

During the commission meeting on 5/23/17, the commission requested projections for the Joint Utility Fund. This document represents the information provided to the City Commission on 5/24/17.

Goal: Establish a fund reserve calculation that is acceptable to commission and estimate % rate increase which is in the \$20 range for FY18 including trash rate increase (not including curb side recycling).

Common to all scenarios attached:

1. EL: \$2m prepayment; 100% WRP, reduced Guzman rate, \$250k gain on new agreement spread over six years
2. SW: Outfall line paid in full, no debt, release of reserves that had been established in anticipation of loan
3. WA: Large capital projects adjusted to future years with the assumption of external funding. Water reserve requirement includes the assumption of required reserves specific to this future funding. No water debt reserve is included in FY18.
4. No change to electric and water rates from workshop presentation on 5/8/17.
5. Reserve calculation is based on projected operating costs, water rights reserve and debt reserves (current & projected). Water rights reserve was established with previous commissions to provide a resource specific to those purchases. Any sitting commission could make changes to this reserve.

Scenario 5-10

1. 10% operating cost reserve \$688,228 (FY18)
2. SW Debt Reserve (Plant) \$555,000 (constant through all years, all scenarios)
3. Wtr Rts Reserve \$529,795 (FY18)
4. SW Rates (annual increases for five years) 35%, 35%, 35%, 4%, 4%
5. Projected Available Unrestricted Cash Availability: 209 days FY18; 41 days FY22 *

Scenario 5-15

1. 15% operating cost reserve \$1,032,342 (FY18)
2. SW Debt Reserve (Plant) \$555,000 (constant through all years, all scenarios)
3. Wtr Rts Reserve \$529,795 (FY18)
4. SW Rates (annual increases for five years) 38%, 38%, 38%, 4%, 4%
5. Projected Available Unrestricted Cash Availability: 211 days FY18; 79 days FY22 *

Scenario 5-20

1. 20% operating cost reserve \$1,376,456 (FY18)
2. SW Debt Reserve (Plant) \$555,000 (constant through all years, all scenarios)
3. Wtr Rts Reserve \$529,795 (FY18)
4. SW Rates (annual increases for five years) 38%, 38%, 38%, 4%, 4%
5. Projected Available Unrestricted Cash Availability: 211 days FY18; 79 days FY22 *

*Change in days of cash availability in each scenario is the result of the change in sewer rate %. This calculation provides an estimate of the City's ability to meet its ordinary obligations in the joint utility fund in the event of an emergency, maintaining reserves for debt and water rights only.

