

City of Veneta

SEWER RATE AND SYSTEM DEVELOPMENT CHARGE UPDATE

FINAL REPORT
February 2018

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Appendix A – Revenue Requirement

Section I. INTRODUCTION

This section describes the policy context and project scope upon which the body of this report is based. Because the utility operates as a self-supporting entity, the report provides a financial plan that will allow the City of Veneta (City) sewer utility to implement its capital improvement plan (CIP) while meeting its other financial obligations and policy objectives as a stand-alone enterprise. The two components of this plan are (1) a revenue requirement projection with recommended rate adjustments and (2) an updated sewer system development charge (SDC).

I.A. PROJECT

The City contracted with FCS GROUP to perform both a sewer financial plan and SDC update. We conducted the study using the following general approach:

- **Policy Framework for Charges.** In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** In this step, we worked with City staff to perform a detailed financial analysis and revenue requirement. We also worked with staff to isolate the recoverable portion of planned facility costs and calculate SDC rates.
- **Presentation and Report Preparation.** In this step, we presented findings and recommendations to the City Council and documented them in this report.

I.B. REVENUE REQUIREMENT METHODOLOGY

The revenue requirement is the amount of revenue that a utility's rates must generate to enable it to meet its various financial obligations. This analysis has two main purposes. It serves as a means of evaluating the utility's fiscal health and adequacy of current rate levels, and it sets the revenue basis for near-term and long-term rate planning. The rate revenue requirement is defined as the total revenue needs less the revenue generated through non-rate sources. Hence, the revenue requirement analysis involves defining and forecasting both needs and resources.

We begin by defining the City's resource needs. To define operating needs, we forecast operating expenditures as a function of the current operating budget and a set of escalation rates agreed upon with City staff. To define the capital needs, we forecast capital expenditures as a function of the current CIP and an escalation rate for capital project costs agreed upon with City staff. To define fiscal policies, we discuss target reserve levels with City staff and incorporate agreed-upon objectives into the cash needs.

We then determine the rate revenue necessary to accomplish these goals in the context of two revenue sufficiency tests:

- **Cash Flow Test:** The cash flow test requires that annual revenues be sufficient to fund all cash requirements for each year of the planning period. Typically these include O&M expenditures, debt service payments, rate-funded capital outlays, and any additions to reserve balances.
- **Coverage Test:** The coverage test requires that the City meet any applicable debt service coverage requirements, as specified by the City's bond covenants and internal debt policies. This test focuses on annual performance and debt coverage calculations generally do not consider use of reserves, so meeting the applicable coverage requirements may result in the generation of excess cash flow that can be used for funding capital projects or any other utility-related purpose.

Based on the resulting multi-year forecast of resource needs and demand projections, we calculate the percent adjustments to rates that would be required to meet all resource needs. If feasible and desirable, we also include the issuance of new debt in our calculations as a means to mitigate near-term rate increases and address generational equity concerns.

I.C. SYSTEM DEVELOPMENT CHARGES

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish SDCs. These are one-time fees on new development paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDCs:

- A reimbursement fee that is designed to recover "costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists"
- An improvement fee that is designed to recover "costs associated with capital improvements to be constructed"

ORS 223.304(1) states, in part, that a reimbursement fee must be based on "the value of unused capacity available to future system users or the cost of existing facilities" and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must "promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities." A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon's SDC law.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon's SDC law.

ORS 223.307(5) also authorizes the expenditure of SDCs for "the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures." To avoid spending monies for compliance that might otherwise have been spent on projects, the City

places a 4.0 percent administrative charge on all SDCs. Because of this, we do not include an estimate of compliance costs in the SDC calculation.

In general, SDCs are calculated by adding a reimbursement fee component and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. **Figure 1** shows this calculation in equation format.

Figure 1. SDC Equation

Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity-increasing capital improvements	+	Pro-rata share of costs of complying with Oregon SDC law (4.0 percent set by City)	=	SDC per unit of growth in demand
Units of growth in demand		Units of growth in demand				

Section II. REVENUE REQUIREMENT

The revenue requirement analysis establishes the amount of rate revenue that the City must collect from each utility through rates, informing across-the-board adjustments to the existing rate structure. This section provides a summary of the sewer revenue requirement analysis based on a framework of fiscal policies that promote the financial integrity and stability of the sewer utility.

II.A. POLICY FRAMEWORK

The ensuing discussion provides a brief summary of the key policies addressed by the City and incorporated into this analysis. Additionally, a summary of assumptions in the revenue requirement is discussed.

II.A.1. Reserve Policies

Like any business, a municipal utility requires certain minimum levels of cash reserves to operate. These reserves address the variability and timing of revenues and expenditures as well as occasional disturbances in activities. Given the City's responsibility to provide essential services to its customers at a certain standard, protection against financial disruption is even more important than it would be for private-sector or non-essential counterparts. In addition, a defined reserve structure serves to maintain appropriate segregation of funds and promote the use of resources for their intended purposes. This analysis assumes the following structure of reserves for the sewer utility:

- **Operating Reserve.** Operating reserves provide an unrestricted fund balance to accommodate the short-term cycles of revenues and expenditures, addressing unanticipated expenditures or revenue shortfalls. Per City policy, this study incorporates a target operating reserve balance of 4 months of operating expenditures plus \$100,000 (approximately 45 percent of annual operating expenditures).
- **Capital Reserve.** The capital reserve holds debt proceeds and any transfers from the operating fund for the purpose of construction capital projects. The City does not have any minimum reserve requirements for this fund, and we do not recommend adding a minimum capital reserve balance as long as the operating reserve is fully funded and theoretically available for capital purposes.
- **SDC Accounts.** SDC revenues are tracked in separate reimbursement and improvement fee accounts and are spent in accordance with ORS 223.297–223.314.

II.A.2. Capital Funding Policy

City staff has elected to consider bond issuance to cover some capital expenditures and mitigate rate increases. We use the following assumptions for future debt issues:

- Debt service payments are assumed to start in the fiscal year of issuance.
- Bonds will have a 20 year repayment period, a 4.0 percent interest rate, issuance costs equal to 1.0 percent of the debt, and a bond reserve equal to one year's principal and interest payment.

- When bonds are issued, the City will maintain a minimum debt service coverage ratio of 1.5. Put differently, the City has to generate enough revenue to pay operations and maintenance (O&M) expenses plus 150 percent of annual revenue bond debt service.

II.B. FORECAST ASSUMPTIONS

Below is a list of the customer, cost, and non-rate revenue growth factors used in the analysis to project future cash flows.

- **Annual Customer Growth.**
 - Account Growth: 1.00 percent. City staff supplied the growth rate based on historical trends.
- **Annual Cost Escalation.**
 - General Cost Escalation: 1.80 percent. This escalator applies to materials and services expenditures and is based on the Consumer Price Index.
 - Labor Cost Escalation: 2.60 percent. This escalator applies to salary and wage expenditures and is based on the Employment Cost Index.
 - Construction Cost Escalation: 3.60 percent. This escalator applies to the capital projects and is based on the Engineering New Record Construction Cost Index for Seattle. There is no comparable Oregon-specific index.
 - Public Employee Retirement System (PERS) Cost Escalation: 25.00 percent biennially. This escalator applies only to PERS expenditures and is based on recent trends.
- **Non-Rate Revenue.** No escalation. We assume that non-rate revenue remains constant over time.

II.C. REVENUE FORECAST

Total rate revenues are \$1,018,236 in fiscal year (FY) 2017-18. The City also has non-rate revenue equal to \$112,125 in FY 2017-18 that includes a non-continuing line item of \$95,000 in local improvement district payments (LID). The City has decided to not consider LID revenue after FY 2017-18 years, resulting in \$17,125 in non-rate revenue in FY 2018-19 and in future years.

The City has also elected to pay a portion of debt service with SDCs, which can be used to pay for capital projects and debt service. When funding capital projects, SDCs do not directly impact the rate forecast. However, because debt service payments are directly related to cash needs for a utility in a given year, a portion of SDCs are considered as a non-rate revenue source in this analysis. The City is projected to average \$90,000 in SDC revenue toward debt service during the analysis period, starting at \$79,645 in FY 2017-18. This amount will be added to other non-rate revenue in the forecast.

II.D. OPERATING FORECAST

O&M costs include on-going annual expenditures for the City such as personnel, materials and services, and regular maintenance. Based on the budget, we estimate total O&M for FY 2017-18 to be \$888,687. More than half of O&M expenditures are for materials and services, a category that includes approximately \$210,000 of ongoing system maintenance. Based on escalation factors, costs

increase on average \$35,500 every year for the next nine years. In the years which PERS costs escalate (odd years), costs increase at a greater pace than the other years.

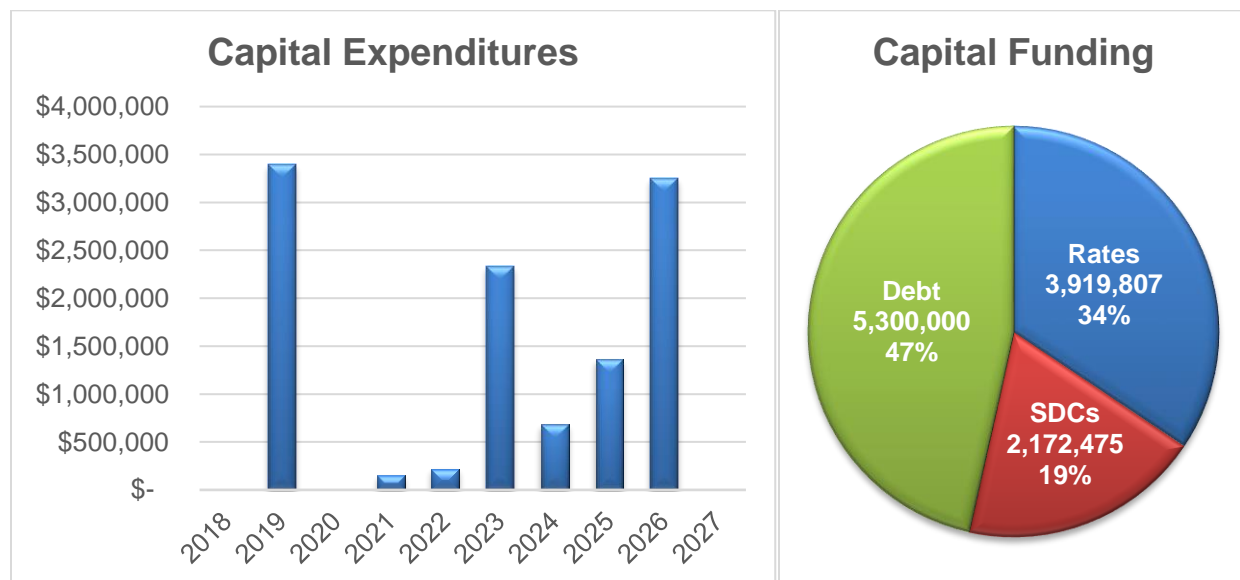
The City also has existing debt service totaling \$274,640 per year. One loan, from the USDA, requires an annual payment of \$231,298 per year and continues until 2040. The other loan, from Siuslaw Bank, is for \$43,342 per year until FY 2020-21, after which a final payment of \$21,621 is due for the loan.

