



UTILITY FUND ANALYSIS AND FINANCIAL PLAN

MAY 2022



RATE STRUCTURE OBJECTIVES

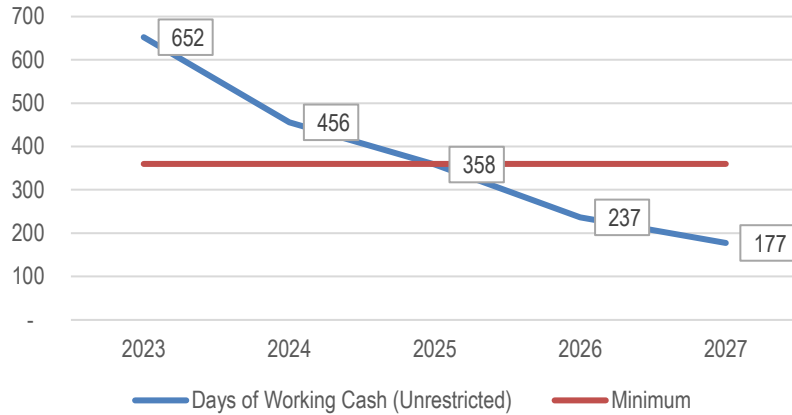
Key Financial Benchmarks

- Financial Ratios
 - Revenue Sufficiency – Each Utility Pays its Own Way
 - Cash Reserves – Goal to Reach 360 Days of Cash on Hand
 - Debt – Utilize Debt Strategically, Refinance to Reduce Interest Cost
 - Debt Service Coverage Ratio – Goal 2.0 Times Coverage

