



# Water and Sewer Utility Long-Range Financial Planning

November 5, 2019

---



## Summary

- Water & Sewer Utilities Building New Treatment Plants
    - ≈ 40M & 70M respectively
    - Need to Finance
  - Lowest Cost to Finance through DNR Environmental Improvement Funding Programs
    - Clean Water Fund Loan (CWFL) = Sewer
    - Safe Drinking Water Fund Loan (SDWFL) = Water
  - Other capital needs for the utilities
-



# Financing

- Alternatives & Restrictions
  - General Obligation = No GO
  - Interim Financing
- Revenue Pledge & Timing
  - Coverage
  - PSC Controls Water Rates
- Rated Utilities
  - External Optics



## Water

- ≈ 56M in Capital 2019-2023
- PSC Test Year & Two Step Increase
  - Rates in effect when assets placed into service
- Turn to Water Tables



## Sewer

- $\approx$  108M in Capital 2019-2023
- Non-regulated
  - Stepped Increases Coordinated with Department of Administration Capital Finance Office
- Turn to Sewer Tables



# Projected Impact of CIP on Typical Residential Utility Bill

Year	Water					Sewer					Utility Bill (Quarterly)	Change Over Prior Year	Year		
	Increase	Water Vol. Charge <sup>1</sup>	Water User Charge <sup>2</sup>	Utility Bill (Quarterly)	Change Over Prior Year	Increase	Sewer Vol. Charge <sup>3</sup>	Sewer User Charge <sup>3</sup>	Utility Bill (Quarterly)	Change Over Prior Year					
2018		Flat	Serv. + PFP				100CF	Gen Service							
2019		2.22	26.71				2.50	17.00							
2020	30.88%	2.29	27.54	\$ 57.31	\$ 17.70		3.11	20.40	\$ 60.83			\$ 118.14		2019	
2021	0.00%	3.00	36.04	\$ 75.01	\$ -	21.22%	3.77	24.73	\$ 73.74	\$ 12.91		\$ 148.74	\$ 30.60	2020	
2022	25.80%	3.00	36.04	\$ 75.01	\$ -	21.22%	4.57	29.97	\$ 89.38	\$ 15.64		\$ 164.39	\$ 15.64	2021	
2023	0.00%	3.77	45.34	\$ 94.36	\$ 19.35	21.22%	5.54	36.33	\$ 108.34	\$ 18.96		\$ 202.70	\$ 38.32	2022	
2024	0.00%	3.77	45.34	\$ 94.36	\$ -	21.22%	6.71	44.04	\$ 131.33	\$ 22.99		\$ 225.69	\$ 22.99	2023	
2025	0.00%	3.77	45.34	\$ 94.36	\$ -	0.00%	6.71	44.04	\$ 131.33	\$ -		\$ 225.69	\$ -	2024	
2026	3.00%	3.88	46.70	\$ 97.19	\$ 2.83	0.00%	6.71	44.04	\$ 131.33	\$ -		\$ 228.52	\$ 2.83	2025	
2027	0.00%	3.88	46.70	\$ 97.19	\$ -	3.00%	6.92	45.36	\$ 135.27	\$ 3.94		\$ 232.46	\$ 3.94	2026	
2028	0.00%	3.88	46.70	\$ 97.19	\$ -	0.00%	6.92	45.36	\$ 135.27	\$ -		\$ 232.46	\$ -	2027	
2029	3.00%	4.00	48.11	\$ 100.11	\$ 2.92	0.00%	7.12	46.72	\$ 139.33	\$ 4.06		\$ 239.43	\$ 6.97	2028	
2029	0.00%	4.00	48.11	\$ 100.11	\$ -	0.00%	7.12	46.72	\$ 139.33	\$ -		\$ 239.43	\$ -	2029	

**Notes:**

1. Current water volumetric rate from PSC Tariff Effective 8/1/2019.
2. The water user charges include a quarterly service charge of \$17.07 plus a public fire protection charge of \$10.47 for a 5/8 inch meter.
3. The current Sewer volumetric rate is \$3.11 per 100 CF and Service Charge of \$20.40 per quarter
4. The usage is assumed to be 435 CF/mo. or 1,300 CF/qtr.

**Legend:**

2023 is the final year of the Capital Improvement Plan.



## Moving Forward

- Rates in place for Spring EIF Loans' closings
  - File PSC Application
  - Conduct Sewer Rate Study
- Risks
  - PSC vs. DNR Timetable



# **BRIAN ROEMER – MUNICIPAL ADVISOR**

262-796-6178

[broemer@ehlers-inc.com](mailto:broemer@ehlers-inc.com)

---