hundreds of organizations across North America. Our job is to help utilities like yours plan financially — so you can avoid surprises, avoid emergency rate hikes, and make smart choices about how to invest in your infrastructure.

Our Tool



Continuous Process



Full Cost Recovery



Communication

Presentation Outcomes

City of Tenino

- A clear picture of current and forecasted financials
- Knowing what the revenue requirements are
- An actionable plan

Waterworth

- Understanding of our tool and process
- Knowing how we have produced the information
- Confidence in the results

Our Process



TENINO WATER

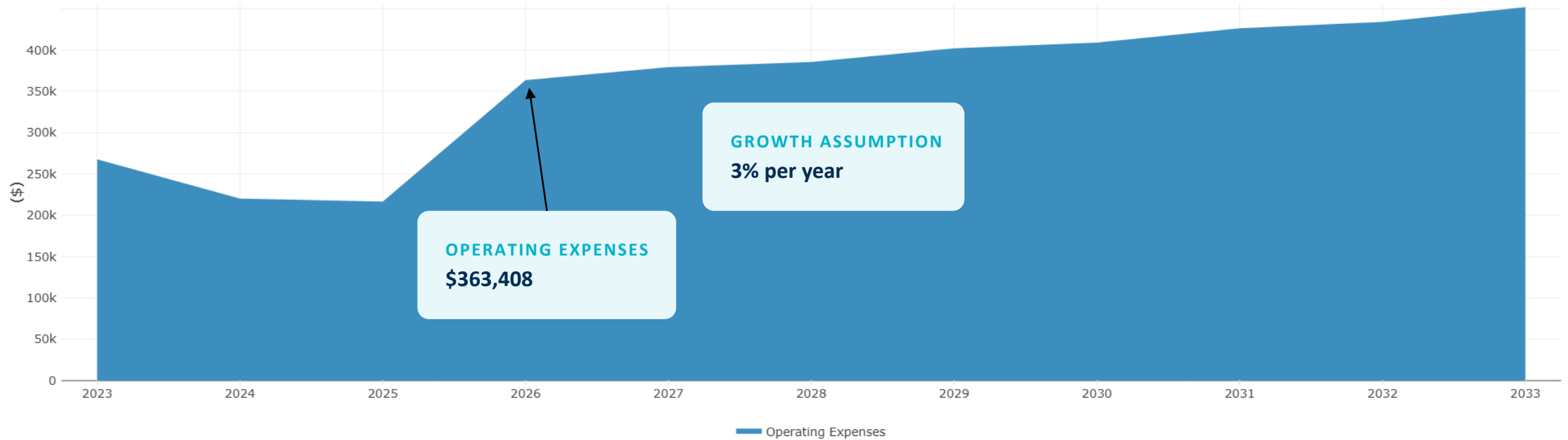
Revenue Requirements



Operating Expenses



This chart illustrates the operating & maintenance expenses — the routine costs required to provide safe and reliable water service. These include, but are not limited to, salaries & benefits, contracted services, system maintenance, utilities, treatment chemicals, insurance and other operating and administrative costs.

