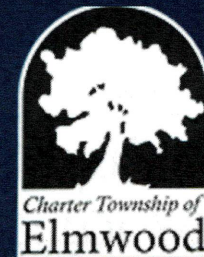




DRAFT NUMBERS IN PRESENTATION

Charter Township of Elmwood Timberlee Water System Improvements



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Utility Financial Solutions, LLC



- International consulting firm providing cost of service and financial plans and services to utilities across the country, Canada, Guam and the Caribbean
- Instructors for cost of service and financial planning for APPA, speakers for organizations across the country, including AWWA

Important Notes and Study Objectives

- The costs and projections are the best information we have today. Costs are increasing at unprecedented rates and will most likely change if any of the options come to fruition therefore, possibly affecting the rate tracks presented.
1. Review the four scenarios for the Timberlee water system
 - Financing term and percent has not been determined. The projections were based on 4.5% at 40-year payback
 2. Discuss the financial and rate impacts



Timberlee Water Financial Projection

Water Financial Projection Summary

Original Scenario – June 2023

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	5.00%	90,619	67,424	23,195	420,882	20,000	-	n/a
2024	5.00%	95,150	69,784	25,366	440,659	20,000	-	n/a
2025	5.00%	99,908	78,115	21,793	268,890	420,000	210,000	9.09
2026	5.00%	104,903	86,494	18,409	283,815	20,000	-	4.06
2027	5.00%	110,148	88,863	21,286	301,365	20,000	-	4.29
Targeted MINIMUM in 2023				\$ 4,983	\$ 56,603			1.45
Targeted MINIMUM in 2027				\$ 21,604	\$ 68,960			1.45

Water Financial Projection Summary

Option 1: \$600,000 Improvement

Replacing the existing hydropneumatics tank with 2 small used hydropneumatics tank - \$600,000

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	6.00%	91,482	67,424	24,058	421,745	20,000	-	n/a
2024	6.00%	96,971	69,784	27,187	443,343	20,000	-	n/a
2025	6.00%	102,789	81,145	21,644	284,622	620,000	425,000	4.79
2026	6.00%	108,957	92,555	16,402	291,931	20,000	-	2.18
2027	6.00%	115,494	94,923	20,571	303,222	20,000	-	2.35
Targeted MINIMUM in 2023				\$ 4,983	\$ 59,190			1.45
Targeted MINIMUM in 2027				\$ 29,811	\$ 80,394			1.45

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Water Financial Projection Summary

Option 2: \$800,000 Improvement

Replacing the existing hydropneumatics tank with 2 small new hydropneumatics tank - \$800,000

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	7.00%	92,345	67,424	24,921	422,608	20,000	-	n/a
2024	7.00%	98,809	69,784	29,025	446,044	20,000	-	n/a
2025	7.00%	105,726	84,176	21,551	300,427	820,000	640,000	3.39
2026	7.00%	113,127	98,616	14,511	300,236	20,000	-	1.57
2027	7.00%	121,046	100,984	20,062	305,473	20,000	-	1.73
Targeted MINIMUM in 2023				\$ 4,983	\$ 61,778			1.45
Targeted MINIMUM in 2027				\$ 38,217	\$ 91,828			1.45

The costs and projections are the best information we have today. Costs are increasing at unprecedented rates and will most likely change if any of the options come to fruition therefore, possibly affecting the rate tracks.

Water Financial Projection Summary

Option 3: \$790,000 Improvement

Replacing the existing hydropneumatics tank with a new same size hydropneumatics tank - \$790,000

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	7.00%	92,345	67,424	24,921	422,608	20,000	-	n/a
2024	7.00%	98,809	69,784	29,025	446,044	20,000	-	n/a
2025	7.00%	105,726	84,024	21,702	300,652	810,000	630,000	3.44
2026	7.00%	113,127	98,312	14,814	301,004	20,000	-	1.59
2027	7.00%	121,046	100,681	20,365	306,786	20,000	-	1.75
Targeted MINIMUM in 2023				\$ 4,983	\$ 61,553			1.45
Targeted MINIMUM in 2027				\$ 37,800	\$ 91,185			1.45

The costs and projections are the best information we have today. Costs are increasing at unprecedented rates and will most likely change if any of the options come to fruition therefore, possibly affecting the rate tracks.

Water Financial Projection Summary

Option 4: \$1.63 million Improvement

Replacing the existing hydropneumatics tank with a gravity storage tank for domestic use only - \$1,630,000

Fiscal Year	Projected Rate Adjustments	Projected Revenues	Projected Expenses	Adjusted Operating Income	Projected Cash Balances	Capital Improvements	Bond Issues	Debt Coverage Ratio
2023	13.50%	97,955	67,424	30,531	428,218	20,000	-	n/a
2024	13.50%	111,179	69,784	41,395	464,023	20,000	-	n/a
2025	13.50%	126,188	96,751	29,437	320,222	1,650,000	1,470,000	2.09
2026	13.50%	143,224	123,767	19,457	305,112	20,000	-	1.06
2027	13.50%	162,559	126,135	36,423	306,856	20,000	-	1.27
Targeted MINIMUM in 2023				\$ 4,983	\$ 80,453			1.45
Targeted MINIMUM in 2027				\$ 73,191	\$ 145,233			1.45

The costs and projections are the best information we have today. Costs are increasing at unprecedented rates and will most likely change if any of the options come to fruition therefore, possibly affecting the rate tracks.

Rate Design

Rate Design	Original	OPT 1	OPT 2	OPT 3	OPT 4
Current rate	\$ 31.00	6.0%	7.0%	7.0%	13.5%
First Year Increase	\$ 32.50	\$ 33.00	\$ 33.25	\$ 33.25	\$ 35.25
Second Year Increase	34.25	35.00	35.50	35.50	40.00
Third Year Increase	36.00	37.00	38.00	38.00	45.50
Fourth Year Increase	37.75	39.25	40.75	40.75	51.75
Five Year Increase	39.75	41.50	43.50	43.50	58.75
Dollar Impact	Original	OPT 1	OPT 2	OPT 3	OPT 4
First Year Increase	\$ 1.50	\$ 2.00	\$ 2.25	\$ 2.25	\$ 4.25
Second Year Increase	1.75	2.00	2.25	2.25	4.75
Third Year Increase	1.75	2.00	2.50	2.50	5.50
Fourth Year Increase	1.75	2.25	2.75	2.75	6.25
Five Year Increase	2.00	2.25	2.75	2.75	7.00

Rate increases are most likely to continue as operating expenses change as well as future capital

Questions?