II.E. CAPITAL FORECAST

The capital forecast is a strategy for the funding of projects listed in the Wastewater Master Plan or added by the City. The analysis includes all planned projects that have not yet been completed. Potential funding sources include existing cash balances, incoming rate and SDC revenues, and debt.

Figure 2 shows the annual capital costs until FY 2026-27 as well as the capital funding sources to be utilized to fund the projects.

Figure 2. Capital Costs and Funding Strategy

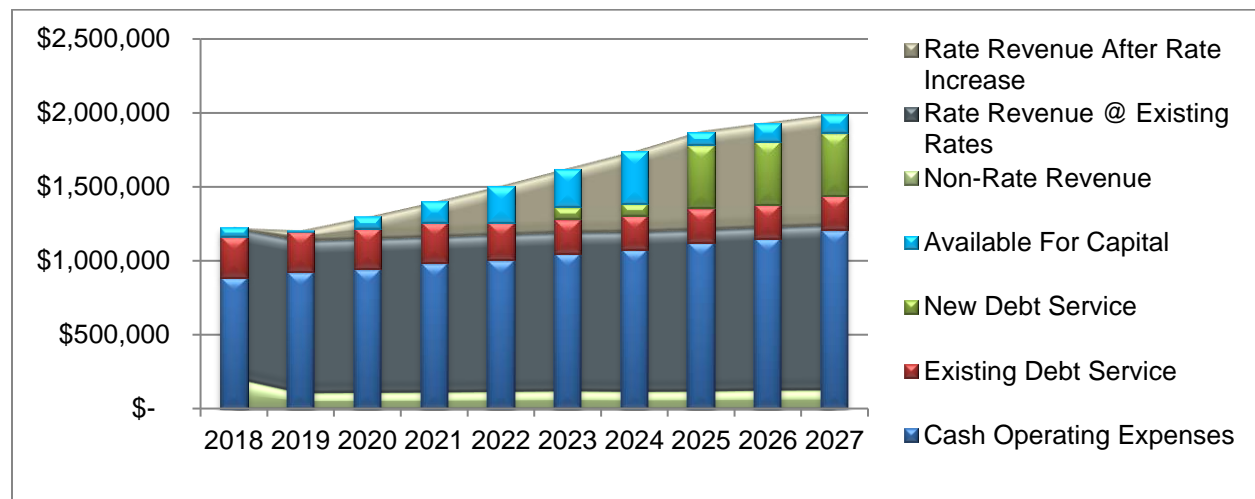


The utility's projected spending pattern is highly variable based on the planned timing of projects. The large expenditure in FY 2018-19 is for the Jack Kelly Drive lift station, costing \$3.4 million. Over ten years the City has seven projects, three of which constitute a majority of total costs (see **Appendix A** for a list of projects and timing). Total capital expenditures over the ten years equal \$11,392,282. Rates and SDCs cover approximately 53 percent of total capital expenditures. In FY 2022-23 and FY 2024-25, debt is issued to mitigate rate increases.

II.F. REVENUE REQUIREMENT

Figure 3 summarizes the annual revenue requirements for the sewer utility based on the forecast of revenues, expenditures, and fund balances.

Figure 3. Revenue Requirement Summary



Revenue Requirement (in thousands)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Expenditures										
O&M	\$889	\$923	\$944	\$983	\$1,006	\$1,050	\$1,074	\$1,125	\$1,149	\$1,209
Debt Service	\$275	\$275	\$275	\$275	\$253	\$312	\$312	\$657	\$657	\$657
Total	\$1,163	\$1,198	\$1,219	\$1,258	\$1,259	\$1,362	\$1,385	\$1,781	\$1,806	\$1,865
Revenues										
Rate Rev. @ Existing Rates	\$1,018	\$1,028	\$1,039	\$1,049	\$1,060	\$1,070	\$1,081	\$1,092	\$1,103	\$1,114
SDC Rev. to Debt Service	\$80	\$81	\$84	\$86	\$89	\$92	\$94	\$97	\$100	\$103
Other Revenue	\$127	\$26	\$26	\$27	\$28	\$30	\$22	\$22	\$25	\$25
Total	\$1,225	\$1,136	\$1,148	\$1,162	\$1,176	\$1,192	\$1,197	\$1,211	\$1,228	\$1,242
<i>Debt Issued (reference)</i>	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$4,300	\$0	\$0
Net Cash Flow @ Existing Rates	\$61	(\$62)	(\$71)	(\$96)	(\$82)	(\$170)	(\$188)	(\$571)	(\$579)	(\$624)
Annual Rate Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
Rate Rev. After Increases	\$1,018	\$1,100	\$1,189	\$1,285	\$1,389	\$1,501	\$1,622	\$1,753	\$1,806	\$1,860
Net Cash Flow After Increases	\$61	\$10	\$80	\$140	\$247	\$261	\$353	\$90	\$125	\$123
Coverage Ratio After Increase	n/a	n/a	n/a	n/a	n/a	6.00	7.15	1.53	1.67	1.59
Ending Fund Balances										
Operating Fund - Sewer Fund	\$1,025	\$1,035	\$1,115	\$1,256	\$1,503	\$450	\$458	\$475	\$483	\$503
Capital Reserve - Enterprise Reserve Fund	\$2,125	\$81	\$82	\$83	\$84	\$463	\$169	\$3,210	\$108	\$212
SDC Funds	\$1,979	\$687	\$712	\$592	\$407	\$37	\$28	\$29	\$59	\$90

Figure 3 indicates that the utility must raise rates to cover operating expenditures and budgeted capital expenditures. The City's rate revenue, \$1.02M, is slightly lower than O&M expenditures plus debt service, \$1.16M. After factoring in non-rate revenue and SDCs toward debt service, total revenue is \$1.23M, slightly larger than operating expenditures. However, the net cash flow after existing rates decreases dramatically in the following year because expenditures are rising faster than revenues.

Since cash flow under existing rates is mostly insufficient to cover operating expenditures, it is certainly insufficient to cover capital projects. Therefore, the primary driver in rate increases is the CIP, which costs \$11.4M over the next 10 years. Larger rate increases are not required because the City can use fund balances in excess of the minimum required balance to pay for initial capital projects. The City has sufficient funds to cover the first large capital project, Jack Kelly Drive lift station, with SDCs and capital fund balance. The fund balance then decreases to a point where debt is issued in FY 2022-23 to cover capital expenditures.

The City must raise rates by 7.0 percent annually from FY 2018-19 to FY 2024-25 to ensure there is sufficient revenue to cover annual operating expenditures, capital expenditures, and debt service (including coverage). The first few years of 7.0 percent rate increases ensures the City has a positive net cash flow and can cover capital expenditures. Then, increases from FY 2022-23 to FY 2024-25 are necessary to ensure the City can meet the 1.5 coverage requirement of the newly issued debt. After FY 2024-25, the City needs only inflationary increases, 2.0 percent per year, to ensure long-term financial viability.

II.G. RATE SCHEDULE

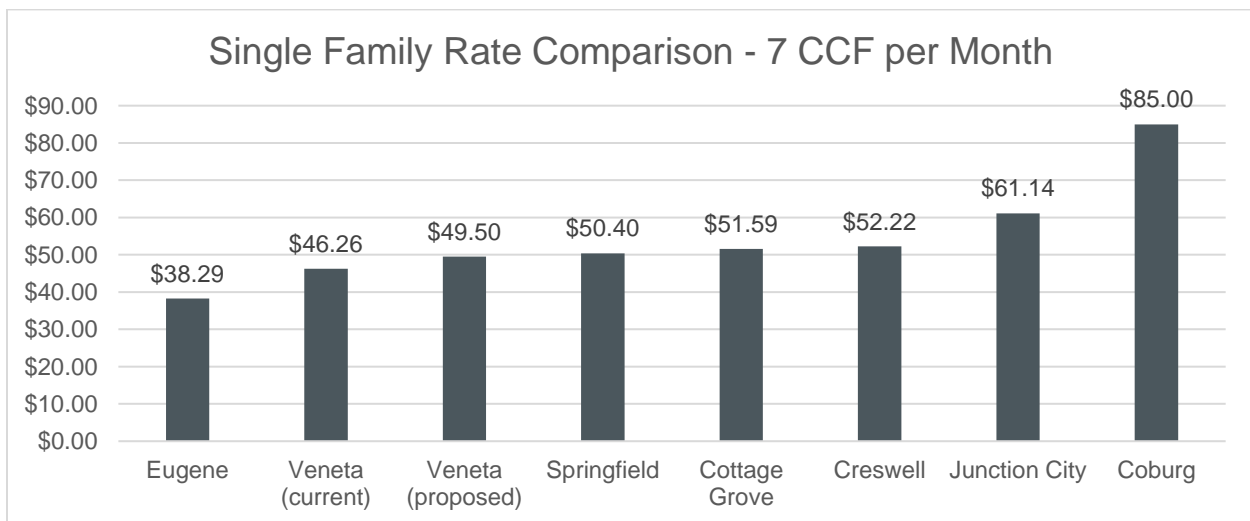
Figure 4 shows the City rate schedule after the recommended rate increases. The City charges one flat rate to residential customers and another flat rate to commercial customers.

