

# Citizens' Water Advisory Committee

## Financial Plan • 1.7.2015



# The Water Reliability Program



Water Supply

Water Quality

Water  
Customers

Operations  
& Systems

Water Conservation  
& Efficiency

The Water Reliability Program  
includes projects and programs that ensure we have a  
reliable water supply  
and water system – today & in the future



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# Step One in Water Rate Process: the Financial Plan



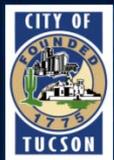
# Context: Policy Framework

## Mayor & Council Policies

- Debt service coverage
- Cash reserves
- Annual Review of rates and charges

## Bond Covenants/Rating Agencies

- Debt service coverage (Senior Lien)
- Working Capital – Day of O & M

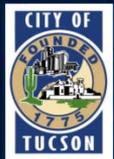
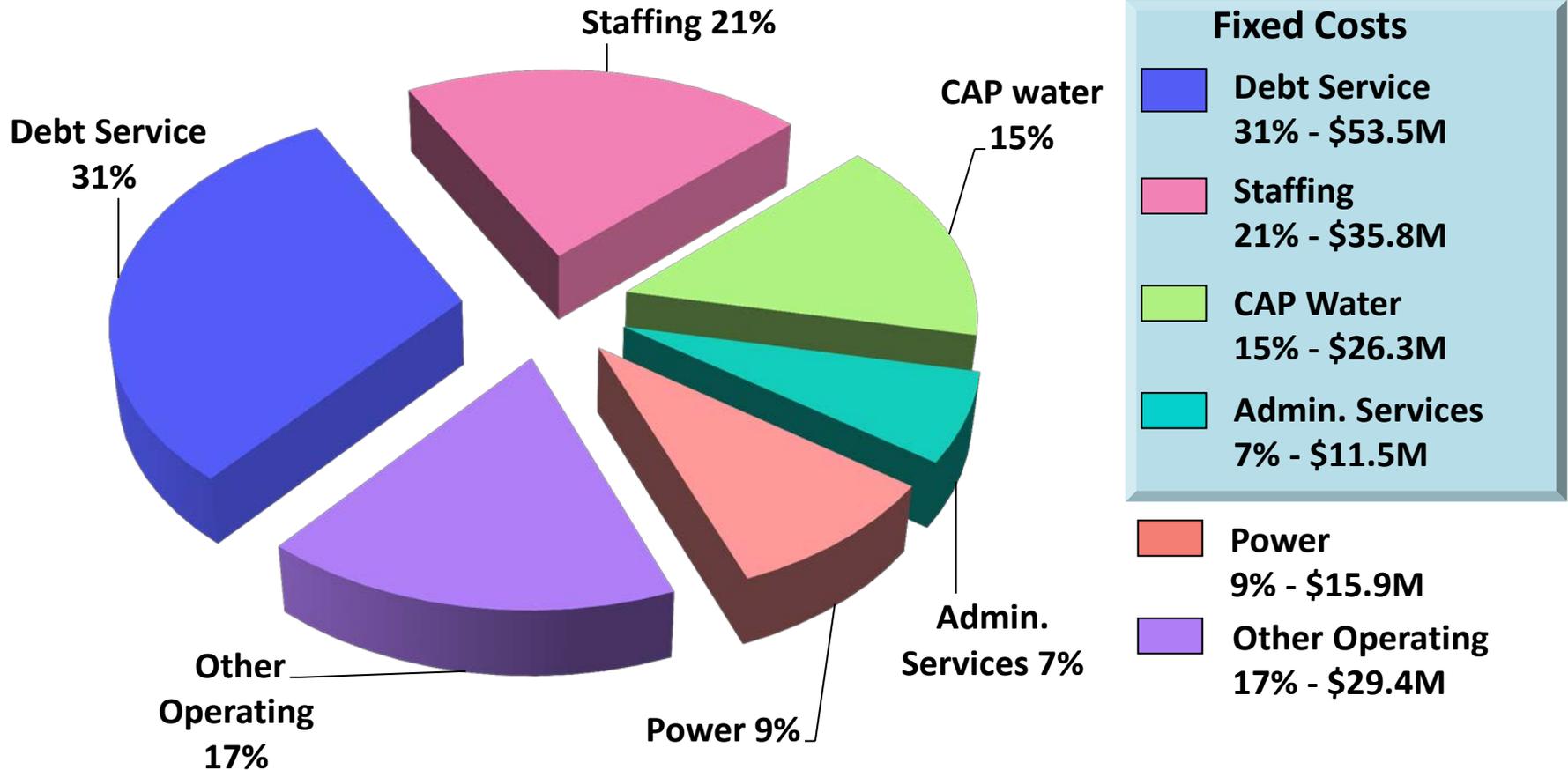


