



Committee: T&E
Staff: Keith Levchenko, Senior Legislative Analyst
Purpose: To receive testimony – no vote expected
Keywords: #WSSC and Spending Control Limits

AGENDA ITEM #5
September 24, 2019
Public Hearing

SUBJECT

Public Hearing: FY20 Washington Suburban Sanitary Commission (WSSC) Spending Control Limits

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

T&E Committee review scheduled for October 10, 2019 at 2:00 p.m.

DESCRIPTION/ISSUE

Each year by November 1, both the Montgomery and Prince George’s County Councils approve spending control limits for the upcoming WSSC budget. WSSC staff develops a “base case” six-year forecast, which is then reviewed by a Bi-County workgroup in September. The FY21 spending control limits assumed in WSSC Staff’s Base Case scenario are presented below.

WSSC Staff Base Case

Spending Control Limits	FY21	Change from FY20 Budget
Rate Increase	8.0%	
New Debt	409,922,000	6.5%
Debt Service	313,865,000	2.5%
Total W/S Oper. Expenses*	844,149,000	5.2%
Monthly Bill Increase		
Residential Customer Monthly Impact	\$\$\$	Percent
Impact at 500 gpd usage	\$21.49	8.1%
Impact at 165 gpd usage	\$5.05	7.0%
Impact at 100 gpd usage	\$2.95	6.4%
Impact at 55 gpd usage	\$1.59	5.4%

*Assumes Additional & Reinstated Programs totaling \$10.9 million & fully funding the WSSC Proposed FY21-26 CIP (including a \$13 million increase in PAYGO).

This report contains:

Staff Report

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Public Hearing

MEMORANDUM

September 19, 2018

TO: County Council

FROM:  Keith Levchenko, Senior Legislative Analyst

SUBJECT: **Public Hearing:** FY21 Washington Suburban Sanitary Commission (WSSC) Spending Control Limits

PURPOSE: To receive testimony regarding spending control limits for WSSC's FY21 Budget

WSSC Staff Base Case

Spending Control Limits		FY21	Change from FY20 Budget
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*Assumes Additional & Reinstated Programs totaling \$10.9 million & fully funding the WSSC Proposed FY21-26 CIP (including a \$13 million increase in PAYGO).

Background

WSSC's spending control limits process was established in April 1994 via resolution by both Montgomery and Prince George's County Councils, with the goal of both Councils agreeing on certain

budgetary limits by November 1 of each year. Some summary information regarding the process is noted below:

- Based on a multi-year planning model, a strategy to stabilize annual rate increases over time, and holding customer fee-supported debt service below 40 percent of the operating budget.
- 4 limits
 - Maximum Average Rate Increase
 - Debt Service
 - New Debt
 - Total Water and Sewer Operating Expenses.
- Limits provide direction to WSSC as to what to request, but do not create a ceiling (or a floor) as to what the Councils may jointly approve later.¹
- Process has generally worked well, even in years when the Councils have not agreed on the same limits. Even in years when there has not been agreement, the process provided a rate increase range for WSSC to build its budget.
- Debate focuses on the average rate increase for the coming year and the rate implications for the out years. The other limits are then adjusted to take into account the impacts of the rate decision.

NOTE: The base case assumes no changes in WSSC’s fixed fees (i.e., the Infrastructure Renewal Fee and the Account Maintenance Fee).

Schedule

- Bi-County Working Group Meetings: September 11 and September 25, 2019
- Montgomery County Council Public Hearing: September 24, 2019
- T&E Committee Discussion: October 10, 2019
- Prince George’s County TH&E Committee Review: TBD
- Council Action: TBD

NOTE: The County Executive is expected to transmit his recommendations on WSSC’s spending control limits prior to the T&E Committee worksession.

The goal of the spending control limits process is for the Montgomery and Prince George’s County Councils to come to agreement by November 1 of each year so that WSSC can build the approved limits into its Operating Budget Public Hearing Draft, which is released by January 15 each year. WSSC must transmit an Operating Budget to both counties by March 1 of each year.

Spending Control Limits History

The following chart presents the rate increase limits agreed upon by both Councils (unless otherwise noted) since FY96 and the actual rate increase later approved for each fiscal year.

¹ State law defines the annual WSSC Proposed Budget as the “default” budget, should the Montgomery and Prince George’s County Councils not agree on changes. Therefore, the limits are an important first step to define proposed budget parameters that are acceptable to both Councils.