Figure 4. Rate Schedule After Recommended Increases

Rate Effective Fiscal Year Ending 6/30:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
Residential	\$46.26	\$49.50	\$52.96	\$56.67	\$60.64	\$64.88	\$69.42	\$74.28	\$75.77	\$77.28
Annual Increase		\$3.24	\$3.46	\$3.71	\$3.97	\$4.24	\$4.54	\$4.86	\$1.49	\$1.52
Commercial	\$47.36	\$50.68	\$54.22	\$58.02	\$62.08	\$66.42	\$71.07	\$76.05	\$77.57	\$79.12
Annual Increase		\$3.32	\$3.55	\$3.80	\$4.06	\$4.35	\$4.65	\$4.98	\$1.52	\$1.55

Figure 5 shows a comparison of single family monthly bills in the region. Veneta rates are currently lower than many cities in the region. The 7.0 percent rate increase in FY 2018-19 will not change the position of Veneta relative to other cities and will remain lower than most cities in the area.

Figure 5. Rate Comparison



Section III. SDC ANALYSIS

System development charges (SDCs) are one-time fees imposed on new development to recover the cost of system facilities needed to serve that growth. This section provides the rationale and calculations for proposed sewer SDCs. As discussed in **Section I**, an SDC can include three components: a reimbursement fee, an improvement fee, and compliance cost recovery. Below we provide detailed calculations for the reimbursement and improvement fee components. This analysis draws on the Wastewater Master Plan, produced in November 2016.

III.A. CUSTOMER BASE/GROWTH

Before identifying costs included in the SDC we must arrive at the customer base which serves as the denominator for the equation. The City currently charges sewer SDCs on the basis of water meter size, a practice continued in this methodology. In FY 2017-18, the City had 1,786 meter capacity equivalents (MCEs) with one MCE representing the maximum flow capacity of a 5/8" x 3/4" water meter as shown in **Figure 6**. The flow capacity factors are based on AWWA standards.

Figure 6. Current Customer Data

	Count	Flow Factor	MCEs
3/4" Meter	1,566	1.0	1,566
1" Meter	9	2.5	23
1.5" Meter	1	5.0	5
2" Meter	12	8.0	96
3" Meter	6	16.0	96
Total	1,594		1,786

Source: City of Veneta

The Master Plan identifies projects and unused capacity in the system between 2015 and 2035. In order to align the Master Plan capacity information with growth in the system, we infer MCEs in 2015 by deescalating current year MCEs in **Figure 6** to 2015 numbers based on the compound annual growth rate of average dry weather flow in the Master Plan. Then, MCEs are escalated to 2035 at the same rate as average dry weather flow during the analysis period. **Figure 7** shows the growth used in the SDC calculation.

Figure 7. Growth Calculation

	2015	2018	2035	Growth	Growth as a % of Future Customers	Compound Annual Growth Rate
Avg. Dry Weather Flow (gal/day)	354,428	381,317	577,100	222,672	38.58%	2.47%
MCEs	1,660	1,786	2,702	1,043	38.58%	2.47%

Source: Wastewater Master Plan

III.B. REIMBURSEMENT FEE COST BASIS

As stated in **Section I**, the reimbursement fee is based on the value or cost of unused capacity available to future system users. The Master Plan identifies asset types that have identified capacity limits, represented in terms of population the asset type is able to serve. **Figure 8** shows capacity information by asset type listed in the sewer system from the Master Plan.

Figure 8. Available Capacity by Asset Type

Asset Type	Current Population	Capacity of System	Available Capacity
Collection	4,721	4,721	0.00%
Treatment, Biolac aeration basins	4,721	4,721	0.00%
Treatment, UV disinfection	4,721	7,687*	38.58%
Treatment, all other	4,721	6,200	23.85%

Source: Wastewater Master Plan.

*The Master Plan notes that the UV disinfection system can serve users through the Master Plan analysis period. Population is increased to 2035 commensurate with average dry weather flow.

After determining available capacity in the system by asset type, the original costs of City assets were compiled and categorized into three categories: treatment assets not including the UV disinfection and biolac basins (termed ‘treatment, all other’), the UV disinfection system, and all other assets. Further distinction between all other assets was not necessary because the Master Plan did not identify unused capacity for those assets. **Figure 9** shows the components of the reimbursement fee cost basis of \$1,788,187.

Figure 9. Reimbursement Fee Cost Basis

Asset Function	Original Cost	Available Capacity	Reimbursement Fee Cost Basis
Treatment, All Other	\$6,827,310	23.85%	\$1,628,644
UV Disinfection System	413,489	38.58%	159,543
All Other Assets (biolac basins, collection, etc.)	4,924,857	0.00%	0
Total	\$12,165,656		\$1,788,187

Source: City staff (asset costs), Wastewater Master Plan (available capacity).

III.C. IMPROVEMENT FEE COST BASIS

The improvement fee portion of the SDC is based on a list of planned capacity-increasing capital improvements. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which the project creates capacity for future users. The City provided SDC eligibility for each project. For projects that serve future customers proportionally to all customers, we use the customer growth as a percent of future customers to isolate an improvement fee eligible share. Other project eligibility percentages were provided by the City. Total SDC-eligible costs for the improvement fee are \$6,319,995, as shown in **Figure 10**.

Figure 10. Improvement Fee Cost Basis

Project Name	Description	City Project Cost	% Improvement Fee Eligible	\$ Capacity Expanding
CWC1	Jack Kelly Drive lift station	\$3,051,365	38.58%	\$1,177,358
CWC2	Upgrade pumping system at Pine Street lift station	54,000	38.58%	20,836
CWC4	Construct east side lift station and 5,500' of 10" force main	1,996,398	100.00%	1,996,398
CWT2	Construct effluent splitter box and disk filter	384,000	50.00%	192,000
T3	Upgrade treatment headworks	90,000	100.00%	90,000
T4	Adandon existing sludge lagoons and add two new lagoons	890,000	38.58%	343,403
T5	Construct two biolac aeration basins	2,500,000	100.00%	2,500,000
Total		\$8,965,763		\$6,319,995

Source: Wastewater Master Plan.

III.D. ADJUSTMENTS

The improvement fee costs basis must also be adjusted to account for any unspent SDC monies the City has available to avoid double-charging customers for improvements. The current SDC fund balance of \$1,939,047 is subtracted from the improvement fee cost basis in the calculated SDC.

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” As noted above, the City adds a 4.0 percent administrative charge to all SDCs.

III.E. CALCULATED SDC

Dividing the cost bases by the projected growth in MCEs produces the proposed SDC. **Figure 11** summarizes the components of the SDC. The proposed SDC is \$5,917 per MCE. This includes a \$1,715 reimbursement fee and a \$4,202 improvement fee. The total SDC does not include the 4.0 percent compliance cost calculation added to all SDCs by the City.

Figure 11. Calculated SDC

Sewer SDC		
Reimbursement Fee		
Cost of Net Unused Capacity	\$ 1,788,187	
Less: Reimbursement Fee SDC Fund Balance	\$ -	
Reimbursement Fee Cost Basis	\$ 1,788,187	
Growth to End of Planning Period	1,043 MCE	
Reimbursement Fee	\$ 1,715	per MCE
Improvement Fee		
Capacity Expanding CIP	\$ 6,319,995	
Less: Improvement Fee SDC Fund Balance	\$ (1,939,047)	
Improvement Fee Cost Basis	\$ 4,380,948	
Growth to End of Planning Period	1,043 MCE	
Improvement Fee	\$ 4,202	per MCE
Total System Development Charge		
Reimbursement Fee	\$ 1,715	per MCE
Improvement Fee	\$ 4,202	per MCE
Total SDC per MCE	\$ 5,917	per MCE

III.F. FEE BASIS

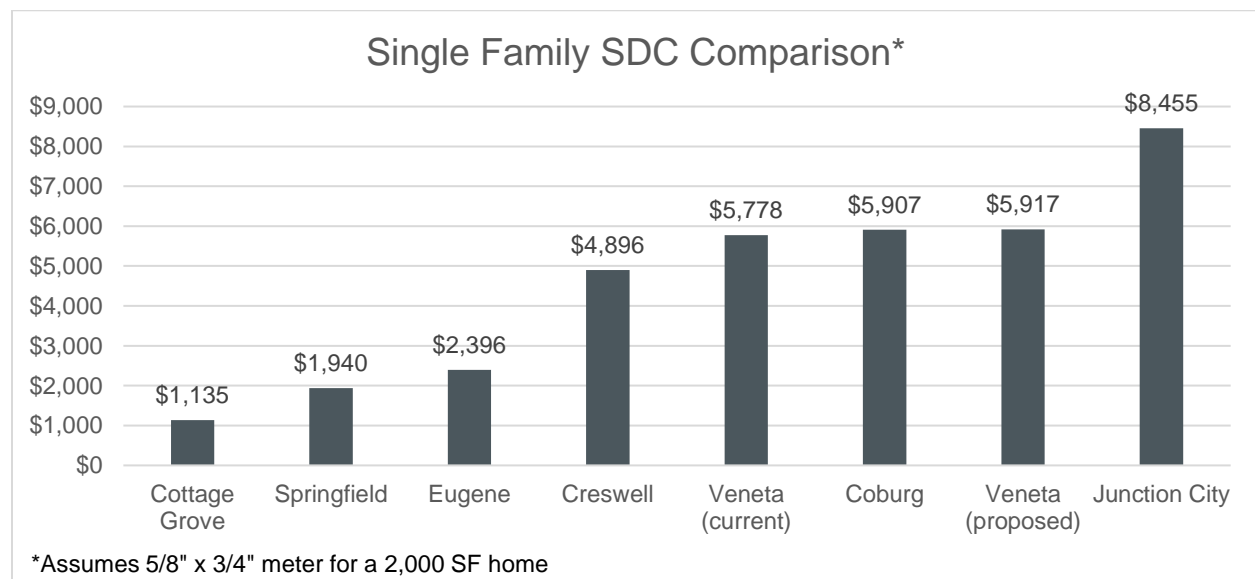
In order to impose sewer SDCs on an individual property, the number of MCEs is determined by the size of the property's water meter, based on AWWA flow factors as shown in **Figure 12** where one MCE is a 5/8" x 3/4" meter.