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# Operating & Maintaining FY 2016

## \$172.4 million budget request

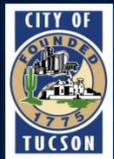
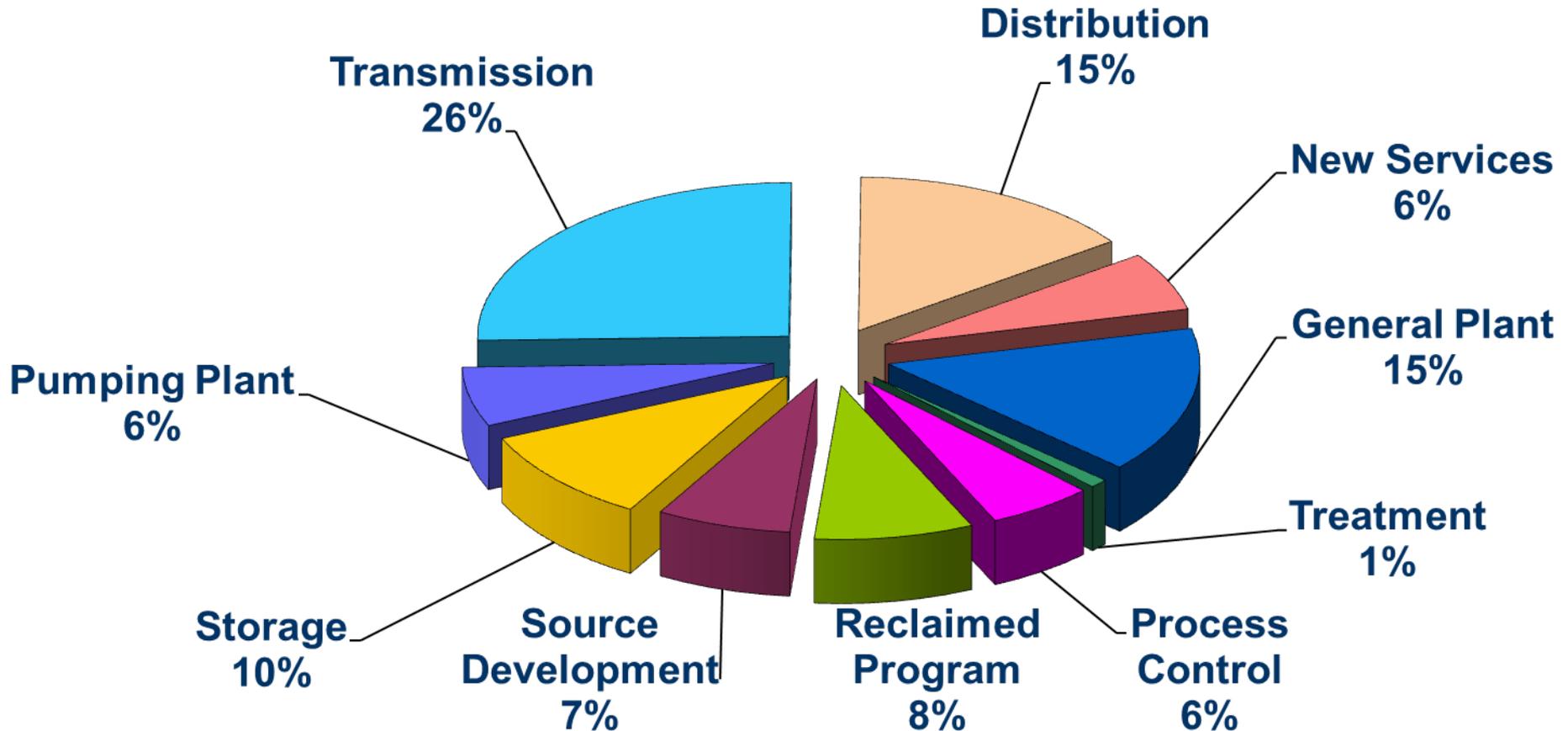


