



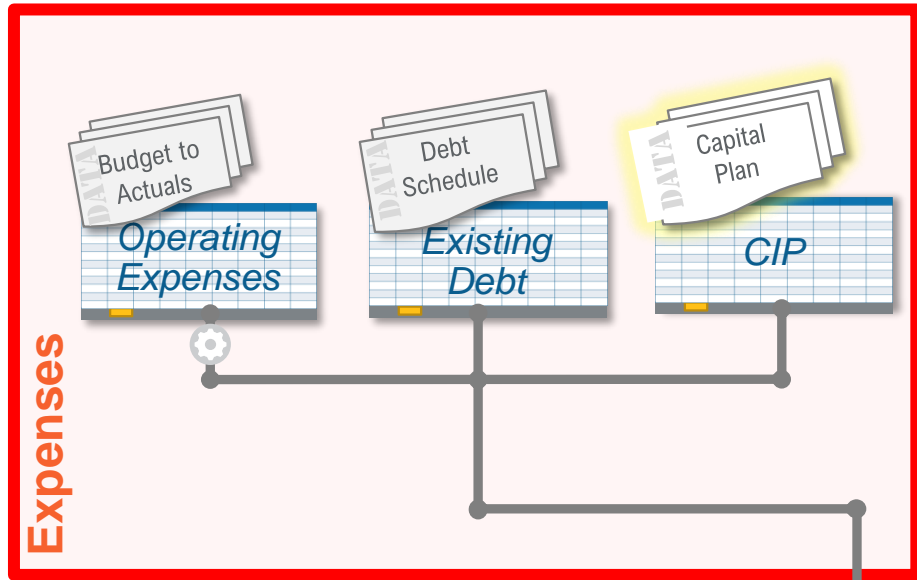
# **WATER / SEWER RATE EVALUATION**

## **Town of Webster**

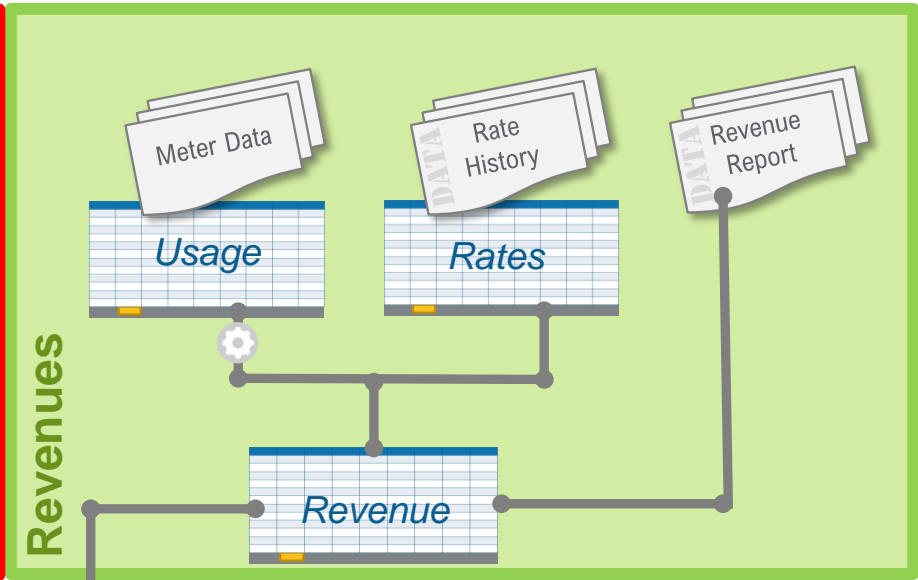
**5.2.24 WEBSTER WATER SEWER COMMISSION MEETING**

# RATE MODEL OVERVIEW

## 1. Project expenses



## 2. Project revenues



3. Calculate net revenue
4. Adjust rates to maintain fund balance
5. Calculate user costs
6. Evaluate equity
7. Evaluate affordability