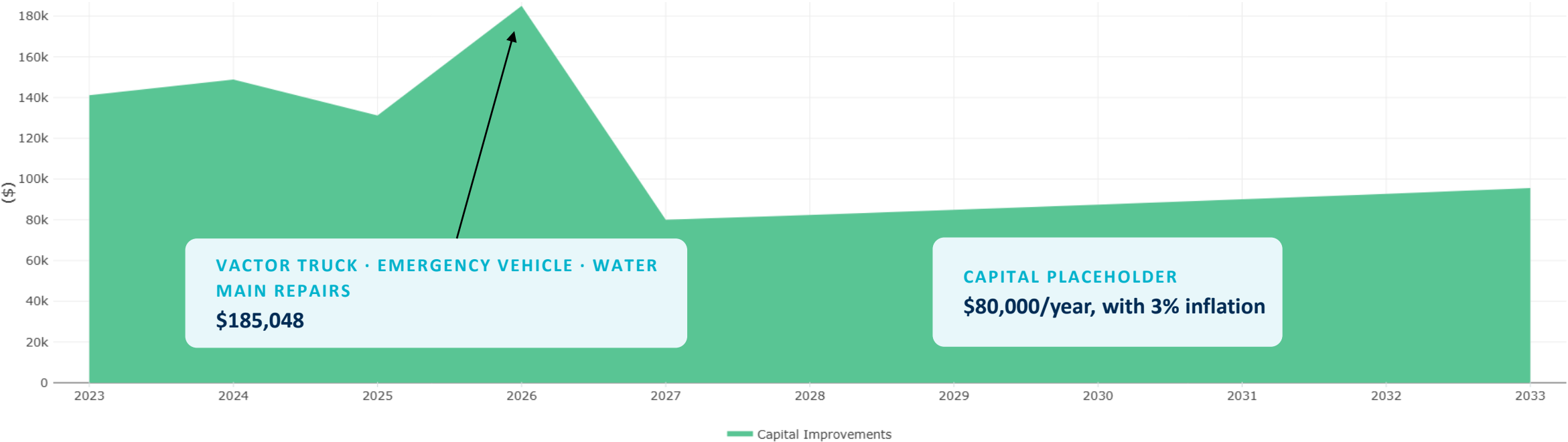


Capital Expenses



IMPROVEMENTS AND EXPANSIONS TO THE SYSTEM

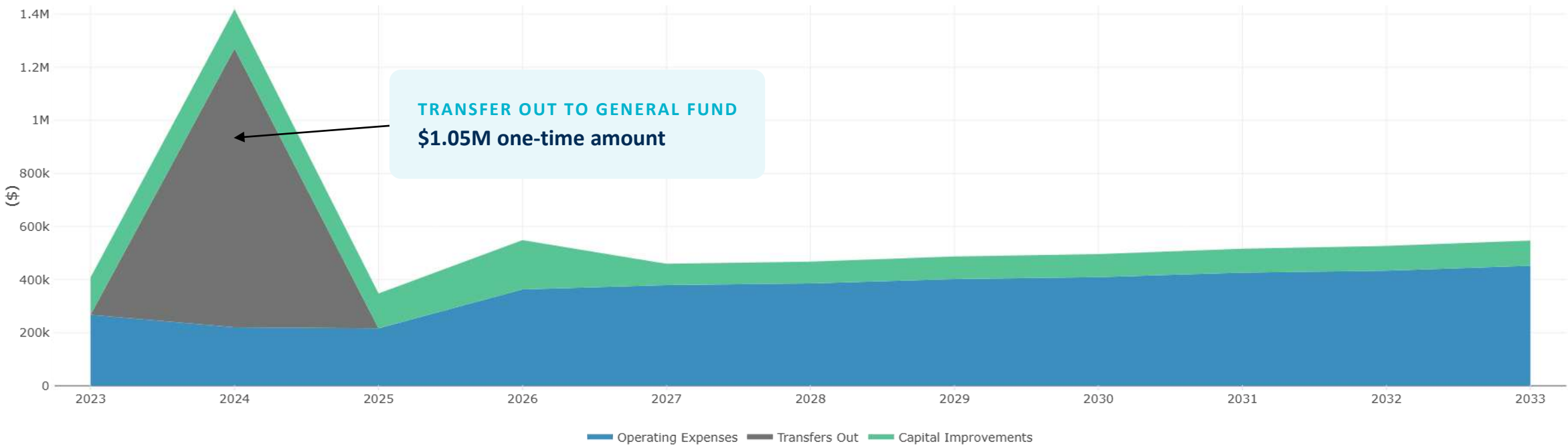
In addition to meeting ongoing operating costs, the utility must continue to invest in capital improvements for system renewal and capacity improvements to ensure long-term service reliability. Historic years are based on audited actuals, the current year on the approved budget, and future years on projections from a Capital Improvement Plan (CIP).



Revenue Requirements



Revenue requirements are the total annual funds needed to operate, maintain, and reinvest in infrastructure sustainably. This includes operating costs, debt service, and capital replacement needs. Understanding these requirements helps ensure long-term financial planning, supports rate setting, and highlights funding gaps to guide informed decisions.