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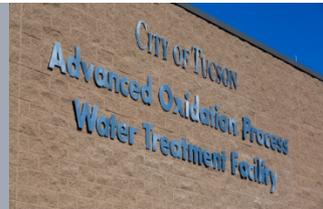


# Capital Budget FY 2016-FY 2020

\$324.8 million

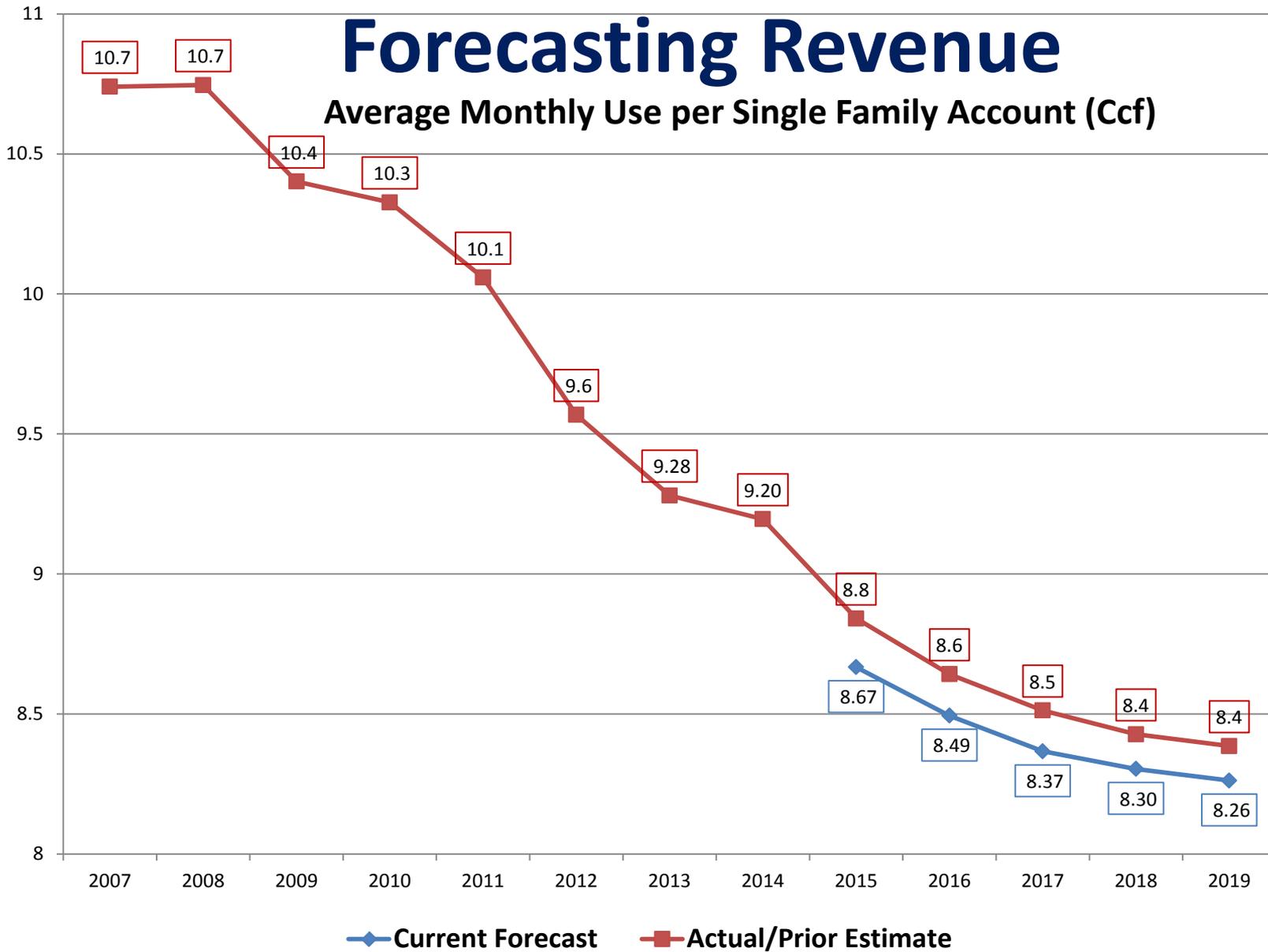


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# Forecasting Revenue

Average Monthly Use per Single Family Account (Ccf)



◆ Current Forecast

■ Actual/Prior Estimate



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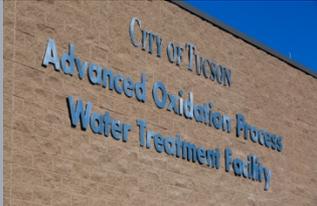