**Table 1:
Spending Control Limits & Actual Rates**

Fiscal Year	Rate Increase		Fiscal Year	Rate Increase	
	Approved* Limit	Actual		Approved* Limit	Actual
1 FY96	3.0%	3.0%	FY09*	9.7%	8.0%
2 FY97	3.0%	3.0%	FY10*	9.5%	9.0%
3 FY98	3.0%	2.9%	FY11*	9.9%	8.5%
4 FY99	2.0%	0.0%	FY12*	9.9%	8.5%
5 FY00	1.5%	0.0%	FY13	8.5%	7.5%
6 FY01	0.0%	0.0%	FY14*	8.0%	7.25%
7 FY02*	2.0%	0.0%	FY15	6.0%	5.5%
8 FY03	0.0%	0.0%	FY16**	2.1% (7.0%)	1% (6.0%)
9 FY04	0.0%	0.0%	FY17**	3.5% (7.0%)	3% (6.5%)
10 FY05	3.0%	3.0%	FY18	3.5%	3.5%
11 FY06*	2.5%	2.5%	FY19	5.0%	4.5%
12 FY07	3.0%	3.0%	FY20	5.0%	5.0%
13 FY08	5.3%	6.5%	FY21	TBD	TBD

*No agreement was reached in FYs 02,06,09,10,11,12, 14, and 18. Limits shown for those years reflect Montgomery County Council recommendations.

**Increases in the account maintenance fee and the infrastructure investment fee in FYs 16 and 17 resulted in lower rate increases. The percentages shown in parenthesis present the equivalent customer impact in those years.

- **FY99 through FY04:** Although rate increases were assumed in the approved spending control limits for FY99 and FY00, the WSSC budget was approved in those years without rate increases. In fact, there were six straight years without rate increases (FY99-FY04). During this time, WSSC was implementing its Competitive Action Plan (CAP) effort, which resulted in a reduction of approximately 1/3 of its workforce.
- **FY05 through FY07:** Modest rate increases in the range of 2.5% and 3.0% were approved.
- **FY08 through FY15:** The Councils debated, and ultimately approved, substantial rate increases. These increases were the result of a combination of factors, including:
 - Flat revenues: WSSC's water production has been largely flat in recent years, even as the number of customer accounts has increased.
 - Expenditure Pressures: Increases in excess of inflationary levels in areas such as Debt Service (to cover many capital needs, including WSSC's need to ramp up its water and sewer main reconstruction efforts and its large diameter water main inspections, repairs, and monitoring program) as well as in many operating cost areas, including: Chemicals; Heat, Light, and Power; Regional Sewage Disposal; and Benefits and Compensation.
- **FY16-FY17:** The Councils supported a recalibration of the Account Maintenance Fee in FY16 and creation of a new infrastructure investment fee (to be phased in over two years), which resulted in increased revenue equivalent to about a 5 percent rate increase in FY16 and a 3.5 percent rate increase in FY17. Therefore, lower rate increase ceilings were approved in FY16 and FY17. Ultimately, the two Councils approved rate increases of 1.0 percent and 3.0 percent, respectively, in FY16 and FY17.
- **FY18:** A 3.5% rate limit was approved by both Councils for FY18, and the FY18 budget was approved with this rate increase assumption.

- **FY19:** The two Councils did not agree on a rate increase limit. The Prince George's Council approved a 4.0% rate increase while the Montgomery Council supported a 5.0% rate increase. The WSSC budget was transmitted with a 4.5% rate increase, which was ultimately supported by both Councils.
- **FY20:** The two Councils agreed on a rate increase limit of 5.0% and the FY20 budget was approved with this rate increase assumption.

Multi-Year Context/Financial Forecast

While the spending control limits process is an annual process, the Bi-County Working Group takes a multi-year look at trends. The outyear estimates help staff identify issues that could arise in future years. For instance, rate increases in the first year help improve WSSC's fiscal situation in future years by increasing WSSC's base revenues. Conversely, deferring rate increases to future years, or using one-time revenue to reduce a rate increase in the first year, increases future fiscal challenges, since the revenue base is lower in future years.

This year's base case forecast assumes 8.0 percent rate increases through FY26 with 5.0 percent rate increases projected in FY27 and beyond (see ©4-5). These projections accommodate WSSC's existing debt and debt service projections for its FY21-26 CIP (to be transmitted shortly), get WSSC to its debt service coverage target of 1.10 by FY23, keep debt service as a percentage of the operating budget below 40 percent, and provide for inflationary increases in most operating expense categories. Unlike past forecasts, no unspecified reductions are assumed.

