

Financial Plan and Water Rates (15%, 10%, 10%, 10%)

FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

SOURCES & USES OF FUNDS - WATER UTILITY	Projected FYE	Proposed	Projected		
	FY 2013/14 ⁵	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Sources of Water Funds					
Rate Revenue from Current Rates	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237
Rate Revenue from Rate Increases	\$ -	\$ 332,436	\$ 587,546	\$ 868,192	\$ 1,176,929
Interest earned	19,500	15,000	15,000	15,000	15,000
Misc.	12,101	9,000	9,000	9,000	9,000
Transfers in from General Fund	24,600	25,600	25,600	25,600	25,600
Total Sources of Funds	\$ 2,272,438	\$ 2,598,273	\$ 2,853,383	\$ 3,134,029	\$ 3,442,766
Uses of Water Funds					
Operating Expenses ¹ :					
Administration	\$ 1,430,608	\$ 1,311,510	\$ 1,350,855	\$ 1,391,381	\$ 1,433,122
Maintenance	257,958	236,565	243,662	250,972	258,501
Treatment	359,422	408,938	421,206	433,842	446,858
Non-Routine Repairs and Maintenance	119,060	65,500	67,465	69,489	71,574
Subtotal: Operating Expenses	\$ 2,167,048	\$ 2,022,513	\$ 2,083,188	\$ 2,145,684	\$ 2,210,055
Other Expenditures:					
Debt Service	\$ 595,975	\$ 601,978	\$ 601,978	\$ 601,238	\$ 473,880
New Debt Service (\$3 mil. Revenue Bonds) ²	-	-	-	\$199,000	199,000
Rate-Funded Capital Expenses ³	250,000	400,000	150,000	150,000	150,000
Subtotal: Other Expenditures	\$ 845,975	\$ 1,001,978	\$ 751,978	\$ 950,238	\$ 822,880
Total Uses of Water Funds	\$ 3,013,023	\$ 3,024,491	\$ 2,835,166	\$ 3,095,922	\$ 3,032,935
Annual Surplus/(Deficit)	\$ (740,585)	\$ (426,218)	\$ 18,217	\$ 38,107	\$ 409,832
Net Revenue Reqtd. (Total Uses less Non-Rate Revenue)	\$ 2,956,822	\$ 2,974,891	\$ 2,785,566	\$ 3,046,322	\$ 2,983,335
Estimated Year-End Reserves (Total Cash)	\$ 1,900,000	\$ 1,473,782	\$ 1,491,998	\$ 1,530,105	\$ 1,939,937
Projected Annual Rate Increase⁴	0.0%	15.0%	10.0%	10.0%	10.0%
Cumulative Increase from Annual Rate Increases	0.0%	15.0%	26.5%	39.2%	53.1%

(1) Assumes 3% annual inflation.

6/6/14

(2) Assumes \$3 million in new revenue bonds are issued in FY 2015/16 (5% interest rates, 2% issuance costs, 30 year term).

(3) Assumes only critical CIP projects in 2014/15 are funded due to the 2013/14 deficit. Also assumes the projected capital project funding will be limited to \$150,000/year for non-major CIP projects.

(4) This includes adjustments to recover under-collected 2013/14 rate revenue (i.e., deficit of \$84,418).

(5) Based on City's 5/9/14 update of 2013/14 FYE budget estimates (see email from Rosana Cimolino, Finance Director/City Treasurer).

Current and Revised Water Rates (Recovers Under-Collected 2013/14 Rate Revenue)					
Customer Classes/Meter Sizes	Current Rates (2013/14)	Revised Rates			
		FY 2014/15 ¹	FY 2015/16	FY 2016/17	FY 2017/18
Annual % Increase in Rate Revenue ²		15.0%	10.0%	10.0%	10.0%
Fixed Monthly Charges:					
Single-Family Residential Customers:					
5/8 inch & 3/4 inch	\$27.17	\$29.00	\$31.90	\$35.10	\$38.61
1 inch	\$38.11	\$41.25	\$45.38	\$49.92	\$54.92
1.5 inch	\$45.39	\$49.42	\$54.36	\$59.81	\$65.79
Non-Residential Customers:					
5/8 inch & 3/4 inch	\$54.78	\$59.00	\$64.91	\$71.40	\$78.55
1 inch	\$82.28	\$90.56	\$99.63	\$109.60	\$120.57
1.5 inch	\$100.61	\$111.61	\$122.78	\$135.07	\$148.59
2 inch	\$192.26	\$216.82	\$238.52	\$262.40	\$288.66
3 inch	\$283.92	\$322.03	\$354.27	\$389.73	\$428.74
4 inch	\$375.57	\$427.25	\$470.01	\$517.06	\$568.82
Commercial Low-Usage Customers:					
5/8 inch & 3/4 inch	\$33.97	\$29.00	\$31.90	\$35.10	\$38.61
Volumetric Charges					
Single Family Residential Rates (\$/hcf)³					
Tier 1: 0-5 HCF	\$2.60	\$2.74	\$3.02	\$3.32	\$3.65
Tier 2: 6-10 HCF	\$3.90	\$4.11	\$4.52	\$4.98	\$5.47
Tier 3: 11+ HCF	\$5.85	\$6.17	\$6.78	\$7.46	\$8.21
Non-Single Family Residential (\$/hcf)					
Rate Per HCF	\$3.10	\$4.73	\$5.20	\$5.72	\$6.30
Projected Annual Rate Revenue					
Financial Plan Projections ⁴	\$ 2,300,655	\$ 2,548,673	\$ 2,803,783	\$ 3,084,429	\$ 3,393,166
Revised Projections w/ Adjustments ⁵	\$ 2,216,237	\$ 2,548,673	\$ 2,829,285	\$ 3,112,483	\$ 3,424,028
Annual Surplus or (Loss)	\$ (84,418)	\$ -	\$ 25,502	\$ 28,054	\$ 30,862
Cumulative Surplus or (Loss)	\$ (84,418)	\$ (84,418)	\$ (58,916)	\$ (30,862)	\$ 0

1. Reflects the updated account & water use data as of 5/9/14.

2. FY 2015/16 through FY 2017/18 reflect additional adjustments necessary to eliminate the FY 2013/14 deficit.

3. Includes Commercial Low Usage customers.

4. The FY 2013/14 projected annual rate revenue is per Linda Ruffing and Finance Committee's 5/28/14 instructions.

5. Assumes the under-collected FY 2013/14 rate revenue will be recovered by the end of FY 2017/18.