

THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700

County Council

MEMORANDUM

October 27th, 2016

TO:

Todd M. Turner, Chair

Transportation, Housing and Environment Committee (THE)

FROM:

Hawi Sanu, Director

Transportation, Housing and Environment Committee (THE)

Patrick Pope, Auditor Audits and Investigations

THRU

Robert Williams, Council Administrator

Prince Georges County Council

SUBJECT: Washington Suburban Sanitary Commission

FY 2018 Spending Control Limits

Background

In May of 1993, the Montgomery and Prince George's County Councils created a Bi-County Working Group to focus on the financial concerns of increasing water and sewer rates, debt incurred, and debt The group's January 1994 report recommended "the service costs. creation of a Spending Affordability Process that would require the Counties to set annual ceilings on the Washington Suburban Sanitary Commission's (WSSC) rates and debt, thereby placing corresponding limits on the size of the capital and operating budgets of the Commission."

The Commission's FY 1996 Budget was the first budget to be formulated with the limits set by the Spending Affordability Process.

County Administration Building — Upper Marlboro, Maryland 20772

The Spending Affordability Process focused the financial performance discussions on:

- The need to balance affordability considerations against providing resources necessary to serve existing customers.
- · Adherence to environmental mandates.
- · Provision of facilities needed to accommodate growth.

The major objectives of this process are to establish the framework for (1) controlling costs, (2) achieving low or moderate water/sewer bill increases, and (3) slowing the rate at which the Commission incurs debt, (below 40% of the Operating Budget). The impact of this process has been integral in keeping customer bill increases at a stable and reasonable level.

The Spending Affordability process provides a framework within which the Council can review and decide on spending control limits. The limits do not cap what the Councils can approve within the regular budget process that concludes in May of each year.

During the FY 2016 and FY 2017 Budget process, the Commission created a new fee structure, which revised and recalibrated the Account Maintenance Fees (AMF) to recover a five year average cost for account maintenance services. An Infrastructure Funding Fee was also created and phased in at 50% in FY 2016 and was fully implemented in FY 2017. This fee exclusively covers a portion of debt service costs associated with water and sewer pipes reconstruction and rehabilitation. All corresponding funds will be dedicated to rehabilitation and reconstruction. With this new fee structure, the trajectory of rate increases will be substantially less than the pre FY 2016 era; where the rate increase included funds to subsidize account maintenance costs and fund the rehabilitation and reconstruction of the ailing infrastructure.

Bi- County Infrastructure Funding Work Group

Due to the constant rate increases by the Washington Suburban Sanitary Commission, (WSSC), there was a need to create a dedicated revenue source, that will not be exclusively dependent on water and sewer rates. The growing need for the infrastructure rehabilitation and reconstruction, warranted the Commission to be financially structured to accommodate these financial challenges. The Bi-County's recommendations were as follows:

- Increase the terms on new debt from 20 to 30 years and maintain a debt service coverage target and a matching principle of benefits and costs.
- Excess cash flow will be used as PAYGO capital funding to reduce borrowing.
- Creation of a dedicated infrastructure rehabilitation charge (fixed or volumetric).
- Creation of a more robust customer affordability program which is enabled at the State level; MEAP guidelines are being utilized because it is an existing affordability program.

The increment of debt terms from 20 to 30 years was instituted in FY 2015 and produced an immediate benefit of approximately 2% reduction of water/ sewer rates. All recommendations have been implemented.

Benchmarking Study

The Washington Suburban Commission (WSSC) had its previous comprehensive benchmarking study in the late 1990s. That study ultimately led to a significant reduction in the Commission's staffing. The staffing reduction was approximately 662 positions between 1996 and 2006, which represented approximately 30% of its work force. The staffing levels within the budgets prior to 1996 were approximately 2,100. These staffing reductions directly affected the maintenance and rehabilitation of the Commission's

infrastructure. There were also minimal water and sewer rate increases during this period.

Between FY 2007 and FY 2017, staffing levels were significantly increased; the FY 2017 Operating Budget included 1,776 positions. Most of the staffing and rate increases can be directly linked to the increased infrastructure rehabilitation needs and the increased environmental regulations such as its Sanitary Sewer Overflows (SSO) Consent Decree.

Within this same period, WSSC's water and sewer rates have also increased by approximately 67.8%, an average of 6.1% per year. Expenditures, within this same period increased approximately 49%. With the increases in water and sewer rates over the past decade, along with increasing staffing costs and other expenditures, both counties agreed that a benchmarking study is warranted to assess WSSC's major operations and costs as compared to similar utilities. The Council was briefed in June of this year on the benchmarking results.

Some key conclusions of the benchmarking study are as follows:

- WSSC's current staffing appears to be at or below the median compared with its peers.
- WSSC's bills are at or below the average in terms of total and affordability (as a percentage of household income).
- However, due to the Commission's current inclining block rate structure (with customers charged for all water used at increasing amounts based on average daily consumption), there is a great affordability impact for higher water users.
- Opportunities for improvements were found in the areas of:
 - 1. Customer Satisfaction
 - 2. Operational Optimization
 - 3. Infrastructure Stability.

The Commission's financial performance results were mixed based on the following conclusions:

- The Commission is the only utility reviewed with an across the board AAA bond rating and also has the smallest percentage of revenue coming from its top 10 customers.
- The Commission is above the median in debt per capita and has an above average "capital intensity" (ratio of net asset value to revenues).

The Commission was shown to have four areas with business practices that needed improvements:

- 1. Customer Service
- 2. Fleet Management
- 3. CIP-asset Management
- 4. Procurement and Utility Services

The Commission's management has assembled teams to develop action plans around the major recommendations outlined within the bench marking study.

Current Rate Structure - History and Issues

The Commission's current rate structure has been in place since 1978, initially with more than 100 tiers but later reduced to 16 tiers in 1992. Each tier boundary is based on average daily consumption. As a ratepayer's average daily consumption increases into a higher tier, the ratepayer pays a higher rate for every gallon of water used.

According to a 2014 consultant report commissioned by the Washington Suburban Sanitary Commission, while this inclining block structure is common among utilities in the United States, retroactively charging for all gallons used at the highest tier reached is unusual. With the Commission having 16 tiers, consumers can cross into a higher tier on the last billing day and will get billed for all of the previous usage within that cycle. Most utilities with inclining block structures do not charge for all water usage at the same

high rate and have fewer tiers (typically three to six tiers). The intent of an inclining block structure was meant to incentivize customers to conserve; however the Commission's rate structure goes further with the conservation incentive by charging at its highest tier for all water consumed.

Washington Suburban Sanitary Commission's Current Rate Structure's Impact

- Consumers may experience large fluctuations in their water bills if their average daily consumption per quarter varies, which causes the application of different rates as they move between tiers.
- The movement between tiers causes fluctuations and can cause revenues unpredictability from quarter to quarter.
- Water consumption has declined over the last 20 years, which has caused a decline in the Commission's revenue, even as customers are added to their billing base.
- Large households and commercial ratepayers are subsidizing the rest of the ratepayer base, because the rates paid by large consumers are within the higher tiers as compared to most small commercial ratepayers and small households.

Maryland Public Service Commission Rate Case

On September 9, 2016, the Maryland Public Service Commission's Chief Public Utility Law Judge issued an order concluding that WSSC's volumetric rate structure is "unduly discriminatory among classes of customers, and as such is unreasonable." The judge encouraged WSSC to "undertake further studies to design a rate structure that is not unduly discriminatory."

Current Rate Study

During the FY 2017 budget review, both Councils voted to require the Commission to convene a comprehensive rate study. A comprehensive rate

study was convened with the assistance of a consultant (Black & Veatch) in the summer of this year. The Comprehensive bi-county rate study group has representatives from the Commission, both counties and a stakeholder group made up of various ratepayer bases. This study is ongoing. The intent is to implement a recommended rate structure by FY 2019. This timeframe allows time for the Commission to upgrade its Customer Service Information System (i.e. its billing system) which will be a critical prerequisite to implementing any significant rate structure changes. For the FY 2018 budget, the existing rate model is being used for purposes of the spending control limits process. Council Staff recommends updating the language in the Spending Control Limits resolution regarding the current rate study to clarify the intent to complete the rate study work with an implementation goal of FY 2019.

FY 2018 Spending Control Limits Revised Base Case

The FY 2018 Spending Affordability Group met on September 7th and 22nd of 2016. WSSC staff prepared a preliminary Base Case spending control limits scenario for review and comment by County staff. Based on feedback from the staff of both counties, a revised base case was developed and is summarized below: (Attachment 1)

WSSC FY 2018 - Revised Base Case Scenario

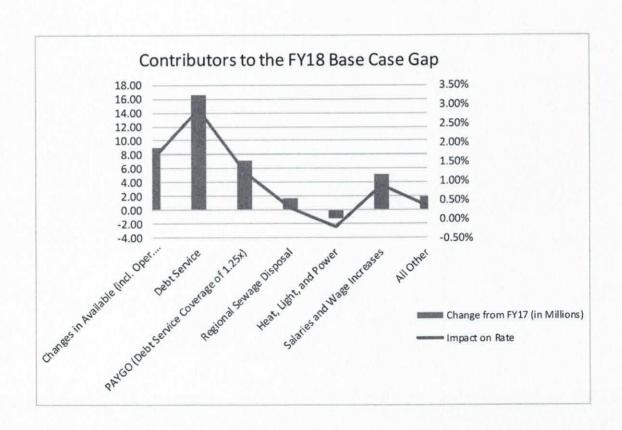
| Spending Control Limits | FY 2018 | Change from FY 2017 Budget % |
|--|--------------------|------------------------------------|
| Rate Increase | 6.90% | |
| New Debt | \$570,022,000 | 7.90% |
| Debt Service | \$260,457,000 | 6.80% |
| Total Water & Sewer Operating Expenses | \$743,416,000 | 3.70% |
| Residential Customer Monthly Impact | Dollar Increase | % Increase |
| Usage of 100 gpd | \$2.12 | 5.30% |
| Usage of 137 gpd | \$2.90 | 5.70% |
| Usage of 160 gpd | \$3.86 | 5.90% |

The revised Base Scenario assumes a 92% completion rate within the Capital Improvement Program for FY 2018. The previous year's budget assumed an 80% completion rate within the Capital Improvement Program.

The chart below shows the different components that made up the base case rate increase as compared to FY 2017.

Revised Base Case Rate Change from FY 2017

| Contributors to the FY18 Revised Base Case Gap | Change from FY17 (in Millions) | Impact on Rate |
|---|--------------------------------------|-------------------|
| Changes in Available (incl. Oper. Reserve Contributions | 8.99 | 1.55% |
| Debt Service | 16.65 | 2.87% |
| PAYGO (Debt Service Coverage of 1.25x) | 7.10 | 1.22% |
| Regional Sewage Disposal | 1.62 | 0.28% |
| Heat, Light, and Power | -1.13 | -0.20% |
| Salaries and Wage Increases | 5.13 | 0.88% |
| All Other | 1.96 | 0.34% |
| Total Revised Base Case Gap | 40.31 | 6.94% |



The recommended scenario is as follows: (Scenario 6 - Attachment 2)

WSSC - FY 2018 - Spending Control Limits - Staff Recommendation

| Spending Control Limits | FY 2018 | Change from FY 2017 Budget % |
|--|-----------------|------------------------------------|
| Rate Increase | 3.50% | |
| New Debt | \$570,022,000 | 7.90% |
| Debt Service | \$260,457,000 | 6.80% |
| Total Water & Sewer Operating Expenses | \$730,522,000 | 1.90% |
| Residential Customer Monthly Impact | Dollar Increase | % Increase |
| Usage of 100 gpd | \$1.07 | 2.68% |
| Usage of 137 gpd | \$1.46 | 2.86% |
| Usage of 160 gpd | \$1.94 | 3.00% |

\$11.3 Million of unspecified reductions is associated with the recommended scenario

HISTORICAL DATA OF WSSC'S RATE INCREASES

| Fiscal Year => | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Adopted Rate Increase | 3.00% | 6.50% | 8.00% | 9.00% | 8.50% | 8.50% | 7.50% | 7.25% | 5.50% | 1.00% | 3.00% |
| Montgomery County SAG | 3.00% | 5.30% | 9.70% | 9.50% | 9.90% | 9.90% | 8.50% | 8.00% | 6.00% | 2.10% | 3.50% |
| Prince George's County SAG | 3.00% | 5.30% | 8.00% | 6.00% | 8.00% | 8.00% | 8.50% | 7.50% | 6.00% | 2.10% | 3.50% |

Historically, the Spending Affordability Process has worked and the limits have been used as a basis to formulate the Commission's budget. Over the years, lower rate increases were achieved by use of fund balance; staff continues to urge caution in using a one-time revenue source such as fund balance to reduce rates as this only reassigns expenses to later years and does not eliminate it. Fund balance can be used for one time expenditures or projects with a finite period. The Spending Affordability Process reviews four limits: Rates, Operating Budget, Debt Service Expense and New Debt; the most reviewed has been the rate increase and the other three limits are then adjusted accordingly.