Figure 12. SDC Charge Basis and Comparison

	Current	Proposed	Difference
Residential 5/8"	\$5,778	\$5,917	\$139
3/4"	\$8,667	\$8,875	\$208
1"	\$14,445	\$14,792	\$347
1 1/2"	\$28,890	\$29,584	\$694
2"	\$46,224	\$47,334	\$1,110
3"	\$92,449	\$94,668	\$2,220
4"	\$144,451	\$147,919	\$3,468
6"	\$288,902	\$295,839	\$6,937
8"	\$462,243	\$473,342	\$11,099
10"	\$664,475	\$680,429	\$15,955

Figure 13 shows a comparison of sewer SDCs in the region.

Figure 13. SDC Comparison



III.G. INDEXING

Oregon law (ORS 223.304) also allows for the periodic indexing of system development charges for inflation, as long as the index used is:

- “(A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and

(C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.”

We recommend that the City index its charges to the Engineering News Record Construction Cost Index for the City of Seattle and adjust its charges annually. There is no comparable Oregon-specific index.

APPENDIX A – REVENUE REQUIREMENT

City of Veneta
Utility Rate Study: Sewer Model
Summary

Fiscal Year Ending 6/30:

High Level Summary	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual Rate Increases	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
Operating Fund - Sewer Fund										
Beginning Balance	\$ 1,713,974	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163
Total Operating Revenues	1,224,746	1,207,589	1,298,930	1,398,115	1,505,639	1,622,530	1,738,060	1,871,879	1,930,868	1,988,501
Total Operating Expenditures & System Reinvestment	(1,163,327)	(1,197,709)	(1,218,923)	(1,257,858)	(1,258,504)	(1,361,584)	(1,385,173)	(1,781,457)	(1,806,338)	(1,865,392)
Operating Surplus: Transfers to Capital Fund	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,313,620)</u>	<u>(345,024)</u>	<u>(73,414)</u>	<u>(116,236)</u>	<u>(103,424)</u>
Cash Surplus / (Deficiency)	(688,581)	9,880	80,007	140,257	247,135	(1,052,674)	7,863	17,008	8,294	19,685
Ending Fund Balance	1,025,393	1,035,273	1,115,280	1,255,537	1,502,671	449,998	457,861	474,869	483,163	502,848
Capital Reserve - Enterprise Reserve Fund										
Beginning Balance	\$ 1,363,189	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547
Total Capital Inflows	761,723	18,274	701	707	713	2,314,338	349,005	4,374,863	143,842	104,349
Total Capital Expenditures	<u>-</u>	<u>(2,061,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,935,009)</u>	<u>(643,399)</u>	<u>(1,333,438)</u>	<u>(3,246,235)</u>	<u>-</u>
Cash Surplus / (Deficiency)	761,723	(2,043,452)	701	707	713	379,329	(294,394)	3,041,425	(3,102,393)	104,349
Ending Fund Balance	2,124,912	81,460	82,160	82,867	83,579	462,909	168,515	3,209,940	107,547	211,896
Improvement SDC Fund										
Beginning Balance	\$ 1,939,047	\$ 1,955,723	\$ 662,470	\$ 666,247	\$ 554,792	\$ 352,600	\$ 3,032	\$ 26	\$ 0	\$ 0
Total Capital Inflows	16,676	16,819	5,697	5,730	4,771	3,032	26	0	0	0
Total Capital Expenditures	<u>-</u>	<u>(1,310,072)</u>	<u>(1,920)</u>	<u>(117,185)</u>	<u>(206,963)</u>	<u>(352,600)</u>	<u>(3,032)</u>	<u>(26)</u>	<u>(0)</u>	<u>-</u>
Cash Surplus / (Deficiency)	16,676	(1,293,252)	3,777	(111,455)	(202,192)	(349,568)	(3,006)	(26)	(0)	0
Ending Fund Balance	1,955,723	662,470	666,247	554,792	352,600	3,032	26	0	0	0

Operating Fund Summary	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Summary of Existing Operations Before Rate Increases										
Rate Revenues Under Existing Rates	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
SDC Revenue Towards Debt Service	79,645	81,238	83,691	86,219	88,822	91,505	94,268	97,115	100,048	103,070
Non-Rate Revenues	<u>126,865</u>	<u>25,943</u>	<u>26,028</u>	<u>26,716</u>	<u>27,923</u>	<u>30,048</u>	<u>21,685</u>	<u>21,753</u>	<u>24,869</u>	<u>24,940</u>
Total Revenues	1,224,746	1,135,600	1,148,422	1,162,025	1,176,326	1,191,729	1,196,832	1,210,555	1,227,520	1,241,639
Total Expenditures	(1,163,327)	(1,197,709)	(1,218,923)	(1,257,858)	(1,258,504)	(1,361,584)	(1,385,173)	(1,781,457)	(1,806,338)	(1,865,392)
Transfers to Capital	<u>(750,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,313,620)</u>	<u>(345,024)</u>	<u>(73,414)</u>	<u>(116,236)</u>	<u>(103,424)</u>
Total Expenditures & Transfers	(1,913,327)	(1,197,709)	(1,218,923)	(1,257,858)	(1,258,504)	(2,675,204)	(1,730,197)	(1,854,871)	(1,922,574)	(1,968,816)
Cash Surplus / (Deficiency)	\$ (688,581)	\$ (62,109)	\$ (70,501)	\$ (95,833)	\$ (82,179)	\$ (1,483,475)	\$ (533,365)	\$ (644,315)	\$ (695,054)	\$ (727,177)
Annual Rate Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
Cumulative Rate Increase	0.00%	7.00%	14.49%	22.50%	31.08%	40.26%	50.07%	60.58%	63.79%	67.07%
Revenues After Rate Increases										
Rate Revenues (Before Rate Increases)	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
Additional Revenue from Rate Increases	-	71,989	150,508	236,090	329,313	430,801	541,228	661,324	703,348	746,861
SDC Revenue Towards Debt Service	79,645	81,238	83,691	86,219	88,822	91,505	94,268	97,115	100,048	103,070
Other Revenues & Interest	<u>126,865</u>	<u>25,943</u>	<u>26,028</u>	<u>26,716</u>	<u>27,923</u>	<u>30,048</u>	<u>21,685</u>	<u>21,753</u>	<u>24,869</u>	<u>24,940</u>
Total Revenues With Rate Increases	\$ 1,224,746	\$ 1,207,589	\$ 1,298,930	\$ 1,398,115	\$ 1,505,639	\$ 1,622,530	\$ 1,738,060	\$ 1,871,879	\$ 1,930,868	\$ 1,988,501
Expenses & Transfers										
Cash Operating Expenses	\$ 888,687	\$ 923,069	\$ 944,283	\$ 983,217	\$ 1,005,585	\$ 1,049,994	\$ 1,073,583	\$ 1,124,607	\$ 1,149,488	\$ 1,208,542
Existing Debt Service	274,640	274,640	274,640	274,641	252,919	231,298	231,298	231,298	231,298	231,298
New Debt Service	-	-	-	-	-	80,293	80,293	425,552	425,552	425,552
Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additional Taxes After Rate Increase	-	-	-	-	-	-	-	-	-	-
Transfer of Surplus to Capital	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,620</u>	<u>345,024</u>	<u>73,414</u>	<u>116,236</u>	<u>103,424</u>
Total Expenses	\$ 1,913,327	\$ 1,197,709	\$ 1,218,923	\$ 1,257,858	\$ 1,258,504	\$ 2,675,204	\$ 1,730,197	\$ 1,854,871	\$ 1,922,574	\$ 1,968,816
Additions / (Subtractions) to Operating Fund Balance	(688,581)	9,880	80,007	140,257	247,135	(1,052,674)	7,863	17,008	8,294	19,685
Impacts to Operating Fund Balance										
Beginning Operating Balance	\$ 1,713,974	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163
Net Cash Flow After Transfers to Capital	<u>(688,581)</u>	<u>9,880</u>	<u>80,007</u>	<u>140,257</u>	<u>247,135</u>	<u>(1,052,674)</u>	<u>7,863</u>	<u>17,008</u>	<u>8,294</u>	<u>19,685</u>
Ending Operating Balance	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Minimum Operating Balance Target	\$ 396,229	\$ 407,690	\$ 414,761	\$ 427,739	\$ 435,195	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Net Cash Flow After Rate Increase	61,419	9,880	80,007	140,257	247,135	260,946	352,887	90,422	124,530	123,109
Coverage After Rate Increase: w/o SDCs	n/a	n/a	n/a	n/a	n/a	6.00	7.15	1.53	1.67	1.59
City Fee - Single Family Home	\$ 46.26	\$ 49.50	\$ 52.96	\$ 56.67	\$ 60.64	\$ 64.88	\$ 69.42	\$ 74.28	\$ 75.77	\$ 77.28

Capital Fund Summary	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Capital Balance	\$ 1,363,189	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547
Capital Revenues:										
Rate Funded System Reinvestment										
Minimum Policy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,313,620</u>	<u>345,024</u>	<u>73,414</u>	<u>116,236</u>	<u>103,424</u>
Total	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 1,313,620	\$ 345,024	\$ 73,414	\$ 116,236	\$ 103,424
Grants / Outside Sources	-	-	-	-	-	-	-	-	-	-
Net Debt Proceeds Available for Projects	-	-	-	-	-	1,000,000	-	4,300,000	-	-
Interest Earnings	<u>11,723</u>	<u>18,274</u>	<u>701</u>	<u>707</u>	<u>713</u>	<u>719</u>	<u>3,981</u>	<u>1,449</u>	<u>27,605</u>	<u>925</u>
Total Capital Revenues and Beginning Fund Balance	\$ 2,124,912	\$ 2,143,186	\$ 82,160	\$ 82,867	\$ 83,579	\$ 2,397,918	\$ 811,914	\$ 4,543,378	\$ 3,353,782	\$ 211,896
Capital Project Expenditures	\$ -	\$ (2,061,727)	\$ -	\$ -	\$ -	\$ (1,935,009)	\$ (643,399)	\$ (1,333,438)	\$ (3,246,235)	\$ -
Ending Capital Balance	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547	\$ 211,896
Minimum Target	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Veneta
Utility Rate Study: Sewer Model
Assumptions

Fiscal Year Ending 6/30:										
Economic & Financial Factors	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Escalation Rates										
General Cost Inflation	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Construction Cost Inflation	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Labor/Benefit Cost Inflation	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
PERS Cost Inflation	0.00%	25.00%	0.00%	25.00%	0.00%	25.00%	0.00%	25.00%	0.00%	25.00%
Account Growth	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
No Escalation	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment Interest	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%	0.86%

