

# Town of Addison

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## Water and Wastewater Utility Update

June 14<sup>th</sup> 2022



# Agenda

- 1. Introduction**
- 2. Study Process**
- 3. Preliminary Financial Plan**
- 4. Next Steps**

# Financial Planning Process

**1**

## **Forecast Revenue Under Existing Rates**

Given projected account growth and customer usage patterns, what would our revenues be if rates were left unchanged?

**2**

## **Forecast Operating Expenditures**

How much will it cost to operate the water utility on a day to day basis?

**3**

## **Develop Capital Improvement Financing Plan**

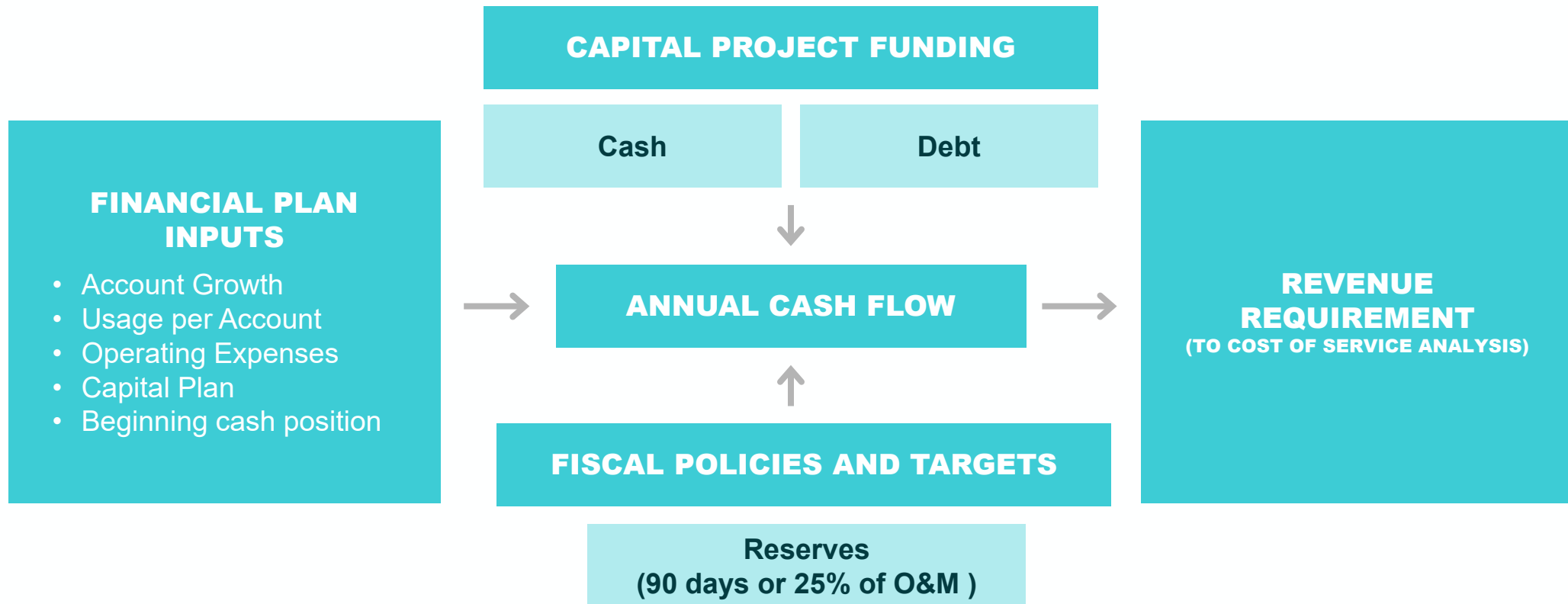
What capital repair and replacement expenditures will be needed? How will they be financed?

**4**

## **Evaluate Revenue Sufficiency**

Are existing revenues sufficient to fund projected expenditures in a financially sustainable fashion?