Council Staff Recommendations

- Council Staff recommends no more than a 3.50% rate increase (Scenario 6)
 which adds no more than \$1.46 to a customer's average monthly bill who
 uses approximately 137gpd. This scenario also recommends \$11.3 million
 in unspecified reductions and \$21.9 million use of fund balance.
- Council Staff recommends that language be added to the Spending Control Limits resolution to indicate the Council's intent of a new rate structure implementation for FY 2019 budget.
- The Commission must continue to implement strategies and plans that will have long term benefits to the Commission and Consumers.

WSSC's Multi-Year Financial Forecast: Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast: Preliminary Budget - Scenario - Revised Base Case Estimated Revenues and Expenditures (\$1,000)

| 28 | 27 | 26 | 25 | 23 24 | 22 | 20 | 17 | 16 | 5 | 4 3 2 | 10 | æ | 4 2 2 4 4 2 6 7 |
|---|--------------|--|--------------------------|-------------------------------------|--------------------------|---|--|--------------|-----------------|---|--|---------------|---|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Total Financial Expenses | Debt Service Debt Reduction (PAYGO) | Total Operating Expenses | All Other Additional Operating Reserve Contribution | Salaries and Wages Heat, Light and Power | EXPENDITURES | FUNDS AVAILABLE | SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Adjustments to Revenue Use of Fund Balance Less Rate Stabilization | Total Revenue | Water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) Interest Income Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous |
| 3.0% | 717,018 | 717,018 | 266,903 | 243,808 23,095 | 450,115 | 54,501 251,421 6,524 | 114,088 23,581 | | 717,018 | 206 9,800 36,056 | 26,050 | 680,962 | FY 2017 Approved \$579,236 32,552 38,962 700 9,380 2,632 17,500 |
| (40,312) 6.9% | 743,416 | 743,416 | 290,650 | 260,457 30,193 | 452,766 | 56,117 253,380 1,600 | 119,222 22,447 | | 703,104 | 7,700 | 13,180 | 682,224 | FY 2018 Proposed \$580,580 32,119 38,360 700 9,580 2,632 18,253 |
| (61,549) 9.9% | 796,959 | 796,959 | 324,158 | 285,772 38,386 | 472,801 | 58,193 257,398 5,783 | 124,587 26,840 | | 735,410 | 5,600 11,883 | 6,283 | 723,527 | Estimate \$620,892 32,298 38,489 700 9,680 2,664 18,804 |
| (64,260) 9.4% | 860,768 | 860,768 | 368,811 | 321,709 47,102 | 491,957 | 60,346 267,294 6,448 | 130,194 27,675 | | 796,508 | 3,500 10,448 | 6,948 | 786,060 | FY 2020 Estimate \$682,440 32,477 38,618 700 9,780 2,680 19,365 |
| (53,623) 7.2% | 911,741 | 911,741 | 401,618 | 347,104 54,514 | 510,123 | 62,579 277,586 5,385 | 136,053 28,520 | | 858,118 | 1,400 6,785 | 5,385 | 851,333 | FY 2021 Estimate \$746,700 32,657 38,747 700 9,880 2,711 19,938 |
| (43,483) 5.4% | 953,937 | 953,937 | 424,810 | 364,204 60,606 | 529,127 | 64,894 288,289 4,372 | 142,175 29,397 | | 910,454 | 4,372 | 4,372 | 906,082 | FY 2022 Estimate \$800,324 32,836 38,876 700 9,980 2,741 20,625 |
| (40,781) 4.8% | 995,179 | 995,179 | 445,990 | 379,479 66,511 | 549,189 | 67,295 299,421 4,495 | 148,573 29,405 | 8 | 954,398 | 4,495 | 4,495 | 949,903 | Estimate \$843,808 33,015 39,004 700 9,980 2,771 20,625 |

WSSC's Multi-Year Financial Forecast: Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast: Preliminary Budget - Scenario - Revised Base Case

Estimated Revenues and Expenditures (\$1,000)

| 28 | 27 | 26 | 23 24 25 | 22 | 17 18 19 20 21 | 6 | 15 | 12 13 14 | 10 | 8 | 7654402 7 |
|---|--------------|--|---|--------------------------|---|--------------|-----------------|---|--|---------------|---|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Service Debt Reduction (PAYGO) Total Financial Expenses | Total Operating Expenses | Salaries and Wages Heat, Light and Power Regional Sewage Disposal All Other Additional Operating Reserve Contribution | EXPENDITURES | FUNDS AVAILABLE | Less Rate Stabilization SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Adjustments to Revenue Use of Fund Balance | Total Revenue | Water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) Interest Income Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous |
| 3.0% | 717,018 | 717,018 | 243,808 23,095 266,903 | 450,115 | 114,088 23,581 54,501 251,421 6,524 | | 717,018 | 9,800 36,056 | 26,050 | 680,962 | FY 2017 <u>Approved</u> \$579,236 32,552 38,962 700 9,380 2,632 17,500 |
| (40,312) 6.9% | 743,416 | 743,416 | 260,457 30,193 290,650 | 452,766 | 119,222 22,447 56,117 253,380 1,600 | | 703,104 | 7,700 | 13,180 | 682,224 | FY 2018 Proposed \$580,580 32,119 38,360 700 9,580 2,632 18,253 |
| (61,549) 9.9% | 796,959 | 796,959 | 285,772 38,386 324,158 | 472,801 | 124,587 26,840 58,193 257,398 5,783 | | 735,410 | 5,600 11,883 | 6,283 | 723,527 | FY 2019 Estimate \$620,892 32,298 38,489 700 9,680 2,664 18,804 |
| (64,260) 9.4% | 860,768 | 860,768 | 321,709 47,102 368,811 | 491,957 | 130,194 27,675 60,346 267,294 6,448 | | 796,508 | 3,500 10,448 | 6,948 | 786,060 | FY 2020 Estimate \$682,440 32,477 38,618 700 9,780 2,680 19,365 |
| (53,623) 7.2% | 911,741 | 911,741 | 347,104 54,514 401,618 | 510,123 | 136,053 28,520 62,579 277,586 5,385 | | 858,118 | 1,400 6,785 | 5,385 | 851,333 | FY 2021 Estimate \$746,700 32,657 38,747 700 9,880 2,711 19,938 |
| (43,483) 5.4% | 953,937 | 953,937 | 364,204 60,606 424,810 | 529,127 | 142,175 29,397 64,894 288,289 4,372 | | 910,454 | 4,372 | 4,372 | 906,082 | FY 2022 Estimate \$800,324 32,836 38,876 700 9,980 2,741 20,625 |
| (40,781) 4.8% | 995,179 | 995,179 | 379,479 66,511 445,990 | 549,189 | 148,573 29,405 67,295 299,421 4,495 | 9 | 954,398 | 4,495 | 4,495 | 949,903 | FY 2023 Estimate \$843,808 33,015 39,004 700 9,980 2,771 20,625 |
| | | | | | | | | | | | |

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WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast : Preliminary Budget - Scenario 6

Estimated Revenues and Expenditures (\$1,000)

| 22 | 21 | 17 18 19 20 | 16 | 15 / | 14 13 | 11 | 10 | 8 7 | | | _ |
|--|---|--|--|---------------------------|--|--|---|--|----------------------------------|--|---------------------|
| Impact of Rate Increase on Residential Monthly Bill with 137 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | Debt Service Ratio (debt service / budget) | 15 Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Unspecified reductions Unspecified reduction of future year's expenditure base | PAYGO Additional Operating Reserve Contribution | Regional Sewage Disposal Debt Service | Expenses Maintenance & Operating | Water & Sewer Rate Revenue All Other Sources Total Revenue | Revenue |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | ļ., | 23,095 6,524 | 54,501 243,808 | 389,090 | \$579,236 137,782 717,018 | FY 2017 Approved |
| \$1.46 | FY 2018 \$1.07 | FY 2018 3.5% \$730,522 260,457 570,022 | 35.7% | 164.0 | 730,522 (20,312) | (11,294) | 30,193 | 56,117 260,457 | 395,049 | \$580,580 129,630 710,210 | FY 2018 Proposed |
| \$5.03 | FY 2019 \$3.67 | FY 2019 11.6% \$785,269 285,772 505,115 | 36.4% | 164.0 | 785,269 (69,859) | (11,690) | 38,386 5,783 | 58,193 285,772 | 408,825 | \$600,892 114,518 715,410 | FY 2019 Estimate |
| \$4.59 | FY 2020 \$3.35 | FY 2020 9.5% \$848,610 321,709 510,153 | 37.9% | 164.0 | 848,610 (63,792) | (12,158) | 47,102 6,448 | 60,346 321,709 | 425,163 | \$670,750 114,068 784,818 | FY 2020 Estimate |
| \$3.83 | FY 2021 \$2.79 | FY 2021 7.2% \$899,096 347,104 428,914 | 38.6% | 164.0 | 899,096 (53,137) | (12,644) | 54,514 5,385 | 62,579 347,104 | 442,158 | \$734,542 111,417 845,959 | FY 2021 Estimate |
| \$3.09 | FY 2022 \$2.26 | FY 2022 5.5% \$940,786 364,204 331,785 | 38.7% | 164.0 | 940,786 (42,977) | (13,150) | 60,606 4,372 | 64,894 364,204 | 459,860 | \$787,679 110,129 897,808 | FY 2022 Estimate |
| \$2.90 | FY 2023 \$2.12 | FY 2023 4.8% \$981,501 379,479 317,102 | 38.7% 1.0 | 164.0 | 981,501 (40,254) | (13,676) | 66,511 4,495 | 67,295 379,479 | 477,397 | \$830,657 110,590 941,247 | FY 2023 Estimate |

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast : Preliminary Budget - Scenario 6

Estimated Revenues and Expenditures (\$1,000)

| 30 | 29 | 28 | 25 26 27 | 24 | 22 | 21 | 19 | 17 | 16 | 15 | 14 | 13 | 1 6 | | 00 | 7 | ט מ | 4 (| 4 | ωκ | _ | |
|---|--------------|--|---|--------------------------|------------------------|---|--------------------------|---|--------------|-----------------|------------------------------|--|-------------------------|------------------------|---------------|---------------|----------------------|-----------------|--|---|----------|---------|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Service Debt Reduction (PAYGO) Total Financial Expenses | Total Operating Expenses | Unspecified reductions | Additional Operating Reserve Contribution | Regional Sewage Disposal | Salaries and Wages Heat Light and Power | EXPENDITURES | FUNDS AVAILABLE | Adjustments to Total Revenue | SDC Debt Service Offset Reconstruction Debt Service Offset | Less Rate Stabilization | Adjustments to Revenue | Total Revenue | Miscellaneous | Rockville Sewer I se | Interest Income | Infrastructure Renewal Fee (Ready to Serve Charge) | water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) | REVENUE | |
| 3.0% | 717,018 | 717,018 | 243,808 23,095 266,903 | 450,115 | | 251,421 6,524 | 54,501 | 114,088 | | 717,018 | 36,056 | 206 9,800 | 20,030 | | 680,962 | 17,500 | 9,380 | 700 | 38,962 | \$579,236 32,552 | Approved | EV 2017 |
| (20,312) 3.5% | 730,522 | 730,522 | 260,457 30,193 290,650 | 439,872 | (11,294) | 253,380 | 56,117 | 119,222 | | 710,210 | 27,986 | 7,700 | 20,200 | | 682,224 | 18,253 | 9,580 | 700 | 38,360 | \$580,580 | Proposed | 2010 |
| (69,859) 11.6% | 785,269 | 785,269 | 285,772 38,386 324,158 | (11,690) 461,111 | 1 | 257,398 5,783 | 58,193 | 124,587 | | 715,410 | 11,883 | 5,600 | 0,203 | | 703,527 | 18,804 | 9,680 | 700 | 38,489 | \$600,892 | Estimate | 7 2010 |
| (63,792) 9.5% | 848,610 | 848,610 | 321,709 47,102 368,811 | (12,158) 479,799 | | 267,294 6,448 | 60,346 | 130,194 | | 784,818 | 10,448 | 3,500 | 0,940 | | 774,370 | 19,365 | 9,780 | 700 | 38,618 | \$670,750 | Estimate | 7 0000 |
| (53,136) 7.2% | 899,096 | 899,096 | 347,104 54,514 401,618 | (12,644) 497,478 | | 277,585 5,385 | 62,579 | 136,053 | | 845,960 | 6,785 | 1,400 | 5,385 | | 839,175 | 19,938 | 9,880 | 700 | 38,747 | \$734,542 32,657 | Estimate | 7 |
| (42,977) 5.5% | 940,786 | 940,786 | 364,204 60,606 424,810 | (13,150) 515,976 | ı | 288,288 4,372 | 64,894 | 142,175 | | 897,809 | 4,372 | | 4,3/2 | | 893,437 | 20,625 | 9,980 | 700 | 38,876 | \$787,679 32,836 | Estimate | 1 |
| (40,254) 4.8% | 981,501 | 981,501 | 379,479 66,511 445,990 | (13,676) 535,511 | | 299,419 4,495 | 67,295 | 148,573 1 1 | | 941,247 | 4,495 | | 4,495 | | 936,752 | 20,625 | 9,980 | 700 | 39,004 | \$830,657 | Estimate | |