SCENARIO #5-10 : 10% OPERATING COST RESERVE

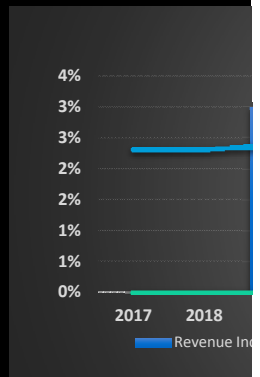
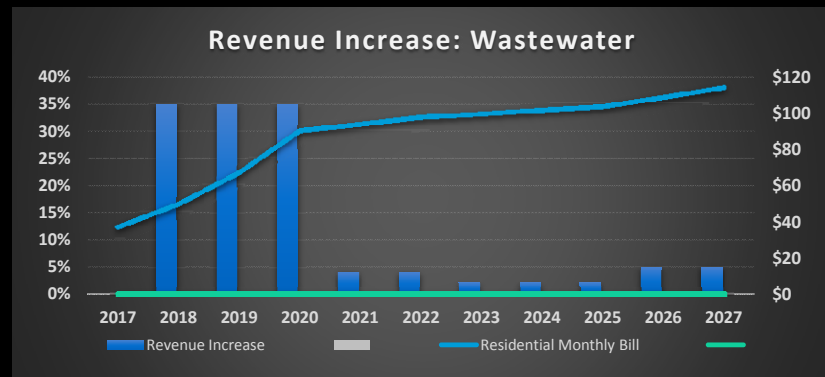
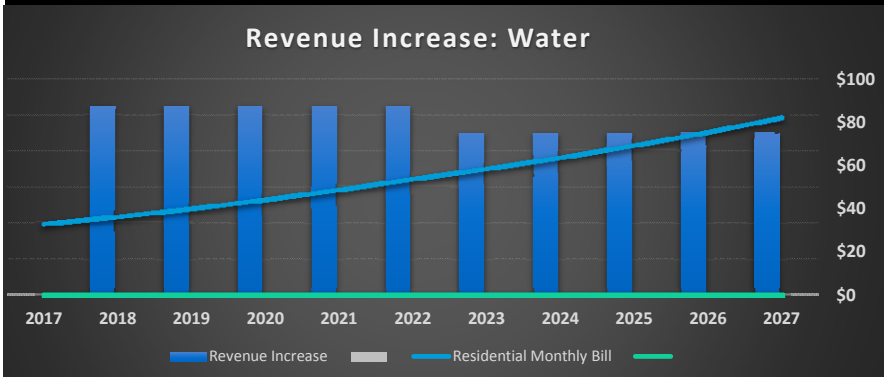
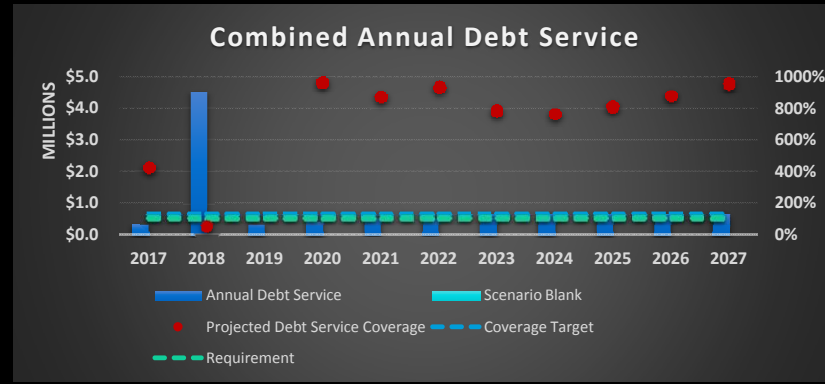
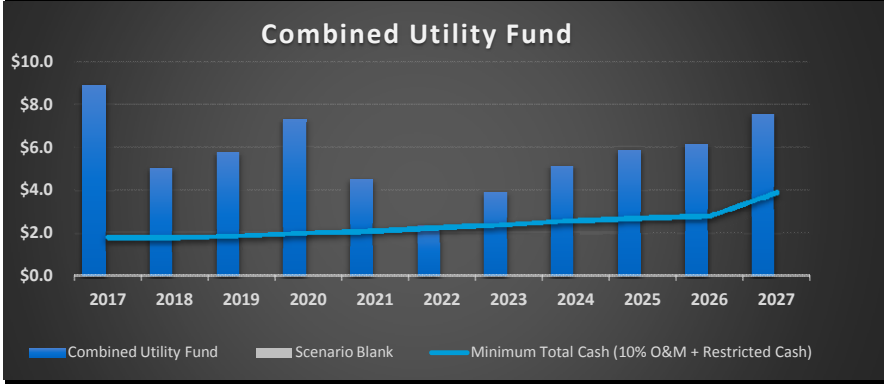
City of Aztec - DRAFT Results - Wastewater Financial Plan

Start Year: 2017
Number of Years: 11

	Water	Wastewater	Electric	Debt Service Plan
Blue	Active Scenario	Active Scenario	Active Scenario	Scenario #1
Gray	Blank	Blank	Blank	