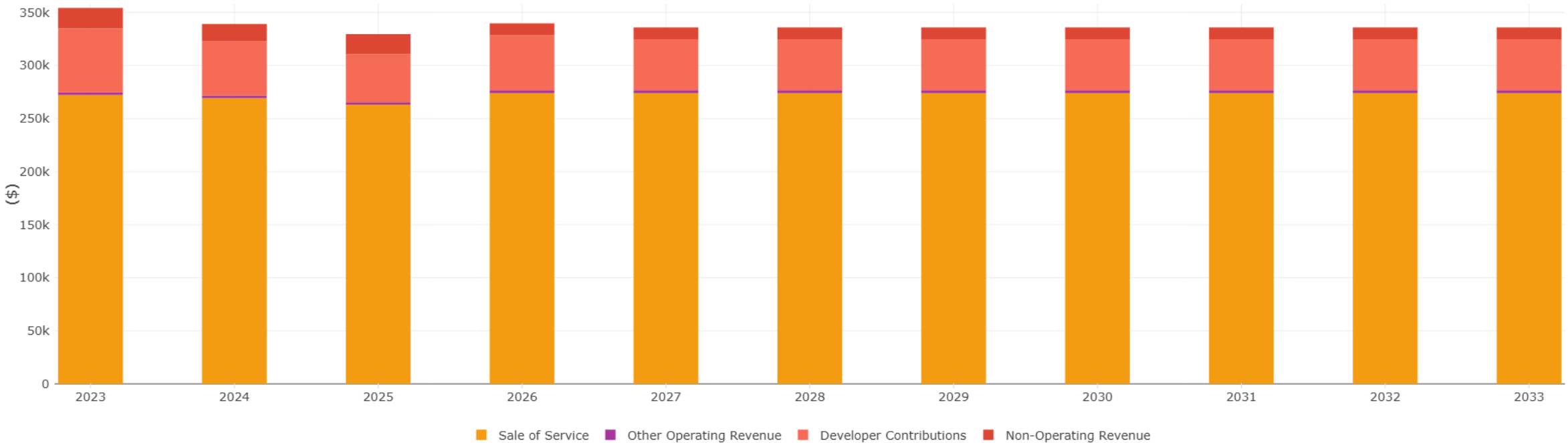


Projected Revenues — No Growth



NO TRANSFERS

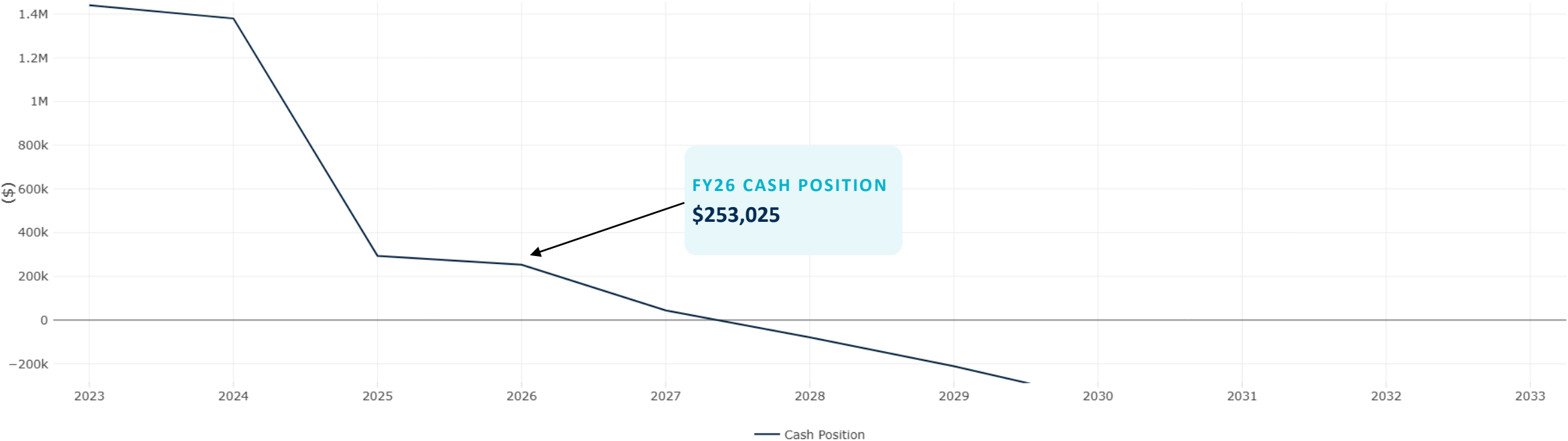
Status quo revenues refer to the funding expected under current rates, policies, and practices without any changes. This projection helps determine whether existing revenue streams are sufficient to cover future operating costs, debt obligations, and capital needs. Comparing status quo revenues to revenue requirements reveals any gaps that may need to be addressed through rate adjustments or new funding sources.



Cash Position



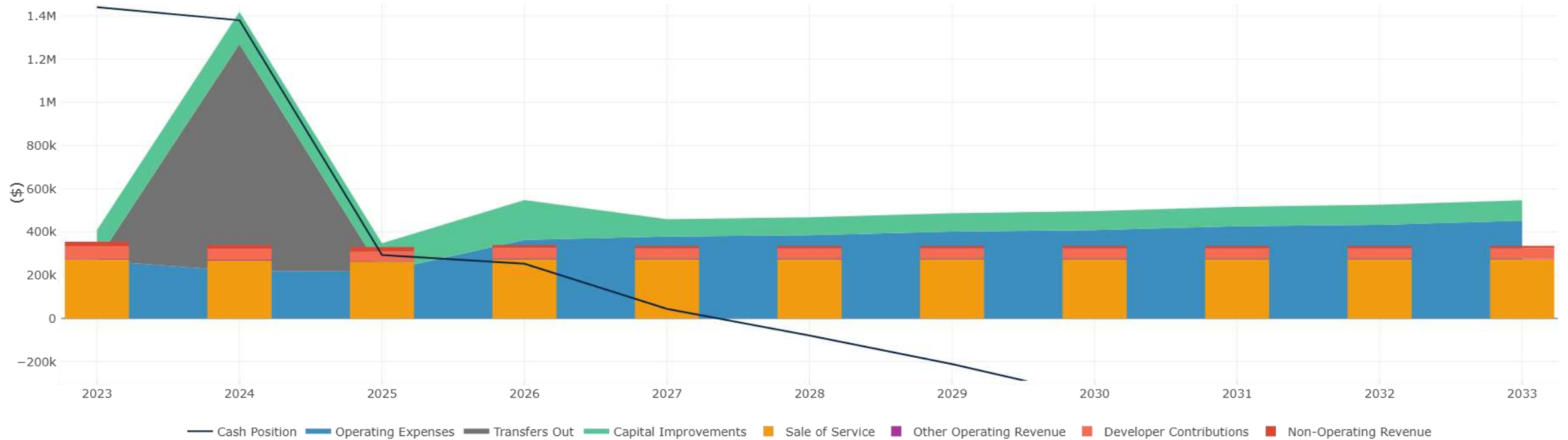
The cash position reflects the available funds a utility has on hand to cover operations, emergencies, and financial obligations. Maintaining adequate cash reserves — guided by targets or thresholds — ensures stability, supports long-term planning, and helps manage unexpected costs. Regularly tracking the cash position is key to maintaining financial resilience.