Per capita water usage in the WSSC Service area is down 21.8 percent since FY96 and overall water production is expected to remain flat over the financial forecast period. While water conservation is a good thing from an environmental standpoint, it means WSSC's dominant revenue source (over 80% of its revenue) has been stagnant, putting more pressure on rates to address large increases in debt service in recent years needed for ongoing infrastructure needs. Therefore, WSSC continues to face significant fiscal challenges going forward, with rate increases higher than inflation needed.

WSSC's multi-year forecast and its major assumptions will be discussed in more detail at the T&E Committee worksession on October 10, 2019.

FY21 Spending Control Limits Base Case

For the upcoming budget, WSSC staff prepared a base case spending control limits scenario for review and comment by County staffs (see ©1-6 for details), as summarized in Table #2 below:

**Table #2:
Base Case***

Spending Control Limits		FY21	Change from FY20 Budget
Rate Increase		8.0%	
New Debt		409,922,000	6.5%
Debt Service		313,865,000	2.5%
Total W/S Oper. Expenses**		844,149,000	5.2%
Monthly Bill Increase			
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Impact at 55 gpd usage		\$1.59	5.4%

*Developed by WSSC Staff

**Assumes Additional & Reinstated Programs totaling \$10.9 million & full funding the WSSC Proposed FY21-26 CIP (including a \$13 million increase in PAYGO).

This base case scenario assumes:

- Full funding of WSSC's Public Hearing Draft of its FY21-26 Capital Improvements Program (scheduled for Commission action on September 25, 2019)
- Compensation increases (+4.5% in FY21 and in each of the outyears; same as assumed in last year's forecast)
- Inflationary increases in current programs (+2.0% in FY21 and the outyears; same as assumed in last year's forecast)
- Increases in Regional Sewage Disposal costs in FY21, based on the latest information from DCWater
- Reconstruction Debt Service Offset (REDO)² is assumed at \$9.5 million in FY21 (a slight decline from FY20), with further declines assumed through FY23 (with zero assumed beyond FY23; same as assumed in last year's spending control limits process)
- Use of \$8.0 million in excess fund balance in FY21 (a decrease from the FY19 use of \$11.0 million)
- Includes \$10.933 million for Additional and Reinstated Programs to address operational improvements. No dollars were assumed for these improvements in last year's FY20 base case. In the FY19 base case reviewed two years ago, \$6.0 million was assumed. More information regarding these items will be provided by WSSC at the Bi-County Workgroup's September 25, 2019 meeting.
- Last year's FY20 base case assumed \$4.6 million in Unspecified Reductions. This year's base case does not assume any Unspecified Reductions.

The elements of the base case funding gap are shown in Table 3 below. The overall gap is \$51.1 million, equivalent to an 8.0% rate increase.

² REDO is the use of surplus funds from the General Bond Debt Service Fund to offset a portion of the debt service cost of the Water and Sewer Reconstruction programs. The surplus funds are expected to be exhausted in FY23 (the same as assumed in last year's forecast).

Table #3
Contributors to the FY20 Base Case Rate Increase

Contributors to the FY19 Base Case Rate Increase	Change from FY20 (in \$Millions)	Impact on Rate	Cumulative Rate Incr.
Changes in Funds Available (incl. use of Fund Balance)	10.384	1.60%	1.60%
Unspecified Reductions	-	0.00%	1.60%
Debt Service	7.558	1.16%	2.76%
PAYGO (No increase from FY19)	12.984	2.00%	4.76%
Regional Sewage Disposal	1.000	0.15%	4.91%
Heat, Light, and Power	(1.918)	-0.29%	4.62%
Maintenance and Operating (2.0% inflationary increase)	5.137	0.79%	5.41%
Salaries and Wage Increases	5.835	0.90%	6.30%
Additional and Reinstated Programs	10.933	1.68%	7.98%
Total Base Case Rate Increase Assumption	51.91	7.98%	

Changes in Funds Available (including revenue estimates, revenue adjustments, and use of fund balance) results in an increase in the rate requirement (1.6% rate impact). This is a result mostly of lower-than-projected volumetric rate revenue in FY20 and a resetting of expected revenue in FY21 and beyond (-\$8.7 million). Other adjustments (such as transfers and use of fund balance) are also down (-\$6.9 million). Partially offsetting these decreases are increases in some miscellaneous categories (such as interest income).

