

Financial Plan and Water Rates (15%, 7%, 7%, 7%)

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	\$ 510,372	\$ 700,730	\$ 904,379
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	\$ 2,776,209	\$ 2,966,567	\$ 3,170,216
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)	\$ (58,958)	\$ (129,355)	\$ 137,281
Net Revenue Req't. (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	\$ 1,414,824	\$ 1,285,469	\$ 1,422,750
Projected Annual Rate Increase⁴	0.0%	15.0%	7.0%	7.0%	7.0%
Cumulative Increase from Annual Rate Increases	0.0%	15.0%	23.0%	31.6%	40.8%

(1) Assumes 3% annual inflation.

5/30/14

(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%	7.0%	7.0%	7.0%
Fixed Monthly Charges:					
Single-Family Residential Customers:					
5/8 inch & 3/4 inch	\$27.17	\$29.00	\$31.02	\$33.19	\$35.51
1 inch	\$38.11	\$41.25	\$44.13	\$47.21	\$50.51
1.5 inch	\$45.39	\$49.42	\$52.87	\$56.56	\$60.51
Non-Residential Customers:					
5/8 inch & 3/4 inch	\$54.78	\$59.00	\$63.12	\$67.53	\$72.24
1 inch	\$82.28	\$90.56	\$96.89	\$103.65	\$110.89
1.5 inch	\$100.61	\$111.61	\$119.40	\$127.73	\$136.65
2 inch	\$192.26	\$216.82	\$231.96	\$248.15	\$265.48
3 inch	\$283.92	\$322.03	\$344.52	\$368.57	\$394.30
4 inch	\$375.57	\$427.25	\$457.08	\$488.99	\$523.13
Commercial Low-Usage Customers:					
5/8 inch & 3/4 inch	\$33.97	\$29.00	\$31.02	\$33.19	\$35.51
Volumetric Charges					
Single Family Residential Rates (\$/hcf)³					
Tier 1: 0-5 HCF	\$2.60	\$2.74	\$2.93	\$3.14	\$3.36
Tier 2: 6-10 HCF	\$3.90	\$4.11	\$4.40	\$4.71	\$5.03
Tier 3: 11+ HCF	\$5.85	\$6.17	\$6.60	\$7.06	\$7.55
Non-Single Family Residential (\$/hcf)					
Rate Per HCF	\$3.10	\$4.73	\$5.06	\$5.41	\$5.79
Projected Annual Rate Revenue					
Financial Plan Projections ⁴	\$ 2,300,655	\$ 2,548,673	\$ 2,701,593	\$ 2,863,688	\$ 3,035,510
Revised Projections w/ Adjustments ⁵	\$ 2,216,237	\$ 2,548,673	\$ 2,728,109	\$ 2,891,796	\$ 3,065,304
Annual Surplus or (Loss)	\$ (84,418)	\$ -	\$ 26,517	\$ 28,108	\$ 29,794
Cumulative Surplus or (Loss)	\$ (84,418)	\$ (84,418)	\$ (57,901)	\$ (29,794)	\$ 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.