Status Quo — Long-Term Financial Model



The status quo long-term financial model reflects the utility's projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.



TENINO WATER

Proposed Solutions

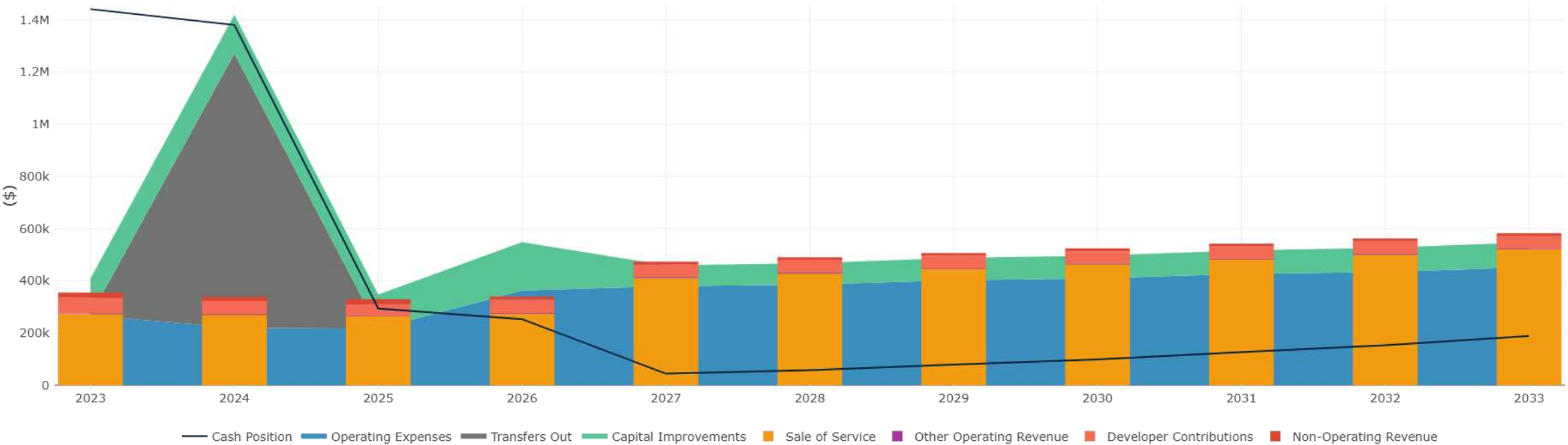


Proposed Solution A

50% INCREASE IN FY27 · NO TRANSFERS SCENARIO



A 50% revenue increase in FY27, followed by 4% annual increases, funds the water utility entirely through rates with no General Fund transfers. This scenario shows what full cost recovery from rates alone would require.



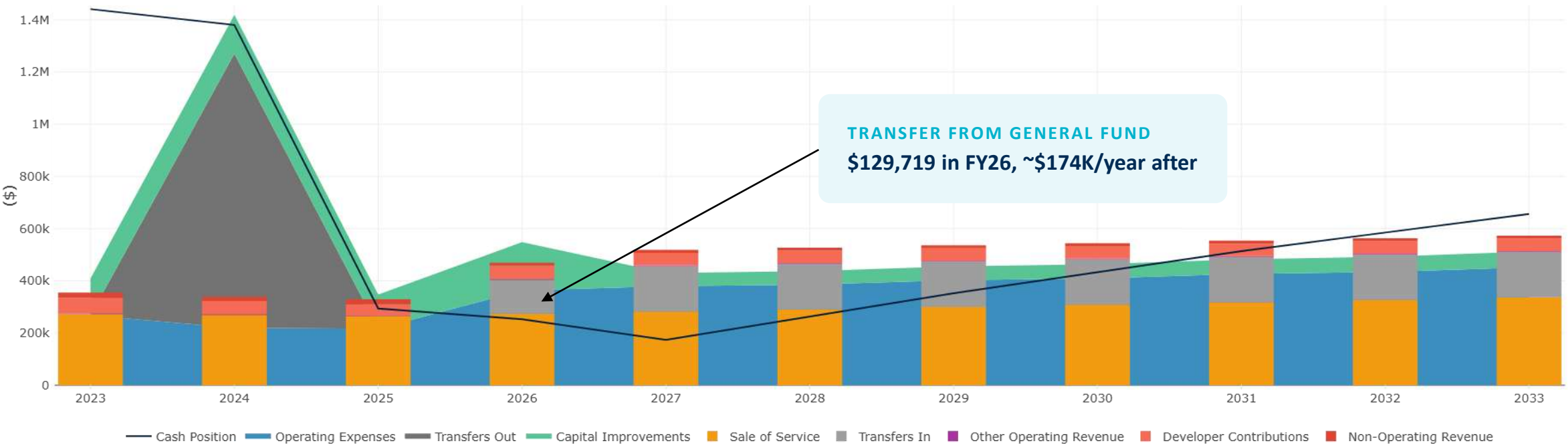
Details	2027	2028	2029	2030 →
Sale of Service	50%	4%	4%	4%
Base Charge Increase	\$6.33	\$0.75	\$0.79	\$0.82