Accounting & Financial Policy Assumptions										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Fund Balances										
Operating Fund - Sewer Fund	\$ 1,713,974	From balance sheet provided at review meeting As of 10/31/2017								
Capital Reserve - Enterprise Reserve Fund	\$ 1,363,189									
Improvement SDC Fund	\$ 1,939,047									
Reimbursement SDC Fund	\$ -									
Debt Reserve	\$ -									
	\$ 5,016,209									
Fund Balance Target: Minimum & Maximum Operating Balances (4 months + \$100,000)										
Min. Fund Balance Target (days of O&M expense)	163 days	161 days	160 days	159 days	158 days	156 days	156 days	154 days	153 days	152 days
Max. Fund Balance (days of O&M expense)	163 days	161 days	160 days	159 days	158 days	156 days	156 days	154 days	153 days	152 days
Fund Balance Target: Capital										
Select Minimum Capital Fund Option →	3	User Input								
1 % of Plant Assets	\$ 12,165,656	\$ 121,657	\$ 155,610	\$ 155,660	\$ 157,180	\$ 159,344	\$ 182,697	\$ 189,501	\$ 203,117	\$ 235,579
% of Total		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2 % of Plant Assets + CIP %		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Emergency Reserve	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Regular Reserve	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Reserve		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 User Input		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Funded System Reinvestment										
Select Annual Funding Option →	6	No Rate Funded Capital								
Total Amount										
1 Original Cost Depreciation		\$ 295,506	\$ 293,685	\$ 377,568	\$ 377,693	\$ 379,295	\$ 384,706	\$ 442,922	\$ 458,219	\$ 492,259
2 Original Cost Depreciation less Debt Principal Pmts		\$ 170,917	\$ 163,855	\$ 242,250	\$ 236,667	\$ 254,033	\$ 276,010	\$ 292,690	\$ 301,410	\$ 171,013
3 Total Annual CIP		\$ -	\$ 3,395,320	\$ 4,976	\$ 152,015	\$ 216,459	\$ 2,335,289	\$ 680,391	\$ 1,361,597	\$ 3,246,235
4 R&R Annual CIP		\$ -	\$ 2,085,249	\$ 3,056	\$ 34,830	\$ 9,496	\$ 47,680	\$ 282,241	\$ 661,283	\$ -
5 User Input										
6 No Rate Funded Capital		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
% of Total Toggles										
1 Original Cost Depreciation		100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Original Cost Depreciation less Debt Principal Pmts		100%	100%	100%	100%	100%	100%	100%	100%	100%
3 Total Annual CIP		100%	100%	100%	100%	100%	100%	100%	100%	100%
4 R&R Annual CIP		100%	100%	100%	100%	100%	100%	100%	100%	100%
5 User Input		100%	100%	100%	100%	100%	100%	100%	100%	100%
6 No Rate Funded Capital										
To use in Model										
1 Original Cost Depreciation		\$ 295,506	\$ 293,685	\$ 377,568	\$ 377,693	\$ 379,295	\$ 384,706	\$ 442,922	\$ 458,219	\$ 492,259
2 Original Cost Depreciation less Debt Principal Pmts		\$ 170,917	\$ 163,855	\$ 242,250	\$ 236,667	\$ 254,033	\$ 276,010	\$ 292,690	\$ 301,410	\$ 171,013
3 % of Total Annual CIP		\$ -	\$ 3,395,320	\$ 4,976	\$ 152,015	\$ 216,459	\$ 2,335,289	\$ 680,391	\$ 1,361,597	\$ 3,246,235
4 % of R&R Annual CIP		\$ -	\$ 2,085,249	\$ 3,056	\$ 34,830	\$ 9,496	\$ 47,680	\$ 282,241	\$ 661,283	\$ -
5 User Input		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 No Rate Funded Capital		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual Result With Transfers (compared to Annual Depreciation)		254%	0%	0%	0%	0%	341%	78%	16%	24%
										18%

Capital Financing Assumptions		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
System Development Charges											
Annual Inflationary Increase			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Existing System Development Charge (without 4% admin charge)											
Reimbursement Fee		\$1,317	\$1,344	\$1,371	\$1,398	\$1,426	\$1,455	\$1,484	\$1,513	\$1,544	\$1,574
Improvement Fee		\$4,461	\$4,550	\$4,641	\$4,734	\$4,828	\$4,925	\$5,023	\$5,124	\$5,226	\$5,331
Total		\$5,778	\$5,894	\$6,011	\$6,132	\$6,254	\$6,379	\$6,507	\$6,637	\$6,770	\$6,905
Calculating SDC Revenue											
Citywide											
Total MCEs Units		1,786	1,803	1,821	1,840	1,858	1,877	1,895	1,914	1,933	1,953
Additional MCEs per Year		18	18	18	18	18	19	19	19	19	19
Reimbursement Fee Revenue											
		\$ 23,522	\$ 23,992	\$ 24,717	\$ 25,463	\$ 26,232	\$ 27,025	\$ 27,841	\$ 28,682	\$ 29,548	\$ 30,440
Improvement Fee Revenue											
		79,645	81,238	83,691	86,219	88,822	91,505	94,268	97,115	100,048	103,070
Total SDC Revenue to Use in Model		\$ 103,167	\$ 105,230	\$ 108,408	\$ 111,682	\$ 115,055	\$ 118,530	\$ 122,109	\$ 125,797	\$ 129,596	\$ 133,510
System Development Charges Towards Debt Service											
Total Annual Debt Service		\$ 274,640	\$ 274,640	\$ 274,640	\$ 274,641	\$ 252,919	\$ 311,591	\$ 311,591	\$ 656,850	\$ 656,850	\$ 656,850
Total Annual Improvement Fee SDCs		\$ 79,645	\$ 81,238	\$ 83,691	\$ 86,219	\$ 88,822	\$ 91,505	\$ 94,268	\$ 97,115	\$ 100,048	\$ 103,070
Total SDCs for Debt Service (Siuslaw and 1/2 of USDA #220)		\$ 79,645	\$ 81,238	\$ 83,691	\$ 86,219	\$ 88,822	\$ 91,505	\$ 94,268	\$ 97,115	\$ 100,048	\$ 103,070
Total Improvement Fee SDCs for Capital		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual % SDCs to Pay for Debt Service		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Outside Funding Sources (Uses)											
Capital Grants / Contributions	Function										
[Extra]		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
[Extra]		-	-	-	-	-	-	-	-	-	-
Total: Capital Grants / Contributions		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds											
Term (years)		20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years
Interest Only Payments (years)		0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years
Interest Cost		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Coverage Requirement (w/o SDCs)	1.50										
Use Reserves to Pay for Last Payment?	Yes										
Other Bonds											
Term (years)		20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years
Interest Only Payments (years)		0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years
Interest Cost		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
USDA Loans											
Term (years)		20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years
Interest Only Payments (years)		0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years
Interest Cost		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Issuance Cost		1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Loans											
Term (years)		20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years	20 years
Interest Only Payments (years)		0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years	0 years
Interest Cost		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

City of Veneta
Utility Rate Study: Sewer Model
Operating Revenue and Expenditure Forecast

Fiscal Year Ending 6/30: **Adopted**

Operating Revenues		Forecast Basis	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Revenues												
43130	Sewer Use Fees	Account Growth	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
Total Rate Revenue			\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
Non-Rate Revenues												
41460	Sewer Connection Permits	No Escalation	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
41810	Land Lease	No Escalation	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
45080	From Inverse	No Escalation	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
xxxxx	From Local Improvement	No Escalation	95,000	-	-	-	-	-	-	-	-	-
49100	Miscellaneous Sources	No Escalation	25	25	25	25	25	25	25	25	25	25
Total Non-Rate Revenues			\$ 112,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125
TOTAL OPERATING REVENUES			\$ 1,130,361	\$ 1,045,543	\$ 1,055,828	\$ 1,066,215	\$ 1,076,705	\$ 1,087,301	\$ 1,098,003	\$ 1,108,812	\$ 1,119,729	\$ 1,130,755