Capital expenses are the biggest driver of rate increases

# WATER



# PROJECTING EXPENSES – OPERATING EXPENSES

	Budget FY23	Budget FY24	Budget FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29
<b>Operating Expenses</b>							
PERSONNEL SERVICES	\$ 606,537	\$ 664,254	\$ 692,200	\$ 716,427	\$ 741,502	\$ 767,455	\$ 794,315
PURCHASE OF SERVICES	\$ 546,600	\$ 610,833	\$ 617,598	\$ 648,478	\$ 880,902	\$ 924,947	\$ 971,194
SUPPLIES	\$ 156,700	\$ 160,000	\$ 160,000	\$ 168,000	\$ 176,400	\$ 185,220	\$ 194,481
OTHER CHARGES & EXPENSES	\$ 28,000	\$ 56,814	\$ 51,600	\$ 54,180	\$ 56,889	\$ 59,733	\$ 62,720
CAPITAL OUTLAY - O&M	\$ 153,000	\$ 158,000	\$ 153,000	\$ 153,000	\$ 153,000	\$ 153,000	\$ 153,000
TRANSFER TO GENERAL FUND	\$ 500,037	\$ 583,939	\$ 682,228	\$ 684,166	\$ 708,112	\$ 732,896	\$ 758,547
<b>Subtotal</b>	<b>\$ 1,990,874</b>	<b>\$ 2,233,840</b>	<b>\$ 2,356,626</b>	<b>\$ 2,424,251</b>	<b>\$ 2,716,805</b>	<b>\$ 2,823,251</b>	<b>\$ 2,934,258</b>
<i>Delta Previous</i>	▲ 11.1%	▲ 12.2%	▲ 5.5%	▲ 2.9%	▲ 12.1%	▲ 3.9%	▲ 3.9%
<b>Capital Expenses</b>							
DEBT SERVICE - EXIST	\$ 1,250,064	\$ 1,189,676	\$ 2,619,298	\$ 2,444,241	\$ 2,394,656	\$ 2,109,518	\$ 2,030,126
DEBT SERVICE - CIP		\$ -	\$ -	\$ 75,188	\$ 543,807	\$ 1,422,188	\$ 1,688,342
CAPITAL OUTLAY - CIP		\$ 500,000	\$ 88,000	\$ 261,000	\$ 40,000	\$ 406,000	\$ 480,000
TRANSFER TO CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal</b>	<b>\$ 1,250,064</b>	<b>\$ 1,689,676</b>	<b>\$ 2,707,298</b>	<b>\$ 2,780,429</b>	<b>\$ 2,978,463</b>	<b>\$ 3,937,705</b>	<b>\$ 4,198,468</b>
<i>Delta Previous</i>	▼ 4.7%	▲ 35.2%	▲ 60.2%	▲ 2.7%	▲ 7.1%	▲ 32.2%	▲ 6.6%
<b>TOTAL EXPENSES</b>	<b>\$ 3,240,938</b>	<b>\$ 3,923,516</b>	<b>\$ 5,063,924</b>	<b>\$ 5,204,680</b>	<b>\$ 5,695,268</b>	<b>\$ 6,760,956</b>	<b>\$ 7,132,726</b>

## Notes & Key Points

1. Break down of Water Expense category based upon UMAS codes
2. Future years expenses are based upon FY25 budget values, and the escalators shown. Debt service and capital are not projected, future values are taken from the debt schedule and Capital Improvement Plan (CIP) respectively

Source Data  
YTD Budget Reports

# PROJECTING EXPENSES – OPERATING EXPENSES

## Expense Trending Analysis

Category	FY19 - FY22				FY 24 Budget	Delta FY23	Escalator
	Average Budget	Trend	Avg Annual % Change	Average Actual			
PERSONNEL SERVICES	\$ 558,881		▲ 6.1%	\$ 522,654	\$ 664,254	▲ 9.5%	3.5%
PURCHASE OF SERVICES	\$ 473,933		▲ 7.7%	\$ 354,129	\$ 610,833	▲ 11.8%	5.0%
SUPPLIES	\$ 162,655		▲ 2.4%	\$ 96,766	\$ 160,000	▲ 2.1%	5.0%
OTHER CHARGES & EXPENSES	\$ 48,714		▲ 6.1%	\$ 45,949	\$ 56,814	▲ 102.9%	5.0%
CAPITAL OUTLAY	\$ 198,861		▼ 23.0%	\$ 91,559	\$ 158,000	▲ 3.3%	0.0%
TRANSFER TO CAPITAL	\$ 103,135		-	\$ 188,890	\$ -	--	0.0%
TRANSFER TO GENERAL FUND	\$ 376,539		▲ 9.3%	\$ 376,539	\$ 583,939	▲ 16.8%	3.5%
DEBT SERVICE - EXIST	\$ 1,035,806		▲ 3.6%	\$ 984,313	\$ 1,394,986	▲ 11.6%	0.0%
	\$ 1,318,893.34		1.7%	\$ 3,628,826	\$ 3,628,826		

### Notes & Key Points

1. Break down of Water Expense category based upon UMAS codes
2. Unexpended budget, can be factored into net revenue calcs.
3. Future years expenses are based upon FY24 budget values, and the escalators shown. Debt service and capital are not projected, future values are taken from the debt schedule and Capital Improvement Plan (CIP) respectively