Proposed Solution B

5% INCREASE IN FY27 • ASSUMING TRANSFERS



A 5% revenue increase in FY27, followed by 4% annual increases, relies on continued General Fund transfers in of about \$174K per year. Rate increases stay low, but the utility remains dependent on those transfers.



Details	2027	2028	2029	2030 →
Sale of Service	5%	4%	4%	4%
Base Charge Increase	\$0.63	\$0.53	\$0.56	\$0.57

TENINO WASTEWATER

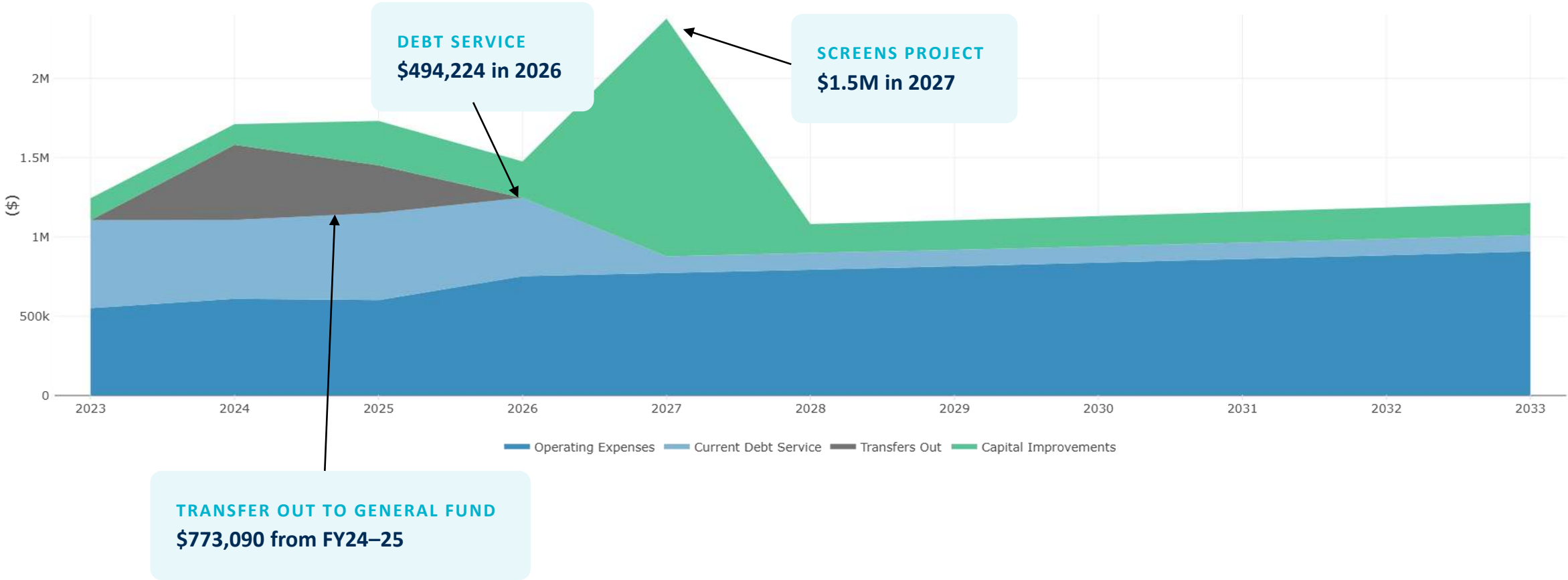
Revenue Requirements



