

Wastewater Rates and Charges Citizens Advisory Committee

October 18, 2018



Parking Lot Items

- **GIS Mapping**
- **Median Income**

PARKING



Committee Recommendations

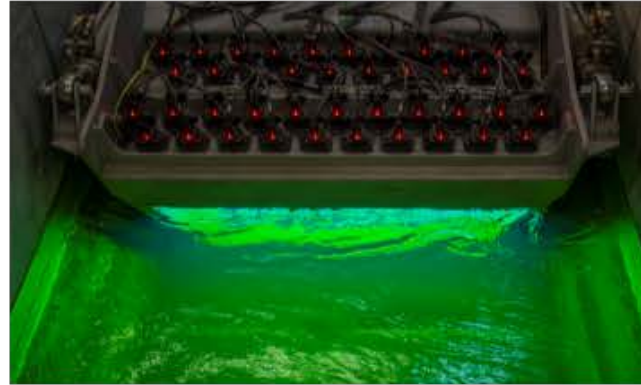


Recommendation

Accept the 15-Year CIP as presented on October 4
in the amount of \$1.47B



Recommendation



Receive a progress memo annually and meet every every 2-3 years as needed to review progress

Recommendation



Implement Scenario 5: annual sewer service charge
5A without $\frac{1}{4}$ cent sales tax
5B with $\frac{1}{4}$ cent sales tax



Scenario 5a – Optimize Debt

- Phase in Connection Fee increase + CPI (2.25% beginning in 2023)
- Issuance of \$200M of Debt in 2022 and 2025 and \$100M in 2028, for a total of \$500M at a 5% interest rate
- In order to maintain required reserves, the District would need to raise the Sewer Service Charge by 3.40% annually from FY 2020 to FY 2028