Source Data  
YTD Budget Reports



# PROJECTING EXPENSES – CAPITAL

## Capital Improvement Planner

ID	System	Scope	Description	Funding source	Interest Rate	Estimated Cost	Cost Year	Escalated Cost	Start Year	Term
1	Enterprise	Equipment	Mud Sucker Pump	Rate	--	\$ 4,000	2024	\$ 4,000	2024	1
2	Treatment	Construction	Demo Clear Well at Station #1	Rate	--	\$ 80,000	2024	\$ 80,000	2024	1
3	Storage	Construction	Park Road Storage Tank Fence Repair/Replacement	Rate	--	\$ 10,000	2024	\$ 10,000	2024	1
4	Storage	Construction	Park Road Storage Tank Exterior Cleaning	Rate	--	\$ 12,000	2024	\$ 12,000	2024	1
5	Enterprise	Other	Pole Compactor	Rate	--	\$ 3,000	2024	\$ 3,000	2024	1
6	Pumping	Construction	Sutton Rd Booster Station Repairs	Rate	--	\$ 46,000	2024	\$ 46,000	2024	1
7	Distribution	Equipment	Towable Air Compressor Replacement	Rate	--	\$ 40,000	2024	\$ 40,000	2024	1
8	Distribution	Equipment	Trash Pump	Rate	--	\$ 2,500	2024	\$ 3,000	2024	1
9	Enterprise	Equipment	1/2 Cost of 2024 Backhoe/Loader, other 1/2 from Sewer Fund	Rate	--	\$ 110,000	2024	\$ 110,000	2024	1
10	Enterprise	Construction	Paint Blue Building	Rate	--	\$ 12,000	2024	\$ 12,000	2024	1
11	Source	Other	Annual Well Rehabilitation Stations 1 and 2	Rate	--	\$ 40,000	2024	\$ 40,000	2024	5
12	Enterprise	Construction	Water Meter Replacement Construction / AMI	Debt	4.0%	\$ 3,800,000	2025	\$ 3,800,000	2025	20
13	Treatment	Construction	PFAS Water Treatment Plants (2) Part 1 19.8% PF	SRF	0.0%	\$ 15,000,000	2026	\$ 12,030,000	2026	30
14	Treatment	Construction	PFAS Water Treatment Plants (2) Part 2 (assume 9.8% PF)	SRF	0.0%	\$ 10,000,000	2027	\$ 9,010,000	2027	30
15	Treatment	Construction	PFAS Water Treatment Plants (2) Part 2 (assume 0% PF )	SRF	0.0%	\$ 11,000,000	2027	\$ 11,000,000	2027	30
16	Distribution	Engineering	Water Main Design - School St	Rate	--	\$ 150,000	2024	\$ 183,000	2028	1
17	Distribution	Engineering	Water Main Design - North Main St 2024	Rate	--	\$ 150,000	2024	\$ 150,000	2024	1
18	Distribution	Engineering	Water Main Design - Worcester Road Old Worcestor Road	Rate	--	\$ 200,000	2024	\$ 221,000	2026	1
19	Distribution	Construction	Water Main Construction - Worcester Road 2028	Debt	4.0%	\$ 2,811,000	2024	\$ 3,417,000	2028	20
20	Treatment	Construction	Media Replacement	Rate	--	\$ 250,000	2024	\$ 320,000	2029	4
21	Treatment	Construction	Milling and paving parking lot near water shop at 38 Hill Street	Rate	--	\$ 45,000	2024	\$ 48,000	2025	1
22	Distribution	Engineering	Water Main Design (School Street)	Rate	--	\$ 150,000	2024	\$ 183,000	2028	1
23	Distribution	Engineering	Water Main Design (Park Ave)	Rate	--	\$ 125,000	2024	\$ 160,000	2029	1
24	Distribution	Eng.+Const.	Water Main Construction (Park Ave)	Debt	4.0%	\$ 1,530,000	2024	\$ 2,051,000	2030	20
25	Distribution	Eng.+Const.	Water Main Const - School St 2029	Debt	4.0%	\$ 2,390,000	2024	\$ 3,051,000	2029	20
Total						\$ 47,960,500		\$ 45,984,000		

### Notes & Key Points

1. "Rate" represents projects funded from annual budget or retained earnings, sometimes referred to as "pay-go"
2. Cost year set to start year prevents costs from escalating.
3. Start year is the year that the cost is incurred
4. Term = length of loan for debt OR number of years that the expense recurs (Rate funded)

