
CITY OF ROCHESTER HILLS



Sue Busam, Committee Secretary

DATE: March 4, 2005

TO: Financial Services Committee

RE: Agenda Packet

FYI

Attached is the March 10, 2005, Financial Services Committee meeting agenda.

Additional information regarding Water and Sewer Rates - July 1, 2005, item will be provided by Julie Jenuwine and distributed at the meeting.

If you have any questions, please feel free to call (248) 841-2464.

Thank you.

CITY OF ROCHESTER HILLS

Fiscal

Julie Jenuwine, Finance Director

DATE: March 8, 2005

TO: Financial Services Committee

RE: *Preliminary Water and Sewer Rates effective July 1, 2005*

The purpose of this agenda item is to begin the *preliminary* discussion for the determination of water and sewer rates and charges beginning July 1, 2005.

Enclosed are copies from DWSD indicating the 2005/2006 water and sewage rates and charges for flows/usage beginning July 1, 2005. DWSD's approved water commodity rate will be \$16.66 per Mcf (6.7% increase) and the sewage disposal commodity rate will be \$10.26 per Mcf. (0.6% increase) (see attachment A).

The proposed methodology for setting the City's future water and sewage customer and commodity rates are based on operating revenue meeting operating expenses, target fund balance equaling 90 days of operating expenses plus annual depreciation, capital & lateral revenue *not* offsetting operating expenses (transferred into the Improvement Fund) and annual depreciation being transferred into the Replacement Fund.

These preliminary proposed water and sewage rates for July 1, 2005 only begin the implementation of this objective and do not completely reach certain objectives until 2007 and 2009. Under this preliminary proposal, operating revenue equal operating expenses in 2007, and fund balance nearly reaches target level in 2009. Meeting all the mentioned objectives in the first year would cause water rates to increase 23.5% in two years and decrease 10.9% in year 2007. Therefore, the water rates are being proposed in a smoother trend amounting to 14.3% increase in three consecutive years. Sewer is preliminary proposed to increase 6.9% in three consecutive years in order for operating revenue to meet operating expenses. Capacity Charges are preliminary proposed to increase 5%. Target fund balance is not obtained until 2009.

This rate structure utilizes the methodology indicated in City Ordinance Article 1, Section 102-26. Commodity Charge includes the purchase of water and sewage disposal, electricity and labor related thereto... The Customer Charge (see attachment B) includes the cost of servicing customers, connections, bills, meter reading, postage, etc. It is assumed that the City Ordinance Article 1, Section 102-64, will be amended to eliminate the Receiving Fund and Surplus Fund beginning July 1, 2005.

This rate structure does not completely mirror the Black & Veatch report from 1999. Some of the differences are as follows: fire capacity is not charged to the Fire department; a special rate is not given for area maintenance meter consumption (surcharge); and the capacity charge has not been defined.

The rates also assume the capital improvements as shown on attachment C.

These figures are preliminary numbers and can be modified should the committee believe the assumptions or proposed practices need to be changed.

**APPROVED FISCAL YEAR 2005-2006
WATER RATES**

Community: **Rochester Hills**

Recommended Consumption Rate: ^{04/05 → 15.60} **\$16.66** per Mcf

6.7⁰¹

A'

**APPROVED FISCAL YEAR 2005 - 06
SUBURBAN SEWAGE RATES**

Community: Rochester Hills

Servicing Authority: Clinton-Oakland District

0.6% ↑
2003-04
Look-Back
Adjustment

	<u>User Charge</u>	<u>Capital Portion</u>	<u>Gross Rate</u>	<u>2003-04 Look-Back Adjustment</u>	<u>Net Rate</u>		
	\$	\$	\$	\$	\$		
A) Flow Rate (Per 1,000 Cubic Feet)	5.50	4.70	10.20				
	5.69	4.57	10.26				
Monthly Charge:	22,562.95	66,494.76	89,057.71				
Annual Look-Back Adjustment (a)				(304,823)			
				(212,099.76)			
B) Proposed Industrial Surcharge Rates, Per Excess Pound:							
1. Biochemical Oxygen Demand (BOD) in excess of 275 mg/l	0.165	0.056	0.221	(0.002)	0.219	0.166	
2. Total Suspended Solids (TSS) in excess of 350 mg/l	0.239	0.061	0.300	0.051	0.351	0.242	
3. Phosphorus (P) in excess of 12 mg/l	3.112	0.528	3.640	0.906	4.546	3.015	
4. Fats, Oils, & Grease (FOG) in excess of 100 mg/l	0.104	0.042	0.146	0.048	0.194	0.055	
C) Proposed Industrial Waste Control Charge, per month:							
	<u>Non-Residential Meter Size</u>						
	5/8"	5.00	0.15	5.15	(0.41)	4.74	4.50
	3/4"	7.50	0.23	7.73	(0.61)	7.12	6.74
	1"	12.50	0.38	12.88	(1.02)	11.86	11.25
	1-1/2"	27.50	0.83	28.33	(2.24)	26.09	21.72
	2"	40.00	1.20	41.20	(3.25)	37.95	35.92
	3"	72.50	2.18	74.68	(5.90)	68.78	
	4"	100.00	3.00	103.00	(8.13)	94.87	
	6"	150.00	4.50	154.50	(12.20)	142.30	
	8"	250.00	7.50	257.50	(20.33)	237.17	
	10"	350.00	10.50	360.50	(28.47)	332.03	
	12"	400.00	12.00	412.00	(32.53)	379.47	
	14"	500.00	15.00	515.00	(40.67)	474.33	
	16"	600.00	18.00	618.00	(48.80)	569.20	
	18"	700.00	21.00	721.00	(56.93)	664.07	
	20"	800.00	24.00	824.00	(65.07)	758.93	
	24"	900.00	27.00	927.00	(73.20)	853.80	
	30"	1,000.00	30.00	1,030.00	(81.33)	948.67	
	36"	1,100.00	33.00	1,133.00	(89.47)	1,043.53	
	48"	1,200.00	36.00	1,236.00	(97.60)	1,138.40	