Proforma Projections																
Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2018-2032
Sewer Service Charge	\$221.09	\$221.09	\$228.61	\$236.38	\$244.42	\$252.73	\$261.32	\$270.20	\$279.39	\$288.89	\$298.71	\$298.71	\$298.71	\$298.71	\$298.71	
Connection Fee	\$2,195.00	\$2,195.00	\$2,422.00	\$2,649.00	\$2,876.00	\$2,940.71	\$3,006.88	\$3,074.53	\$3,143.71	\$3,214.44	\$3,286.77	\$3,360.72	\$3,436.33	\$3,513.65	\$3,592.71	
Beginning Balance	\$ 363,475,056	\$ 382,740,172	\$ 391,586,029	\$ 370,500,478	\$ 332,975,734	\$ 251,733,451	\$ 388,750,241	\$ 246,560,134	\$ 337,962,141	\$ 247,004,580	\$ 255,849,305	\$ 242,337,000	\$ 273,601,241	\$ 311,250,905	\$ 293,006,853	
Total Operating Revenues	\$ 148,534,702	\$ 153,374,929	\$ 162,640,665	\$ 173,452,474	\$ 181,344,049	\$ 189,602,896	\$ 198,246,677	\$ 207,293,739	\$ 216,558,959	\$ 226,028,962	\$ 235,921,973	\$ 238,458,171	\$ 241,022,268	\$ 243,614,569	\$ 246,235,387	\$ 3,062,330,418
Total Operating Expenses	\$ (74,771,253)	\$ (81,386,661)	\$ (84,224,500)	\$ (87,163,800)	\$ (93,002,700)	\$ (97,513,516)	\$ (99,636,623)	\$ (103,132,900)	\$ (106,754,200)	\$ (110,505,100)	\$ (114,390,400)	\$ (118,415,300)	\$ (122,584,600)	\$ (126,904,100)	\$ (131,378,700)	\$ (1,551,764,353)
Net Operating Revenues	\$ 73,763,449	\$ 71,988,268	\$ 78,416,165	\$ 86,288,674	\$ 88,341,349	\$ 92,089,380	\$ 98,610,054	\$ 104,160,839	\$ 109,804,759	\$ 115,523,862	\$ 121,531,573	\$ 120,042,871	\$ 118,437,668	\$ 116,710,469	\$ 114,856,687	\$ 1,510,566,065
Connection Fees	\$ 26,990,945	\$ 38,588,383	\$ 19,982,869	\$ 22,139,873	\$ 24,728,358	\$ 26,168,231	\$ 27,104,857	\$ 28,075,008	\$ 28,286,710	\$ 26,973,263	\$ 26,354,479	\$ 27,243,876	\$ 28,163,289	\$ 29,113,730	\$ 30,096,245	\$ 410,010,116
Sales Tax Revenues	\$ 18,906,677	\$ 19,769,368	\$ 20,263,603	\$ 20,668,875	\$ 21,082,252	\$ 21,503,897	\$ 21,933,975	\$ 22,372,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,501,302
Other Non-Operating Revenues	\$ -	\$ 3,618,284	\$ 3,544,746	\$ 3,251,694	\$ 2,657,859	\$ 2,936,732	\$ 2,910,865	\$ 2,656,925	\$ 2,659,147	\$ 2,248,583	\$ 2,766,037	\$ 3,695,303	\$ 4,609,238	\$ 5,526,471	\$ 6,460,628	\$ 49,542,511
Total Non-Operating Revenues	\$ 45,897,622	\$ 61,976,035	\$ 43,791,218	\$ 46,060,442	\$ 48,468,470	\$ 50,608,860	\$ 51,949,698	\$ 53,104,587	\$ 30,945,857	\$ 29,221,845	\$ 29,120,516	\$ 30,939,180	\$ 32,772,528	\$ 34,640,200	\$ 36,556,873	\$ 626,053,930
Net Revenue Available for Debt Service and Cap	\$ 119,661,071	\$ 133,964,303	\$ 122,207,383	\$ 132,349,116	\$ 136,809,818	\$ 142,698,240	\$ 150,559,751	\$ 157,265,426	\$ 140,750,616	\$ 144,745,707	\$ 150,652,088	\$ 150,982,051	\$ 151,210,195	\$ 151,350,670	\$ 151,413,560	\$ 2,136,619,996