Revenue Requirements



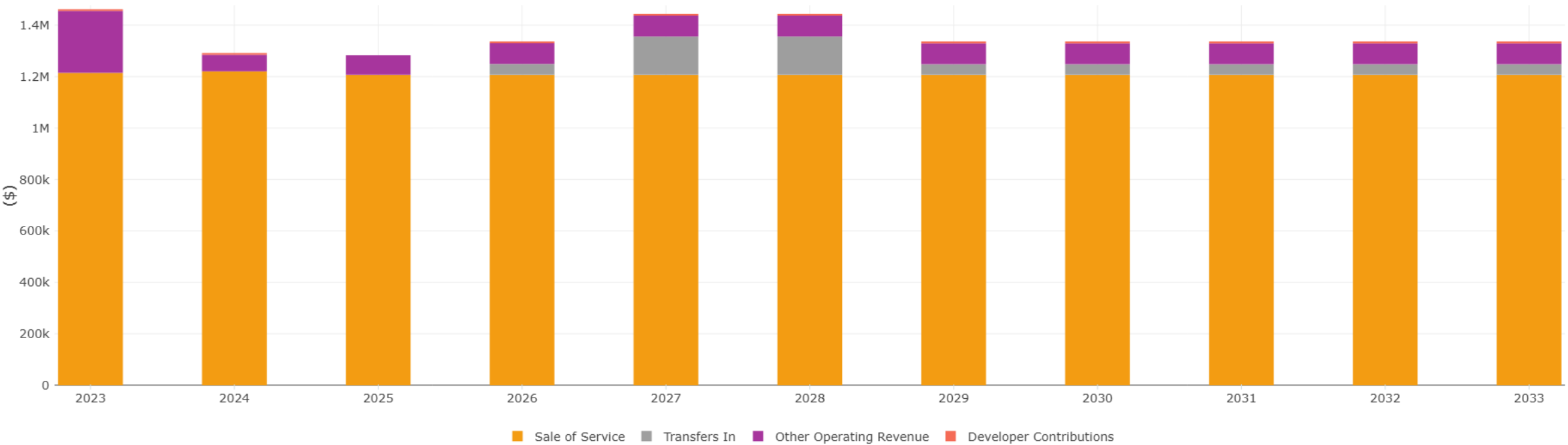
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Projected Revenues — No Growth



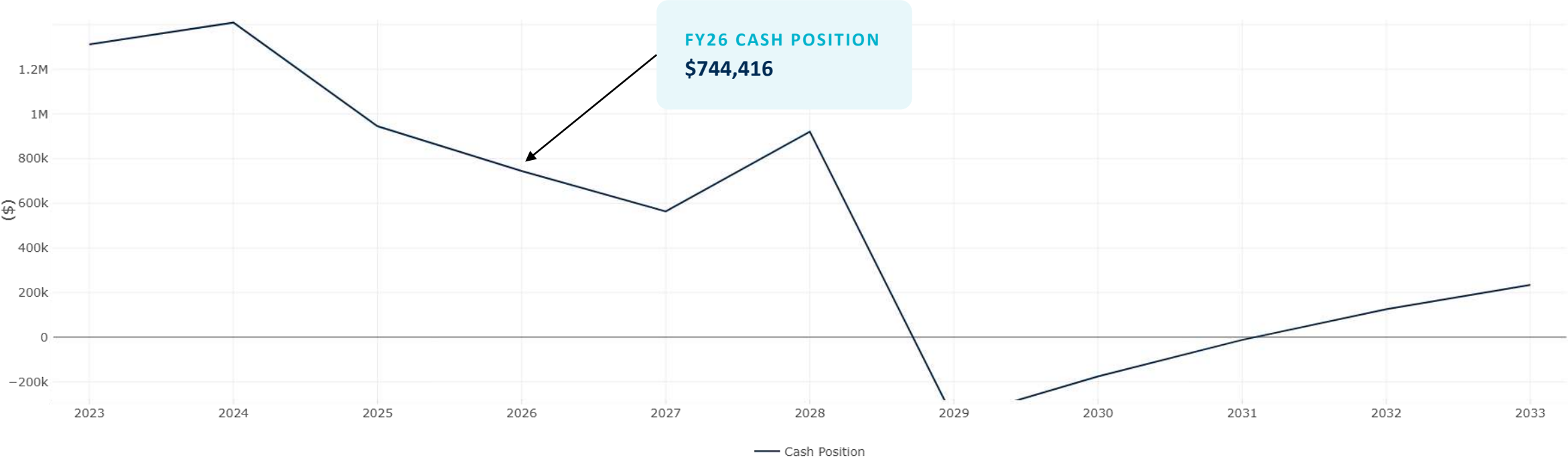
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Cash Position



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Status Quo — Long-Term Financial Model



NO TRANSFERS

The status quo long-term financial model reflects the utility's projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.