# PROJECTING REVENUES

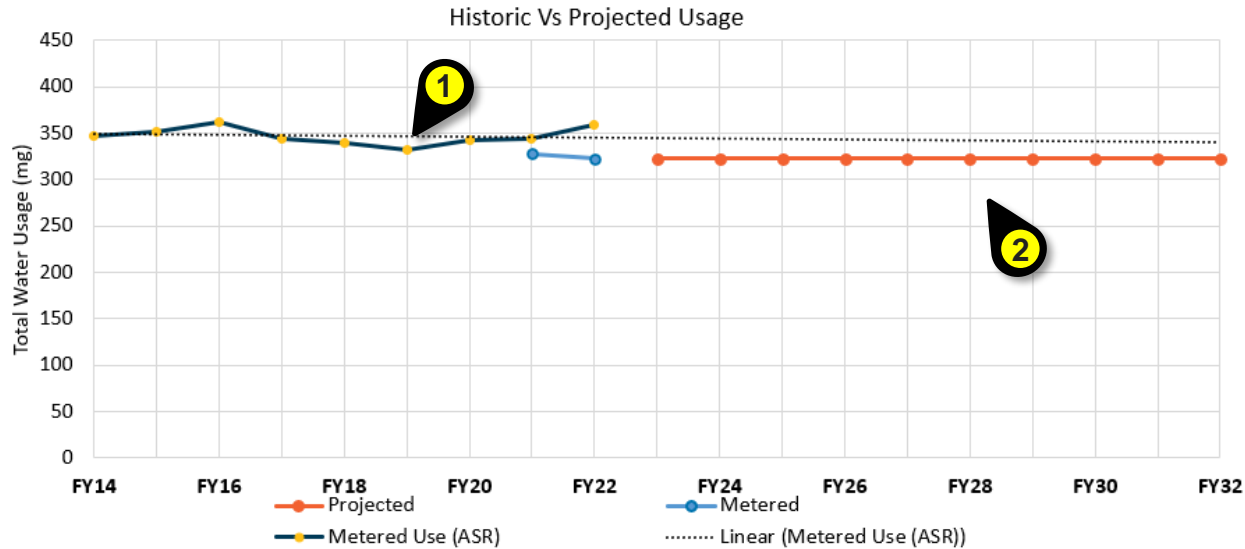
Review  
revenue  
sources

Project Water  
Usage

Calibrate Rate  
Model

Adjust Rates

Evaluate  
Alternative  
Rate Structures



## No. Units Served - Historic Values

User Class	Actual	Projected	Projected
	FY22	FY23	FY24
Water Accounts	3,964	3,964	3,964
Senior Accounts	1,052	1,052	1,052
Irrigation Accounts	378	378	378
<b>Total</b>	<b>5,394</b>	<b>5,394</b>	<b>5,394</b>

## Notes & Key Points

1. Annual Statistical Report (ASR) data is adjusted to FY basis and adjusted for Unaccounted for Water (UAW)
2. Projected usage shown is based upon FY24 total staying stable.
3. Discuss total accounts and projected growth

# PROJECTING REVENUES

Review  
revenue  
sources



Project Water  
Usage

Calibrate Rate  
Model

Adjust Rates

Evaluate  
Alternative  
Rate Structures

## Historic Revenue Summary (Actuals)

Sum of Actuals	FY21	FY22	FY23	Projections FY25
Rate Revenue 	\$ 2,626,859	\$ 2,632,349	\$ 2,822,848	
Liens, Penalties & PY	\$ 285,389	\$ 255,193	\$ 252,627	
Non-Rate: Misc	\$ 98,060	\$ 97,807	\$ 70,089	\$ 90,000
BETTERMENTS 	\$ 82,217	\$ 68,678	\$ 77,687	\$ 90,000
System Development Chg	\$ 108,805	\$ 50,065	\$ 32,500	\$ 65,000
<b>Grand Total</b>	<b>\$ 3,201,330</b>	<b>\$ 3,104,092</b>	<b>\$ 3,255,751</b>	<b>\$ 190,840.00</b>

## Collection Ratio

Year	Collected	Commitment	CF	Model	Delta (total)	Delta (%)
FY21	\$ 2,626,859	\$ 2,848,591	92%	\$ 2,836,181	\$ 209,322	0%
FY22	\$ 2,632,349	\$ 2,858,636	92%	\$ 2,874,911	\$ 242,561	-1%
FY23	\$ 2,822,848		#DIV/0!	\$ 3,104,977	\$ 282,130	90%

## Notes & Key Points

1. Rate revenues are calculated using projected usage values, liens, penalties and prior year are estimated using a percentage of committed values.
2. Which loans are funded by betterment and is there a betterment reserve account? Discuss projections and if the Town plans on funding future projects with betterments
3. Collection ratio used to adjust future calculated rate revenue in the proforma, revenue from liens, etc. is based upon review of the ratio of liens/penalties to committed revenue. A collection ratio of 92% and lien factor of 8% was used. The model revenue compared to committed revenue was 0.9% and 1.9% for FY21 and FY22 respectively