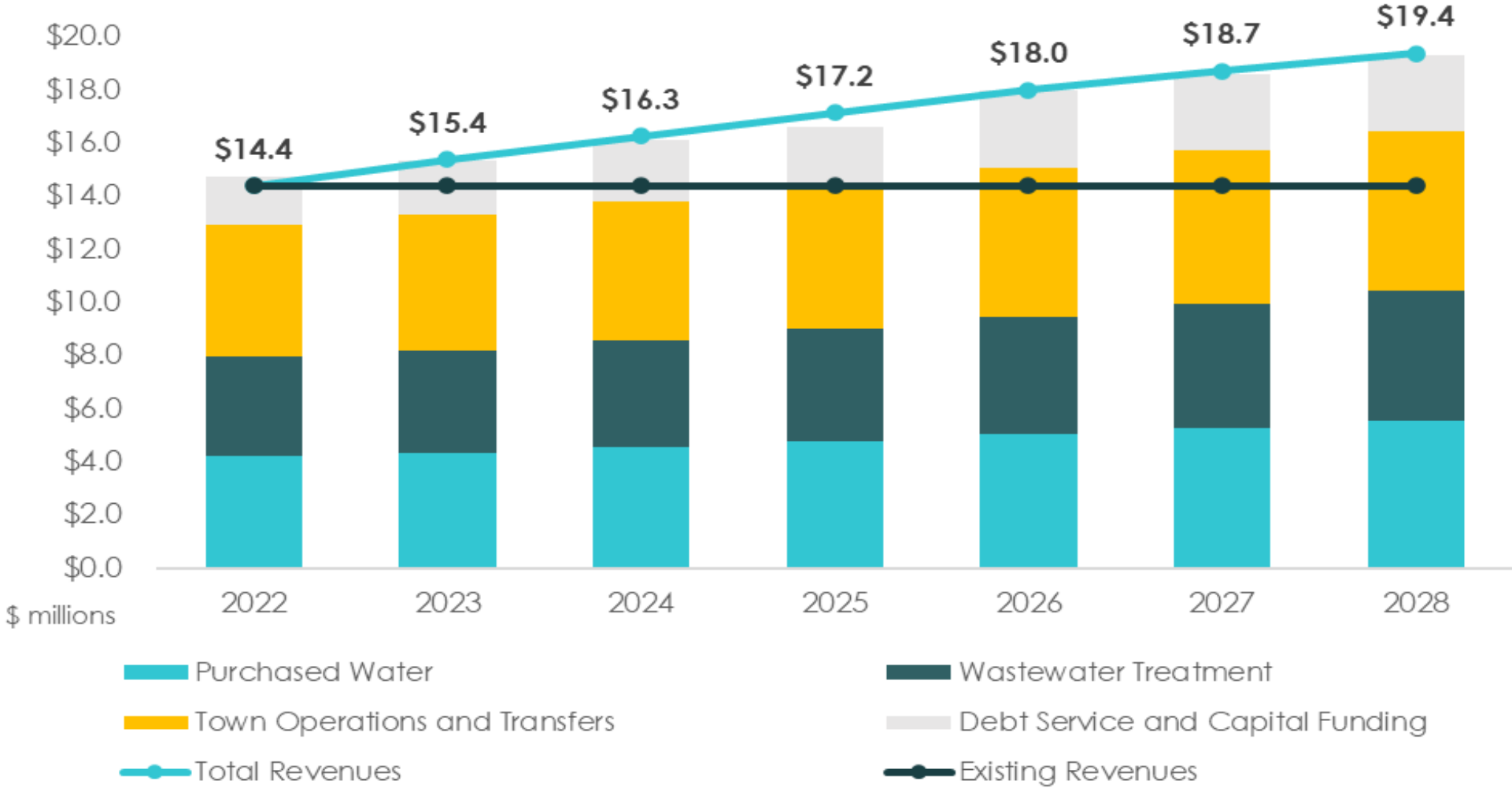
# Financial Planning Process



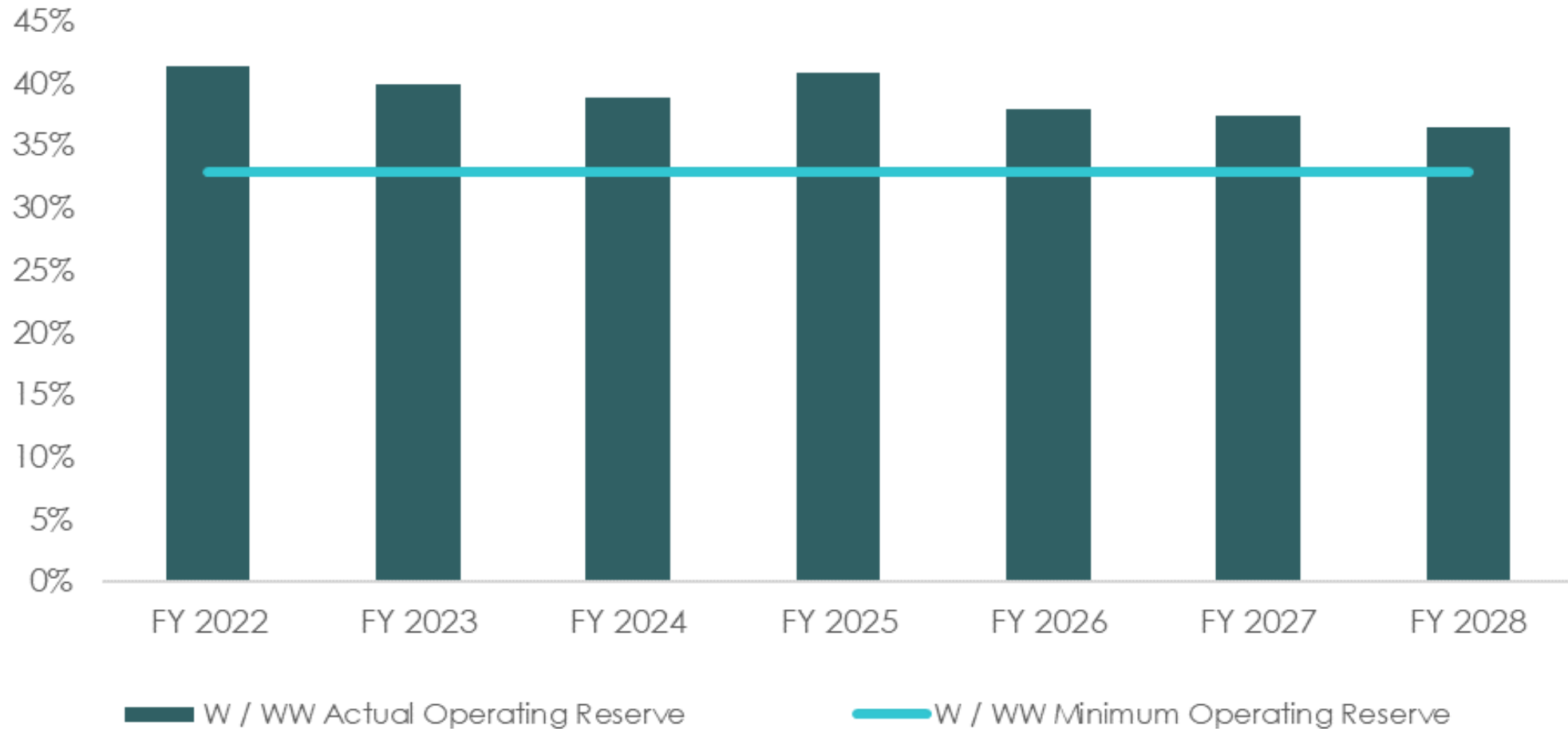
# Financial Plan

- Key Drivers
  - › Increasing O&M costs
    - inflationary increases
    - Water Supply and WW Treatment Costs increases
  - › Cash (PAYGO) funding of repair and replacement capital and equipment
  - › Capital improvements
    - \$16.5 million CIP FY 2022-2026
  - › Proposed Debt Planned Issuances
    - \$3.0 million FY 2022
    - \$7.5 million FY 2025