Washington Suburban Sanitary Commission

SPENDING AFFORDABILITY GROUP MEETING #1 FY 2018

September 7, 2016

Rate Increase Components (FY'18 Preliminary Proposed Budget)

| Total Gross Expenses | | Expenses Subtotal | Heat, Light & Power | 30 Year 1.25x Coverage PAYGO | Fund Balance PAYGO | Operating Reserve Contribution | Regional Sewage Disposal | Salaries & Wages | All Other | Fynonege | Debt Service | Revenue Subtotal | SDC Debt Service Offset | Reconstruction Debt Service Offset | Use of Fund Balance - Watershed | Use of Fund Balance | Use of Fund Balance | Use of Fund Balance | Use of Fund Balance | Miscellaneous Revenue | Infrastructure Fee | Account Maintenance Fee | Water & Sewer Revenue | | | |
|----------------------|-------|-------------------|---|------------------------------|------------------------------|--------------------------------|--------------------------|------------------|-------------|----------|--------------|------------------|---|------------------------------------|--|------------------------------------|---------------------|---|--|---|--------------------|-------------------------|--|--------------|---------------|---------|
| 717,018,000 | | 473,210,000 | 23,581,000 | 21,495,000 | 1,600,000 | 6,524,000 | 54,501,000 | 114,088,000 | 251,421,000 | | 243,808,000 | 715,818,700 | 206,000 | 9,800,000 | 1,600,000 | 6,524,000 | 12,080,000 | 1,832,000 | 3,514,000 | 29,512,700 | 38,962,000 | 32,552,000 | 579,236,000 | Approved | F 1 201/ | EV 2017 |
| 747,630,000 | | 487,173,000 | 25,661,000 | 30,193,000 | • | 1,600,000 | 56,117,000 | 119,222,000 | 254,380,000 | | 260,457,000 | 696,864,700 | | 7,700,000 | | 1,600,000 | 6,040,000 | | | 30,465,700 | 39,091,000 | 32,732,000 | 579,236,000 | Esumare | Fri zoro | EV 2018 |
| | Total | 13,963,000 | 2,080,000 | 8,698,000 | (1,600,000) | (4,924,000) | 1,616,000 | 5,134,000 | 2,959,000 | | 16,649,000 | (18,954,000) | (206,000) | (2,100,000) | (1,600,000) | (4,924,000) | (6,040,000) | (1,832,000) | (3,514,000) | 953,000 | 129,000 | 180,000 | | Donal Change | Dellar Change | |
| | 8.6% | 2.4% | 0.4% | 1.5% | -0.3% | -0.9% | 0.3% | 0.9% | 0.5% | | 2.9% | 3.3% | 0.0% | 0.4% | 0.3% | 0.9% | 1.0% | 0.3% | 0.6% | -0.2% | 0.0% | 0.0% | 0.0% | Impact | Impact | Rate |
| | | | Based on projection from WSSC Energy Manager. | | Easements & Land Acquisition | | | | | | | | Final SDC Debt Service Offset transfer made in F Y 1/ | | FY'18 fund balance will not be used for Easements & Land Acquisition | For operating reserve contribution | IT Strategic Plan | One-time Additional & Reinstated Programs (A&R) | Fund balance used in FY'17 to lessen impact of reduced water consumption | Based on historical miscellaneous revenue | | | No increase in water consumption projected | Depart Press | Description | |

File: FY18_6yr_Preliminary Forecast090216.xlsx Sheet: REPORT-Assumpt

ASSUMPTIONS WSSC's Multi-Year Financial Forecast FY 2018 thru 2023 Forecast: Preliminary Budget

| CAPITAL EXPENDITURES RELATED PARAMETERS Construction Inflation Water Construction Completion Factor Sewer Construction Completion Factor Blue Plains Sewer Construction Completion Factor ENR Construction Completion Factor Reconstruction Completion Factor | BOND FUNDS Short-term Construction Note Rate Long-Term Bond Interest Rate Life for Non-SRF Water and Sewer Debt (years) Life for SRF Water and Sewer Debt (years) | Water REDO (\$ thousands) Sewer REDO (\$ thousands) Work Years / FTE \$s Operating Program Capital Programs | Heat, Light & Power Annual Expenses (includes savings from Energy Performance Program) Water (\$ thousands) Sewer (\$ thousands) Blue Plains (Regional Sewage Disposal) Rate of Increase All Other - % Annual Increase GASB 045 Expense | WATER PRODUCTION Yearly Growth Increment (MGD) Estimated Annual Average Water Production (MGD) OPERATING FUNDS Salaries & Wages Rate of Increase | |
|---|--|---|---|---|---------|
| 0.0% 92% 92% 92% 92% 92% | 3.5% 5.0% 30 20 | 7,700 | 14,114 11,547 2.9% 2.00% | 164.0 4.5% | FY 2018 |
| 6 3.0% 6 92% 6 92% 6 92% 6 92% 6 100% | 3.5% 5.0% 30 | 5,600 | 14,762 12,078 3.7% 3.50% | 164.0 4.5% | FY 2019 |
| 3.0% 92% 92% 92% 92% | 3.5% 5.0% 30 20 | 3,500 | 15,221 12,454 3.7% 4.00% | 164.0 4.5% | FY 2020 |
| 3.0% 92% 92% 92% 92% 100% | 3.5% 5.0% 30 | 1,400 | 15,686 12,834 3.7% 4.00% | - 164.0 4.5% | FY 2021 |
| 6 3.0% 6 92% 6 92% 6 92% 6 92% 6 92% | 3.5% 5.0% 30 | | 16,168 13,229 3.7% 4.00% | 164.0 4.5% | FY 2022 |
| % 3.0% % 92% % 92% % 92% % 92% % 100% | % 3.5% % 5.0% 0 30 | | 16,173 13,232 3.7% 4.00% | 164.0 4.5% | FY 2023 |

File: FY18_6yr_Preliminary Forecast090216.xlsx Sheet: REPORT-Capital

20

Funds Available after Construction

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Capital and Bond Funds Summary FY 2018 thru 2023 Forecast : Preliminary Budget

| 10 9 8 7 6 5 4 3 2 1 | Capital Expenditures Water & Sewer CIP Projects Information Only Projects (@ < 100% completion) Additional High Probability Future CIP Projects SAG Adjustments (unspecified capital spending reductions) Subtotal - Capital Expenditures less unspecified SAG capital spending reductions Subtotal - Capital Expenditures w/ scaling, completion, & inflation index factors Information Only Projects (@ 100% completion) Water Reconstruction Sewer Reconstruction Sewer Reconstruction Total Capital Funding Required Funding | | FY 2017 Approved \$ 498,023 25,520 - 523,543 \$ 481,660 100,226 55,811 23,150 660,847 | | | FY 2018 Proposed \$ 488,394 29,096 517,490 \$ 476,092 111,956 63,114 26,189 677,351 | FY 2018 FY Proposed Es \$ 488,394 \$ 29,096 | FY 2018 Proposed \$ 488,394 29,096 517,490 \$ 476,092 111,956 63,114 26,189 677,351 | FY 2018 FY 2019 Proposed Estimate \$ 488,394 \$ 391,327 \$ 29,096 46,566 29,096 46,566 517,490 437,893 \$ 476,092 \$ 414,948 \$ 111,956 116,721 63,114 65,009 26,189 14,075 677,351 610,753 | FY 2018 FY 2019 FY 2020 Proposed Estimate Estimate \$ 488,394 \$ 391,327 \$ 376,414 29,096 46,566 42,442 517,490 437,893 418,856 \$ 476,092 \$ 414,948 \$ 408,816 111,956 116,721 119,342 63,114 65,009 66,957 26,189 14,075 8,000 677,351 610,753 603,115 | FY 2018 FY 2019 FY 2020 Proposed Estimate Estimate \$ 488,394 \$ 391,327 \$ 376,414 29,096 46,566 42,442 517,490 437,893 418,856 \$ 476,092 \$ 414,948 \$ 408,816 111,956 116,721 119,342 63,114 65,009 66,957 26,189 14,075 8,000 677,351 610,753 603,115 | FY 2018 FY 2019 FY 2020 FY 2021 Proposed Estimate Estimate Estimate \$ 488,394 \$ 391,327 \$ 376,414 \$ 268,872 29,096 46,566 42,442 46,259 517,490 437,893 418,856 315,131 \$ 476,092 \$ 414,948 \$ 408,816 \$ 316,805 111,956 116,721 119,342 123,560 63,114 65,009 66,957 68,967 26,189 14,075 8,000 8,000 677,351 610,753 603,115 517,332 | FY 2018 FY 2019 FY 2020 FY 2021 Proposed Estimate Estimate Estimate \$ 488,394 \$ 391,327 \$ 376,414 \$ 268,872 29,096 46,566 42,442 46,259 517,490 437,893 418,856 315,131 \$ 476,092 \$ 414,948 \$ 408,816 \$ 316,805 111,956 116,721 119,342 123,560 63,114 65,009 66,957 68,967 26,189 14,075 8,000 8,000 677,351 610,753 603,115 517,332 | FY 2018 FY 2019 FY 2020 FY 2021 Proposed Estimate Estimate Estimate \$ 488,394 \$ 391,327 \$ 376,414 \$ 268,872 29,096 46,566 42,442 46,259 517,490 437,893 418,856 315,131 \$ 476,092 \$ 414,948 \$ 408,816 \$ 316,805 111,956 116,721 119,342 123,560 63,114 65,009 66,957 68,967 26,189 14,075 8,000 8,000 677,351 610,753 603,115 517,332 | FY 2018 FY 2019 FY 2020 FY 2021 FY 2021 <t< th=""></t<> |
|----------------------|--|----|--|---|-----------------------------|--|--|--|---|--|--|---|---|---|---|
| | Subtotal - Capital Expenditures less unspecified SAG capital spending reductions Subtotal - Capital Expenditures w/ scaling, completion, & inflation index factors | 49 | | | | 49 | | 437,893 414,948 | | 418,856 \$ 408,816 | 418,856 \$ 408,816 | \$ 408,816 \$ 315,131 | \$ 408,816 \$ 315,131 | \$ 408,816 \$ 315,131 | \$ 408,816 \$ 315,131 |
| | Information Only Projects (@ 100% completion) Water Reconstruction Sewer Reconstruction EPP & Water Storage Facility Rehab | 1 | 100,226 55,811 23,150 | | 111,956 63,114 26,189 | | | 116,721 65,009 14,075 | 116,721 65,009 14,075 | | | 119,342 12 66,957 6 8,000 | 119,342 12 66,957 6 8,000 | 119,342 123,560 66,957 68,967 8,000 8,000 | 119,342 123,560 66,957 68,967 8,000 8,000 |
| 0 | Total Capital Funding Required Funding | 1 | 660,847 | 1 | 677,351 | | | 610,753 | 610,753 | - 1 | - 1 | 603,115 | 603,115 | 603,115 517,332 | 603,115 517,332 |
| 13 12 | Debt Issues (includes SRF Water and Sewer Debt) 5% Debt Buydown of Short-term Construction Notes System Development Charges (w/ scaling, completion & inflation index factors) | | 528,048 - 71,741 | | 570,022 - 37,847 | | | 505,115 - 34,238 | 505,115 - 34,238 | 505,115 510,153 34,238 16,390 | (P | (P | 510,153 16,390 | 510,153 16,390 | 510,153 428,914 33 16,390 5,446 |
| 15 16 | PAYGO Grants - Federal & State (includes ENR Grants) Developers and Government Contrib. (w/ scaling, completion & inflation index factors) | | 23,095 13,458 24,505 | | 30,193 14,710 24,579 | | | 38,386 15,143 17,872 | 38,386 15,143 17,872 | 38,386 47,102 15,143 22,297 17,872 7,174 | | | 47,102 22,297 7,174 | 47,102 54,514 22,297 21,504 7,174 6,955 | 47,102 54,514 22,297 21,504 7,174 6,955 |
| 1 18 | Previous Year's Funds Available after Construction Total Funds Available | | 660,847 | | 677,351 | | | 610,753 | 610,753 | 610,753 603,115 | | | 603,115 | 603,115 517,332 | 603,115 |
| | | | | | | | | | | | | | | | |