Debt Service costs are up \$7.6 million (1.16 percent rate impact). The base case also assumes a substantial increase in PAYGO of \$13 million (2.0% rate impact), the largest increase reflected in the base case. The PAYGO increase is intended to help WSSC keep its debt service ratio as a percentage of total expenditures below 40 percent and to meet its debt service coverage target by FY23. Both assumptions are based on WSSC's soon-to-be-transmitted FY21-26 CIP.

Some other WSSC expenditures, which are essentially fixed (at least in the short run), are also presented. Regional Sewage Disposal expenses (which are based on actual WSSC sewage flows to the Blue Plains Wastewater Treatment Plant) are up \$1.0 million for FY21. Substantial increases in this charge were included in last year's base case. Heat, Light, and Power costs are expected to decline slightly. The Maintenance and Operating category is inflated by 2.0% in the base case (with a 0.8% rate impact).

Salaries and Wages are inflated by 4.5% to cover COLA and merit increases (the same as last year's assumptions). WSSC's proposed compensation adjustments will be reviewed during the regular budget process next spring. In recent years, this Council has supported WSSC compensation adjustment levels comparable to County Government (non-public safety) compensation adjustments.

Finally, as noted earlier, WSSC is assuming \$10.9 million (1.7% rate impact) in Additional and Reinstated Programs.

To cover Changes in Funds Available; Debt Service; PAYGO; Regional Sewage Disposal; and Heat, Light, and Power (all essentially fixed short-term costs) requires about a 4.62 percent rate increase. The Maintenance and Operating 2.0% inflationary increase bumps the rate increase requirement up to 5.41 percent. Assuming salary adjustments moves the rate requirement up to 6.3 percent.

WSSC also has some excess reserves (beyond its fiscal policy reserve levels) that the T&E Committee can discuss at its October 10 meeting. In past years, excess fund balance has been used to address high-priority non-recurring items.

The monthly impact of the base case scenario rate increase on an average residential account using 165 gallons per day (assuming average per capita usage of 55 gallons per day in a 3-person home) is \$5.05 per month (a 7.0 percent increase from the current average bill; from \$72.41 to \$77.46).

The chart on ©7 shows residential customer bill increases over the past 20 years for various water utilities in the region as well as the US City average. WSSC's residential customer bill increases since 2000 have increased 125 percent; the lowest of the regional utilities compared as well as lower than the US City average. WSSC's 125 percent bill increase since 2000 equates to an average annual bill increase of approximately 3.9 percent over that 20-year period. In fact, as shown earlier on Table 1, WSSC had six straight years of no rate increases (from FY99 through FY04). Over the past decade, WSSC's residential annual bill increases have been significantly higher to cover WSSC's substantial ramp-up of its capital program.

Next Steps

The Bi-County Working Group will meet a second time (September 26, 2019) to further discuss WSSC staff's base case and additional scenarios. A review of the base case assumptions, as well as consideration of scenarios involving lower rate increase levels, will be prepared by Council Staff for Committee and Council review. Council Staff will summarize the operating and capital savings needed at the different rate increase assumptions and what those savings might involve.

Transportation and Environment (T&E) Committee review is scheduled for October 10, 2019. A County Executive recommendation is expected to be received prior to the Committee worksession.

The goal of the spending control limits process is to reconcile both Councils' actions by November 1 of each year so that WSSC can build the approved limits into its Operating Budget Public Hearing Draft, which is released for public comment by January 15 each year. WSSC's Operating Budget request is formally transmitted to both counties by March 1. WSSC's FY21-26 CIP request will be transmitted by October 1.

Attachments

- WSSC's Spending Affordability Bi-County Workgroup Meeting #1 Packet (September 11, 2019) (©1-6)
 - Fiscal Planning Actions Implemented to Minimize Rate Increase (©2)
 - Assumption Summary for SAG Financial Forecast Model (©3)
 - Revenues and Expenditures – Impact on Adopted Charges (©4)
 - FY21-26 Base Case Summary/Forecast (©5)
 - Annual Customer Bills at Various Consumption Levels (©6)
- Chart: FY2000 to 2020 Bill Increase Comparison @ 165 Gallons per Day (©7)