# Financial Plan



# Fund Balance



# Cash Flow

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Proposed Rate Increase</b>	<b>5.00%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.00%</b>	<b>3.50%</b>
<b>Total: Revenues</b>	<b>\$ 15,399,777</b>	<b>\$ 16,274,482</b>	<b>\$ 17,151,938</b>	<b>\$ 18,018,224</b>	<b>\$ 18,727,111</b>	<b>\$ 19,371,851</b>
<b>Revenue Requirements</b>						
Personnel Services	\$ 2,648,931	\$ 2,810,441	\$ 2,920,817	\$ 3,035,667	\$ 3,155,176	\$ 3,279,535
Supplies	245,644	253,013	260,604	268,422	276,474	284,769
Maintenance	986,768	1,016,371	1,046,862	1,078,268	1,110,616	1,143,935
Contractual Services	1,238,717	1,132,599	1,165,796	1,199,990	1,235,210	1,271,486
Purchased Water	4,351,005	4,568,556	4,796,983	5,036,833	5,288,674	5,553,108
Purchased Wastewater Treatment	3,839,451	4,031,423	4,232,994	4,444,644	4,666,876	4,900,220
Capital Replacement/Lease	231,584	231,584	231,584	231,584	231,584	231,584
Capital Outlay	79,000	339,000	220,000	379,000	312,667	303,889
Transfers	-	-	-	-	-	-
Debt Service	1,753,502	1,755,877	1,757,077	2,315,440	2,316,655	2,318,933
<b>Total: Revenue Requirements</b>	<b>\$ 15,374,602</b>	<b>\$ 16,138,863</b>	<b>\$ 16,632,718</b>	<b>\$ 17,989,848</b>	<b>\$ 18,593,933</b>	<b>\$ 19,287,459</b>
<b>Current Revenue Surplus/(Deficit)</b>	<b>\$ 25,175</b>	<b>\$ 135,619</b>	<b>\$ 519,221</b>	<b>\$ 28,376</b>	<b>\$ 133,178</b>	<b>\$ 84,393</b>
Fund Balance as of O&M	40%	39%	41%	38%	37%	37%



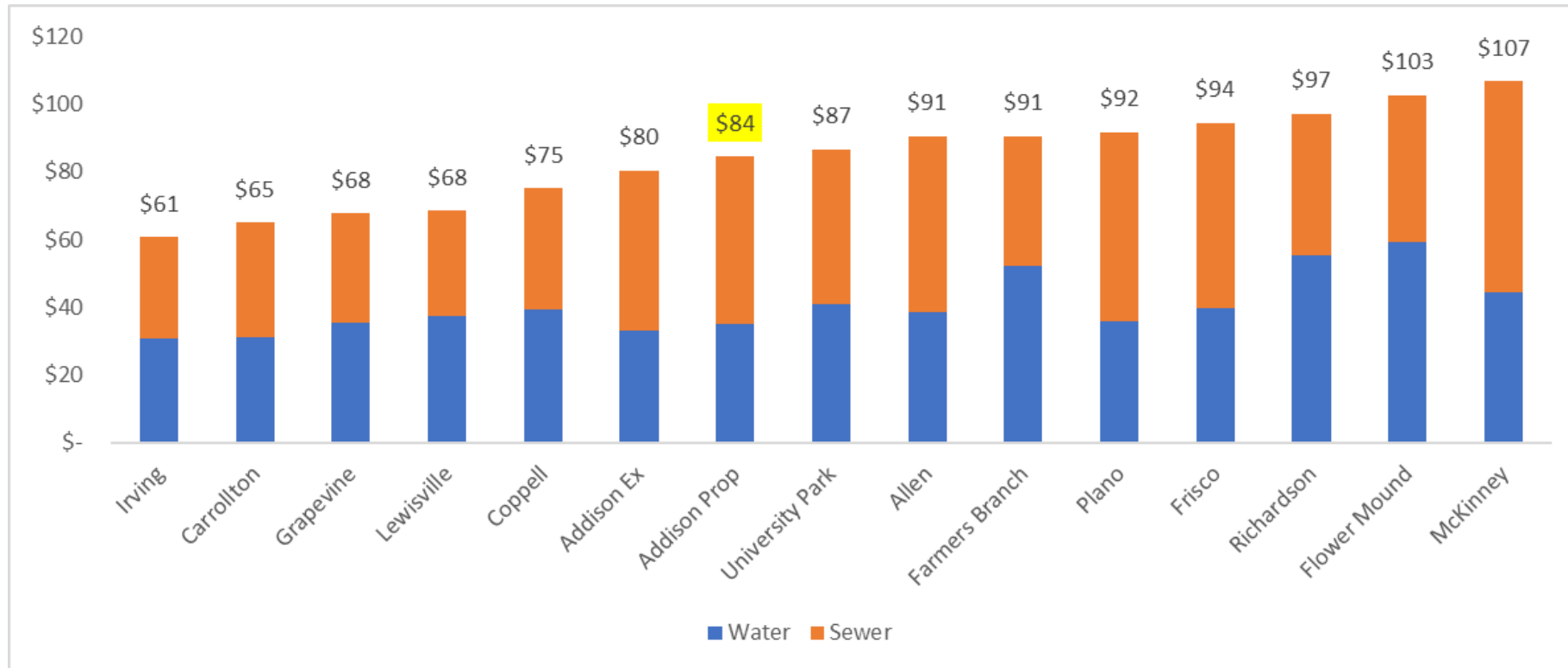
# Financial Plan – Key Findings and Recommendations

**Key Finding** – revenue increases are needed to maintain service levels and continue to fund the Utility’s Capital Improvement Program.