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Change: Water	0.0%	10.5%	10.5%	10.5%	10.5%	10.5%	9.0%	9.0%	9.0%	9.0%	9.0%
Rate Change: Wastewater	0.0%	35.0%	35.0%	35.0%	4.0%	4.0%	2.0%	2.0%	2.0%	5.0%	5.0%
Rate Change: Electric	0.0%	0.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Difference from Target Balance(\$M):	\$ 7.20	\$ 3.25	\$ 3.92	\$ 5.35	\$ 2.42	\$ 0.09	\$ 1.51	\$ 2.63	\$ 3.20	\$ 3.38	\$ 3.55
Debt Service Coverage:	423%	52%	1008%	963%	870%	933%	783%	764%	811%	881%	956%
Monthly Single-Family Bill: Water	\$ 32.20	\$ 35.58	\$ 39.32	\$ 43.45	\$ 48.01	\$ 53.05	\$ 57.82	\$ 63.02	\$ 68.69	\$ 74.87	\$ 81.61
Monthly Single-Family Bill: Wastewater	\$ 36.50	\$ 49.28	\$ 66.53	\$ 89.82	\$ 93.41	\$ 97.15	\$ 99.09	\$ 101.07	\$ 103.09	\$ 108.24	\$ 113.65
Monthly Single-Family Bill: Electric	\$ 79.27	\$ 79.27	\$ 81.65	\$ 84.10	\$ 86.20	\$ 88.36	\$ 90.57	\$ 92.83	\$ 95.15	\$ 97.53	\$ 99.97
Combined Single-Family Bill	\$ 147.97	\$ 164.13	\$ 187.50	\$ 217.37	\$ 227.62	\$ 238.56	\$ 247.48	\$ 256.92	\$ 266.93	\$ 280.64	\$ 295.23
		10.9%	14.2%	15.9%	4.7%	4.8%	3.7%	3.8%	3.9%	5.1%	5.2%



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SCENARIO 5-15: 15% OPERATING COST RESERVE