**WASHINGTON SUBURBAN SANITARY
COMMISSION**

**SPENDING AFFORDABILITY
FISCAL YEAR 2021**

SEPTEMBER 11, 2019

FISCAL PLANNING ACTIONS IMPLEMENTED TO MINIMIZE RATE INCREASE**Capital Savings:**

- Total reductions in debt of \$413 million reflected in prior CIP are maintained in FY 2021-2026 CIP:
 - Water Main Reconstruction program will remain at the reduced rate of 25 miles for FY 2021
 - Potomac Submerged Channel Intake will remain deferred beyond FY 2026

- Maintain AAA Bond Rating:
 - Increase PAYGO from \$44 million in FY 2021 to \$65 million in FY 2026 to manage debt service ratios
 - Implement level principal payments beginning FY 2023

- Strategic Sourcing Teams identified millions of dollars in capital cost savings/avoidance since FY 2013

Operating Savings:

- Strategic Sourcing Teams identified millions of dollars in operating cost savings/avoidance since FY 2013

- Group Insurance plan design changes: \$4.3 million savings in FY 2017-2019

- Overtime Reduced by \$3.4 million since FY 2016

- No Increase in positions since FY 2017

- Workers' Compensation FY 2018 v. FY 2019 reductions:
 - 25% in lost work days
 - 50% in Workers' compensation claims - \$425,000

- WSSC is piloting several technologies to improve our environmental stewardship, productivity, and cost control

ASSUMPTION SUMMARY FOR SAG FINANCIAL FORECAST MODEL (NEED BASED)

WORKLOAD DATA	PROJECTED						
	FY 2020E	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
REVENUE							
<u>Water Consumption and Sewer</u>							
<u>Treatment</u>							
Water to be supplied (Average MGD)	164.0	164.0	164.0	164.0	164.0	164.0	164.0
Yearly Growth %		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Credits and Transfers</u>							
Use of Fund Balance	\$ 11,341	\$ 8,000	\$ 7,000	\$ 6,000	\$ 5,000	\$ -	\$ -
REDO Offset	\$ 11,600	\$ 9,500	\$ 7,400	\$ 6,000	\$ -	\$ -	\$ -
EXPENDITURE							
<u>Operating</u>							
Workyears	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0
Salary and Wages Increase	1.4%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Regional Sew age Disposal	\$ 59,000	\$ 60,000	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946	\$ 66,245
All Other	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Debt Service	\$ 306,307	\$ 313,865	\$ 336,142	\$ 365,610	\$ 390,306	\$ 418,142	\$ 443,370
Yearly Growth %		2.5%	7.1%	8.8%	6.8%	7.1%	6.0%
PAYGO	\$ 31,016	\$44,000	\$44,000	\$44,000	\$44,000	\$ 55,000	\$ 65,000
<u>Capital Expenditure Parameters</u>							
Water and Sewer Completion Factor	80.0%	80.0%	80.0%	80.0%	80.0%	84.7%	84.7%
Information Only Completion Factor	89.7%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%
BOND ISSUANCE							
Interest Rate	3.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

REVENUE AND EXPENDITURES – IMPACT ON ADOPTED CHARGES (NEED BASED)