WSSC's Multi-Year Financial Forecast : Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast : Preliminary Budget

| 20 | 19 | | 18 | 17 | 16 | 5 | | 1 | 14 | 13 V | 12 | = | 10 | 9 | 00 | 7 | ь 5 П | 4 | w | 2 | | |
|--|--|---------|----------|----------------------|------------------|---------------|---------|--|---|---------------------------|----------------------------------|----------------|---|--------|--------------|--------------------------|-------------------------|---------------|-------------------|----------------------------|---------|---------------------|
| Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Impact of Rate Increase on Residential Monthly Bill with 160 GPD usage | NOTE: | New Debt | Debt Service Expense | Operating Budget | Rate Increase | | Some Got store I make Got the Control of the Contro | 14 Debt Service Ratio (debt service / budget) | 13 Water Production (MGD) | Revenue Gap (Revenue - Expenses) | Total Expenses | Additional Operating Reserve Contribution | PAYGO | Debt Service | Regional Sewage Disposal | Maintenance & Operating | Total Revenue | All Other Sources | Water & Sewer Rate Revenue | Revenue | |
| | | | 528,048 | 243,808 | \$717,018 | 3.0% | FY 2017 | | 34.0% | 164.0 | • | 717,018 | 6,524 | 23,095 | 243,808 | 54,501 | 389,090 | 717,018 | 137,782 | \$579,236 | | FY 2017 Approved |
| \$3.80 | \$4.78 | FY 2018 | 570,022 | 260,457 | \$747,630 | 8.6% | FY 2018 | | 34.8% | 164.0 | (49,566) | 747,630 | 1,600 | 30,193 | 260,457 | 56,117 | 399,263 | 698,064 | 118,828 | \$579,236 | | FY 2018 Proposed |
| \$4.42 | \$5.56 | FY 2019 | 505,115 | 285,772 | \$802,494 | 9.2% | FY 2019 | | 35.6% | 164.0 | (57,830) | 802,494 | 5,783 | 38,386 | 285,772 | 58,193 | 414,360 | /44,664 | 115,862 | \$628,802 | | FY 2019 Estimate |
| \$4.93 | \$6.20 | FY 2020 | 510,153 | 321,709 | \$866,524 | 9.4% | FY 2020 | | 37.1% | 164.0 | (64,481) | 866,524 | 6,448 | 47,102 | 321,709 | 60,346 | 430,919 | 802,043 | 115,412 | \$686,631 | | FY 2020 Estimate |
| \$4.13 | \$5.20 | FY 2021 | 428,914 | 347,104 | \$917,727 | 7.2% | FY 2021 | | 37.8% | 164.0 | (53,854) | 917,727 | 5,385 | 54,514 | 347,104 | 62,579 | 448,145 | 863,873 | 112,761 | \$/51,112 | 1 | FY 2021 Estimate |
| \$3.32 | \$4.18 | FY 2022 | 331,785 | 364,204 | \$960,163 | 5.4% | FY 2022 | | 37.9% | 164.0 | (43,723) | 960,163 | 4,372 | 60,606 | 364,204 | 64,894 | 466,087 | 916,439 | 111,4/3 | \$804,966 | | FY 2022 Estimate |
| \$3.11 | \$3.91 | FY 2023 | 317,102 | 379,479 | \$1,001,654 | 4.8% | FY 2023 | | 37.9% | 164.0 | (41,030) | 1,001,654 | 4,495 | 66,511 | 379,479 | 67,295 | 483,874 | 960,624 | 000 004 | \$848,690 | | FY 2023 Estimate |

FY18_6yr_Preliminary Forecast090216.xlsx

WSSC's Multi-Year Financial Forecast: Combined Water/Sewer Operating Funds Summary FY 2018 thru 2023 Forecast: Preliminary Budget

| 28 | 27 | 26 | 23 24 25 | 22 | 16 I 17 18 19 20 | 15 | 110 10 112 113 | œ | 7 6 5 4 4 3 2 7 |
|--|--------------|--|--|--------------------------|--|-----------------|--|---------------|---|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Service Debt Reduction (PAYGO) Total Financial Expenses | Total Operating Expenses | EXPENDITURES Salaries and Wages Heat, Light and Power Regional Sewage Disposal All Other Additional Operating Reserve Contribution | FUNDS AVAILABLE | Adjustments to Revenue Use of Fund Balance Less Rate Stabilization SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Total Revenue | Water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) Interest Income Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous |
| 3.0% | 717,018 | 717,018 | 243,808 23,095 266,903 | 450,115 | 114,088 23,581 54,501 251,421 6,524 | 717,018 | 26,050 206 9,800 36,056 | 680,962 | FY 2017 Approved \$579,236 32,552 38,962 700 9,380 2,632 17,500 |
| (49,566) 8.6% | 747,630 | 747,630 | 260,457 30,193 290,650 | 456,980 | 119,222 25,661 56,117 254,380 1,600 | 698,064 | 8,140 7,700 15,840 | 682,224 | FY 2018 Proposed \$579,236 32,732 39,091 700 9,580 2,632 18,253 |
| (57,830) 9.2% | 802,494 | 802,494 | 285,772 38,386 324,158 | 478,336 | 124,587 26,840 58,193 262,933 5,783 | 744,664 | 6,283 - - 5,600 11,883 | 732,781 | FY 2019 Estimate \$628,802 32,911 39,220 700 9,680 2,664 18,804 |
| (64,481) 9.4% | 866,524 | 866,524 | 321,709 47,102 368,811 | 497,713 | 130,194 27,675 60,346 273,050 6,448 | 802,043 | 6,948 - 3,500 10,448 | 791,595 | Estimate \$686,631 33,090 39,349 700 9,780 2,680 19,365 |
| (53,853) 7.2% | 917,727 | 917,727 | 347,104 54,514 401,618 | 516,109 | 136,053 28,520 62,579 283,572 5,385 | 863,874 | 5,385 - 1,400 6,785 | 857,089 | FY 2021 Estimate \$751,112 33,270 39,478 700 9,880 2,711 19,938 |
| (43,723) 5.4% | 960,163 | 960,163 | 364,204 60,606 424,810 | 535,353 | 142,175 29,397 64,894 294,515 4,372 | 916,440 | 4,372 | 912,068 | Estimate \$804,966 33,449 39,607 700 9,980 2,741 20,625 |
| (41,030) 4.8% | 1,001,654 | 1,001,654 | 379,479 66,511 445,990 | 555,664 | 148,573 29,405 67,295 305,896 4,495 | 960,624 | 4,495 - - 4,495 | 956,129 | Estimate \$848,690 33,628 39,735 700 9,980 2,771 20,625 |

Fund Balance Analysis

| *** | 0 | 334 | • |
|-----|---|-----|---|

| Working Capital Reserve 6/30/18 (10% of budgeted revenue) | \$ | 70,024,000 |
|---|----------|--------------|
| FY'18 Operating Reserve Contribution | _ | 000'009'I |
| Working Capital Reserve 6/30/17 | | 000°4774'89 |
| FY17 Operating Reserve Contribution | _ | 000,422,000 |
| Working Capital Reserve 6/30/16 | | 000'006'19 |
| Working Capital Reserve | | 000 000 19 |
| Unallocated Reserve | \$ | 14,151,000 |
| FY'19-'21 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues) | - | (000,010,71) |
| FY19-'21 Implementation of Asset Management recommendations for support facilities | | (12,500,000) |
| FY'19-'21 Use of Fund Balance AMI/Billing System Replacement | | (000,002,51) |
| FY'19-'20 Strategic Energy Plan Implementation (A&R) | | (000,002) |
| FY'19-'20 Climate Change Vulnerability Assessment (A&R) | | (200,000) |
| Unallocated Reserve (end of FY'18) | _ | 000'L9L'ES |
| Climate Change Vulnerability Assessment (5-Year FY16 A&R) | | (000,002) |
| Strategic Energy Plan Implementation (5-Year FY16 A&R) | | (300,005) |
| FY'18 Operating Reserve Contribution (to maintain 10% of budgeted revenues) | | (000,000,1) |
| IT Strategic Plan | | (000,040,0) |
| Unallocated Reserve (end of FY'17) | <u> </u> | 000'406'19 |

FY'18 Operating Ratios

| 726,163,6 | \$ | | Production | Revenue Received per MGD of |
|-----------------|----|------------|--------------|---|
| 1 91 | | | | Water Production (in MGD) |
| 000,852,678 | \$ | | | Water & Sewer Rate Revenue |
| | | Production | IGD of Water | Revenue Received for each M |
| | | | | |
| | | | | |
| 6,792,360 | \$ | | by above % | Amount Needed to Impact Rate |
| %1 | | | | % Desired to Impact Rates |
| 000,852,878 | \$ | | | Water & Sewer Rate Revenue |
| | | | tes by X% | Amount Needed to Impact Ra |
| | | | | |
| | | | | |
| 12,000,000 | \$ | 874,840,81 | \$ | Capital Expenses to achieve above debt svc savings |
| | | | | |
| 000,000,1 | \$ | 000,000,1 | \$ | Desired Debt Service Savings |
| %00L | | %76 | | Completion Factor |
| %E.E | | %E.E | | noitszitromA IsunnA |
| %0°9 | | %0'9 | | Long -Term Interest Rate |
| construction | 9H | CIP | | <u>anoitqmussA</u> |
| | | | | Capital to Operating Ratio |



Sanitary Commission Washington Suburban

SPENDING AFFORDABILITY GROUP **MEETING #2** FY 2018

September 22, 2016

FY'18 WSSC Multi-Year Financial Forecast Summary

| 11.6% | 3.0% | 14,508 | 24,788 | 11,608 | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 7 - Scenario 3 with \$11.6M additional use of fund balance |
|----------------------------|------------|--------|--|---|---|---|---|------------------------------------|---|---|
| 11.1% | 3.5% | 14,508 | 21,886 | 8,706 | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 6 - Scenario 3 with \$8.7M additional use of fund balance |
| 10.5% | 4.0% | 14,508 | 18,984 | 5,804 | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 5 - Scenario 3 with \$5.8M additional use of fund balance |
| 10.0% | 4.5% | 14,508 | 16,082 | 2,902 | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 4 - Scenario 3 with \$2.9M additional use of fund balance |
| 9.5% | . 5.0% | 14,508 | 13,180 | | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 3 - Scenario 2 with \$14.5M in unspecified reductions |
| 9.3% | 7.5% | | 13,180 | | 200 | 300 | 11,080 | 1,600 | 30,193 | Scenario 2 - IT Strategic Plan Fund Balance Use near FY17 level |
| 9.2% | 8.6% | | 8,140 | | 200 | 300 | 6,040 | 1,600 | 30,193 | Scenario 1 - Base Case - No Additional & Reinstated (A&R) (9/7/16) |
| FY'19 Rate Implications | FY'18 Rate | | Total Use of Fund Unspecified Balance Reductions | Additional/ Unspecified Use of Fund Balance | Use of Fund Balance Climate Change Vulnerability Assessment | Use of Fund Balance Strategic Energy Plan Implementation | Additional Use of Fund Derating Balance IT Reserve Strategic Plan | Additional Operating Reserve | 30 Year 1.25x Additional Coverage Operating PAYGO Reserve | Forecast Scenario |



FY'18 Operating Ratios

| Revenue Received per MGD of Production | | \$ | 3,540,122 | |
|---|-------------|----|--------------|--|
| Water Production (in MGD) | | | 191 | |
| Water & Sewer Rate Revenue | | \$ | 000,088,088 | |
| Revenue Received for each MGD of Water P | Production | | | |
| | | | | |
| A seed to observe the base of seed of | | | | |
| Amount Needed to Impact Rate by above % | | \$ | 6,805,800 | |
| % Desired to Impact Rates | | | %1 | |
| Water & Sewer Rate Revenue | | \$ | 000'089'089 | |
| Amount Needed to Impact Rates by X% | | | | |
| | | | | |
| Capital Expenses to achieve above debt svc savings | 33,420,000 | \$ | 30,746,000 | |
| Desired Debt Service Savings | 000'000'1\$ | | 000'000'1\$ | |
| Completion Factor | %Z6 | | %00L | |
| noitszitomA IsunnA | %E.E | | %£.£ | |
| Long -Term Interest Rate | %0.3 | | %0.3 | |
| anoitqmussA | CIP | Ве | construction | |
| Capital to Operating Ratio | | | | |
| | | | | |