# PROJECTING REVENUES

Review  
revenue  
sources

Project Water  
Usage

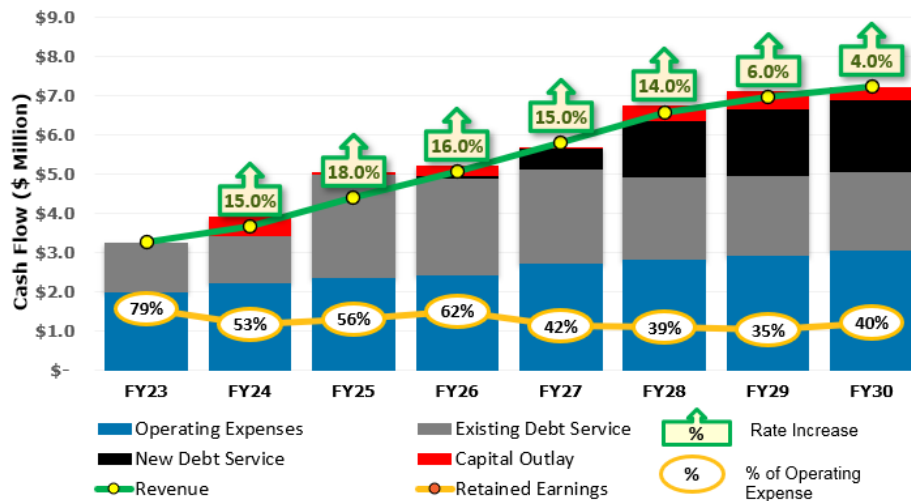
Calibrate Rate  
Model

Adjust Rates

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Rate Structures

	FY23	FY24	FY25	FY26	FY27	FY28	FY29
<b>1 Revenue</b>	<i>Rate Increase</i>	<b>15.0%</b>	<b>18.0%</b>	<b>16.0%</b>	<b>15.0%</b>	<b>14.0%</b>	<b>6.0%</b>
Rate Revenue	\$ 2,822,848	\$ 3,177,944	\$ 3,876,242	\$ 4,496,076	\$ 5,169,870	\$ 5,893,572	\$ 6,246,357
Non Rate Revenue	\$ 432,903	\$ 485,458	\$ 527,905	\$ 574,635	\$ 627,492	\$ 685,835	\$ 712,842
<b>2 TOTAL REVENUE</b>	<b>\$ 3,255,751</b>	<b>\$ 3,663,402</b>	<b>\$ 4,404,146</b>	<b>\$ 5,070,711</b>	<b>\$ 5,797,361</b>	<b>\$ 6,579,406</b>	<b>\$ 6,959,199</b>
Delta previous (Rate Revenue)	▲ 7.2%	▲ 12.6%	▲ 22.0%	▲ 16.0%	▲ 15.0%	14.0%	6.0%
Net Revenue	\$ 213,900	\$ 463,270	\$ (336,115)	\$ 369,457	\$ 413,774	\$ 506,775	\$ 599,899
<b>Retained Earnings (Begin)</b>	<b>\$ 1,578,681</b>	<b>\$ 1,578,681</b>	<b>\$ 1,183,681</b>	<b>\$ 1,309,581</b>	<b>\$ 1,511,851</b>	<b>\$ 1,135,737</b>	<b>\$ 1,099,193</b>
Net Revenue		\$ 179,845	\$ 213,900	\$ 463,270	\$ (336,115)	\$ 369,457	\$ 413,774
Capital Outlay	\$ -	\$ -	\$ (88,000)	\$ (261,000)	\$ (40,000)	\$ (406,000)	\$ (480,000)
<b>Retained Earnings (End)</b>	<b>\$ 1,578,681</b>	<b>\$ 1,183,681</b>	<b>\$ 1,309,581</b>	<b>\$ 1,511,851</b>	<b>\$ 1,135,737</b>	<b>\$ 1,099,193</b>	<b>\$ 1,032,968</b>
(as % OpEx -no debt)	79%	53%	56%	62%	42%	39%	35%

Alt. A - Maintain Existing Rate Structure



## Notes & Key Points

1. FY25 on based upon calculated revenue reduced by the collection factor.
2. Non-Rate revenue values from p.8 plus the estimated liens/penalties amount.

# SEWER



# PROJECTING EXPENSES – OPERATING EXPENSES

	Budget FY23	Budget FY24	Budget FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29