Operating Expenses		Forecast Basis	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
PERSONAL SERVICES												
50010	Wages	Labor/Benefit Cost Inflation	\$ 245,271	\$ 251,648	\$ 258,191	\$ 264,904	\$ 271,791	\$ 278,858	\$ 286,108	\$ 293,547	\$ 301,179	\$ 309,010
50060	W/C amd FICA Benefits	Labor/Benefit Cost Inflation	24,168	24,796	25,441	26,103	26,781	27,478	28,192	28,925	29,677	30,449
50065	Health/Life Insurance	Labor/Benefit Cost Inflation	50,809	52,130	53,485	54,876	56,303	57,767	59,269	60,810	62,391	64,013
50070	PERS	PERS Cost Inflation	54,884	68,605	68,605	85,756	85,756	107,195	107,195	133,994	133,994	167,493
SUBTOTAL PERSONAL SERVICES			375,132	397,179	405,722	431,639	440,632	471,297	480,764	517,276	527,241	570,964
MATERIALS & SERVICES												
51010	Admin Supplies & Services	General Cost Inflation	\$ 18,228	\$ 18,556	\$ 18,890	\$ 19,230	\$ 19,576	\$ 19,929	\$ 20,287	\$ 20,653	\$ 21,024	\$ 21,403
51015	Postage	General Cost Inflation	5,769	5,873	5,979	6,086	6,196	6,307	6,421	6,536	6,654	6,774
51020	Professional Dues	General Cost Inflation	2,250	2,291	2,332	2,374	2,416	2,460	2,504	2,549	2,595	2,642
51030	Telephone Services	General Cost Inflation	2,064	2,101	2,139	2,177	2,217	2,257	2,297	2,339	2,381	2,423
51035	Electricity	General Cost Inflation	53,401	54,362	55,341	56,337	57,351	58,383	59,434	60,504	61,593	62,702
51055	Safety Program & Supplies	General Cost Inflation	1,297	1,320	1,344	1,368	1,393	1,418	1,444	1,470	1,496	1,523
51060	Office Machine Lease	General Cost Inflation	625	636	648	659	671	683	696	708	721	734
51070	Training & Conferences	General Cost Inflation	1,056	1,075	1,094	1,114	1,134	1,155	1,175	1,196	1,218	1,240
51075	Travel	General Cost Inflation	210	214	218	222	226	230	234	238	242	247
51095	Public Relations	General Cost Inflation	33	34	34	35	35	36	37	37	38	39
51105	Refunds	General Cost Inflation	1,502	1,529	1,557	1,585	1,613	1,642	1,672	1,702	1,732	1,764
51500	Office Equipment & Furnishings	General Cost Inflation	13,039	13,274	13,513	13,756	14,003	14,256	14,512	14,773	15,039	15,310
51510	Computer Equipment	General Cost Inflation	1,369	1,394	1,419	1,444	1,470	1,497	1,524	1,551	1,579	1,607
51515	Tools & Small Equipment	General Cost Inflation	496	505	514	523	533	542	552	562	572	582
52010	Attorney & Legal Services	General Cost Inflation	1,919	1,954	1,989	2,025	2,061	2,098	2,136	2,174	2,213	2,253
52015	General Property/Liability Ins	General Cost Inflation	9,265	9,432	9,602	9,774	9,950	10,129	10,312	10,497	10,686	10,879
52035	Audit & Filing Fees	General Cost Inflation	2,314	2,356	2,398	2,441	2,485	2,530	2,575	2,622	2,669	2,717
52045	Computer System Support - Maint	General Cost Inflation	10,145	10,328	10,514	10,703	10,895	11,092	11,291	11,494	11,701	11,912
52050	Internet & Web Site Fees	General Cost Inflation	980	998	1,016	1,034	1,052	1,071	1,091	1,110	1,130	1,151
52070	Engineering Fees	General Cost Inflation	16,538	16,836	17,139	17,447	17,761	18,081	18,406	18,738	19,075	19,418
52290	Other Professional Services	General Cost Inflation	33,434	34,036	34,648	35,272	35,907	36,553	37,211	37,881	38,563	39,257
53020	System Operating Supplies	General Cost Inflation	7,429	7,563	7,699	7,837	7,979	8,122	8,268	8,417	8,569	8,723
53030	Vehicle Operation & Maintenance	General Cost Inflation	5,375	5,472	5,570	5,671	5,773	5,876	5,982	6,090	6,200	6,311
53040	System Maintenance	General Cost Inflation	44,752	45,558	46,378	47,212	48,062	48,927	49,808	50,705	51,617	52,546
53050	WW Treatment Plant Maintenance	Construction Cost Inflation	164,340	170,256	176,385	182,735	189,314	196,129	203,190	210,505	218,083	225,934
53055	System Quality Tests	General Cost Inflation	13,640	13,886	14,135	14,390	14,649	14,913	15,181	15,454	15,732	16,016
53065	Building & Yard Maintenance	General Cost Inflation	10,170	10,353	10,539	10,729	10,922	11,119	11,319	11,523	11,730	11,941
53130	Equipment Repairs	General Cost Inflation	2,145	2,184	2,223	2,263	2,304	2,345	2,387	2,430	2,474	2,519
53135	Minor Sewer Repairs	General Cost Inflation	333	339	345	351	358	364	371	377	384	391
53140	Bio-solids Management/Removal	General Cost Inflation	15,932	16,219	16,511	16,808	17,110	17,418	17,732	18,051	18,376	18,707
53145	Effluent Area Maintenance	General Cost Inflation	3,650	3,716	3,783	3,851	3,920	3,991	4,062	4,135	4,210	4,286
53150	Inflow & Infiltratiion Reduction Work	General Cost Inflation	50,000	50,900	51,816	52,749	53,698	54,665	55,649	56,651	57,670	58,708
53165	NPDES Permit Renewal	General Cost Inflation	500	509	518	527	537	547	556	567	577	587
53175	PW Service Maps - Sewer Lines	General Cost Inflation	2,000	2,036	2,073	2,110	2,148	2,187	2,226	2,266	2,307	2,348
SUBTOTAL MATERIALS & SERVICES			496,200	508,090	520,300	532,840	545,721	558,951	572,543	586,506	600,852	615,593
CAPITAL OUTLAY												
60130	System Expansion	Construction Cost Inflation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61610	System Improvements	Construction Cost Inflation	-	-	-	-	-	-	-	-	-	-
63150	Intangible Assets	Construction Cost Inflation	7,855	8,138	8,431	8,734	9,049	9,374	9,712	10,062	10,424	10,799
63510	Equipment	Construction Cost Inflation	4,500	4,662	4,830	5,004	5,184	5,370	5,564	5,764	5,972	6,187
63615	Vehicles	Construction Cost Inflation	-	-	-	-	-	-	-	-	-	-
SUBTOTAL CAPITAL OUTLAY			12,355	12,800	13,261	13,738	14,233	14,745	15,276	15,826	16,395	16,986
TRANSFERS												
75050	To PW Equipment Fund	No Escalation	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
75060	To Local Improvement Fund	No Escalation	-	-	-	-	-	-	-	-	-	-
75080	To Inverse Condemnation Fund	No Escalation	-	-	-	-	-	-	-	-	-	-
SUBTOTAL TRANSFERS			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
[Extra]												
[Extra]	[Extra]	No Escalation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
[Extra]	[Extra]	No Escalation	-	-	-	-	-	-	-	-	-	-
[Extra]	[Extra]	No Escalation	-	-	-	-	-	-	-	-	-	-
SUBTOTAL [Extra]			-	-	-	-	-	-	-	-	-	-
TOTAL CASH OPERATING EXPENSES			\$ 888,687	\$ 923,069	\$ 944,283	\$ 983,217	\$ 1,005,585	\$ 1,049,994	\$ 1,073,583	\$ 1,124,607	\$ 1,149,488	\$ 1,208,542

City of Veneta
Utility Rate Study: Sewer Model
Existing Debt

Fiscal Year Ending 6/30:

Existing Debt Service - Summary	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Annual Debt Payments										
Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Bonds	231,298	231,298	231,298	231,298	231,298	231,298	231,298	231,298	231,298	231,298
Other Loans	43,342	43,342	43,342	43,343	21,621	-	-	-	-	-
Total Debt Payments	274,640	274,640	274,640	274,641	252,919	231,298	231,298	231,298	231,298	231,298

Existing Debt Service - Revenue Bonds	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
TOTAL REVENUE BONDS										
Annual Interest Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	-	-	-	-	-	-	-	-	-	-
Total Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Debt Reserve for Debt Service	-	-	-	-	-	-	-	-	-	-
Annual Debt Reserve Target on Existing Reven	-	-	-	-	-	-	-	-	-	-

Existing Debt Service - Other Bonds	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
USDA #220 Sewer System Improvements										
Annual Interest Payment	\$ 144,075	\$ 140,150	\$ 136,048	\$ 131,762	\$ 127,283	\$ 122,602	\$ 117,711	\$ 112,599	\$ 107,258	\$ 101,676
Annual Principal Payment	87,223	91,148	95,250	99,536	104,015	108,696	113,587	118,699	124,040	129,622
Total Annual Payment	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298
TOTAL OTHER BONDS										
Annual Interest Payment	\$ 144,075	\$ 140,150	\$ 136,048	\$ 131,762	\$ 127,283	\$ 122,602	\$ 117,711	\$ 112,599	\$ 107,258	\$ 101,676
Annual Principal Payment	87,223	91,148	95,250	99,536	104,015	108,696	113,587	118,699	124,040	129,622
Total Annual Payment	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298	\$ 231,298

Existing Debt Service - Other Loans	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Siuslaw Bank Land Purchase										
Annual Interest Payment	\$ 5,976	\$ 4,660	\$ 3,273	\$ 1,853	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	37,366	38,682	40,069	41,490	21,246	-	-	-	-	-
Total Annual Payment	\$ 43,342	\$ 43,342	\$ 43,342	\$ 43,343	\$ 21,621	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER LOANS										
Annual Interest Payment	\$ 5,976	\$ 4,660	\$ 3,273	\$ 1,853	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Principal Payment	37,366	38,682	40,069	41,490	21,246	-	-	-	-	-
Total Annual Payment	\$ 43,342	\$ 43,342	\$ 43,342	\$ 43,343	\$ 21,621	\$ -	\$ -	\$ -	\$ -	\$ -

Project Costs in Year:

2016

Fiscal Year Ending 6/30:

		UNESCALATED COSTS												
ID	Description	Unescalated Total	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Useful Life (Years)	Funding Source
CWC1	Wastewater Master Plan Jack Kelly Drive lift station	\$ 3,051,365		\$ 3,051,365									40.00	Balances
CWC2	Upgrade pumping system at Pine Street lift station	54,000		2,160	4,320	47,520							40.00	Balances
CWC4	Construct east side lift station and 5,500' of 10" force main	1,996,398				79,856	159,712	1,756,830					40.00	Balances
CWT2	Construct effluent splitter box and disk filter	384,000					15,360	30,720	337,920				40.00	Balances
T3	Upgrade treatment headworks	90,000							3,600	7,200	79,200		40.00	Balances
T4	Adandon existing sludge lagoons and add two new lagoons	890,000						35,600	71,200	783,200			40.00	Balances
T5	Construct two biolac aeration basins	2,500,000							100,000	200,000	2,200,000		40.00	Balances
		-												
		-												
	TOTAL CAPITAL PROJECTS	8,965,763	\$ -	\$ 3,053,525	\$ 4,320	\$ 127,376	\$ 175,072	\$ 1,823,150	\$ 512,720	\$ 990,400	\$ 2,279,200	\$ -		
	Total Expansion Projects		\$ -	\$ 1,178,191	\$ 1,667	\$ 98,191	\$ 167,392	\$ 1,785,926	\$ 300,032	\$ 509,395	\$ 2,279,200	\$ -		
	Total Replacement Projects		\$ -	\$ 1,875,334	\$ 2,653	\$ 29,185	\$ 7,680	\$ 37,224	\$ 212,688	\$ 481,005	\$ -	\$ -		
	Projects by CIAC		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Projects by Enterprise Fund		\$ -	\$ 3,053,525	\$ 4,320	\$ 127,376	\$ 175,072	\$ 1,823,150	\$ 512,720	\$ 990,400	\$ 2,279,200	\$ -		

City of Veneta
Utility Rate Study: Sewer Model
Capital Funding

Fiscal Year Ending 6/30:

Capital Project Summary	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
TOTAL CAPITAL EXPENDITURES	\$ -	\$ 3,395,320	\$ 4,976	\$ 152,015	\$ 216,459	\$ 2,335,289	\$ 680,391	\$ 1,361,597	\$ 3,246,235	\$ -

Manual Input Debt Assumptions	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Proceeds - Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 4,300,000	\$ -	\$ -
Proceeds - Other Bonds										
Proceeds - USDA Loans										
Proceeds - Other Loans										

*Model will automatically calculate revenue bond debt if 'Revenue Bond Proceeds' is blank.