## **Recommendations** –

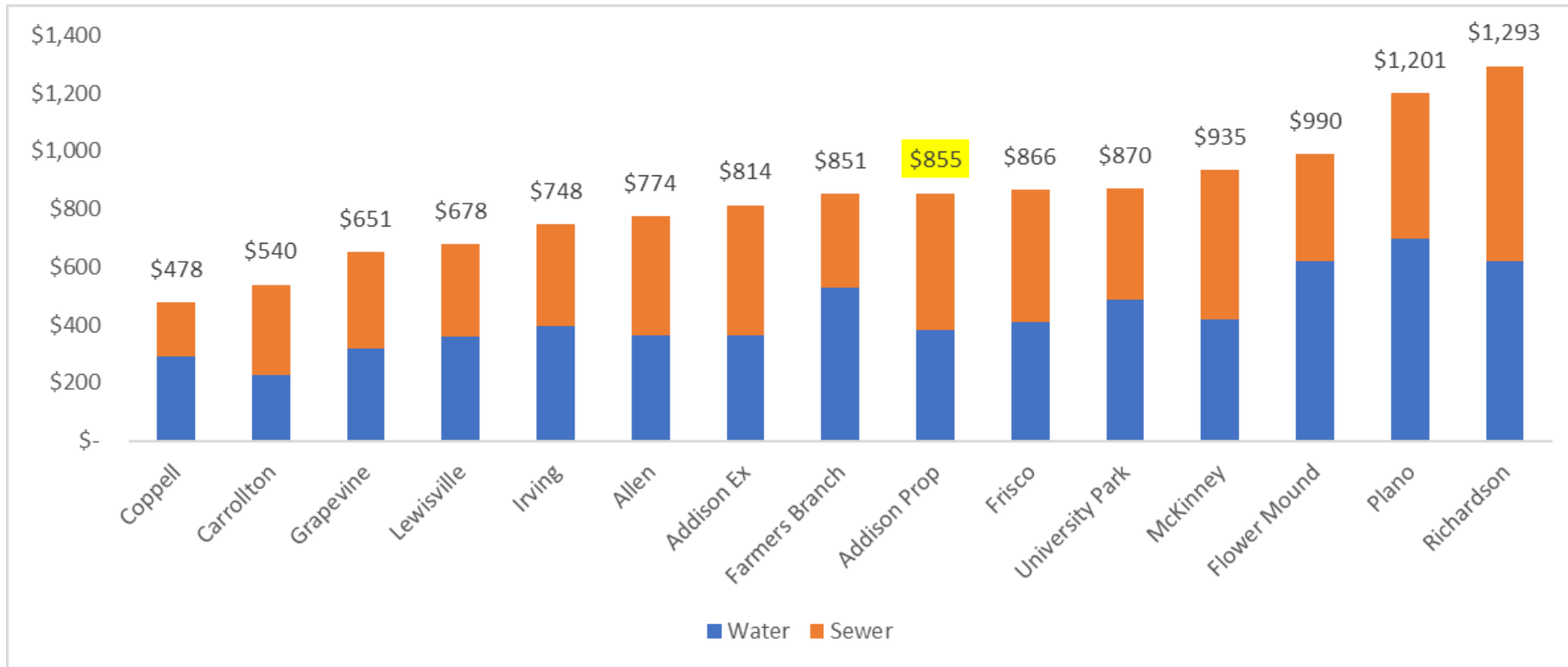
1. Approve revenue adjustments of 5.0% in 2023 and 5.5% 2024 & 2025
2. Preliminary need for adjustments of 5.5% in 2026, 4.0% in 2027, and 3.5% in 2028

# Residential Bill Comparisons (7,000 gallons)



2022 rates for all comparison cities

# Commercial Bill Comparisons (75,000 gallons)



2022 rates for all comparison cities

# Thank you!

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