Existing Debt Service	\$ (31,409,044)	\$ (31,878,694)	\$ (32,249,806)	\$ (32,254,556)	\$ (32,258,056)	\$ (32,258,806)	\$ (32,265,056)	\$ (32,260,181)	\$ (32,257,556)	\$ (32,260,056)	\$ (32,265,431)	\$ (32,445,006)	\$ (32,312,305)	\$ (32,173,365)	\$ (29,150,570)	\$ (479,698,492)
New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,075,750)	\$ (10,075,750)	\$ (20,151,500)	\$ (23,744,375)	\$ (23,740,500)	\$ (27,330,000)	\$ (27,317,875)	\$ (27,310,875)	\$ (27,298,000)	\$ (197,044,625)
Total Debt Service	\$ (31,409,044)	\$ (31,878,694)	\$ (32,249,806)	\$ (32,254,556)	\$ (32,258,056)	\$ (32,258,806)	\$ (42,340,806)	\$ (42,335,931)	\$ (52,409,056)	\$ (56,004,431)	\$ (56,005,931)	\$ (59,775,006)	\$ (59,630,180)	\$ (59,484,240)	\$ (56,448,570)	\$ (676,743,117)
Net Revenue Available for Capital	\$ 88,252,027	\$ 102,085,610	\$ 89,957,577	\$ 100,094,559	\$ 104,551,762	\$ 110,439,433	\$ 108,218,945	\$ 114,929,494	\$ 88,341,560	\$ 88,741,276	\$ 94,646,157	\$ 91,207,044	\$ 91,580,016	\$ 91,866,430	\$ 94,964,990	\$ 1,459,876,879
Capital Expenditures	\$ (68,986,911)	\$ (93,239,753)	\$ (111,043,128)	\$ (137,619,304)	\$ (185,794,044)	\$ (173,422,644)	\$ (250,409,052)	\$ (223,527,487)	\$ (179,299,120)	\$ (79,896,550)	\$ (208,158,462)	\$ (59,942,804)	\$ (53,930,351)	\$ (110,110,482)	\$ (66,683,172)	\$ (2,002,063,264)
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000,000	\$ -	\$ 200,000,000	\$ -	\$ -	\$ 100,000,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000,000
Surplus/Deficit	\$ 19,265,116	\$ 8,845,857	\$ (21,085,551)	\$ (37,524,744)	\$ (81,242,282)	\$ 137,016,789	\$ (142,190,107)	\$ 91,402,007	\$ (90,957,560)	\$ 8,844,725	\$ (13,512,305)	\$ 31,264,240	\$ 37,649,664	\$ (18,244,052)	\$ 28,281,818	\$ (42,186,385)
Ending Balance	\$ 382,740,172	\$ 391,586,029	\$ 370,500,478	\$ 332,975,734	\$ 251,733,451	\$ 388,750,241	\$ 246,560,134	\$ 337,962,141	\$ 247,004,580	\$ 255,849,305	\$ 242,337,000	\$ 273,601,241	\$ 311,250,905	\$ 293,006,853	\$ 321,288,671	
Reserve Requirements	\$ 169,091,974	\$ 172,702,922	\$ 173,561,263	\$ 178,345,047	\$ 184,038,977	\$ 204,291,492	\$ 208,542,574	\$ 227,516,259	\$ 232,665,887	\$ 235,828,017	\$ 241,503,107	\$ 244,391,637	\$ 247,149,300	\$ 251,020,291	\$ 251,216,571	
All-in Pledged Revenues	\$ 119,661,071	\$ 133,964,303	\$ 122,207,383	\$ 132,349,116	\$ 136,809,818	\$ 142,698,240	\$ 150,559,751	\$ 157,265,426	\$ 140,750,616	\$ 144,745,707	\$ 150,652,088	\$ 150,982,051	\$ 151,210,195	\$ 151,350,670	\$ 151,413,560	
All-in Debt Service Coverage	3.81x	4.20x	3.79x	4.10x	4.24x	4.42x	3.56x	3.71x	2.69x	2.58x	2.69x	2.53x	2.54x	2.54x	2.68x	