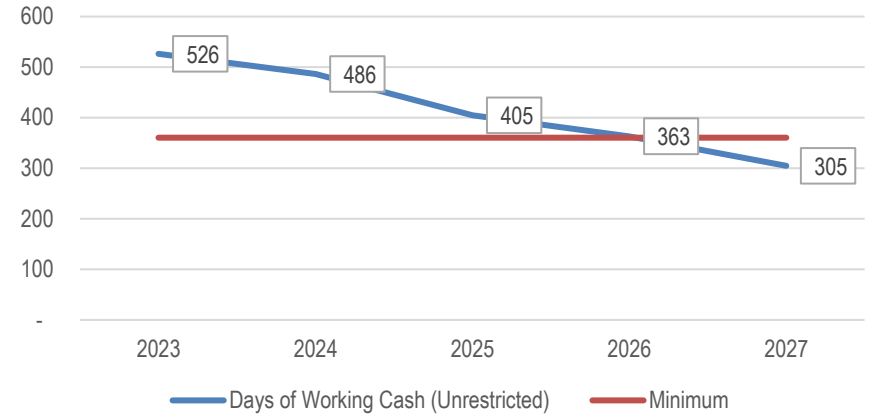
FUND PERFORMANCE

Cash Reserves

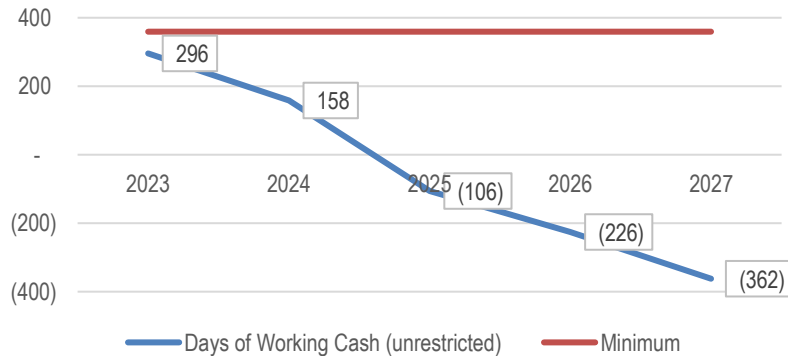
WATER CASH RESERVE



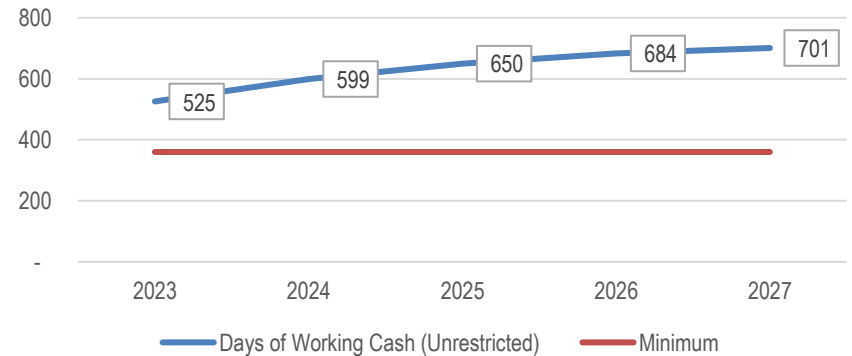
SEWER CASH RESERVE



STORM CASH RESERVE



REFUSE CASH RESERVES



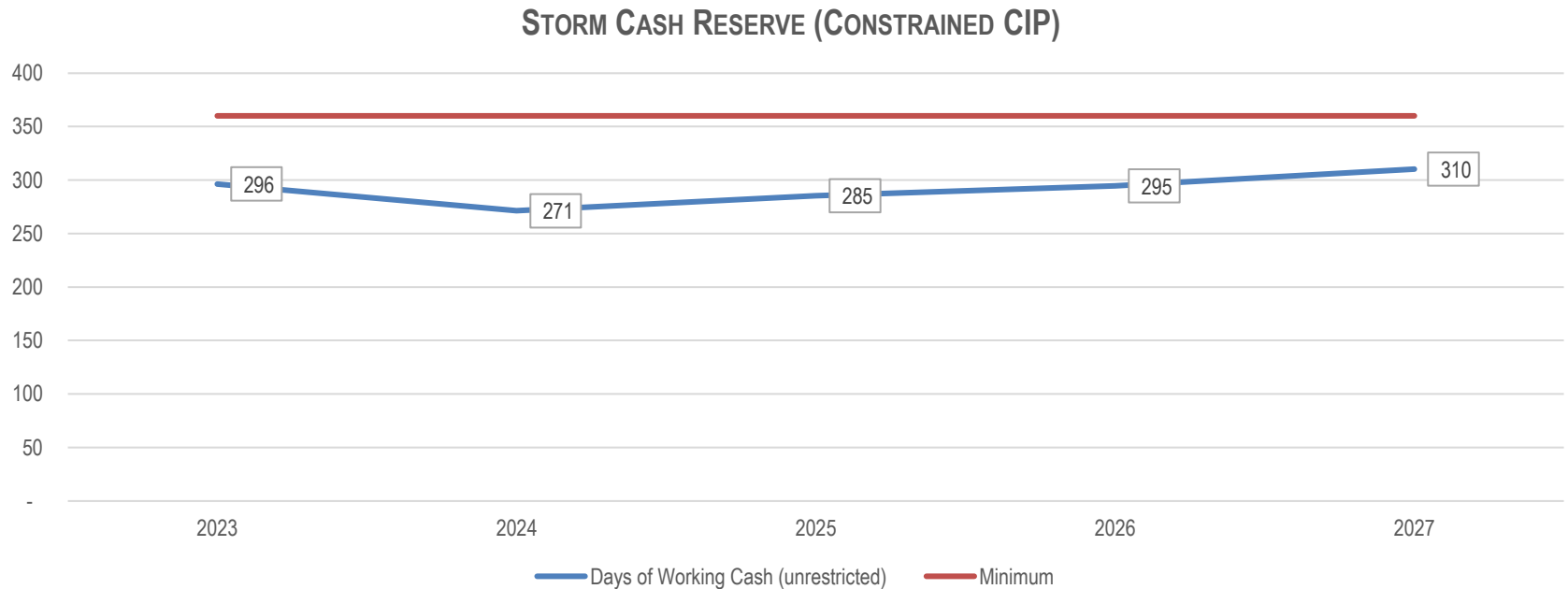
RATE MODEL ASSUMPTIONS

- Rate Models Assume full **Blended Inflation Adjustment (BIA)** for FY 2023, with future years @ 2.5% (excluding Refuse)
- Water fund assumes ARPA funds of \$12M in FY 2023, with funds expended in FY 2023 and 2024