Capital Financing Plan		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Outside Funding Sources: Grants/CIAC		-	-	-	-	-	-	-	-	-	-
Balance/Remained to be Funded		\$ -	\$ 3,395,320	\$ 4,976	\$ 152,015	\$ 216,459	\$ 2,335,289	\$ 680,391	\$ 1,361,597	\$ 3,246,235	\$ -
OTHER FUNDING SOURCES		Available Same Year? <i>(Note: Operating transfers in year N are always assumed to be available in year N + 1.)</i>									
Beginning Fund Balances		\$ 1,363,189	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547
Rate Funded System Reinvestment		Yes	-	-	-	-	-	-	-	-	-
Use of SDC Reimbursement Fee Revenue		No	-	23,522	3,056	34,830	9,496	47,680	33,959	28,133	-
Use of SDC Improvement Fee Revenue		No	-	1,310,072	1,920	117,185	206,963	352,600	3,032	26	0
Interest Earnings		No	-	-	-	-	-	-	-	-	-
Minimum Capital Balance?		Yes	-	-	-	-	-	-	-	-	-
Other Bonds Proceeds			-	-	-	-	-	-	-	-	-
USDA Loans Proceeds			-	-	-	-	-	-	-	-	-
Other Loans Proceeds			-	-	-	-	-	-	-	-	-
Revenue Bond Proceeds			-	-	-	-	1,000,000	-	4,300,000	-	-
TOTAL CAPITAL RESOURCES		\$ 1,363,189	\$ 3,458,506	\$ 86,436	\$ 234,175	\$ 299,326	\$ 1,483,860	\$ 499,900	\$ 4,496,674	\$ 3,209,940	\$ 107,547

Info: Working Capital Contingency Deficit - - - - - - - - - - -

New Debt Computations		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027					
REVENUE BONDS																
Amount to Fund	\$	-	\$	-	\$	-	\$	1,000,000	\$	-	\$	4,300,000	\$	-	\$	-
Issuance Costs		-		-		-		10,912		-		46,922		-		-
Reserve Required		-		-		-		80,293		-		345,259		-		-
Amount of Debt Issue	\$	-	\$	-	\$	-	\$	1,091,205	\$	-	\$	4,692,181	\$	-	\$	-
Other Bonds																
Amount to Fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Issuance Costs		-		-		-		-		-		-		-		-
Amount of Debt Issue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
USDA Loans																
Amount to Fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Issuance Costs		-		-		-		-		-		-		-		-
Amount of Debt Issue	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Loans																
Amount to Fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Debt Service Summary		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027										
EXISTING DEBT SERVICE																					
Annual Interest Payments	\$	150,051	\$	144,810	\$	139,321	\$	133,615	\$	127,658	\$	122,602	\$	117,711	\$	112,599	\$	107,258	\$	101,676	
Annual Principal Payments		124,589		129,830		135,319		141,026		125,261		108,696		113,587		118,699		124,040		129,622	
Total Debt Service Payments	\$	274,640	\$	274,640	\$	274,640	\$	274,641	\$	252,919	\$	231,298	\$	231,298	\$	231,298	\$	231,298	\$	231,298	
Revenue Bond Payments Only		-		-		-		-		-		-		-		-		-		-	
NEW DEBT SERVICE																					
Annual Interest Payments	\$	-	\$	-	\$	-	\$	-	\$	43,648	\$	42,182	\$	228,345	\$	220,457	\$	212,253			
Annual Principal Payments		-		-		-		-		36,645		38,110		197,206		205,095		213,298			
Total Debt Service Payments	\$	-	\$	-	\$	-	\$	-	\$	80,293	\$	80,293	\$	425,552	\$	425,552	\$	425,552			
Revenue Bond Payments Only		-		-		-		-		80,293		80,293		425,552		425,552		425,552			
TOTAL DEBT SERVICE PAYMENTS		\$	274,640	\$	274,640	\$	274,640	\$	274,641	\$	252,919	\$	311,591	\$	311,591	\$	656,850	\$	656,850	\$	656,850
Total Interest Payments			150,051		144,810		139,321		133,615		127,658		166,250		159,893		340,945		327,715		313,929
Total Principal Payments			124,589		129,830		135,319		141,026		125,261		145,340		151,698		315,905		329,135		342,920
Total Revenue Bond Payments Only			-		-		-		-		-		80,293		80,293		425,552		425,552		425,552
Use of Debt Reserve for Debt Service			-		-		-		-		-		-		-		-		-		-

City of Veneta
Utility Rate Study: Sewer Model
Revenue Requirement Tests

Fiscal Year Ending 6/30:

Cash Flow Test	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
REVENUES										
Rate Revenue	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
SDC Revenue Towards Debt Service	79,645	81,238	83,691	86,219	88,822	91,505	94,268	97,115	100,048	103,070
Other Non-Rate Revenue	112,125	17,125	17,125	17,125	17,125	17,125	17,125	17,125	17,125	17,125
Interest Earnings: Operating & Debt Reserve Funds	14,740	8,818	8,903	9,591	10,798	12,923	4,560	4,628	7,744	7,815
Total Revenue	\$ 1,224,746	\$ 1,135,600	\$ 1,148,422	\$ 1,162,025	\$ 1,176,326	\$ 1,191,729	\$ 1,196,832	\$ 1,210,555	\$ 1,227,520	\$ 1,241,639
EXPENSES										
Cash Operating Expenses	\$ 888,687	\$ 923,069	\$ 944,283	\$ 983,217	\$ 1,005,585	\$ 1,049,994	\$ 1,073,583	\$ 1,124,607	\$ 1,149,488	\$ 1,208,542
Existing Debt Service	274,640	274,640	274,640	274,641	252,919	231,298	231,298	231,298	231,298	231,298
New Debt Service	-	-	-	-	-	80,293	80,293	425,552	425,552	425,552
Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
Additions Required to Meet Min. Op. Fund Balance	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 1,163,327	\$ 1,197,709	\$ 1,218,923	\$ 1,257,858	\$ 1,258,504	\$ 1,361,584	\$ 1,385,173	\$ 1,781,457	\$ 1,806,338	\$ 1,865,392
NET CASH FLOW (DEFICIENCY)	\$ 61,419	\$ (62,109)	\$ (70,501)	\$ (95,833)	\$ (82,179)	\$ (169,855)	\$ (188,341)	\$ (570,902)	\$ (578,818)	\$ (623,753)

Coverage Test - w/o SDCs	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
ALLOWABLE REVENUES										
Rate Revenue	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
Other Revenue	\$ 112,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125	\$ 17,125
SDC Revenue										
Interest Earnings - All Funds	26,464	27,093	9,604	10,298	11,510	13,642	8,542	6,077	35,349	8,740
Total Revenue	\$ 1,156,825	\$ 1,072,636	\$ 1,065,431	\$ 1,076,513	\$ 1,088,216	\$ 1,100,943	\$ 1,106,545	\$ 1,114,889	\$ 1,155,078	\$ 1,139,495
Coverage w/o SDCs	n/a	n/a	n/a	n/a	n/a	0.63	0.41	(0.02)	0.01	(0.16)
EXPENSES										
Cash Operating Expenses	\$ 888,687	\$ 923,069	\$ 944,283	\$ 983,217	\$ 1,005,585	\$ 1,049,994	\$ 1,073,583	\$ 1,124,607	\$ 1,149,488	\$ 1,208,542
Revenue Bond Debt Service	-	-	-	-	-	80,293	80,293	425,552	425,552	425,552
Revenue Bond Coverage Requirement at 1.5	-	-	-	-	-	40,146	40,146	212,776	212,776	212,776
Total Expenses	\$ 888,687	\$ 923,069	\$ 944,283	\$ 983,217	\$ 1,005,585	\$ 1,170,433	\$ 1,194,022	\$ 1,762,935	\$ 1,787,816	\$ 1,846,870
COVERAGE SURPLUS (DEFICIENCY)	\$ 268,138	\$ 149,567	\$ 121,149	\$ 93,296	\$ 82,631	\$ (69,490)	\$ (87,477)	\$ (648,046)	\$ (632,738)	\$ (707,375)

Maximum Revenue Deficiency	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Sufficiency Test Driving the Deficiency	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Coverage 2	Coverage 2	Coverage 2
Maximum Revenue Deficiency (Surplus)	\$ (61,419)	\$ 62,109	\$ 70,501	\$ 95,833	\$ 82,179	\$ 169,855	\$ 188,341	\$ 648,046	\$ 632,738	\$ 707,375
plus: Additional Tax Expense	-	-	-	-	-	-	-	-	-	-
less: Incremental Revenue From Prior Rate Increases	-	-	(72,709)	(152,013)	(238,451)	(332,607)	(435,109)	(546,641)	(667,937)	(710,381)
Net Revenue Deficiency (Surplus)	\$ (61,419)	\$ 62,109	\$ (2,208)	\$ (56,180)	\$ (156,272)	\$ (162,751)	\$ (246,768)	\$ 101,405	\$ (35,199)	\$ (3,006)

Rate Increases	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Revenue @ Existing Rates	\$ 1,018,236	\$ 1,028,418	\$ 1,038,703	\$ 1,049,090	\$ 1,059,580	\$ 1,070,176	\$ 1,080,878	\$ 1,091,687	\$ 1,102,604	\$ 1,113,630
Revenues from Prior Rate Increases	-	-	72,709	152,013	238,451	332,607	435,109	546,641	667,937	710,381
Rate Revenue Before Rate Increase (incl. previous increases)	1,018,236	1,028,418	1,111,412	1,201,103	1,298,032	1,402,783	1,515,987	1,638,328	1,770,541	1,824,011
Required Annual Rate Increase	0.00%	6.04%	0.00%	0.00%	0.00%	0.00%	0.00%	6.19%	0.00%	0.00%
Number of Months New Rates Will Be In Effect	12	12	12	12	12	12	12	12	12	12
Info: % Increase to Generate Required Revenue	0.00%	6.04%	0.00%	0.00%	0.00%	0.00%	0.00%	6.19%	0.00%	0.00%
Policy Induced Rate Increases	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
ANNUAL RATE INCREASE	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
CUMULATIVE RATE INCREASE	0.00%	7.00%	14.49%	22.50%	31.08%	40.26%	50.07%	60.58%	63.79%	67.07%