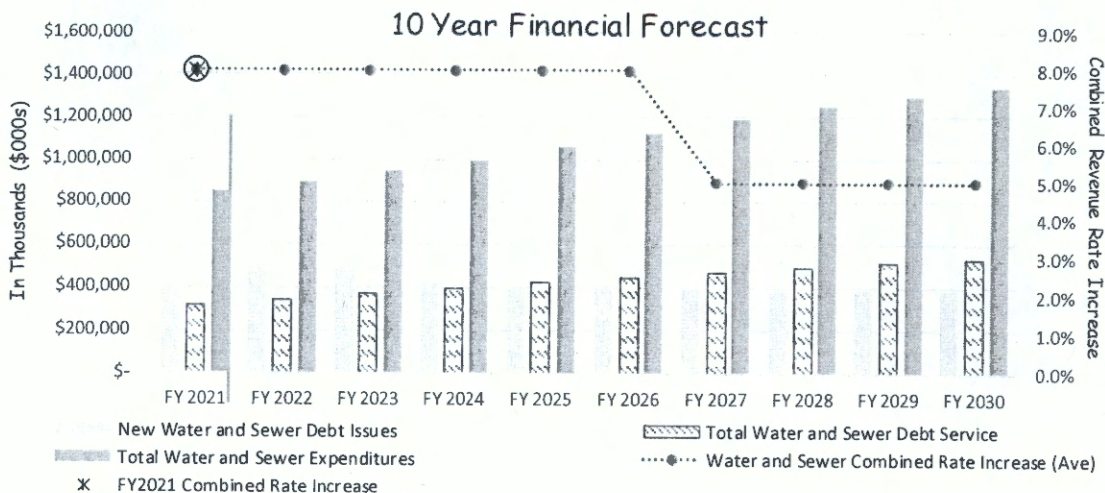
		(In Thousands \$000s)	FY 2020 Approved	FY 2021 Proposed	Dollar Change	W&S Rev Impact*
1	OPERATING REVENUES (BASE)					
2	Adopted Water and Sewer Charges		\$ 658,899	\$ 650,197		
3	ADJUSTMENTS TO REVENUES					
4	Sewer User Charge Adjustment		-	8,702	8,702	1.3%
5	Other Sources and Fees		(112,827)	(118,056)	(5,229)	-0.8%
6	OTHER TRANSFERS AND CREDITS		(30,894)	(23,984)	6,910	1.1%
7			\$ (143,721)	\$ (133,338)	\$ 10,383	1.6%
8	OPERATING EXPENSES					
9	Salaries and Wages		\$ 129,676	\$ 135,511	\$ 5,835	0.9%
10	Heat, Light, and Power		19,436	17,518	(1,918)	-0.3%
11	Regional Sewage Disposal		59,000	60,000	1,000	0.2%
12	All Other		257,185	262,322	5,137	0.8%
13	+ Additional and Reinstated		-	10,933	10,933	1.7%
14	DEBT SERVICE		306,307	313,865	7,558	1.2%
15	PAYGO (Contribution to bond fund)		31,016	44,000	12,984	2.0%
16			\$ 802,620	\$ 844,149	\$ 41,529	6.4%
17	Total - Base Case Revenue Need		\$ 658,899	\$ 710,811	\$ 51,912	8.0%
18	(Line 16 + Line 7)					

*Approximately \$6.5 million in additional operating expenses = 1 percent increase in revenue

	FY 2021 Estimated	W&S Rev Impact
Potential Offsets to Revenue Increase:		
\$50 million CIP Reduction = Debt Service Impact @ 5.0% Interest	\$ (2,002)	-0.3%
\$100 million CIP Reduction = Debt Service Impact @ 5.0% Interest	\$ (4,005)	-0.6%
\$125 million CIP Reduction = Debt Service Impact @ 5.0% Interest	\$ (5,006)	-0.8%

Notable Assumptions:

- 4.5% annual increase in Salaries & Wages FY 2021 through FY 2026
- 2.0% annual increase in All Other
- \$10.0 million reduction included for Sewer Use Charges in FY 2020 to rebaseline projections
- 80% completion factor for CIP; 90% for Information Only (including Reconstruction)
- Debt service impact on new bond issuance assumes only one interest payment (or half year) in FY 2021. Outer year impact would double interest paid.