Bond Funded Projects

| | 2-1.01 | 2 1 21 | S-170.09 | W-1.00 | W-161.01 | W-73.32 | W-172.07 | W-34.05 | W-138.02 | W-34.02 | A-145.01 | W-12.02 | S-57.94 | | Project | Bond Fundi |
|-----------------|---|-------------------------------|------------------------------------|------------------------------|--|--------------------------------|-----------------------------|----------------------------------|-----------------------------------|--|--|--|--|----------|--------------------------------------|----------------------|
| Total Reduction | Unspecified Cuts to Reconstruction Programs | Course Possestruction Program | Trunk Sewer Reconstruction Program | Water Reconstruction Program | Large Diameter Water Pipe Rehabilitation Progr. Ongoing | Potomac WFP Main Zone Pipeline | Patuxent Raw Water Pipeline | Marlboro Zone Reinforcement Main | Shady Grove Standpipe Replacement | Old Branch Avenue Water Main | Brighton Dam Operations & Maintenance Facility | Prince George's County HG415 Zone Water Mair | Western Branch WWTP Incinerator Emissions Co | | Project Name SAG Deferral Candidates | Bond Funding Amounts |
| | Cilipping | Ongoing | Ongoing | Ongoing | Ongoing | D-10 | D-90 | D-70 | D-99 | D-95 | D-95 | D-70 | D-99 | Status | Status | |
| | ۰ | _ | ω | 9 | 10 | 12 | 20 | 31 | 39 | 45 | 50 | 51 | 7 | Priority | Priority | |
| | | | | | | | | | | | | | | | FY'17 | Estimated |
| 92,400 | 18,000 | 7,000 | 17,000 | 11,000 | 0 | 9,200 | 3,000 | 2,600 | 5,200 | 4,300 | 3,500 | 2,000 | 9,600 | FY'18 | FY'18 | Proposed |
| | | | | | | | | | | | | | | | FY'19 | |
| | to be determined | trim back to F | trim back to F | trim back to F | already \$7M lo | defer | defer - partial | defer | Ready to RTA | defer (Bond/SDC) | Prequalifying r | defer | Project on hold | | FY'20 | |
| | ned | Y'17 level | Y'16/FY'17 le | Y'17 level | ower than FY' | | | | | DC) | low. | | | | FY'21 | |
| | | | vel; delay Force | trim back to FY'17 level | already \$7M lower than FY'17 (\$48M to \$41M) (FY'16 = \$38M) | | | | | W-34.04 is crit | | | | | FY'22 | |
| | | | Main initiative | | 1M) (FY'16 = | | | | | tical one - cui | | | | | FY'23 | |
| | | | /e | | = \$38M) | | | | | W-34.04 is critical one - currently in construction. | | | | | 6 Years | Total |
| | | | | | | | | | | uction. | | | | | Beyond | |
| | | | | | | | | | | | | | | | | |

Rate Increase Components (FY'18 Preliminary Proposed Budget - Scenario 3)

| Total Gross Expenses | | Expenses Subtotal | Heat, Light & Power Unspecified Reductions | Fund Balance PAYGO 30 Year 1.25x Coverage PAYGO | Operating Reserve Contribution | Salaries & Wages Regional Sewage Disposal | Expenses All Other | Debt Service Debt Service | Revenue Subtotal | SDC Debt Service Offset | Reconstruction Debt Service Offset | Use of Fund Balance - Watershed | Use of Fund Balance | Use of Fund Balance | Use of Fund Balance | Use of Fund Balance | Missallanaous Pavania | Infrastructure Fee | Account Maintenance Fee | Water & Sewer Revenue | Revenue | |
|----------------------|-------|-------------------|---|---|--------------------------------|---|-----------------------|---------------------------|------------------|--|------------------------------------|--|------------------------------------|---------------------|---|--|---|-------------------------------|-------------------------------|---|---------|---------------------|
| 717,018,000 | | 473,210,000 | 23,581,000 | 1,600,000 21,495,000 | 6,524,000 | 54.501.000 | 251,421,000 | 243,808,000 | 715,818,700 | 206,000 | 9,800,000 | 1,600,000 | 6,524,000 | 12,080,000 | 1,832,000 | 3.514.000 | 29 512 700 | 38.962.000 | 32,552,000 | 579,236,000 | | FY 2017 Approved |
| 732,122,000 | | 471,665,000 | (14,508,000) | 30,193,000 | 1,600,000 | 56,117,000 | 253,380,000 | 260,457,000 | 701,904,700 | | 7,700,000 | | 1,600,000 | 11,080,000 | | | 30 465 700 | 38.360.000 | 32,119,000 | 580,580,000 | | FY 2018 Estimate |
| | Total | (1,545,000) | (14,508,000) | 8,698,000 | (4,924,000) | 1,616,000 | 1,959,000 | 16,649,000 | (13,914,000) | (206,000) | (2,100,000) | (1,600,000) | (4,924,000) | (1,000,000) | (1,832,000) | (3,514,000) | 953,000 | (602,000) | (433,000) | 1,344,000 | | Dollar Change |
| | 5.0% | -0.3% | -2.5% | 1.5% | -0.8% | 0.3% | 0.3% | 2.9% | 2.4% | 0.0% | 0.4% | 0.3% | 0.8% | 0.2% | 0.3% | 0.6% | -0.2% | 0.1% | 0.1% | -0.2% | | Rate Impact |
| | | | Based on projection from WSSC Energy Manager. | | | | | | | Final SDC Debt Service Offset transfer made in FY'17 | | FY'18 fund balance will not be used for Easements & Land Acquisition | For operating reserve contribution | IT Strategic Plan | One-time Additional & Reinstated Programs (A&R) | Fund balance used in FY'17 to lessen impact of reduced water consumption | Based on historical miscellaneous revenue | Fees not collected due to CAP | Fees not collected due to CAP | Customer Assistance Program (CAP) netted against rate revenue instead of fees | | Description |

WSSC Information Technology Strategic Plan Annual Costs

(\$ In millions)

| Base | Budgeted Fund Balance Use for ITSP | IT Strategic Plan Costs | |
|------|------------------------------------|-------------------------|-----------|
| | | \$ 500 | FY |
| 9 | 9 | 18 | FY15 FY16 |
| | | \$ | FY |
| 9 | 00 | 17 | 16 |
| | | 17 \$ 22 | FY17 |
| 10 | 12 | 22 | 17 |
| | | 45 | FY18 |
| 10 | 11 | 21 | 4 |
| \$ | | ٠, | P. F. |
| 16.5 | | \$ 16.5 | Y19 |

The on-going cost of maintaining and licensing new implementations is estimated at \$16.5 million beginning in FY'19. The funding gap is approximately \$5.6 million. There is \$10 million in IT's base budget. \$877K (FY'17 A&R) was added to IT's budget for maintenance fees on new system implementations.

mainframe systems to be retired after the implementation of the Customer Care & Billing System are: \$2 million will be saved through the retirement of legacy systems. These costs are associated with mainframe maintenance and licensing. Remaining legacy

- Retirement System completion date TBD
- AIS (Front-Foot Benefit Assessments System) completion date TBD

WSSC Budgeted Uses of Fund Balance

| | FXJ2 Budgeted ∪ses |
|--------------|---|
| (000,849,8) | Use of Fund Balance Billing Factor Reduction Offset |
| (000'000'6) | IT Strategic Plan |
| (000,000,2) | |
| | PAYGO |
| (000,000,1) | Supply Chain Management Transformation |
| (000,000,2) | Modular Data Center |
| (000,002,1) | |
| | Watershed improvements |
| (000,022) | Electric Rate Intervention Cases |
| (24,393,000) | |
| | |

| Globally Harmonized System of Classification and Labeling of Chemicals (GHS) (A&R) |
|--|
| Warehouse Distribution & Inventory Optimization Study (A&R) |
| Strategic Energy Plan Implementation (A&R) |
| Communications & Community Relations Special Projects |
| Climate Change Vulnerability Assessment (A&R) |
| Analysis of Water Production Trends & Projections (A&R) |
| (A&A) toliq sizylanA noitardiV |
| Use of Fund Balance Supply Chain Management Transformation (A&R) |
| Easements & Land Acquisition for Watershed Protection (A&R) - PAYGO |
| Use of Fund Balance AMI/Billing System Replacement (Reserve) |
| Use of Fund Balance IT Strategic Plan |
| Debt service on Bi-County adjustments to Blue Plains projects |
| REDO Extinguishment |
| |

| (19,526,000) | |
|--------------|---|
| (000,022) | Climate Change Vulnerability Assessment (5-Year FY16 A&R) |
| (000'057) | Strategic Energy Plan Implementation (5-Year FY16 A&R) |
| (3,514,000) | Decrease in water consumption |
| (000,000,1) | Easements & Land Acquisition for Watershed Protection - PAYGO |
| (000,027) | Contact Center Optimization |
| (000,955) | Supply Chain Management Transformation |
| (000,022) | Demolition on Land Acquisition |
| (216,000) | WSSC 100th Anniversary |
| (000,08) | Historical Archiving |
| (000,002) | Windows 10/ Office 2013 Upgrade |
| (000 002) | One-time Additional & Reinstated projects: |
| (12,080,080) | IT Strategic Plan |
| | FYI7 Budgeted Uses |



Heat, Light & Power Projections

approved FY budget of \$23,581,000. This is due to the following factors: The requested energy budget for FY'18 (revised) of \$22,447,193 is \$1,133,807 less than the

Projected electricity unit cost for FY'18 decreased by 7% compared to the FY'17

budgeted electricity unit cost (due to continued weakness in the natural gas

The sewage flow projections for FY'18 wastewater pumped and treated decreased

• As a comparison, actual FY16 energy costs were \$22,385,459 by 5% compared to FY'17

reduction will be reflected in the proposed budget. million reduction from current model scenarios is equivalent to a 0.55% on the rates. The Note: The revised FY18 energy projection is not reflected in the model scenarios. The \$3.2

Schedule of REDO Drawdowns

As reflected in six-year forecast:

FY'19 - \$5.6M FY'18 - \$7.7M

FY'20 - \$3.5M

FY'21 - \$1.4M

EX,55-20



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|--|---|--|---|---------------------------|--|---|--|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | 14 Debt Service Ratio (debt service / budget) | 13 Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | 389,090 54,501 243,808 23,095 6,524 | FY 2017 Approved \$579,236 137,782 717,018 |
| \$3.31 | FY 2018 \$2.29 | FY 2018 7.5% \$746,630 260,457 570,022 | 34.9% | 164.0 | 746,630 (43,526) | 398,263 56,117 260,457 30,193 1,600 | FY 2018 Proposed \$580,580 122,524 703,104 |
| \$4.44 | FY 2019 \$3.07 | FY 2019 9.3% \$796,959 285,772 505,115 | 35.9% | 164.0 | 796,959 (58,335) | 408,825 58,193 285,772 38,386 5,783 | FY 2019 Estimate \$624,106 114,518 738,624 |
| \$4.90 | FY 2020 \$3.38 | 9.4% \$860,768 321,709 510,153 | 37.4% | 164.0 | 860,768 (64,260) | 425,163 60,346 321,709 47,102 6,448 | FY 2020 Estimate \$682,440 114,068 796,508 |
| \$4.09 | FY 2021 \$2.82 | FY 2021 7.2% \$911,741 347,104 428,914 | 38.1% | 164.0 | 911,741 (53,624) | 442,159 62,579 347,104 54,514 5,385 | Estimate \$746,700 111,417 858,117 |
| \$3.31 | FY 2022 \$2.29 | 5.4% \$953,937 364,204 331,785 | 38.2% | 164.0 | 953,937 (43,483) | 459,861 64,894 364,204 60,606 4,372 | FY 2022 Estimate \$800,324 110,129 910,453 |
| \$3.11 | FY 2023 \$2.14 | 4.8% \$995,179 379,479 317,102 | 38.1% | 164.0 | 995,179 (40,781) | 477,399 67,295 379,479 66,511 4,495 | Estimate \$843,808 110,590 954,398 |