(a) Adjustments to be prorated over a 12 month period on bills issued during FY 2005-06.

A²

March 1, 2005

TO: All Water and Sewerage Customers of the
Detroit Water and Sewerage Department

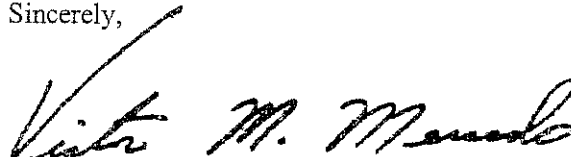
RE: FY 2005/06 Water and Sewage Rates and Charges

This letter is submitted to officially notify you of the new water and/or sewage rates and charges approved by the Detroit Board of Water Commissioners on January 26, 2005 and confirmed by the Detroit City Council on February 28, 2005.

The rates and charges applicable to your community are indicated on the enclosed attachment(s). These rates and charges will be effective on all bills rendered by the Detroit Water and Sewerage Department as of August 1, 2005. They will apply to flows/usage by your community beginning July 1, 2005.

The FY 2003/04 Sewage Look-Back Adjustment reflects the total amount applicable to your community. This amount will be prorated over a 12-month period and applied equally on each regular service bill rendered by the Department commencing August 1, 2005, and ending in July 2006.

Sincerely,



Victor M. Mercado
Director

VM/RC/rjc
Attachments

*cc: J. Jeannine
Rogers
Mayor
cc*

Rec'd Art. Mail

CUSTOMER CHARGE		Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	2011
Sewer Customer Charge Revenue		\$ 293,400	\$ 304,377	\$ 333,020						
Water Customer Charge Revenue		\$ 354,352	\$ 380,619	\$ 385,000						
H/S Customer Charge Revenue		\$ 647,753	\$ 684,997	\$ 718,020						

1/3 of Accounting Department Personnel (ACC) W/S Billing - Postage (ACC) W/S Billing - Supplies (ACC) W/S Billing - Service (ACC) Other Services / Interfund Accounting Sub-Total	per Bill Charge	Actual		per Bill Charge		Projected									
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	2011					
	\$ 0.96	\$ 230,395	\$ 242,099	\$ 243,079	\$ 255,233	\$ 267,995	\$ 281,394	\$ 295,464	\$ 310,237	\$ 325,749					
	\$ 0.30	\$ 71,051	\$ 40,743	\$ 51,060	\$ 52,081	\$ 53,123	\$ 54,185	\$ 55,269	\$ 56,374	\$ 57,502					
	\$ 0.12	\$ 28,042	\$ 4,100	\$ 11,200	\$ 11,424	\$ 11,652	\$ 11,886	\$ 12,123	\$ 12,366	\$ 12,613					
	\$ 0.07	\$ 16,048	\$ 7,470	\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 11,041	\$ 11,262					
	\$ 0.23	\$ 54,176	\$ 66,001	\$ 75,690	\$ 77,204	\$ 78,748	\$ 80,323	\$ 81,929	\$ 83,568	\$ 85,239					
	\$ 1.66	\$ 399,713	\$ 360,413	\$ 391,029	\$ 406,142	\$ 421,922	\$ 438,400	\$ 455,610	\$ 473,586	\$ 492,365					
Sewer Meter Reader Cost (w/ Benefits)	\$ -	\$ -	\$ 31,133	\$ 86,508	\$ 86,508	\$ 90,833	\$ 95,375	\$ 100,144	\$ 35,050	\$ 36,803					
Water Meter Reader Cost (w/ Benefits)	\$ 0.48	\$ 116,292	\$ 89,351	\$ 86,508	\$ 90,833	\$ 95,375	\$ 100,144	\$ 35,050	\$ 36,803	\$ 38,643					
Meter Installation - Labor Costs (w/ Benefits)	\$ 0.86	\$ 206,055	\$ 208,884	\$ 180,860	\$ 189,902	\$ 199,398	\$ 209,367	\$ 219,836	\$ 230,828	\$ 242,369					
MXU - Radio Read Units	\$ -	\$ -	\$ 33,000	\$ 693,355	\$ 693,355	\$ 693,355	\$ 660,355	\$ -	\$ -	\$ -					
W&S Bank Lockbox	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Regular Meter Replacement	\$ 0.92	\$ 221,002	\$ 220,408	\$ 250,000	\$ 255,000	\$ 260,100	\$ 265,302	\$ 270,608	\$ 276,020	\$ 281,541					
DPS Sub-Total	\$ 2.26	\$ 343,349	\$ 592,778	\$ 1,297,231	\$ 1,319,924	\$ 1,343,603	\$ 1,368,400	\$ 1,393,512	\$ 1,419,044	\$ 1,445,196					
Revenue - Expense (Customer Charge)	\$ 3.93	\$ 943,061	\$ 943,191	\$ 1,688,260	\$ 1,726,066	\$ 1,765,525	\$ 1,773,712	\$ 1,016,154	\$ 1,054,040	\$ 1,093,560					