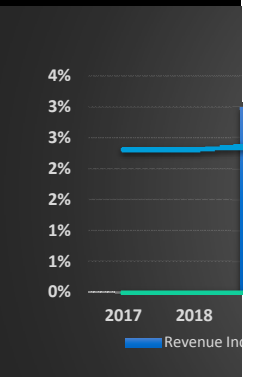
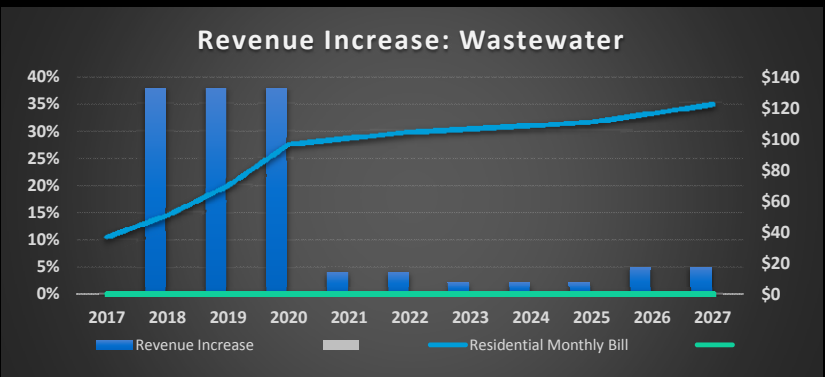
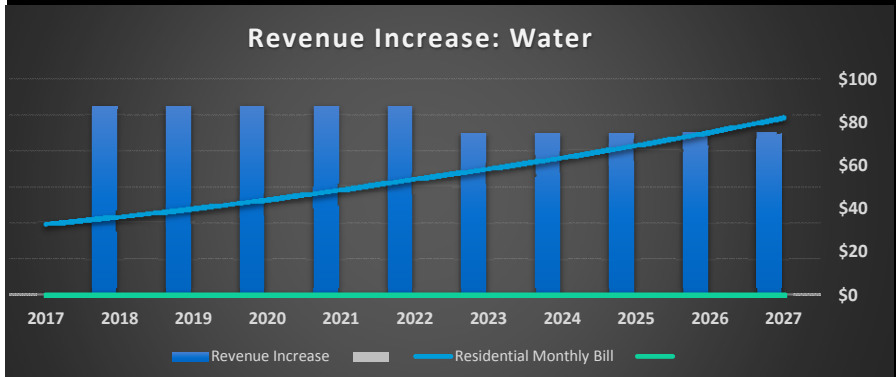
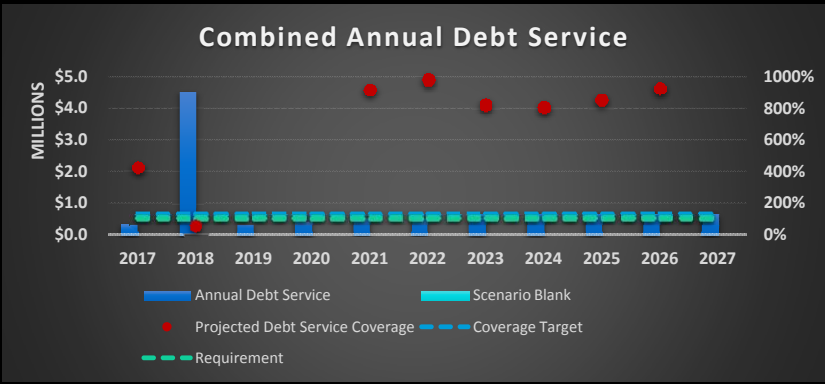
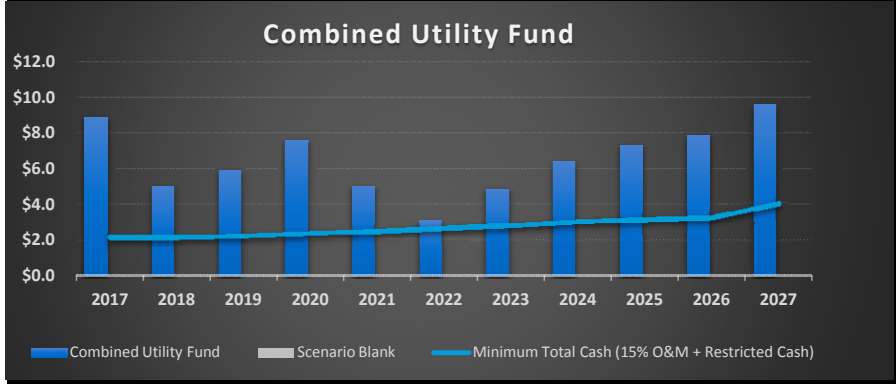
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Rate Change: Wastewater	0.0%	38.0%	38.0%	38.0%	4.0%	4.0%	2.0%	2.0%	2.0%	5.0%	5.0%
Rate Change: Electric	0.0%	0.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Difference from Target Balance(\$M):	\$ 6.84	\$ 2.94	\$ 3.71	\$ 5.33	\$ 2.62	\$ 0.50	\$ 2.14	\$ 3.46	\$ 4.27	\$ 4.70	\$ 5.45
Debt Service Coverage:	423%	53%	1043%	1015%	916%	980%	822%	803%	852%	924%	1001%
Monthly Single-Family Bill: Water	\$ 32.20	\$ 35.58	\$ 39.32	\$ 43.45	\$ 48.01	\$ 53.05	\$ 57.82	\$ 63.02	\$ 68.69	\$ 74.87	\$ 81.61
Monthly Single-Family Bill: Wastewater	\$ 36.50	\$ 50.37	\$ 69.51	\$ 95.92	\$ 99.76	\$ 103.75	\$ 105.83	\$ 107.95	\$ 110.11	\$ 115.62	\$ 121.40
Monthly Single-Family Bill: Electric	\$ 79.27	\$ 79.27	\$ 81.65	\$ 84.10	\$ 86.20	\$ 88.36	\$ 90.57	\$ 92.83	\$ 95.15	\$ 97.53	\$ 99.97
Combined Single-Family Bill	\$ 147.97	\$ 165.22	\$ 190.48	\$ 223.47	\$ 233.97	\$ 245.16	\$ 254.22	\$ 263.80	\$ 273.95	\$ 288.02	\$ 302.98
		11.7%	15.3%	17.3%	4.7%	4.8%	3.7%	3.8%	3.8%	5.1%	5.2%