| 28 | 27 | 26 | 25 | 23 24 | 22 | 20 | 19 18 1 | 10 E | 5 | 14 | 13 12 13 | | 00 | 7 0 | n On | 4 | ω 4 | | - | |
|---|--------------|--|--------------------------|-------------------------------------|--------------------------|---|--|---------------------------------|-----------------|------------------------------|--|--|---------------|---------------|--------------------------|-----------------|--|---------------------------|---------------------|--|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Total Financial Expenses | Debt Service Debt Reduction (PAYGO) | Total Operating Expenses | All Other Additional Operating Reserve Contribution | Heat, Light and Power Regional Sewage Disposal | EXPENDITURES Salaries and Wages | FUNDS AVAILABLE | Adjustments to Total Revenue | Less Rate Stabilization SDC Debt Service Offset Reconstruction Debt Service Offset | Adjustments to Revenue Use of Fund Balance | Total Revenue | Miscellaneous | Plumbing/Inspection Fees | Interest Income | Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) | Water / Sewer Use Charges | REVENUE | |
| 3.0% | 717,018 | 717,018 | 266,903 | 243,808 23,095 | 450,115 | 251,421 6,524 | 23,581 54,501 | 114.088 | 717,018 | 36,056 | 206 9,800 | 26,050 | 680,962 | 17,500 | 9,380 | 700 | 38,962 | \$579,236 | FY 2017 Approved | |
| (43,526) 7.5% | 746,630 | 746,630 | 290,650 | 260,457 30,193 | 455,980 | 1,600 | 25,661 56,117 | 119,222 | 703,104 | 20,880 | 7,700 | 13,180 | 682,224 | 18,253 | 9,580 | 700 | 38,360 | \$580,580 | FY 2018 Proposed | |
| (58,335) 9.3% | 796,959 | 796,959 | 324,158 | 285,772 38,386 | 472,801 | 5,783 | 26,840 58,193 | 124,587 | 738,624 | 11,883 | 5,600 | 6,283 | 726,741 | 18,804 | 9,680 | 700 | 38,489 | \$624,106 | FY 2019 Estimate | |
| (64,260) 9.4% | 860,768 | 860,768 | 368,811 | 321,709 47,102 | 491,957 | 6,448 | 27,675 60,346 | 130,194 | 796,508 | 10,448 | 3,500 | 6,948 | 786,060 | 19,365 | 9,780 | 700 | 38,618 | \$682,440 | FY 2020 Estimate | |
| (53,623) 7.2% | 911,741 | 911,741 | 401,618 | 347,104 54,514 | 510,123 | 5,385 | 28,520 62,579 | 136,053 | 858,118 | 6,785 | 1,400 | 5,385 | 851,333 | 19,938 | 9,880 | 700 | 38,747 | \$746,700 | FY 2021 Estimate | |
| (43,483) 5.4% | 953,937 | 953,937 | 424,810 | 364,204 60,606 | 529,127 | 4,372 | 29,397 | 142,175 | 910,454 | 4,372 | r i | 4,372 | 906,082 | 20,625 | 9,980 | 700 | 38,876 | \$800,324 | FY 2022 Estimate | |
| (40,781) 4.8% | 995,179 | 995,179 | 445,990 | 379,479 66,511 | 549,189 | 4,495 | 29,405 | 148,573 | 954,398 | 4,495 | | 4,495 | 949,903 | 20,625 | 9,980 | 700 | 39,004 | \$843,808 | FY 2023 Estimate | |
| | | | | | | | | | | | | | | | | | | | | |

| 22 | 21 | 17 18 19 20 | 16 D | 1 13 | 5 (6 (7) 7 (7) | 4 3 2 1 R |
|--|---|--|--|--|--|--|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | Water Production (MGD) Debt Service Ratio (debt service / budget) | Total Expenses Revenue Gap (Revenue - Expenses) | Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution Unspecified reductions Unspecified reduction of future year's expenditure base | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue |
| | | | | | 1 1 | |
| | | 528,048 | 164.0 34.0% | 717,018 | 389,090 54,501 243,808 23,095 6,524 | FY 2017 Approved \$579,236 137,782 717,018 |
| \$2.21 | FY 2018 \$1.52 | FY 2018 5.0% \$732,122 260,457 570,022 | 164.0 35.6% | 732,122 (29,018) | 398,263 56,117 260,457 30,193 1,600 (14,508) | FY 2018 Proposed \$580,580 122,524 703,104 |
| \$4.41 | FY 2019 \$3.04 | FY 2019 9.5% \$781,943 285,772 505,115 | 164.0 36.5% | 781,943 (57,827) | 408,825 58,193 285,772 38,386 5,783 | Estimate \$609,598 114,518 724,116 |
| \$4.85 | FY 2020 \$3.35 | 9.5% \$845,152 321,709 510,153 | 164.0 38.1% | 845,152 (63,660) | 425,163 60,346 321,709 47,102 6,448 (15,616) | Estimate \$667,424 114,068 781,492 |
| \$4.04 | FY 2021 \$2.79 | FY 2021 7.2% \$895,501 347,104 428,914 | 38.8% | 895,501 (53,000) | 442,159 62,579 347,104 54,514 5,385 (16,240) | FY 2021 Estimate \$731,084 111,417 842,501 |
| \$3.26 | FY 2022 \$2.25 | FY 2022 5.5% \$937,047 364,204 331,785 | 38.9% | 937,047 (42,833) | 459,861 64,894 364,204 60,606 4,372 | FY 2022 Estimate \$784,084 110,129 894,213 |
| \$3.06 | FY 2023 \$2.11 | FY 2023 4.8% \$977,613 379,479 317,102 | 38.8% | 977,613 (40,105) | 477,399 67,295 379,479 66,511 4,495 | FY 2023 Estimate \$826,918 110,590 937,508 |

| ωω | N | N | 2 | NN | 2 | NN | 2 1 | 2 - | = | 17 | 16 | → cn | 4 | 13 | 12 | 10 9 | œ | 7 | יט מ | 4 | 4 | ω N | _ | |
|--|-----------------|--|--------------------------|--|--------------------------|--|--|-----------------------------|--------|-----------------------|-----------------|--------------------|---------------------------------|---------------------------------------|-----|--|-----------------|--------|------------------------|-----|--------|---|-----------|---------|
| 30 Revenue - Expenditure Gap before rate increase 31 Rate Increase | 29 NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Total Financial Expenses | 25 Debt Service 26 Debt Reduction (PAYGO) | Total Operating Expenses | Unspecified reductions Unspecified reduction of future year's expenditure base | 21 Additional Operating Reserve Contribution | 19 Regional Sewage Disposal | | 17 Salaries and Wages | 16 EXPENDITURES | 15 FUNDS AVAILABLE | 14 Adjustments to Total Revenue | 13 Reconstruction Debt Service Offset | | Adjustments to Revenue Use of Fund Balance | 8 Total Revenue | | 6 Rockville Sewer I se | | | 2 Water / Sewer Use Charges 3 Account Maintenance Fee (Ready to Serve Charge) | 1 REVENUE | |
| 3.0% | 717,018 | 717,018 | 266,903 | 243,808 23,095 | 450,115 | | 6,524 | 251.421 | 23,581 | 114,088 | | 717,018 | 36,056 | 9,800 | 206 | 26,050 | 680,962 | 17,500 | 2,580 | 700 | 38,962 | \$579,236 32,552 | Approved | FY 2017 |
| (29,018) 5.0% | 732,122 | 732,122 | 290,650 | 260,457 30,193 | 441,472 | (14,508) | 1,600 | 253,380 | 25,661 | 119,222 | | 703,104 | 20,880 | 7,700 | | 13,180 | 682,224 | 18,253 | 2 632 | 700 | 38,360 | \$580,580 32,119 | Proposed | FY 2018 |
| (57,827) 9.5% | 781,943 | 781,943 | 324,158 | 285,772 38,386 | 457,785 | (15,016) | 5,783 | 257,398 | 26,840 | 124,587 | | 724,116 | 11,883 | 5,600 | * | 6,283 | 712,233 | 18,804 | 2,560 | 700 | 38,489 | \$609,598 32,298 | Estimate | FY 2019 |
| (63,660) 9.5% | 845,152 | 845,152 | 368,811 | 321,709 47,102 | 476,341 | (15,616) | 6,448 | 267,294 | 27,675 | 130,194 | | 781,492 | 10,448 | 3,500 | | 6,948 | 771,044 | 19,365 | 2,680 | 700 | 38,618 | \$667,424 | Estimate | FY 2020 |
| (52,999) 7.2% | 895,501 | 895,501 | 401,618 | 347,104 54,514 | 493,883 | (16,240) | 5,385 | 277,586 | 28,520 | 136,053 | | 842,502 | 6,785 | 1,400 | | 5,385 | 835,717 | 19,938 | 2 711 | 700 | 38,747 | \$731,084 32.657 | Estimate | FY 2021 |
| (42,833) 5.5% | 937,047 | 937,047 | 424,810 | 364,204 60,606 | 512,237 | (16,890) | 4,372 | 288,289 | 29,397 | 142,175 | | 894,214 | 4,372 | | r | 4,372 | 889,842 | 20,625 | 2.741 | 700 | 38,876 | \$784,084 32,836 | Estimate | FY 2022 |
| (40,105) 4.8% | 977,613 | 977,613 | 445,990 | 379,479 66,511 | 531,623 | (17,566) | 4,495 | 299,421 | 67 295 | 148,573 | | 937,508 | 4,495 | | • | 4,495 | 933,013 | 20,625 | 2 771 | 700 | 39,004 | \$826,918 | Estimate | FY 2023 |



| 22 | 21 | 17 18 19 20 | 16 | 15 V | 14 13 | 5 m | - α ω 4 0 5 |
|--|---|--|--|---------------------------|--|--|--|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | Debt Service Ratio (debt service / budget) | 15 Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution Unspecified reductions Unspecified reduction of future year's expenditure base | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | 389,090 54,501 243,808 23,095 6,524 | FY 2017 Approved \$579,236 137,782 717,018 |
| \$1.99 | FY 2018 \$1.37 | FY 2018 4.5% \$732,122 260,457 570,022 | 35.6% | 164.0 | 732,122 (26,116) | 398,263 56,117 260,457 30,193 1,600 (14,508) | FY 2018 Proposed \$580,580 125,426 706,006 |
| \$4.63 | FY 2019 \$3.19 | FY 2019 10.0% \$781,943 285,772 505,115 | 36.5% | 164.0 | 781,943 (60,729) | 408,825 58,193 285,772 38,386 5,783 | Estimate \$606,696 114,518 721,214 |
| \$4.85 | FY 2020 \$3.35 | FY 2020 9.5% \$845,152 321,709 510,153 | 38.1% | 164.0 | 845,152 (63,660) | 425,163 60,346 321,709 47,102 6,448 - (15,616) | Estimate \$667,424 114,068 781,492 |
| \$4.04 | FY 2021 \$2.79 | FY 2021 7.2% \$895,501 347,104 428,914 | 38.8% | 164.0 | 895,501 (53,000) | 442,159 62,579 347,104 54,514 5,385 | Estimate \$731,084 111,417 842,501 |
| \$3.26 | FY 2022 \$2.25 | FY 2022 5.5% \$937,047 364,204 331,785 | 38.9% | 164.0 | 937,047 (42,833) | 459,861 64,894 364,204 60,606 4,372 | FY 2022 Estimate \$784,084 110,129 894,213 |
| \$3.06 | FY 2023 \$2.11 | FY 2023 4.8% \$977,613 379,479 317,102 | 38.8% | 164.0 | 977,613 (40,105) | 477,399 67,295 379,479 66,511 4,495 | FY 2023 Estimate \$826,918 110,590 937,508 |

MOOC S Malli- Leaf Little Lote Coast Collision and Collision Charles Charles Collision Collision Control Control FY 2018 thru 2023 Forecast: Preliminary Budget - Scenario 4

| | | | | | | | | | | _ | | |
|---|--------------|--|--|--------------------------|--|---|--------------|-----------------|---|--|---------------|---|
| 30 | 29 | 28 | 25 26 27 | 24 | 22 | 17 18 19 20 21 | 16 E | 5 | 1 1 1 1 1 | 9 A | 00 | 7 6 5 4 4 3 2 7 |
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Service Debt Reduction (PAYGO) Total Financial Expenses | Total Operating Expenses | Unspecified reductions Unspecified reduction of future year's expenditure base | Salaries and Wages Heat, Light and Power Regional Sewage Disposal All Other Additional Operating Reserve Contribution | EXPENDITURES | FUNDS AVAILABLE | Less Rate Stabilization SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Adjustments to Revenue Use of Fund Balance | Total Revenue | Water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) Interest Income Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous |
| 3.0% | 717,018 | 717,018 | 243,006 23,095 266,903 | 450,115 | | 114,088 23,581 54,501 251,421 6,524 | | 717,018 | 206 9,800 36,056 | 26,050 | 680,962 | FY 2017 Approved \$579,236 32,552 38,962 700 9,380 2,632 17,500 |
| (26,116) 4.5% | 732,122 | 732,122 | 30,193 290,650 | 441,472 | (14,508) | 119,222 25,661 56,117 253,380 1,600 | | 706,006 | 7,700 23,782 | 16,082 | 682,224 | FY 2018 Proposed \$580,580 32,119 38,360 700 9,580 2,632 18,253 |
| (60,729) 10.0% | 781,943 | 781,943 | 38,386 | 457,785 | (15,016) | 124,587 26,840 58,193 257,398 5,783 | | 721,214 | 5,600 11,883 | 6,283 | 709,331 | FY 2019 Estimate \$606,696 32,298 38,489 700 9,680 2,664 18,804 |
|) (63,660) 9.5% | 845,152 | 845,152 | 47,102 368,811 | 476,341 | (15,616) | 130,194 27,675 60,346 267,294 6,448 | | 781,492 | 3,500 10,448 | 6,948 | 771,044 | FY 2020 Estimate \$667,424 32,477 38,618 700 9,780 2,680 19,365 |
| (52,999) 7.2% | 895,501 | 895,501 | 54,514 | 493,883 | (16,240) | 136,053 28,520 62,579 277,586 5,385 | | 842,502 | 1,400 6,785 | 5,385 | 835,717 | FY 2021 Estimate \$731,084 \$73,657 38,747 700 9,880 2,711 19,938 |
|) (42,833) 6 5.5% | 937,047 | 937,047 | 60,606 | 512,237 | (16,890) | 142,175 29,397 64,894 288,289 4,372 | | 894,214 | 4,372 | 4,372 | 889,842 | FY 2022 Estimate \$784,084 32,836 38,876 700 9,980 2,741 20,625 |
|) (40,105) 6 4.8% | 977,613 | 977,613 | 66,511 | 531,623 | (17,566) | 148,573 29,405 67,295 299,421 4,495 | | 937,508 | 4,495 | 4,495 | 933,013 | FY 2023 Estimate \$826,918 33,015 39,004 700 9,980 2,771 20,625 |