**FINANCIAL FORECAST AT 8.0% STRAIGHT W. NO LIMIT NEW ISSUE, NO PAYGO CAP, AND
FY 2025 LEVEL PRINCIPAL (NEED BASED)**

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
(In Thousands \$000s)	Approved	Proposed	Projected	Projected	Projected	Projected	Projected
1 New Water and Sewer Debt Issues	\$ 384,910	\$ 409,922	\$ 503,092	\$ 495,728	\$ 419,775	\$ 387,972	\$ 409,483
2 Total Water and Sewer Debt Service	306,350	313,865	336,142	365,610	390,306	418,142	443,370
3 Total Water and Sewer Expenditures	802,620	844,149	890,615	945,054	995,780	1,060,882	1,122,954
4 Water and Sewer Combined Rate Increase (Ave	5.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
5 Water and Sewer User Charges	\$ 658,899	\$ 702,109	\$ 759,578	\$ 821,751	\$ 889,013	\$ 961,781	\$ 1,040,504
Revenue Increase Adjustments	0	51,912	56,169	60,766	65,740	71,121	76,942
6 Other Sources/Fees	112,827	118,056	118,798	119,554	120,325	121,111	121,912
Account Maintenance Fees	32,296	32,361	32,426	32,491	32,556	32,621	32,686
Rockville Sewer Use	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Plumbing and Inspection Fees	12,900	13,286	13,685	14,095	14,518	14,954	15,403
Infrastructure Investment Fee	39,331	39,410	39,488	39,567	39,647	39,726	39,805
Miscellaneous	19,800	19,998	20,198	20,400	20,604	20,810	21,018
Interest Income	5,500	10,000	10,000	10,000	10,000	10,000	10,000
Unspecified Revenue Adjustment	-	-	-	-	-	-	-
7 Operating Revenues	771,726	820,164	878,376	941,305	1,009,338	1,082,891	1,162,417
8 OTHER TRANSFERS AND CREDITS	30,894	23,984	19,384	16,983	9,982	4,984	4,984
9 Total Funds Available	802,620	844,148	897,759	958,288	1,019,320	1,087,876	1,167,401
10 Salaries and Wages	\$ 129,676	\$ 135,511	\$ 141,609	\$ 147,982	\$ 154,641	\$ 161,600	\$ 168,872
11 Heat, Light, and Power	19,436	17,518	18,012	18,660	19,723	20,356	20,879
12 Regional Sewage Disposal	59,000	60,000	61,200	62,424	63,672	64,946	66,245
13 All Other	257,185	273,255	289,652	306,378	323,438	340,839	358,588
14 Operating Expenses	\$ 465,297	\$ 486,284	\$ 510,473	\$ 535,443	\$ 561,474	\$ 587,741	\$ 614,584
15 DEBT SERVICE							
16 Bonds and Notes Principal and Interest	306,307	313,865	336,142	365,610	390,306	418,142	443,370
18 OTHER TRANSFERS AND ADJUSTMENTS							
19 Unspecified Adjustments	-	-	-	-	-	-	-
20 PAYGO (Contribution to bond fund)	31,016	44,000	44,000	44,000	44,000	55,000	65,000
21 Total Expenditures	802,620	844,149	890,615	945,054	995,780	1,060,882	1,122,954
22 Net Revenue (Loss)	0	0	7,144	13,234	23,539	26,994	44,447
23 BEGINNING FUND BALANCE - JULY 1	\$ 173,717	\$ 156,528	\$ 148,529	\$ 148,672	\$ 155,907	\$ 174,446	\$ 201,440
24 Net Increase (Decrease) in Fund Balance	0	0	7,144	13,234	23,539	26,994	44,447
25 Use of Fund Balance/Other Adjustments	(11,341)	(8,000)	(7,000)	(6,000)	(5,000)	-	-
26 ENDING FUND BALANCE - JUNE 30	\$ 162,376	\$ 148,529	\$ 148,672	\$ 155,907	\$ 174,446	\$ 201,440	\$ 245,887
27 Debt Service Coverage (1.10 is target)	1.00	1.06	1.09	1.11	1.15	1.18	1.24
28 Debt Service as a Percentage of Total Expenditures (Below 40% is target)	38.2%	37.2%	37.7%	38.7%	39.2%	39.4%	39.5%
29 Days Operating Reserve-on-Hand (60-90 days target)	73.8	64.2	60.9	60.2	63.9	69.3	79.9
30 Ending Fund Balance as a Percentage of Operating Revenue (10% min)	21.0%	18.1%	16.9%	16.6%	17.3%	18.6%	21.2%

ANNUAL CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS (NEEDS BASED)

		Proposed Revenue Rate Increase			8.0%		
Meter Size	Average Daily Consumption (Gallons Per Year)	Approved FY 2020	Quarterly Approved FY 2020	Proposed FY 2021	Quarterly Proposed FY 2021	Quarterly Perc Chg	Quarterly \$ Chg
3/4" Residential Meter	100 (36,500 gal/yr)	\$555.76	\$138.94	\$591.19	\$147.80	6.4%	\$8.86
3/4" Residential Meter	165 (60,225 gal/yr)	871.31	217.83	931.93	232.98	7.0%	\$15.16
3/4" Residential Meter	500 (182,500 gal/yr)	3,178.63	794.66	3,436.47	859.12	8.1%	\$64.46
2" Meter	1,000 (365,000 gal/yr)	7,612.08	1,903.02	8,165.13	2,041.28	7.3%	\$138.26
3" Meter	5,000 (1,825,000 gal/yr)	38,947.68	9,736.92	41,862.37	10,465.59	7.5%	\$728.67
6" Meter	10,000 (3,650,000 gal/yr)	78,994.18	19,748.55	84,860.93	21,215.23	7.4%	\$1,466.69

FY 2000 to 2020 Bill Increase Comparison @ 165 Gallons per Day