<b>OPERATING EXPENSES</b>							
PERSONNEL SERVICES	\$ 999,894	\$ 1,064,363	\$ 1,071,500	\$ 1,147,818	\$ 1,187,991	\$ 1,229,571	\$ 1,272,606
PURCHASE OF SERVICES	\$ 848,090	\$ 1,199,095	\$ 1,233,000	\$ 1,359,383	\$ 1,427,352	\$ 1,498,719	\$ 1,573,655
SUPPLIES	\$ 488,085	\$ 574,179	\$ 625,700	\$ 689,834	\$ 724,326	\$ 760,542	\$ 798,569
RESIDUALS	\$ 340,670	\$ 335,000	\$ 470,000	\$ 518,175	\$ 544,084	\$ 571,288	\$ 599,852
OTHER CHARGES & EXPENSES	\$ 24,900	\$ 3,000	\$ 3,400	\$ 3,749	\$ 3,936	\$ 4,133	\$ 4,339
CAPITAL - O&M	\$ 300,640	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
TRANSFER TO GENERAL FUND	\$ 825,326	\$ 837,242	\$ 837,242	\$ 896,875	\$ 928,265	\$ 960,754	\$ 994,381
<b>Subtotal</b>	<b>\$ 3,827,605</b>	<b>\$ 4,217,879</b>	<b>\$ 4,445,842</b>	<b>\$ 4,820,832</b>	<b>\$ 5,020,954</b>	<b>\$ 5,230,007</b>	<b>\$ 5,448,403</b>
<i>Delta Previous</i>	<i>▲ 8.6%</i>	<i>▲ 10.2%</i>	<i>▲ 5.4%</i>	<i>▲ 8.4%</i>	<i>▲ 4.2%</i>	<i>▲ 4.2%</i>	<i>▲ 4.2%</i>
<b>CAPITAL EXPENSES</b>							
DEBT SERVICE	\$ 881,443	\$ 884,372	\$ 1,063,257	\$ 1,043,739	\$ 1,038,730	\$ 943,725	\$ 941,425
CAPITAL OUTLAY -DEBT			\$ 89,100	\$ 87,120	\$ 575,640	\$ 562,760	\$ 549,880
CAPITAL OUTLAY - CIP		\$ 589,000	\$ 303,500	\$ -	\$ -	\$ -	\$ -
TRANSFERS TO CAPITAL PROJECTS	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>TOTAL</b>	<b>\$ 881,443</b>	<b>\$ 1,473,372</b>	<b>\$ 1,455,857</b>	<b>\$ 1,130,859</b>	<b>\$ 1,614,370</b>	<b>\$ 1,506,485</b>	<b>\$ 1,491,305</b>
<i>Delta Previous</i>	<i>▼ 57.3%</i>		<i>▼ 1.2%</i>	<i>▼ 22.3%</i>	<i>▲ 42.8%</i>	<i>▼ 6.7%</i>	<i>▼ 1.0%</i>
Budget Overrun makeup		\$ 286,961					
<b>TOTAL EXPENSES</b>	<b>\$ 4,709,048</b>	<b>\$ 5,978,212</b>	<b>\$ 5,901,699</b>	<b>\$ 5,951,691</b>	<b>\$ 6,635,324</b>	<b>\$ 6,736,493</b>	<b>\$ 6,939,708</b>