POOC 3 Multi-1 car 1 marician 1 orceast. Combined materiocarci operating i amae or FY 2018 thru 2023 Forecast: Preliminary Budget - Scenario 5

| 22 | 21 | 17 18 19 20 | , 1 | 15 🗙 | 14 | 5 D | 4 3 2 1 R |
|--|---|--|--|---------------------------|--|--|--|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | Debt Service Ratio (debt service / budget) | 15 Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution Unspecified reductions Unspecified reduction of future year's expenditure base | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | 389,090 54,501 243,808 23,095 6,524 | FY 2017 <u>Approved</u> \$579,236 137,782 717,018 |
| \$1.77 | FY 2018 \$1.22 | FY 2018 4.0% \$732,122 260,457 570,022 | 35.6% | 164.0 | 732,122 (23,214) | 398,263 56,117 260,457 30,193 1,600 (14,508) | FY 2018 Proposed \$580,580 128,328 708,908 |
| \$4.85 | FY 2019 \$3.34 | FY 2019 10.5% \$781,943 285,772 505,115 | 36.5% | 164.0 | 781,943 (63,631) | 408,825 58,193 285,772 38,386 5,783 | Estimate \$603,794 114,518 718,312 |
| \$4.85 | FY 2020 \$3.35 | 9.5% \$845,152 321,709 510,153 | 38.1% | 164.0 | 845,152 (63,660) | 425,163 60,346 321,709 47,102 6,448 | Estimate \$667,424 114,068 781,492 |
| \$4.04 | FY 2021 \$2.79 | FY 2021 7.2% \$895,501 347,104 428,914 | 38.8% | 164.0 | 895,501 (53,000) | 442,159 62,579 347,104 54,514 5,385 | Estimate \$731,084 111,417 842,501 |
| \$3.26 | FY 2022 \$2.25 | 5.5% \$937,047 364,204 331,785 | 38.9% | 164.0 | 937,047 (42,833) | 459,861 64,894 364,204 60,606 4,372 | Estimate \$784,084 110,129 894,213 |
| \$3.06 | FY 2023 \$2.11 | FY 2023 4.8% \$977,613 379,479 317,102 | 38.8% | 164.0 | 977,613 (40,105) | 477,399 67,295 379,479 66,511 4,495 | Estimate \$826,918 110,590 937,508 |



| 30 | 29 | 28 | 26 27 | 25 | 24 | 23 22 | 27 6 | 19 | 18 | | 5 | 14 | 13 12 | 1 6 c | | 00 | 7051 | ω 4 4 | 2 | -1 RB | |
|---|--------------|--|--|-------------------|--------------------------|--|---|--------------------------|-----------------------|----------------------------------|-----------------|------------------------------|--|---|------------------------|---------------|--|--|---------------------------|---------------------|--|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Reduction (PAYGO) Total Financial Expenses | Debt Service | Total Operating Expenses | Unspecified reductions Unspecified reduction of future year's expenditure base | Additional Operating Reserve Contribution | Regional Sewage Disposal | Heat, Light and Power | EXPENDITURES Colorios and Wages | FUNDS AVAILABLE | Adjustments to Total Revenue | SDC Debt Service Offset Reconstruction Debt Service Offset | Use of Fund Balance Less Rate Stabilization | Adjustments to Revenue | Total Revenue | Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous | Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) | Water / Sewer Use Charges | REVENUE | |
| | | | | | | | | | | | | | | | | | | | | | |
| 3.0% | 717,018 | 717,018 | 266,903 | 243,808 | 450,115 | 1 1 | 6,524 | 251 421 | 23,581 | 114 088 | 717,018 | 36,056 | 206 9,800 | 26,050 | | 680.962 | 9,380 2,632 17,500 | 38,962 | \$579,236 | FY 2017 Approved | |
| (23,214) | 732,122 | 732,122 | 290,650 | 260,457 | 441,472 | (14,508) | 1,600 | 56,117 253,380 | 25,661 | 119 222 | 708,908 | 26,684 | 7,700 | 18,984 | | 682.224 | 9,580 2,632 18,253 | 38,360 | \$580,580 | FY 2018 Proposed | |
| (63,631) 10.5% | 781,943 | 781,943 | 324,158 | 285,772 | 457,785 | (15,016) | 5,783 | 257,398 | 26,840 | 124.587 | 718,312 | 11,883 | 5,600 | 6,283 | | 706.429 | 9,680 2,664 18,804 | 38,489 700 | \$603,794 | FY 2019 Estimate | |
| (63,660) 9.5% | 845,152 | 845,152 | 368,811 | 321,709 | 476,341 | (15,616) | 6,448 | 267.294 | 27,675 | 130.194 | 781,492 | 10,448 | 3,500 | 6,948 | - | 771.044 | 9,780 2,680 19,365 | 38,618 | \$667,424 | FY 2020 Estimate | |
| (52,999) 7.2% | 895,501 | 895,501 | 401,618 | 347,104 54 514 | 493,883 | (16,240) | 5,385 | 277.586 | 28,520 | 136,053 | 842,502 | 6,785 | 1,400 | 5,385 | | 835,717 | 9,880 2,711 19,938 | 38,747 | \$731,084 | FY 2021 Estimate | |
|) (42,833) 5.5% | 937,047 | 937,047 | 424,810 | 364,204 | 512,237 | (16,890) | 4,372 | 288,289 | 29,397 | 142.175 | 894,214 | 4,372 | | 4,372 | | 889,842 | 9,980 2,741 20,625 | 38,876 | \$784,084 | FY 2022 Estimate | |
|) (40,105) 6 4.8% | 977,613 | 977,613 | 445,990 | 379,479 66 511 | 531,623 | (17,566) | 4,495 | 299,421 | 29,405 | 148.573 | 937,508 | 4,495 | 1 1 | 4,495 | | 933.013 | 9,980 2,771 20,625 | 39,004 | \$826,918 | FY 2023 Estimate | |
| | | | | | | | | | | | | | | | | | | | | | |



| 22 | 23 | 17 18 19 20 | 6 | 5 | 4 3 | 5 E 6 7 7 8 8 9 10 11 11 11 11 11 11 11 11 11 11 11 11 | - α ω 4 T |
|--|---|--|---|---------------------------|--|--|--|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | 16 Debt Service Ratio (debt service / budget) | 15 Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution Unspecified reductions Unspecified reduction of future year's expenditure base | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | 389,090 54,501 243,808 23,095 6,524 | FY 2017 <u>Approved</u> \$579,236 137,782 717,018 |
| \$1.54 | FY 2018 \$1.07 | FY 2018 3.5% \$732,122 260,457 570,022 | 35.6% | 164.0 | 732,122 (20,312) | 398,263 56,117 260,457 30,193 1,600 (14,508) | FY 2018 Proposed \$580,580 131,230 711,810 |
| \$5.07 | FY 2019 \$3.50 | FY 2019 11.1% \$781,943 285,772 505,115 | 36.5% | 164.0 | 781,943 (66,533) | 408,825 58,193 285,772 38,386 5,783 | FY 2019 Estimate \$600,892 114,518 715,410 |
| \$4.85 | FY 2020 \$3.35 | FY 2020 9.5% \$845,152 321,709 510,153 | 38.1% | 164.0 | 845,152 (63,660) | 425,163 60,346 321,709 47,102 6,448 | FY 2020 Estimate \$667,424 114,068 781,492 |
| \$4.04 | FY 2021 \$2.79 | FY 2021 7.2% \$895,501 347,104 428,914 | 38.8% | 164.0 | 895,501 (53,000) | 442,159 62,579 347,104 54,514 5,385 | Estimate \$731,084 111,417 842,501 |
| \$3.26 | FY 2022 \$2.25 | 5.5% \$937,047 364,204 331,785 | 38.9% | 164.0 | 937,047 (42,833) | 459,861 64,894 364,204 60,606 4,372 | Estimate \$784,084 110,129 894,213 |
| \$3.06 | FY 2023 \$2.11 | FY 2023 4.8% \$977,613 379,479 317,102 | 38.8% | 164.0 | 977,613 (40,105) | 477,399 67,295 379,479 66,511 4,495 | Estimate \$826,918 110,590 937,508 |



WOOD'S Multi-Lear Lillancian Crecast. Combined materiother Operating Land Cammary FY 2018 thru 2023 Forecast: Preliminary Budget - Scenario 6

| 30 | 29 | 28 | 26 | 24 | 22 | 17 18 19 20 21 | 16 E | 15 | 1 1 1 1 1 1 1 | 10 8 AC | 7 6 6 4 4 3 2 7 RE | |
|---|--------------|--|--|--------------------------|--|---|--------------|-----------------|---|---------------------------------------|---|---|
| Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Debt Reduction (PAYGO) Total Financial Expenses | Total Operating Expenses | Unspecified reductions Unspecified reduction of future year's expenditure base | Salaries and Wages Heat, Light and Power Regional Sewage Disposal All Other Additional Operating Reserve Contribution | EXPENDITURES | FUNDS AVAILABLE | Less Rate Stabilization SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Total Revenue Adjustments to Revenue | Water / Sewer Use Charges Account Maintenance Fee (Ready to Serve Charge) Infrastructure Renewal Fee (Ready to Serve Charge) Interest Income Plumbing/Inspection Fees Rockville Sewer Use Miscellaneous | |
| | | 1 | ı | | | 1 | | Ĺ | | | \$\$ ^A ₽ | 1 |
| 3.0% | 717,018 | 717,018 | 23,095 | 450,115 243,808 | 1.1 | 114,088 23,581 54,501 251,421 6,524 | | 717,018 | 206 9,800 36,056 | 26,050 | | |
| (20,312) 3.5% | 732,122 | 732,122 | 30,193 290,650 | 441,472 260,457 | (14,508) | 119,222 25,661 56,117 253,380 1,600 | | 711,810 | 7,700 29,586 | 21,886 | FY 2018 Proposed \$580,580 32,119 38,360 700 9,580 2,632 18,253 | 4 |
| (66,533) 11.1% | 781,943 | 781,943 | 38,386 324,158 | 457,785 285,772 | (15,016) | 124,587 26,840 58,193 257,398 5,783 | | 715,410 | 5,600 | 6,283 | FY 2019 Estimate \$600,892 32,298 38,489 700 9,680 2,664 18,804 | |
| (63,660) 9.5% | 845,152 | 845,152 | 47,102 368,811 | 476,341 321,709 | (15,616) | 130,194 27,675 60,346 267,294 6,448 | | 781,492 | 3,500 | 6,948 | FY 2020 Estimate \$667,424 32,477 38,618 700 9,780 2,680 19,365 | |
| (52,999) 7.2% | 895,501 | 895,501 | 54,514 401,618 | 493,883 | (16,240) | 136,053 28,520 62,579 277,586 5,385 | | 842,502 | 1,400 6,785 | 5,385 | FY 2021 Estimate \$731,084 32,657 38,747 700 9,880 2,711 19,938 | |
| (42,833) 5.5% | 937,047 | 937,047 | 60,606 424,810 | 512,237 364,204 | (16,890) | 142,175 29,397 64,894 288,289 4,372 | | 894,214 | 4,372 | 4,372 | FY 2022 Estimate \$784,084 32,836 38,876 700 9,980 2,741 20,625 | |
| (40,105) 4.8% | 977,613 | 977,613 | 66,511 445,990 | 531,623 379,479 | (17,566) | 148,573 29,405 67,295 299,421 4,495 | | 937,508 | 4,495 | 4,495 | FY 2023 Estimate \$826,918 33,015 39,004 700 9,980 2,771 20,625 | |
| 1991 | | | | | | | | | | | | |