Scenario 5b – Optimize Debt (Sales Tax Continues)

- Phase in Connection Fee increase + CPI (2.25% beginning in 2023)
- Issuance of \$200M of Debt in 2022 and 2025 and \$100M in 2028, for a total of \$500M at a 5% interest rate
- In order to maintain required reserves, the District would need to raise the Sewer Service Charge by 2.75% annually from FY 2020 to FY 2028

Proforma Projections	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2018-2032
Fiscal Year																
Sewer Service Charge	\$221.09	\$221.09	\$227.17	\$233.42	\$239.84	\$246.43	\$253.21	\$260.17	\$267.33	\$274.68	\$282.23	\$282.23	\$282.23	\$282.23	\$282.23	
Connection Fee	\$2,195.00	\$2,195.00	\$2,422.00	\$2,649.00	\$2,876.00	\$2,940.71	\$3,006.88	\$3,074.53	\$3,143.71	\$3,214.44	\$3,286.77	\$3,360.72	\$3,436.33	\$3,513.65	\$3,592.71	
Beginning Balance	\$ 363,475,056	\$ 382,740,172	\$ 391,586,029	\$ 369,522,678	\$ 329,907,486	\$ 245,375,098	\$ 377,793,973	\$ 229,579,918	\$ 313,403,114	\$ 236,115,392	\$ 257,505,038	\$ 255,282,782	\$ 298,292,540	\$ 348,155,828	\$ 342,606,438	
Total Operating Revenues	\$ 148,534,702	\$ 153,374,929	\$ 161,667,755	\$ 171,382,257	\$ 178,101,075	\$ 185,091,555	\$ 192,362,411	\$ 199,922,624	\$ 207,585,930	\$ 215,343,540	\$ 223,396,974	\$ 225,798,623	\$ 228,226,691	\$ 230,681,467	\$ 233,163,246	\$ 2,954,633,778
Total Operating Expenses	\$ (74,771,253)	\$ (81,386,661)	\$ (84,224,500)	\$ (87,163,800)	\$ (93,002,700)	\$ (97,513,516)	\$ (99,636,623)	\$ (103,132,900)	\$ (106,754,200)	\$ (110,505,100)	\$ (114,390,400)	\$ (118,415,300)	\$ (122,584,600)	\$ (126,904,100)	\$ (131,378,700)	\$ (1,551,764,353)
Net Operating Revenues	\$ 73,763,449	\$ 71,988,268	\$ 77,443,255	\$ 84,218,457	\$ 85,098,375	\$ 87,578,039	\$ 92,725,788	\$ 96,789,724	\$ 100,831,730	\$ 104,838,440	\$ 109,006,574	\$ 107,383,323	\$ 105,642,091	\$ 103,777,367	\$ 101,784,546	\$ 1,402,869,425
Connection Fees	\$ 26,990,945	\$ 38,588,383	\$ 19,982,869	\$ 22,139,873	\$ 24,728,358	\$ 26,168,231	\$ 27,104,857	\$ 28,075,008	\$ 28,286,710	\$ 26,973,263	\$ 26,354,479	\$ 27,243,876	\$ 28,163,289	\$ 29,113,730	\$ 30,096,245	\$ 410,010,116
Sales Tax Revenues	\$ 18,906,677	\$ 19,769,368	\$ 20,263,603	\$ 20,668,875	\$ 21,082,252	\$ 21,503,897	\$ 21,933,975	\$ 22,372,655	\$ 22,820,108	\$ 23,276,510	\$ 23,742,040	\$ 24,216,881	\$ 24,701,219	\$ 25,195,243	\$ 25,699,148	\$ 336,152,451
Other Non-Operating Revenues	\$ -	\$ 3,618,284	\$ 3,539,857	\$ 3,231,464	\$ 2,610,726	\$ 2,850,159	\$ 2,771,183	\$ 2,449,228	\$ 2,481,906	\$ 2,202,415	\$ 2,839,045	\$ 3,883,488	\$ 4,917,219	\$ 5,958,993	\$ 7,022,568	\$ 50,376,536
Total Non-Operating Revenues	\$ 45,897,622	\$ 61,976,035	\$ 43,786,329	\$ 46,040,211	\$ 48,421,337	\$ 50,522,287	\$ 51,810,015	\$ 52,896,891	\$ 53,588,724	\$ 52,452,188	\$ 52,935,564	\$ 55,344,246	\$ 57,781,727	\$ 60,267,966	\$ 62,817,962	\$ 796,539,103
Net Revenue Available for Debt Service and Cap	\$ 119,661,071	\$ 133,964,303	\$ 121,229,584	\$ 130,258,668	\$ 133,519,712	\$ 138,100,326	\$ 144,535,803	\$ 149,686,615	\$ 154,420,454	\$ 157,290,628	\$ 161,942,137	\$ 162,727,569	\$ 163,423,818	\$ 164,045,333	\$ 164,602,507	\$ 2,199,408,529