# Comparison of Overall Revenue Increases

	Option 1 Alternative Plan	Option 2 Alternative Plan No In-Lieu Tax	Prior Plan
FY 2016	7.3%	7.1%	8.3%
FY 2017	7.3%	7.1%	8.3%
FY 2018	7.3%	7.1%	8.3%
FY 2019	7.3%	7.1%	8.3%
FY 2020	7.3%	7.1%	NA

\* CWAC finance subcommittee recommended



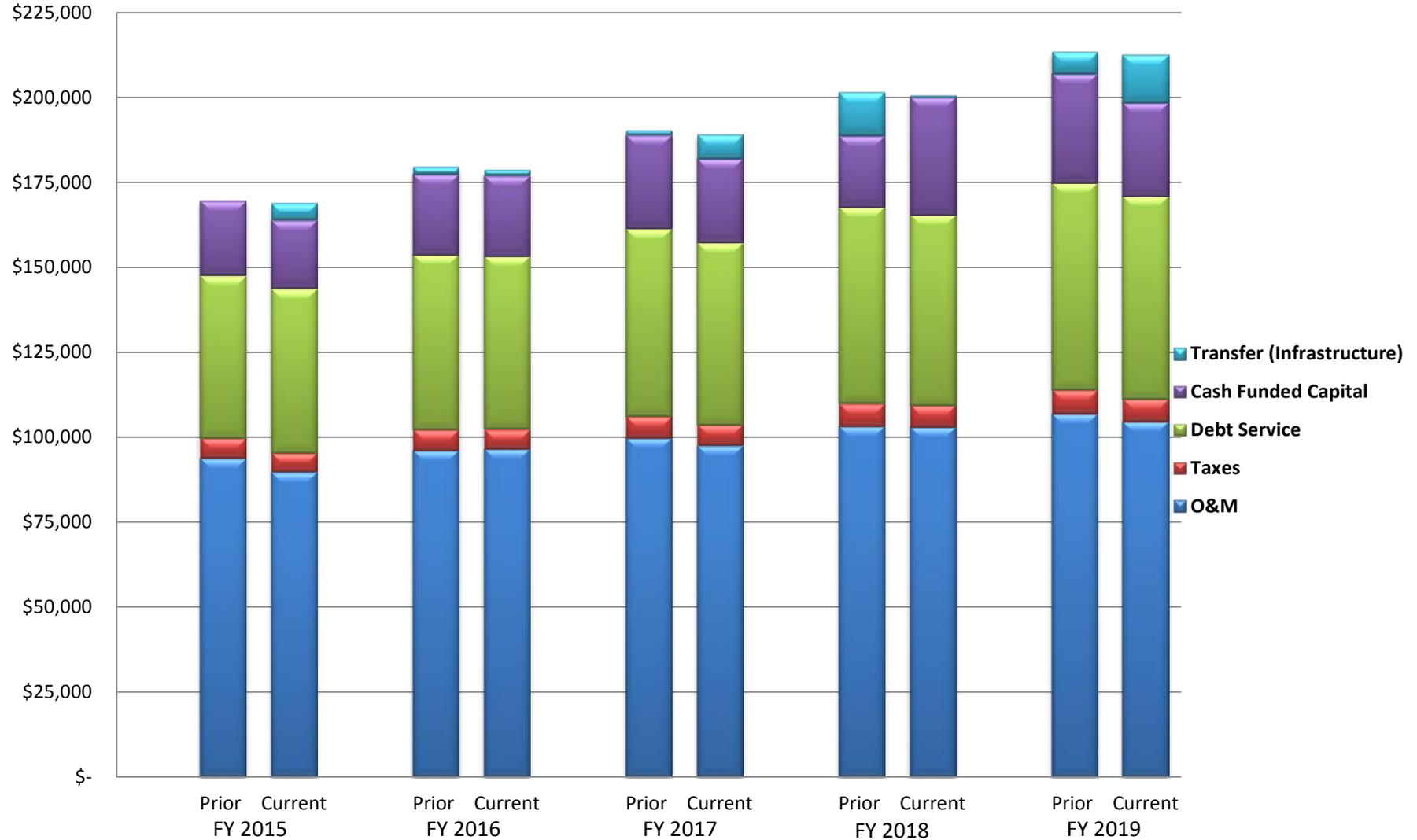
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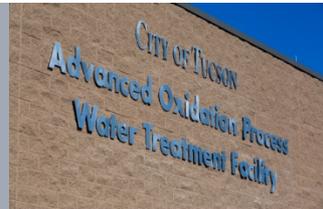
# Comparison of Annual Revenue Requirements from Rates

