

**TABLE 1
FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS**

SOURCES & USES OF FUNDS - WATER UTILITY	Projected FYE	Proposed	Projected			
	FY 2013/14 ⁶	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Sources of Water Funds						
Charge for services	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237	\$ 2,216,237
Interest earned	19,500	15,000	15,000	15,000	15,000	15,000
Misc.	12,101	9,000	9,000	9,000	9,000	9,000
Transfers in	24,600	25,600	25,600	25,600	25,600	25,600
Total Sources of Funds	\$ 2,272,438	\$ 2,265,837	\$ 2,265,837	\$ 2,265,837	\$ 2,265,837	\$ 2,265,837
Uses of Water Funds						
Operating Expenses ¹ :						
Administration	\$ 1,430,608	\$ 1,311,510	\$ 1,350,855	\$ 1,391,381	\$ 1,433,122	\$ 1,476,116
Maintenance	257,958	236,565	243,662	250,972	258,501	266,256
Treatment	359,422	408,938	421,206	433,842	446,858	460,263
Non-Routine Repairs and Maintenance	119,060	65,500	67,465	69,489	71,574	73,721
(less) Use of Reserves for O&M Expenses ²	-	(637,780)	(565,481)	(924,526)	(562,105)	(469,104)
Subtotal: Operating Expenses	\$ 2,167,048	\$ 1,384,733	\$ 1,517,707	\$ 1,221,158	\$ 1,647,950	\$ 1,807,252
Other Expenditures:						
Debt Service	\$ 595,975	\$ 601,978	\$ 601,978	\$ 601,238	\$ 473,880	\$ 471,440
New Debt Service (\$3 mil. Revenue Bonds) ³	-	-	-	\$199,000	199,000	199,000
Rate-Funded Capital Expenses ⁴	250,000	400,000	150,000	150,000	150,000	150,000
Subtotal: Other Expenditures	\$ 845,975	\$ 1,001,978	\$ 751,978	\$ 950,238	\$ 822,880	\$ 820,440
Total Uses of Water Funds	\$ 3,013,023	\$ 2,386,711	\$ 2,269,685	\$ 2,171,396	\$ 2,470,830	\$ 2,627,692
plus: Revenue from Rate Increases	-	443,247	576,222	715,845	862,449	1,016,383
Annual Surplus/(Deficit)	\$ (740,585)	\$ 322,374	\$ 572,374	\$ 810,286	\$ 657,456	\$ 654,528
Net Revenue Req. (Total Uses less Non-Rate Revenue)	\$ 2,956,822	\$ 2,337,111	\$ 2,220,085	\$ 2,121,796	\$ 2,421,230	\$ 2,578,092
Total Rate Revenue After Rate Increases	\$ 2,216,237	\$ 2,659,484	\$ 2,792,459	\$ 2,932,082	\$ 3,078,686	\$ 3,232,620
Estimated Year-End Reserves (Total Cash)	\$ 1,100,000	\$ 784,593	\$ 791,486	\$ 677,245	\$ 772,596	\$ 958,020
Projected Annual Rate Increase⁵	0.0%	20.0%	5.0%	5.0%	5.0%	5.0%
Cumulative Increase from Annual Rate Increases	0.0%	20.0%	26.0%	32.3%	38.9%	45.9%
Coverage After Rate Increase	(0.82)	1.20	1.20	1.20	1.20	1.20

(1) Assumes 3% annual inflation.

(2) This is an annual transfer in from cash reserves for the purpose of meeting debt coverage requirements; resulting annual surpluses are returned to reserves.

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

(4) 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/yr for non-major CIP projects.

(5) Does not include adjustments to recover projected 2013/14 deficit of \$124,000 of approximately 1%/year after 2014/15.