Existing Debt Service	\$ (31,409,044)	\$ (31,878,694)	\$ (32,249,806)	\$ (32,254,556)	\$ (32,258,056)	\$ (32,258,806)	\$ (32,265,056)	\$ (32,260,181)	\$ (32,257,556)	\$ (32,260,056)	\$ (32,265,431)	\$ (32,445,006)	\$ (32,312,305)	\$ (32,173,365)	\$ (29,150,570)	\$ (479,698,492)
New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,075,750)	\$ (10,075,750)	\$ (20,151,500)	\$ (23,744,375)	\$ (23,740,500)	\$ (27,330,000)	\$ (27,317,875)	\$ (27,310,875)	\$ (27,298,000)	\$ (197,044,625)
Total Debt Service	\$ (31,409,044)	\$ (31,878,694)	\$ (32,249,806)	\$ (32,254,556)	\$ (32,258,056)	\$ (32,258,806)	\$ (42,340,806)	\$ (42,335,931)	\$ (52,409,056)	\$ (56,004,431)	\$ (56,005,931)	\$ (59,775,006)	\$ (59,630,180)	\$ (59,484,240)	\$ (56,448,570)	\$ (676,743,117)
Net Revenue Available for Capital	\$ 88,252,027	\$ 102,085,610	\$ 88,979,777	\$ 98,004,112	\$ 101,261,656	\$ 105,841,519	\$ 102,194,996	\$ 107,350,684	\$ 102,011,398	\$ 101,286,197	\$ 105,936,206	\$ 102,952,563	\$ 103,793,638	\$ 104,561,093	\$ 108,153,937	\$ 1,522,665,412
Capital Expenditures	\$ (68,986,911)	\$ (93,239,753)	\$ (111,043,128)	\$ (137,619,304)	\$ (185,794,044)	\$ (173,422,644)	\$ (250,409,052)	\$ (223,527,487)	\$ (179,299,120)	\$ (79,896,550)	\$ (208,158,462)	\$ (59,942,804)	\$ (53,930,351)	\$ (110,110,482)	\$ (66,683,172)	\$ (2,002,063,264)
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000,000	\$ -	\$ 200,000,000	\$ -	\$ -	\$ 100,000,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000,000
Surplus/Deficit	\$ 19,265,116	\$ 8,845,857	\$ (22,063,351)	\$ (39,615,192)	\$ (84,532,389)	\$ 132,418,875	\$ (148,214,055)	\$ 83,823,197	\$ (77,287,723)	\$ 21,389,646	\$ (2,222,256)	\$ 43,009,759	\$ 49,863,287	\$ (5,549,389)	\$ 41,470,766	\$ 20,602,148
Ending Balance	\$ 382,740,172	\$ 391,586,029	\$ 369,522,678	\$ 329,907,486	\$ 245,375,098	\$ 377,793,973	\$ 229,579,918	\$ 313,403,114	\$ 236,115,392	\$ 257,505,038	\$ 255,282,782	\$ 298,292,540	\$ 348,155,828	\$ 342,606,438	\$ 384,077,204	
Reserve Requirements	\$ 169,091,974	\$ 172,702,922	\$ 173,561,263	\$ 178,345,047	\$ 184,038,977	\$ 204,291,492	\$ 208,542,574	\$ 227,516,259	\$ 232,665,887	\$ 235,828,017	\$ 241,503,107	\$ 244,391,637	\$ 247,149,300	\$ 251,020,291	\$ 251,216,571	
All-in Pledged Revenues	\$ 119,661,071	\$ 133,964,303	\$ 121,229,584	\$ 130,258,668	\$ 133,519,712	\$ 138,100,326	\$ 144,535,803	\$ 149,686,615	\$ 154,420,454	\$ 157,290,628	\$ 138,200,097	\$ 138,510,688	\$ 138,722,599	\$ 138,850,090	\$ 138,903,359	
All-in Debt Service Coverage	3.81x	4.20x	3.76x	4.04x	4.14x	4.28x	3.41x	3.54x	2.95x	2.81x	2.47x	2.32x	2.33x	2.33x	2.46x	

Recommendation



Implement Scenario 5: connection fee

Increase to \$2876 phased in through 2022, then annually, not to exceed the CPI(2.25%), beginning in 2023

Recommendation


Remove the sunset on the quarter cent sales tax



What's Next?



- Outreach
- Ask Board of Trustees to Set Public Hearing for December 18 (Nov 6)
- Consider Business Impact Statement (Dec 4)
- Hold Public Hearing and Ask Board to Adopt Rates (Dec 18)
 - Volunteers?



“You now know more about what it takes to produce clean water and we thank you for sharing your valuable time and providing guidance to the Board and staff.

We truly appreciate your efforts in helping us to keep
“Reinvesting in Clean Water!”

Larry Brown, Chair
Board of Trustees