## Notes & Key Points

1. Break down of Sewer Expense category based upon UMAS codes
2. Future years expenses are based upon FY25 budget values, and the escalators shown. Debt service and capital are not projected, future values are taken from the debt schedule and Capital Improvement Plan (CIP) respectively

Source Data  
YTD Budget Reports

# PROJECTING EXPENSES – CAPITAL

## Capital Improvement Planner

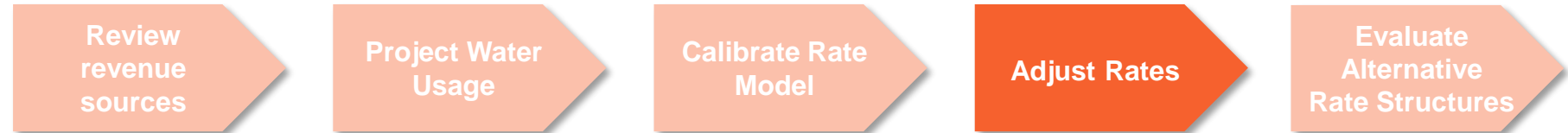
ID	System	Scope	Description	Funding source	Interest Rate	Estimated Cost	Cost Year	Escalated Cost	Start Year	Term
1	Collection	Equipment	Road Cutting Saw	Rate	--	\$ 2,500	2024	\$ 3,000	2024	1
2	Enterprise	Equipment	2 Ton Chain Fall System	Rate	--	\$ 3,500	2024	\$ 4,000	2024	1
3	Enterprise	Engineering	Water & Sewer Standards Assistance	Rate	--	\$ 11,300	2024	\$ 12,000	2024	1
4	Treatment	Equipment	Polymer Pump Replacement	Rate	--	\$ 15,000	2024	\$ 15,000	2024	1
5	Collection	Construction	Twister Agitator Mixer-Dudley Wet-well	Rate	--	\$ 15,000	2024	\$ 15,000	2024	1
6	Treatment	Equipment	Actiflow Polymer Pump Replacement	Rate	--	\$ 20,000	2024	\$ 20,000	2024	1
7	Collection	Construction	Thompson 1 Pump Station VFD Replacement	Rate	--	\$ 25,000	2024	\$ 25,000	2024	1
8	Treatment	Construction	Parking Lot Repairs	Rate	--	\$ 35,000	2024	\$ 35,000	2024	1
9	Treatment	Construction	Actiflow Generator Wiring & Transfer Switch-New	Rate	--	\$ 40,000	2024	\$ 40,000	2024	1
10	Collection	Engineering	Evaluate Dudley P.S. Flow Equalization Pump	Rate	--	\$ 40,000	2024	\$ 40,000	2024	1
11	Collection	Construction	Rebuild Pumps 1 & 2 Mill Brook P.S.	Rate	--	\$ 44,000	2024	\$ 44,000	2024	1
12	Collection	Equipment	Twister Agitator Mixer-Beach, Pebble, & Lake PS	Rate	--	\$ 45,000	2024	\$ 45,000	2024	1
13	Treatment	Engineering	FY24 NPDES Permit Assistance	Rate	--	\$ 50,000	2024	\$ 50,000	2024	1
14	Collection	Equipment	Portable Generator-Collections	Rate	--	\$ 75,000	2024	\$ 75,000	2024	1
15	Collection	Construction	Replace Pneumatic Ejectors with Submersible Pumps Narrows P.S.	Rate	--	\$ 75,000	2024	\$ 75,000	2024	1
16	Collection	Construction	Thompson Rd Pumps Station Wet Well Rehab	Rate	--	\$ 90,000	2024	\$ 90,000	2024	1
17	Enterprise	Vehicle	Replace 2011 Ford F-350 4x4 Utility	Rate	--	\$ 96,000	2024	\$ 96,000	2024	1
18	Enterprise	Vehicle	1/2 Cost of 2024 Backhoe/Loader, other 1/2 from Water Fund	Rate	--	\$ 110,000	2024	\$ 110,000	2024	1
19	Treatment	Engineering	Aeration Upgrades Phase 2 Design (Anoxic/Nitrogen Removal/Blower Replacement (MLE))	Rate	--	\$ 400,000	2025	\$ 400,000	2025	1
20	Treatment	Engineering	Digester Building - Evaluate replacement of Penn Valley Pumps	Rate	--	\$ 10,000	2025	\$ 10,000	2025	1
21	Treatment	Construction	Digester Building - Repair holes in masonry walls	Rate	--	\$ 10,000	2025	\$ 10,000	2025	1
22	Treatment	Construction	Digester Building - Repair silicone joint between tanks	Rate	--	\$ 10,000	2025	\$ 10,000	2025	1
23	Treatment	Construction	Digester Building - Repair top course of tank walls- black dislodged	Rate	--	\$ 10,000	2025	\$ 10,000	2025	1
24	Collection	Construction	Rehabilitate Narrows Pump Station (Birch Island)	Debt	4.0%	\$ 990,000	2025	\$ 990,000	2025	20
25	Treatment	Construction	Replace Heating System pre-treatment building	Rate	--	\$ 42,000	2025	\$ 42,000	2025	1
26	Treatment	Equipment	Replace Sandpiper Lime Batch Pump #1	Rate	--	\$ 13,250	2025	\$ 13,250	2025	1
27	Treatment	Equipment	Replace Sandpiper Lime Batch Pump #2	Rate	--	\$ 13,250	2025	\$ 13,250	2025	1
28	Collection	Design	Sewer Collections System Rehabilitation-Phase 3	Debt	4.0%	\$ 1,000,000	2025		2025	20
29	Treatment	Equipment	HACH All Weather Automatic Sampler Upgrade	Rate	--	\$ 8,500	2026	\$ 9,000	2026	1
30	Treatment	Equipment	HACH Online Nitrate/NH3 Sensors for Aeration	Rate	--	\$ 12,000	2026	\$ 12,000	2026	1
31	Treatment	Equipment	HACH Online pH Sensors for aeration	Rate	--	\$ 6,000	2026	\$ 6,000	2026	1
32	Treatment	Equipment	Laboratory Oven	Rate	--	\$ 500	2026	\$ 1,000	2026	1
33	Enterprise	Equipment	Portable Sample for Landfill Well Testing	Rate	--	\$ 500	2026	\$ 1,000	2026	1
34	Collection	Construction	Sewer Collections System Rehabilitation Phase 2 Construction	Debt	4.0%	\$ 2,000,000	2026		2026	20
35	Treatment	Construction	Aeration Upgrades Phase 2 Design (Anoxic/Nitrogen Removal/Blower Replacement (MLE))	Debt	4.0%	\$ 4,600,000	2027	\$ 4,600,000	2027	20
36	Treatment	Equipment	Chemical Bldg - Replace Chlorine Gas System	Debt	4.0%	\$ 850,000	2027	\$ 850,000	2027	20
				Total		\$ 10,768,300		\$ 7,771,500		

### Notes & Key Points

1. "Rate" represents projects funded from annual budget or retained earnings, sometimes referred to as "pay-go"
2. Cost year set to start year prevents costs from escalating.
3. Start year is the year that the cost is incurred