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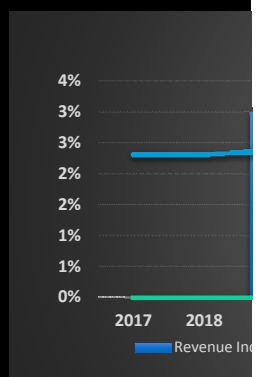
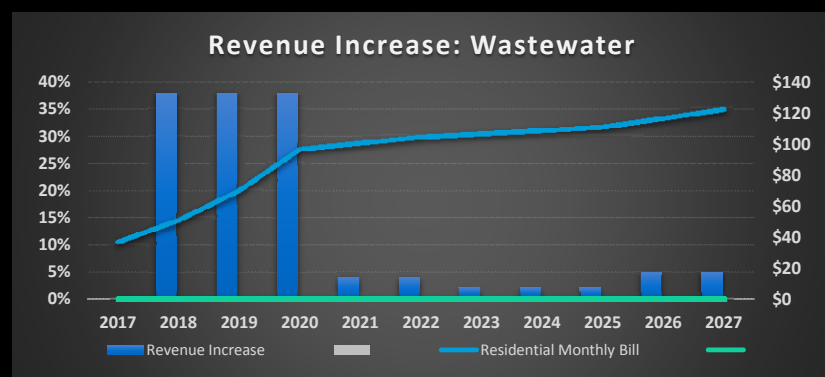
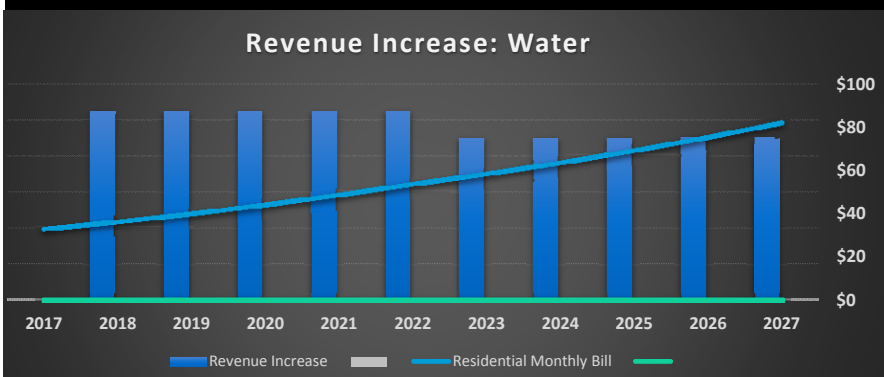
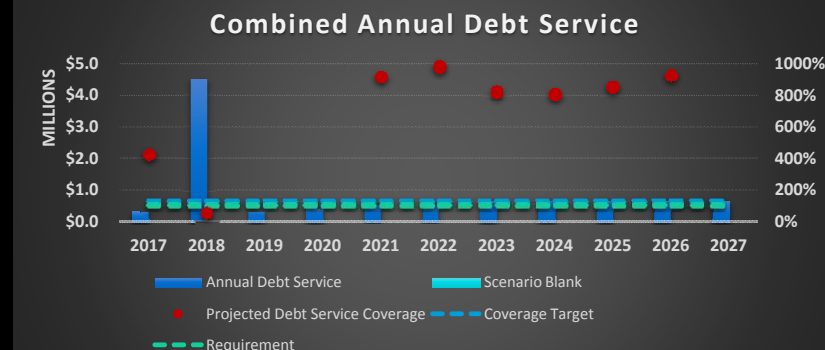
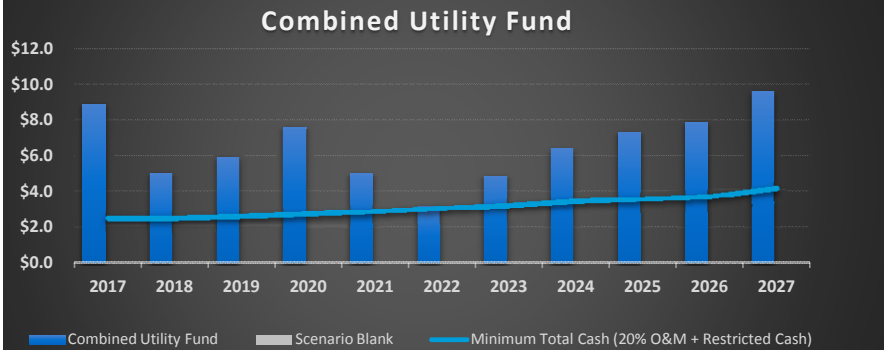
SCENARIO 5-20: 20% OPERATING COST RESERVE

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