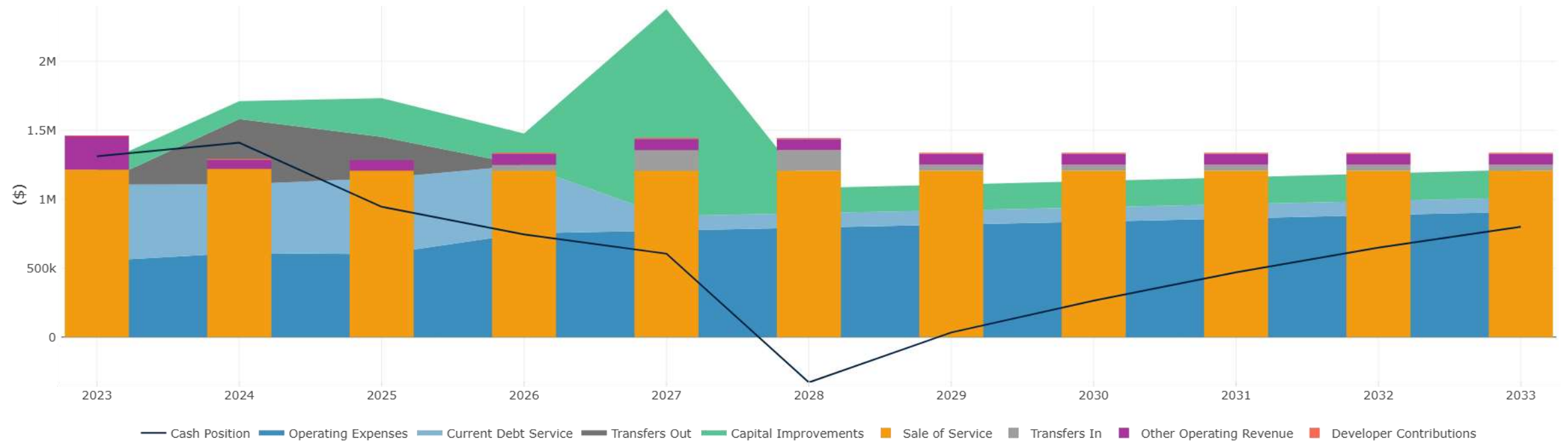


Status Quo — Long-Term Financial Model



WITH TRANSFERS

The status quo long-term financial model reflects the utility's projected financial performance under current rates and policies, before any revenue increases are considered. It shows how existing revenues align with future expenses, capital needs, and cash reserve targets. This model helps identify potential funding gaps, assess long-term sustainability, and determine whether adjustments are needed to maintain financial stability.



TENINO WASTEWATER

Proposed Solutions

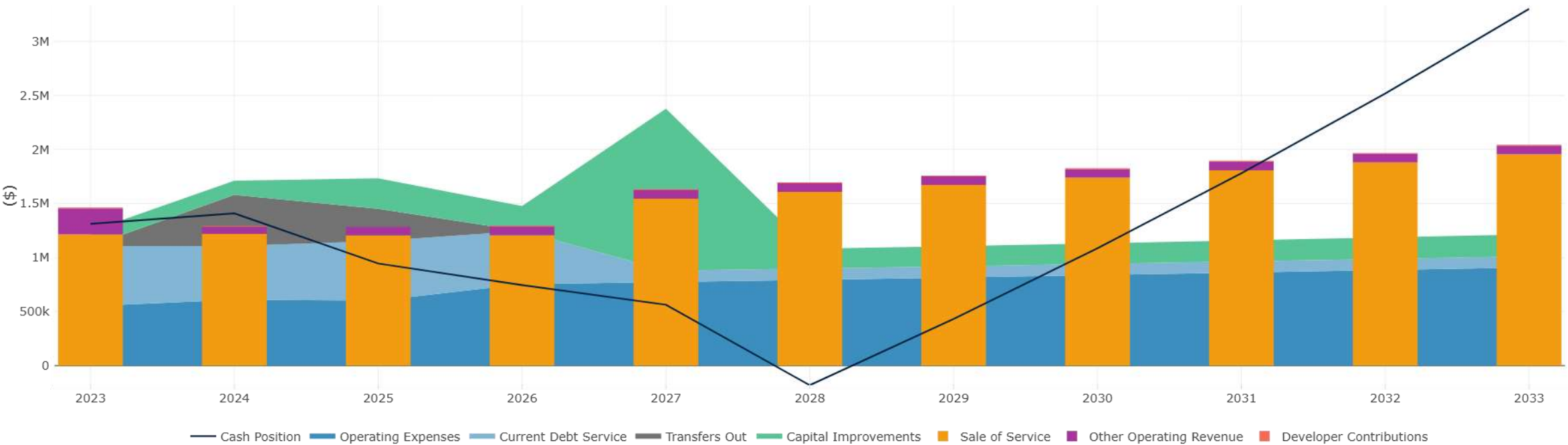


Proposed Solution A

28% INCREASE IN FY27 • CASH-FUNDED PROJECT



A 28% increase effective January 2027 is the recommended first step to stabilize wastewater operations and keep the screens project on track for FY27. If the project is fully cash-funded with no grants, loans, or transfers, opening FY28 cash would be about –\$180,000, so a second adjustment later in 2027 may be needed once funding outcomes are known.