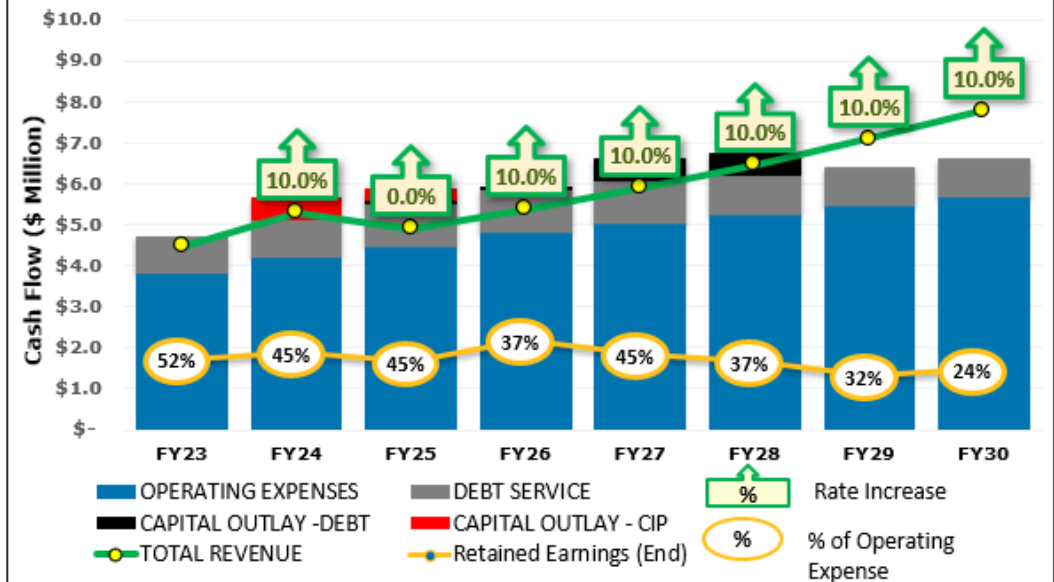


# PROJECTING REVENUES



	FY23	FY24	FY25	FY26	FY27	FY28	FY29
<b>Revenue</b>		<b>10.0%</b>	<b>0.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>
<b>Rate Increase</b>							
1 <b>Rate Revenue</b>	\$ 3,667,363	\$ 4,045,444	\$ 4,057,375	\$ 4,477,496	\$ 4,939,044	\$ 5,448,939	\$ 6,011,553
2 <b>Non Rate Revenue</b>	\$ 812,485	\$ 854,494	\$ 855,819	\$ 902,500	\$ 953,783	\$ 1,010,438	\$ 1,072,950
<b>Transfer from Prior Appropriation</b>		\$ 400,000					
<b>TOTAL REVENUE</b>	<b>\$ 4,479,848</b>	<b>\$ 5,299,938</b>	<b>\$ 4,913,195</b>	<b>\$ 5,379,995</b>	<b>\$ 5,892,827</b>	<b>\$ 6,459,376</b>	<b>\$ 7,084,504</b>
<i>Delta previous (Rate Revenue)</i>	▲ 3.9%	▲ 10.3%	▲ 0.3%	▲ 10.4%	▲ 10.3%	10.3%	10.3%
<b>Retained Earnings (Begin)</b>	<b>\$ 2,471,442</b>	<b>\$ 1,734,107</b>	<b>\$ 1,881,458</b>	<b>\$ 1,654,967</b>	<b>\$ 2,190,083</b>	<b>\$ 1,860,747</b>	<b>\$ 1,674,717</b>
Net Revenue	\$ 737,335	\$ 736,351	\$ 77,009	\$ 535,117	\$ (329,337)	\$ (186,030)	\$ (340,820)
Capital Outlay	\$ -	\$ (589,000)	\$ (303,500)	\$ -	\$ -	\$ -	\$ -
<b>Retained Earnings (End)</b>	<b>\$ 1,734,107</b>	<b>\$ 1,881,458</b>	<b>\$ 1,654,967</b>	<b>\$ 2,190,083</b>	<b>\$ 1,860,747</b>	<b>\$ 1,674,717</b>	<b>\$ 1,333,897</b>
<i>(as % OpEx -no debt)</i>	45%	45%	37%	45%	37%	32%	24%

**Alt. A - Maintain Existing Rate Structure**



## Notes & Key Points

1. FY25 on based upon calculated revenue reduced by the collection factor.
2. Non-Rate revenue values from p.8 plus the estimated liens/penalties amount.



# RESIDENTIAL IMPACTS & AFFORDABILITY

## Annual Cost - Residential Customer *(3 people using 55 gallons per day each)*

Water	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Typical Residential Customer	\$ 580	\$ 666	\$ 786	\$ 912	\$ 1,049	\$ 1,196	\$ 1,267
Typical Senior Residential Customer	\$ 464	\$ 533	\$ 629	\$ 730	\$ 839	\$ 956	\$ 1,014
Sewer	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Typ Residential Sewer cost	\$ 785	\$ 864	\$ 864	\$ 950	\$ 1,045	\$ 1,149	\$ 1,264
Typical Senior Residential Customer	\$ 628	\$ 691	\$ 691	\$ 760	\$ 836	\$ 920	\$ 1,012



**Measuring Affordability.** Affordability, like temperature, is highly subjective. To determine whether water and sewer costs represents a financial burden we use indicators.

***The Household Burden Indicator (HBI).** Introduced in 2019, this indicator is based the Lowest Quintile Income (the lowest 20%), which is more representative of household financial status. The second component, the Poverty Prevalence Indicator is the percentage of the community below 200% of the Federal Poverty Level. The burden is determined by using the chart below.*

### Household Burden (HBI) - Static LQI

Scenario	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Typical Residential Customer	4.7%	5.2%	5.6%	6.4%	7.1%	8.0%	8.6%

### Webster Income Data (US Census)

Median Household Income: \$74,755

Lowest Quintile Income: \$29,292

Poverty Prevalence Indicator: 27.7%

Household Burden Indicator	Poverty Prevalence Indicator		
	>= 35%	20% to 35%	<20%
> = 10%	Very High Burden	High Burden	Moderate – High Burden
7% to 10%	High Burden	Moderate – High Burden	Moderate - Low Burden
<7%	Moderate - High Burden	Moderate - Low Burden	Low Burden

## Results

*Based upon the data shown herein and using a constant LQI (no increase in income), the projected rates are considered to be a moderate to high burden*