FUND PERFORMANCE

Storm Cash Reserve: Fiscally Constrained

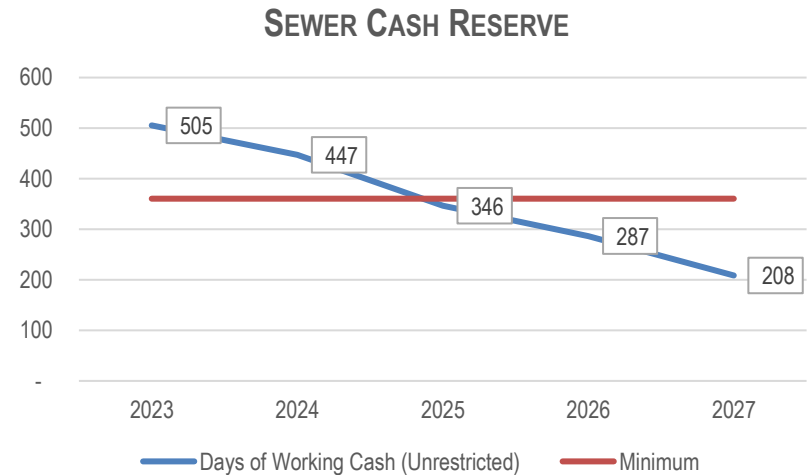
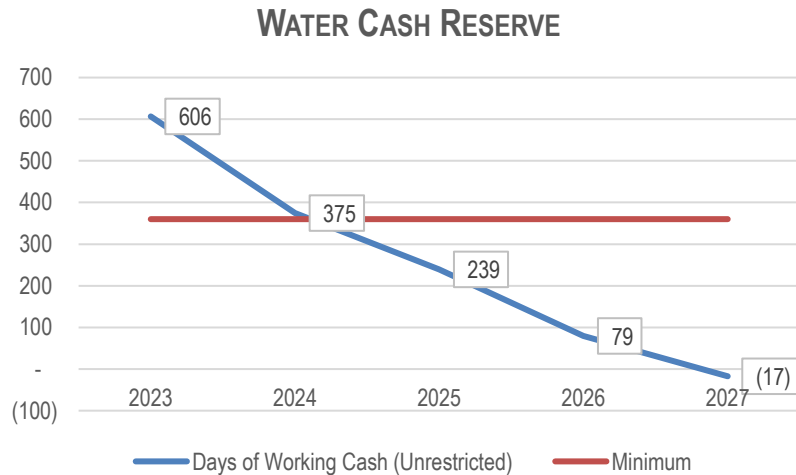
- Capital Improvement Plan (CIP) Constrained to \$1.5M Annually FY 2024-2027
- Results in unfunded CIP of ~\$6M



FUND PERFORMANCE

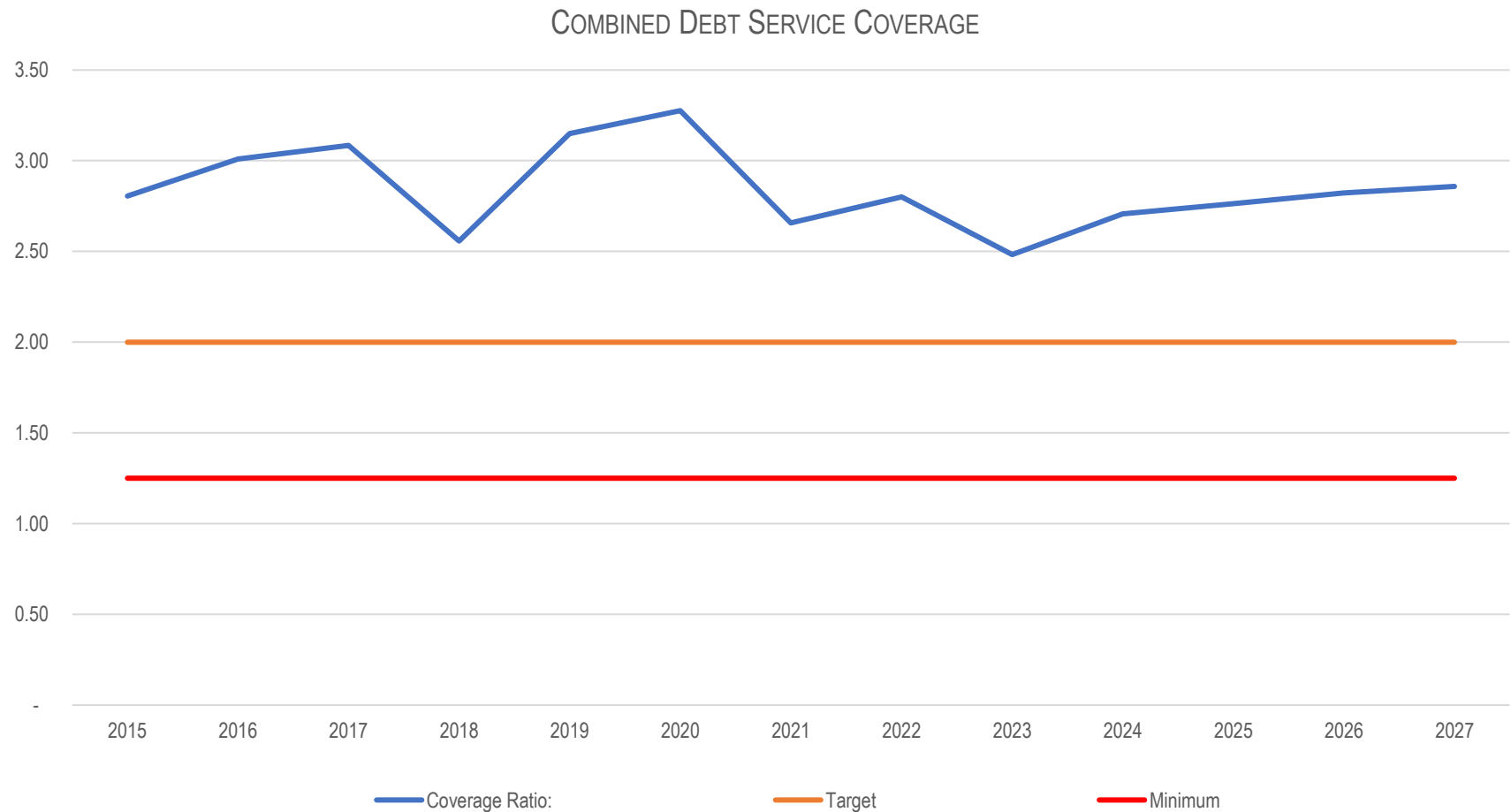
Cash Reserves (Reduced Demand/Revenue)