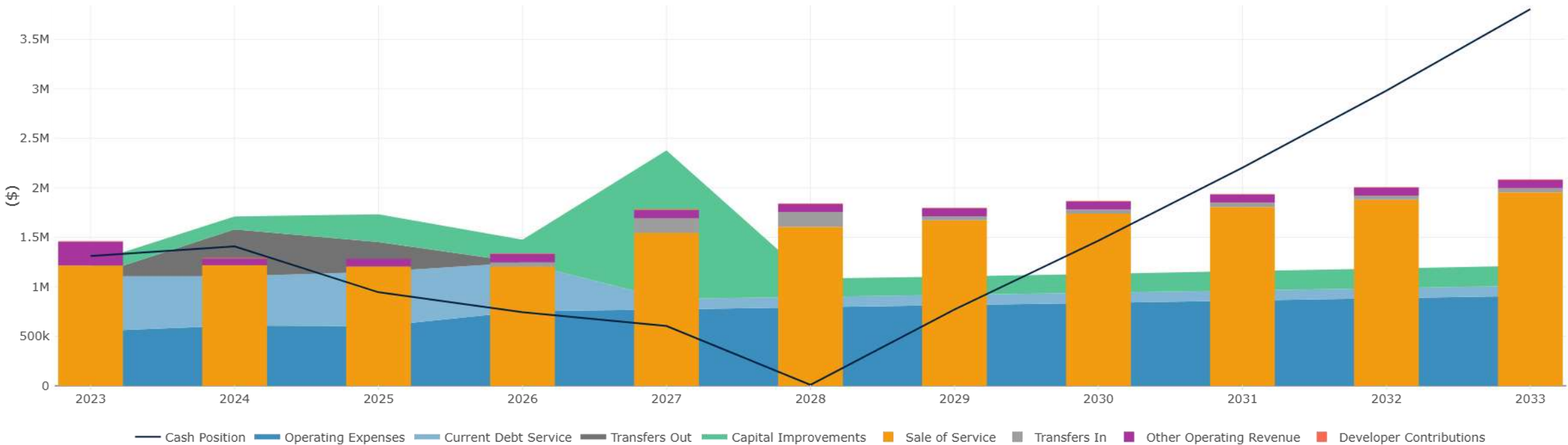
Details	2027	2028	2029	2030 →
Sale of Service	28%	4%	4%	4%
Base Charge Increase	\$36.11	\$6.60	\$6.86	\$7.14

Proposed Solution B

28% INCREASE IN FY27 • CASH-FUNDED PROJECT • TRANSFERS



This scenario uses the same January 2027 increase and FY27 screens project as Solution A, with General Fund transfers added. Transfers are not yet confirmed and may be about half the originally budgeted amount, so this scenario shows how much any confirmed support would reduce the remaining gap and the need for a later increase.



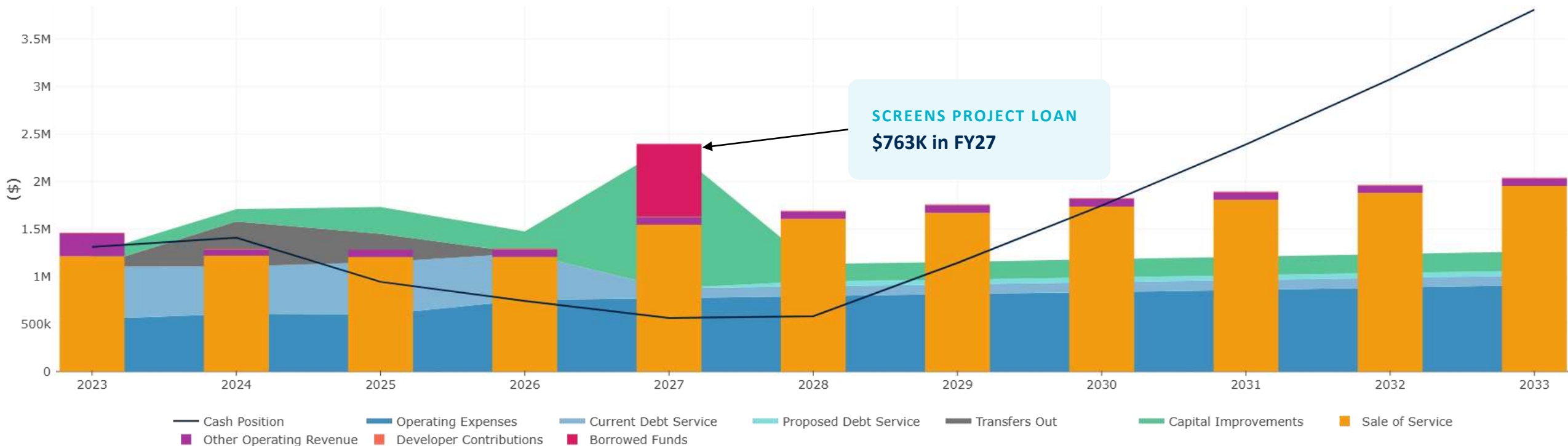
Details	2027	2028	2029	2030 →
Sale of Service	28%	4%	4%	4%
Base Charge Increase	\$36.11	\$6.60	\$6.86	\$7.14

Proposed Solution C

28% INCREASE • BORROWING FUNDS



This is the best case. Financing the \$1.5M screens project with a loan at about 2.9% would allow reserves to build over time ahead of aging infrastructure, making the fund more financially sustainable without the need or reliance of transfers in from the General Fund. Even with the bond proceeds, a revenue increase of 28% for FY27 is necessary for maintaining reserves over \$500,000.



Details	2027	2028	2029	2030 →
Sale of Service	28%	4%	4%	4%
Base Charge Increase	\$36.11	\$5.36	\$5.58	\$5.80