Impacts of Rate Increases	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Sufficiency Test Driving the Deficiency	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Coverage 2	Coverage 2	Coverage 2
Rate Revenues After Rate Increase	\$ 1,018,236	\$ 1,100,408	\$ 1,189,211	\$ 1,285,180	\$ 1,388,894	\$ 1,500,978	\$ 1,622,106	\$ 1,753,010	\$ 1,805,951	\$ 1,860,491
Full Year Rate Revenues After Rate Increase	1,018,236	1,100,408	1,189,211	1,285,180	1,388,894	1,500,978	1,622,106	1,753,010	1,805,951	1,860,491
Partial Year Adjustment	-	-	-	-	-	-	-	-	-	-
Additional Taxes Due to Rate Increases	-	-	-	-	-	-	-	-	-	-
Net Cash Flow After Rate Increase	\$ 61,419	\$ 9,880	\$ 80,007	\$ 140,257	\$ 247,135	\$ 260,946	\$ 352,887	\$ 90,422	\$ 124,530	\$ 123,109
Coverage After Rate Increase: w/o SDCs	n/a	n/a	n/a	n/a	n/a	6.00	7.15	1.53	1.67	1.59

Fund Balance Impacts	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ending Fund Balance: Operating Fund - Sewer Fund	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Minimum Target: Operating Fund - Sewer Fund	396,229	407,690	414,761	427,739	435,195	449,998	457,861	474,869	483,163	502,848
Ending Fund Balance: Capital Reserve - Enterprise Rese	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547	\$ 211,896
Minimum Target: Capital Reserve - Enterprise Reserve Fur	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance: SDC FUND (Improvement Fee Onl	\$ 1,955,723	\$ 662,470	\$ 666,247	\$ 554,792	\$ 352,600	\$ 3,032	\$ 26	\$ 0	\$ 0	\$ 0
Minimum Target: SDC FUND (Improvement Fee Only)	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance: SDC FUND (Reimbursement Fee C	\$ 23,522	\$ 24,195	\$ 46,063	\$ 37,093	\$ 54,149	\$ 33,959	\$ 28,133	\$ 28,924	\$ 58,720	\$ 89,665
Minimum Target: SDC FUND (Reimbursement Fee Only)	-	-	-	-	-	-	-	-	-	-

City of Veneta
Utility Rate Study: Sewer Model
Fund Activity

Fiscal Year Ending 6/30:

Funds	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating Fund - Sewer Fund										
Beginning Balance	\$ 1,713,974	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163
plus: Net Cash Flow after Rate Increase	61,419	9,880	80,007	140,257	247,135	260,946	352,887	90,422	124,530	123,109
less: Transfer of Surplus to Capital Fund	(750,000)	-	-	-	-	(1,313,620)	(345,024)	(73,414)	(116,236)	(103,424)
Ending Balance	\$ 1,025,393	\$ 1,035,273	\$ 1,115,280	\$ 1,255,537	\$ 1,502,671	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Minimum Target Balance	\$ 396,229	\$ 407,690	\$ 414,761	\$ 427,739	\$ 435,195	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Maximum Funds to be Kept as Operating Reserves	\$ 396,229	\$ 407,690	\$ 414,761	\$ 427,739	\$ 435,195	\$ 449,998	\$ 457,861	\$ 474,869	\$ 483,163	\$ 502,848
Info: # of Days of Cash Operating Expenses	421	409	431	466	545	156	156	154	153	152
Capital Reserve - Enterprise Reserve Fund										
Beginning Balance	\$ 1,363,189	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547
plus: Rate Funded System Reinvestment	-	-	-	-	-	-	-	-	-	-
plus: Transfers from Operating Fund	750,000	-	-	-	-	1,313,620	345,024	73,414	116,236	103,424
plus: Capital Grants / Contributions	-	-	-	-	-	-	-	-	-	-
plus: Revenue Bond Proceeds	-	-	-	-	-	1,000,000	-	4,300,000	-	-
plus: Other Bond Proceeds	-	-	-	-	-	-	-	-	-	-
plus: DWSRF Loan Proceeds	-	-	-	-	-	-	-	-	-	-
plus: Other Loan Proceeds	-	-	-	-	-	-	-	-	-	-
plus: Interest Earnings	11,723	18,274	701	707	713	719	3,981	1,449	27,605	925
Total Funding Sources	\$ 2,124,912	\$ 2,143,186	\$ 82,160	\$ 82,867	\$ 83,579	\$ 2,397,918	\$ 811,914	\$ 4,543,378	\$ 3,353,782	\$ 211,896
less: Capital Expenditures Not Funded With SDC Monies	-	(2,061,727)	-	-	-	(1,935,009)	(643,399)	(1,333,438)	(3,246,235)	-
Ending Capital Fund Balance	\$ 2,124,912	\$ 81,460	\$ 82,160	\$ 82,867	\$ 83,579	\$ 462,909	\$ 168,515	\$ 3,209,940	\$ 107,547	\$ 211,896
Minimum Target Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SDC FUND (Improvement Fee Only)										
Beginning Balance	\$ 1,939,047	\$ 1,955,723	\$ 662,470	\$ 666,247	\$ 554,792	\$ 352,600	\$ 3,032	\$ 26	\$ 0	\$ 0
plus: Improvement Fee SDC Revenue Toward Capital	-	-	-	-	-	-	-	-	-	-
plus: Interest Earnings	16,676	16,819	5,697	5,730	4,771	3,032	26	0	0	0
Total Funding Sources	\$ 1,955,723	\$ 1,972,542	\$ 668,167	\$ 671,977	\$ 559,563	\$ 355,632	\$ 3,058	\$ 26	\$ 0	\$ 0
Reference: Capacity Increasing Capital Expenditures	\$ -	\$ 1,310,072	\$ 1,920	\$ 117,185	\$ 206,963	\$ 2,287,609	\$ 398,149	\$ 700,313	\$ 3,246,235	\$ -
less: Use of Funds for Capital Expenditures	-	(1,310,072)	(1,920)	(117,185)	(206,963)	(352,600)	(3,032)	(26)	(0)	-
Ending Capital Fund Balance	\$ 1,955,723	\$ 662,470	\$ 666,247	\$ 554,792	\$ 352,600	\$ 3,032	\$ 26	\$ 0	\$ 0	\$ 0
SDC FUND (Reimbursement Fee Only)										
Beginning Balance	\$ -	\$ 23,522	\$ 24,195	\$ 46,063	\$ 37,093	\$ 54,149	\$ 33,959	\$ 28,133	\$ 28,924	\$ 58,720
plus: Reimbursement Fee SDC Revenue Toward Capital	23,522	23,992	24,717	25,463	26,232	27,025	27,841	28,682	29,548	30,440
plus: Interest Earnings	-	202	208	396	319	466	292	242	249	505
Total Funding Sources	\$ 23,522	\$ 47,717	\$ 49,120	\$ 71,923	\$ 63,645	\$ 81,639	\$ 62,092	\$ 57,056	\$ 58,720	\$ 89,665
Reference: Capacity Increasing Capital Expenditures	\$ -	\$ 2,085,249	\$ 3,056	\$ 34,830	\$ 9,496	\$ 47,680	\$ 282,241	\$ 661,283	\$ -	\$ -
less: Use of Funds for Capital Expenditures	-	(23,522)	(3,056)	(34,830)	(9,496)	(47,680)	(33,959)	(28,133)	-	-
Ending Capital Fund Balance	\$ 23,522	\$ 24,195	\$ 46,063	\$ 37,093	\$ 54,149	\$ 33,959	\$ 28,133	\$ 28,924	\$ 58,720	\$ 89,665
DEBT RESERVE FUND										
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,293	\$ 80,293	\$ 425,552	\$ 425,552
plus: Reserve Funding from New Debt	-	-	-	-	-	80,293	-	345,259	-	-
less: Use of Reserves for Debt Service	-	-	-	-	-	-	-	-	-	-
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,293	\$ 80,293	\$ 425,552	\$ 425,552	\$ 425,552
Minimum Target Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUMMARY										
Combined Beginning Balance	\$ 5,016,209	\$ 5,106,028	\$ 1,779,203	\$ 1,863,687	\$ 1,893,196	\$ 1,938,851	\$ 996,232	\$ 706,695	\$ 4,110,361	\$ 1,016,261
Plus: Inflows	\$ 839,818	\$ 44,973	\$ 86,405	\$ 146,693	\$ 252,619	\$ 2,658,610	\$ 701,918	\$ 4,810,544	\$ 268,372	\$ 227,457
Less: Outflows	\$ (750,000)	\$ (3,371,798)	\$ (1,920)	\$ (117,185)	\$ (206,963)	\$ (3,601,229)	\$ (991,456)	\$ (1,406,877)	\$ (3,362,472)	\$ (103,424)
Combined Ending Balance	\$ 5,106,028	\$ 1,779,203	\$ 1,863,687	\$ 1,893,196	\$ 1,938,851	\$ 996,232	\$ 706,695	\$ 4,110,361	\$ 1,016,261	\$ 1,140,295
Net Change in Reserves	\$ 89,818	\$ (3,326,825)	\$ 84,485	\$ 29,508	\$ 45,655	\$ (942,619)	\$ (289,537)	\$ 3,403,667	\$ (3,094,100)	\$ 124,033

City of Veneta

Utility Rate Study: Sewer Model

Rate Forecast

Sewer Rate Forecast

Rate Effective Fiscal Year Ending 6/30:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Rate Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%
Residential	\$46.26	\$49.50	\$52.96	\$56.67	\$60.64	\$64.88	\$69.42	\$74.28	\$75.77	\$77.28
Annual Increase		\$3.24	\$3.46	\$3.71	\$3.97	\$4.24	\$4.54	\$4.86	\$1.49	\$1.52
Commercial	\$47.36	\$50.68	\$54.22	\$58.02	\$62.08	\$66.42	\$71.07	\$76.05	\$77.57	\$79.12
Annual Increase		\$3.32	\$3.55	\$3.80	\$4.06	\$4.35	\$4.65	\$4.98	\$1.52	\$1.55