## Current Plan vs. Prior Plan

1,000's (\$)



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# FY 2015-2020 Preliminary Financial Plan

## Debt Service Coverage: All Debt

	2015	2016	2017	2018	2019	2020
<b>All Debt<sup>1</sup></b> Option 1	173%	169%	177%	179%	185%	193%
<b>All Debt<sup>1</sup></b> Option 2 CWAC finance subcommittee recommended	173%	168%	176%	177%	183%	191%

<sup>1</sup> M&C Policy = 175%



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# FY 2015-2020 Preliminary Financial Plan

## Debt Service Coverage: Senior Lien Coverage

	2015	2016	2017	2018	2019	2020
<b>Sr. Lien Coverage<sup>2</sup></b>						
Option 1	200%	194%	202%	201%	206%	215%
<b>Sr. Lien Coverage<sup>2</sup></b>						
Option 2						
CWAC finance subcommittee recommended	200%	193%	201%	199%	204%	212%

<sup>2</sup> Bond covenant = 175%



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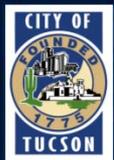


# FY 2015-2020 Preliminary Financial Plan Options

## Working Capital/Cash Reserves

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
<b>Working Capital /Cash Reserves</b>						
Option 1	\$35.0M	\$30.9M	\$31.5M	\$31.9M	\$32.7M	\$33.6M
Option 2	\$35.0M	\$30.9M	\$31.0M	\$30.1M	\$32.2M	\$33.2M
<b>Days of Working Capital</b>						
Option 1	121	100	100	99	100	100
Option 2	121	100	100	95	100	100

\*Reflects FY ending June 30



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# Next Steps

- Mid Feb** Staff conducts Cost of Service Study
- Feb 18** Mayor and Council vote to adopt (or not) the FY 2015-2020 Financial Plan
- Feb 19-25** CWAC Finance Subcommittee meets to review Cost of Service/revenue targets & rate schedules
- March 7** CWAC meeting on rate schedules
- Apr 7** Mayor and Council review proposed rate schedules & slate Notice of Intent to increase water rates
- May 19** Mayor and Council public hearing on proposed water rates
- July 6** New water rates would take effect



# Outreach

Late Jan/early Feb Customer Rate Design Group

March 8-31 Meet with Council Offices & stakeholders on rate schedules

Apr 7-May 18 Rate Town Halls

June *Water Matters* bill insert focus on rates



Available online: CWAC reports, proposed rates and fees, and CWAC meeting minutes and PowerPoints



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# Questions or Comments?



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