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

Current FY'13-14 and Adopted/Revised Water Rates in FY 2014/15: (BEFORE Adjustments to Recover the 2013/14 Deficit of \$124,000)				% Change: Adopted to Revised FY'14-15 Rates
Comparison Factor	Current Rates	Adopted FY'14-15 Rates	Revised FY'14-15 Rates	
Fixed Monthly Charges:				
<i>Single-Family Residential Customers:</i>				
5/8 inch & 3/4 inch	\$27.17	\$28.53	\$29.11	2%
1 inch	\$38.11	\$40.02	\$41.36	3%
1.5 inch	\$45.39	\$47.66	\$49.53	4%
<i>Non-Residential Customers:</i>				
5/8 inch & 3/4 inch	\$54.78	\$57.52	\$61.00	6%
1 inch	\$82.28	\$86.39	\$93.59	8%
1.5 inch	\$100.61	\$105.64	\$115.31	9%
2 inch	\$192.26	\$201.87	\$223.94	11%
3 inch	\$283.92	\$298.12	\$332.57	12%
4 inch	\$375.57	\$394.35	\$441.20	12%
<i>Commercial Low-Usage Customers:</i>				
5/8 inch & 3/4 inch	\$33.97	\$35.67	\$29.11	-18%
Volumetric Charges				
<i>Single Family Residential Rates (\$/hcf)¹</i>				
Tier 1: 0-5 HCF	\$2.60	\$2.74	\$3.09	13%
Tier 2: 6-10 HCF	\$3.90	\$4.12	\$4.63	12%
Tier 3: 11+ HCF	\$5.85	\$6.18	\$6.94	12%
<i>Non-Single Family Residential (\$/hcf)</i>				
Rate Per HCF	\$3.10	\$3.27	\$4.97	52%

1. Includes Commercial Low Usage customers.

Current and Revised Water Rates (Recovers 2013/14 Net Loss of \$124,000)

Customer Classes/Meter Sizes	Current Rates (2013/14)	Revised Rates				
		FY 2014/15 ¹	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
<i>Annual % Increase in Rate Revenue²</i>		20.0%	6.0%	6.0%	6.0%	6.0%
Fixed Monthly Charges:						
<i>Single-Family Residential Customers:</i>						
5/8 inch & 3/4 inch	\$27.17	\$29.11	\$30.87	\$32.73	\$34.70	\$36.80
1 inch	\$38.11	\$41.36	\$43.86	\$46.50	\$49.31	\$52.28
1.5 inch	\$45.39	\$49.53	\$52.52	\$55.69	\$59.04	\$62.60
<i>Non-Residential Customers:</i>						
5/8 inch & 3/4 inch	\$54.78	\$61.00	\$64.68	\$68.58	\$72.71	\$77.10
1 inch	\$82.28	\$93.59	\$99.23	\$105.22	\$111.56	\$118.29
1.5 inch	\$100.61	\$115.31	\$122.27	\$129.64	\$137.46	\$145.75
2 inch	\$192.26	\$223.94	\$237.45	\$251.76	\$266.95	\$283.04
3 inch	\$283.92	\$332.57	\$352.62	\$373.89	\$396.43	\$420.34
4 inch	\$375.57	\$441.20	\$467.80	\$496.01	\$525.92	\$557.64
<i>Commercial Low-Usage Customers:</i>						
5/8 inch & 3/4 inch	\$33.97	\$29.11	\$30.87	\$32.73	\$34.70	\$36.80
Volumetric Charges						
<i>Single Family Residential Rates (\$/hcf)³</i>						
Tier 1: 0-5 HCF	\$2.60	\$3.09	\$3.27	\$3.47	\$3.68	\$3.90
Tier 2: 6-10 HCF	\$3.90	\$4.63	\$4.91	\$5.20	\$5.52	\$5.85
Tier 3: 11+ HCF	\$5.85	\$6.94	\$7.36	\$7.80	\$8.27	\$8.77
<i>Non-Single Family Residential (\$/hcf)</i>						
Rate Per HCF	\$3.10	\$4.97	\$5.27	\$5.58	\$5.92	\$6.28
Projected Annual Rate Revenue						
Financial Plan Projections ⁴	\$ 2,340,000	\$ 2,659,484	\$ 2,792,459	\$ 2,932,082	\$ 3,078,686	\$ 3,232,620
Revised Projections w/ Adjustments ⁵	\$ 2,216,237	\$ 2,659,484	\$ 2,821,228	\$ 2,962,289	\$ 3,110,404	\$ 3,265,924
Annual Surplus or (Loss - rounded)	\$ (124,000)	\$ -	\$ 28,769	\$ 30,208	\$ 31,718	\$ 33,304
Cumulative Surplus or (Loss)	\$ (124,000)	\$ (124,000)	\$ (95,231)	\$ (65,023)	\$ (33,304)	\$ 0

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

2. FY 2015/16 through FY 2018/19 reflect Financial Plan increases plus adjustments necessary to eliminate \$124,000 FY 2013/14 deficit.

3. Includes Commercial Low Usage customers.

4. The FY 2013/14 amounts are from Linda Ruffing's email of Friday, May 9, 2014, 5:50 PM.

5. Assumes the net loss in FY 2013/14 of \$124,000 will be recovered over next 4 years (FY 2015/16 through FY 2018/19).