- Water Charges for Service Reduced by 10%
- Sewer Charges for Service Reduced by 5%



DEBT SERVICE COVERAGE

Combined Debt Coverage



BLENDED INFLATION ADJUSTMENT

- Blended Inflation Adjustment (BIA) is calculated yearly based on the following formula:
 - $BIA = (O\&M \text{ Weighting} \times \text{Western Region CPI}) + (CIP \text{ Weighting} \times \text{American City \& County CCI})$
 - $BIA = (0.67 * 7.1\%) + (0.33 * 9.0\%) = 7.73\%$
 - **Refuse is 100% Western Region CPI = 7.1%**
- CPI = Consumer Price Index
- CIP = Capital Improvement Plan
- CCI = Construction Cost Index

IMPACT ON AVERAGE MONTHLY BILL

Address	Lot Size		
Liberty Ave	.23 Acres		
2ndary Water	Circuit Breaker	Meter Size	
No	No	3/4"	
Service From 06/26-07/26	Current Bill	BIA or CPI Increase	New Bill
Water	\$40.64	\$3.14	\$43.78
Sewer	\$17.04	\$1.32	\$18.36
Refuse	\$40.68	\$2.89	\$43.57
Storm	\$8.47	\$0.65	\$9.12
Central Weber Sewer	\$16.62	\$1.28	\$17.90
Total	\$123.45	\$9.28	\$132.73

Address	Lot Size		
Douglas St	.21 Acres		
2ndary Water	Circuit Breaker	Meter Size	
Yes	Yes	5/8"	
Service From 06/23-07/23	Current Bill	BIA or CPI Increase	New Bill
Water	\$34.70	\$2.68	\$37.38
Sewer	\$16.16	\$1.25	\$17.41
Refuse	\$19.23	\$1.37	\$20.60
Storm	\$8.47	\$0.65	\$9.12
Central Weber Sewer	\$16.62	\$1.28	\$17.90
Total	\$95.18	\$7.23	\$102.41

Address	Lot Size		
Douglas St	.22 Acres		
2ndary Water	Circuit Breaker	Meter Size	
Yes	No	5/8"	
Service From 06/24-07/24	Current Bill	BIA or CPI Increase	New Bill
Water	\$26.80	\$2.07	\$28.87
Sewer	\$16.16	\$1.25	\$17.41
Refuse	\$21.73	\$1.54	\$23.27
Storm	\$8.47	\$0.65	\$9.12
Central Weber Sewer	\$16.62	\$1.28	\$17.90
Total	\$89.78	\$6.80	\$96.58

Address	Lot Size		
A Ave	.20 Acres		
2ndary Water	Circuit Breaker	Meter Size	
No	Yes	5/8"	
Service From 06/18-07/18	Current Bill	BIA or CPI Increase	New Bill
Water	\$25.06	\$1.94	\$27.00
Sewer	\$16.16	\$1.25	\$17.41
Refuse	\$21.73	\$1.54	\$23.27
Storm	\$8.47	\$0.65	\$9.12
Central Weber Sewer	\$16.62	\$1.28	\$17.90
Total	\$88.04	\$6.67	\$94.71

RECOMMENDATIONS

- Maintain inflationary increase: Calculated at **7.73%** for water, sewer, & storm, with **7.1%** for refuse

- Continue Updates to Master Plans
 - Sewer (Completed within 1 Year)
 - Storm (To Begin Following Sewer MP)
 - Consider Refuse MP and Detailed Rate Analysis

- In-depth Analysis of Storm Enterprise Fund ERU Allocation