| 22 | 21 | 17 18 19 20 | 16 | 15 V | 14 13 | 11 10 9 8 7 6 M 7 |
|--|---|--|---|------------------------|--|---|
| Impact of Rate Increase on Residential Monthly Bill with 145 GPD usage | NOTE: Impact of Rate Increase on Residential Monthly Bill with 100 GPD usage | Rate Increase Operating Budget Debt Service Expense New Debt | 16 Debt Service Ratio (debt service / budget) | Water Production (MGD) | Total Expenses Revenue Gap (Revenue - Expenses) | Revenue Water & Sewer Rate Revenue All Other Sources Total Revenue Expenses Maintenance & Operating Regional Sewage Disposal Debt Service PAYGO Additional Operating Reserve Contribution Unspecified reductions Unspecified reduction of future year's expenditure base |
| | | FY 2017 3.0% \$717,018 243,808 528,048 | 34.0% | 164.0 | 717,018 | FY 2017 Approved \$579,236 137,782 717,018 389,090 54,501 243,808 23,095 6,524 |
| \$1.32 | FY 2018 \$0.91 | FY 2018 3.0% \$732,122 260,457 570,022 | 35.6% | 164.0 | 732,122 (17,410) | FY 2018 Proposed \$580,580 134,132 714,712 398,263 56,117 260,457 30,193 1,600 (14,508) |
| \$5.29 | FY 2019 \$3.65 | FY 2019 11.6% \$781,943 285,772 505,115 | 36.5% | 164.0 | 781,943 (69,435) | Estimate \$597,990 114,518 712,508 408,825 58,193 285,772 38,386 5,783 (15,016) |
| \$4.85 | FY 2020 \$3.35 | EY 2020 9.5% \$845,152 321,709 510,153 | 38.1% | 164.0 | 845,152 (63,660) | Estimate \$667,424 114,068 781,492 425,163 60,346 321,709 47,102 6,448 (15,616) |
| \$4.04 | FY 2021 \$2.79 | FY 2021 7.2% \$895,501 347,104 428,914 | 38.8% | 164.0 | 895,501 (53,000) | FY 2021 Estimate \$731,084 111,417 842,501 442,159 62,579 347,104 54,514 5,385 |
| \$3.26 | FY 2022 \$2.25 | FY 2022 5.5% \$937,047 364,204 331,785 | 38.9% | 164.0 | 937,047 (42,833) | FY 2022 Estimate \$784,084 110,129 894,213 459,861 64,894 364,204 60,606 4,372 (16,890) |
| \$3.06 | FY 2023 \$2.11 | 4.8% \$977,613 379,479 317,102 | 38.8% | 164.0 | 977,613 (40,105) | FY 2023 Estimate \$826,918 110,590 937,508 477,399 67,295 379,479 66,511 4,495 (17,566) |



| | 30 | 29 | 28 | 27 | 25 26 | 24 | 22 | 21 | 20 | 8 | 17 | б ш | 15 | 14 13 12 | | 9 A | 00 | 7 6 0 | 4 n | 0 4 | N N | <u>م</u> | |
|---|---|--------------|--|--------------------------|-------------------------------------|--------------------------|--|---|--------------------------|-----------------------|--------------------|--------------|-----------------|---|--|------------------------|---------------|-----------------------------------|-----------------|--|---------------------------|----------------------------|--|
| | Revenue - Expenditure Gap before rate increase Rate Increase | NET EXPENSES | TOTAL GROSS EXPENSES (Operating & Financial) | Total Financial Expenses | Debt Service Debt Reduction (PAYGO) | Total Operating Expenses | Unspecified reductions Unspecified reduction of future year's expenditure base | Additional Operating Reserve Contribution | Regional Sewage Disposal | Heat, Light and Power | Salaries and Wages | EXPENDITURES | FUNDS AVAILABLE | SDC Debt Service Offset Reconstruction Debt Service Offset Adjustments to Total Revenue | Use of Fund Balance Less Rate Stabilization | Adjustments to Revenue | Total Revenue | Rockville Sewer Use Miscellaneous | Interest Income | Infrastructure Renewal Fee (Ready to Serve Charge) | Water / Sewer Use Charges | REVENUE | |
| | 3.0% | 717,018 | 717,018 | 266,903 | 243,808 23,095 | 450,115 | | 6,524 | 251,421 | 54 501 | 114,088 | | 717,018 | 9,800 36,056 | 26,050 | | 680,962 | 2,632 17,500 | 9.380 | | \$579,236 \$6 32,552 | FY 2017 FY Approved Pro | |
| | (17,410) 3.0% | 732,122 | 732,122 | 290,650 | 260,457 30,193 | 441,472 | (14,508) | 1,600 | 253,380 | 56 117 | 119,222 | | 714,712 | 7,700 | 24,788 | | 682,224 | 2,632 | 9.580 | 38,360 | \$580,580 | FY 2018 Proposed | |
| | (69,435) 11.6% | 781,943 | 781,943 | 324,158 | 285,772 38,386 | 457,785 | (15,016) | 5,783 | 257,398 | 58 193 | 124,587 | | 712,508 | 5,600 11,883 | 6,283 | | 700,625 | 2,664 18,804 | 9.680 | 38,489 | \$597,990 | FY 2019 Estimate | |
| | (63,660) 9.5% | 845,152 | 845,152 | 368,811 | 321,709 47,102 | 476,341 | (15,616) | 6,448 | 267,294 | 60.346 | 130,194 | | 781,492 | 3,500 | 6,948 | | 771,044 | 2,680 19,365 | 9.780 | 38,618 | \$667,424 | FY 2020 Estimate | |
| | (52,999) 7.2% | 895,501 | 895,501 | 401,618 | 347,104 54,514 | 493,883 | (16,240) | 5,385 | 277,586 | 62.579 | 136,053 | | 842,502 | 1,400 6,785 | 5,385 | | 835,717 | 2,711 19,938 | 9.880 | 38,747 | \$731,084 32,657 | FY 2021 Estimate | |
| |) (42,833) 6 5.5% | 937,047 | 937,047 | 424,810 | 364,204 60,606 | 512,237 | (16,890) | 4,372 | 288,289 | 64,894 | 142,175 | | 894,214 | 4,372 | 4,372 | | 889,842 | 2,741 20,625 | 9,980 | 38,876 | \$784,084 32,836 | FY 2022 Estimate | |
| , | (40,105) 4.8% | 977,613 | 977,613 | 445,990 | 379,479 66,511 | 531,623 | (17,566) | 4,495 | 299,421 | 67.295 | 148,573 | | 937,508 | 4,495 | 4,495 | | 933,013 | 2,771 20,625 | 9.980 | 39,004 | \$826,918 | FY 2023 Estimate | |



Fund Balance Analysis (Scenario 4)

| Working Capital Reserve 6/30/18 (10% of budgeted revenue) | 000't70'0L S |
|---|---------------|
| FY'18 Operating Reserve Contribution | 000°009°I |
| Working Capital Reserve 6/30/17 | 000 009 1 |
| FY'17 Operating Reserve Contribution | 6,524,000 |
| Working Capital Reserve 6/30/16 | 000'006'19 |
| Working Capital Reserve | 000 000 19 |
| Unallocated Reserve | 000'607'9 \$ |
| FY'19-'21 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues) | 000,818,71) |
| FY19-'21 Implementation of Asset Management recommendations for support facilities | (12,500,000 |
| FY19-21 Use of Fund Balance AMI/Billing System Replacement | 000,002,8) |
| FY19-'20 Strategic Energy Plan Implementation (A&R) | (000,002) |
| FY'19-'20 Climate Change Vulnerability Assessment (A&R) | (000,002) |
| Unallocated Reserve (end of FY'18) | 000,828,82 |
| Climate Change Vulnerability Assessment (5-Year FY16 A&R) | (200,000) |
| Strategic Energy Plan Implementation (5-Year FY16 A&R) | (300,000) |
| FY'18 Operating Reserve Contribution (to maintain 10% of budgeted revenues) | (000,000,1) |
| Rate Buydown | (2,902,000) |
| IT Strategic Plan | (000,080,11) |
| Unallocated Reserve (end of FY'17) | 000'406'19 \$ |

Total

Fund Balance Analysis (Scenario 5)

| 00 | 080 117 | |
|----|---------|--|
| 00 | 406'19 | |
| | Total | |

70,024,000

| 000'009'1 | FY'18 Operating Reserve Contribution |
|---------------|---|
| 000,424,89 | Working Capital Reserve 6/30/17 |
| | FY17 Operating Reserve Contribution |
| 9°257,000 | Working Capital Reserve 6/30/16 |
| 000'006'19 | Working Capital Reserve |
| 000,705,8 | Unallocated Reserve |
| (000'919'L1) | FY'19-'21 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues) |
| | FY'19-'21 Implementation of Asset Management recommendations for support facilities |
| (15,500,000) | FY'19-'21 Use of Fund Balance AMI/Billing System Replacement |
| (000,002,8) | FY'19-'20 Strategic Energy Plan Implementation (A&R) |
| (000,002) | FY'19-'20 Climate Change Vulnerability Assessment (A&R) |
| 42,923,000 | Unallocated Reserve (end of FY'18) |
| (200,002) | Climate Change Vulnerability Assessment (5-Year FY16 A&R) |
| (300,005) | Strategic Energy Plan Implementation (5-Year FY16 A&R) |
| (1,600,006) | FY'18 Operating Reserve Contribution (to maintain 10% of budgeted revenues) |
| | Rate Buydown |
| (000,408,2) | IT Strategic Plan |
| (000,080,11) | |
| 000'406'19 \$ | Unallocated Reserve (end of FY'17) |

Working Capital Reserve 6/30/18 (10% of budgeted revenue)

Fund Balance Analysis (Scenario 6)

| Working Capital Reserve 6/30/18 (10% of budgeted revenue) | \$ | 70,024,000 |
|---|----|--------------|
| FY'18 Operating Reserve Contribution | | |
| Working Capital Reserve 6/30/17 | | 000'009'I |
| FY'17 Operating Reserve Contribution | | |
| Working Capital Reserve 6/30/16 | | 6,524,000 |
| Working Capital Reserve | | 000'006'19 |
| Unallocated Reserve | \$ | 000'50† |
| FY'19-'21 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues) | - | (000,010,71) |
| FY'19-'21 Implementation of Asset Management recommendations for support facilities | | (12,500,000) |
| FY'19-'21 Use of Fund Balance AMI/Billing System Replacement | | (000,002,8) |
| FY'19-'20 Strategic Energy Plan Implementation (A&R) | | (000'005') |
| FY'19-'20 Climate Change Vulnerability Assessment (A&R) | | (000,002) |
| Unallocated Reserve (end of FY'18) | | 40,021,000 |
| Climate Change Vulnerability Assessment (5-Year FY16 A&R) | | (200,000) |
| Strategic Energy Plan Implementation (5-Year FY16 A&R) | | (300,005) |
| FY'18 Operating Reserve Contribution (to maintain 10% of budgeted revenues) | | (000,000,1) |
| Rate Buydown | | (000,907,8) |
| IT Strategic Plan | | (000,080,11) |
| Unallocated Reserve (end of FY'17) | \$ | 000'406'19 |

Total

Fund Balance Analysis (Scenario 7)

| 000'L | 06'19 |
|-------|-------|
| | Total |

0

\$

(000,000,1)(000,809,11) (000,080,11)

(000,000)

(000,002)

000,611,75

(000,000)(000,000)

(12,500,000) (000,002,8)

(000, 616, 71)

(000'167'7)

6,524,000 000'006'19

\$

000'009'1 000,424,86

70,024,000

FY'19-'21 Increase in Operating Reserves (to maintain 10% of budgeted W&S revenues)

FY'19-'21 Use of Fund Balance AMI/Billing System Replacement

FY'19-'20 Strategic Energy Plan Implementation (A&R)

FY'19-'20 Climate Change Vulnerability Assessment (A&R)

Climate Change Vulnerability Assessment (5-Year FY16 A&R)

FY'18 Operating Reserve Contribution (to maintain 10% of budgeted revenues)

Strategic Energy Plan Implementation (5-Year FY16 A&R)

FY'19-'21 Implementation of Asset Management recommendations for support facilities

FY'18 Operating Reserve Contribution Working Capital Reserve 6/30/17

FY'17 Operating Reserve Contribution

Unallocated Reserve (end of FY'18)

Unallocated Reserve (end of FY'17)

Working Capital Reserve 6/30/16

Working Capital Reserve

Unallocated Reserve

Rate Buydown

IT Strategic Plan

Working Capital Reserve 6/30/18 (10% of budgeted revenue)