Number of Utility Bills Issued	Amount Charged / Bill	Actual		per Bill Charge		Projected									
		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	2011					
	\$ 2.70	\$ 240,070	\$ 120,035	\$ 261,600	\$ 264,216	\$ 266,858	\$ 269,527	\$ 272,222	\$ 274,944	\$ 277,694					
Amount Should Charge to Break-even	\$ 3.93	\$ 943,061	\$ 786	\$ 645	\$ 653	\$ 662	\$ 658	\$ 3.73	\$ 3.83	\$ 3.94					
Amount Generated if Customer Charge	\$ 943,061	\$ 786	\$ 645	\$ 1,688,260	\$ 1,726,066	\$ 1,765,525	\$ 1,773,712	\$ 1,016,154	\$ 1,054,040	\$ 1,093,560					
Water Portion	\$ 1.44	\$ 1.58	\$ 3.23	\$ 3.27	\$ 3.31	\$ 3.29	\$ 1.87	\$ 1.92	\$ 1.97	\$ 1.97					
Sewer Portion	\$ 1.15	\$ 1.27	\$ 3.23	\$ 3.27	\$ 3.31	\$ 3.29	\$ 1.87	\$ 1.92	\$ 1.97	\$ 1.97					
	\$ 2.59	\$ 2.85	\$ 6.45	\$ 6.53	\$ 6.62	\$ 6.58	\$ 3.73	\$ 3.83	\$ 3.94	\$ 3.94					

NOTES:
 Actual Customer Charge (2003, 2004) did not fully recoup all billing costs as described in City Ordinance. Future projected Customer Charge is calculated as described in Current Ordinance
 Applicable Ordinance page attached
 In this Analysis, it is assumed that Radio Meter Reading will begin in FY 2009
 In 2009, the number of Meter Readers drops from 3 to 1
 This Analysis does not include any additional Accounting Dept. Utility Billing staff if necessary
 * Number of Meter Readers included in calculation (3.0=2005; 3.0=2006; 3.0=2007; 3.0=2008; 1.0=2009 and beyond)
 ** Number of Installers (Laborer II) included in calculation (3.0 each year)
 *** MXU Schedule from CIP
 **** = 2005 Adopted Budget for Meters = \$350,000, yet recent actual has changed to approx. \$250,000
 Salary & Benefit Increase = 5.0% Increase / Year
 Benefits are calculated at 50% of Salaries for W/S Meter Readers and Meter Installers (Laborer II)
 All Other Expenses = 2.0% Increase / Year

	CIP ID#		PROJECT COST	PROJECTS BONDED	PROJECTS From CASH
2005	FA-04	Water / DPS Facility - P.E.	225,000	6,245,000	-
2005	WS-08	Hamlin Rd. (Crooks - Livernois) - P.E.	-	-	-
2005	WS-01A	Crooks Rd. (M-59 - Auburn) - Construction	-	-	-
2005	WS-11	Sheldon, Mead, Hillwood (Water) - Construction	1,262,500	2,525,000	-
2005	WS-01C	Crooks Rd. (South Blvd. - Auburn) - Construction	-	-	-
2005	WS-21	Harding Rd to City Limits - (\$450K Prepay to Oakland Co.)	-	-	-
2005	WS-22	Water Tower - Reservoir - P.E.	1,600,000	8,000,000	-
2005	WS-24	Vardon Rd. Watermain Extension - P.E. & Construction	163,000	-	163,000
2005	WS-28	Lomond Watermain Extension - Construction	100,000	-	100,000
2005	WS-30	Water / Meter Radio Read System (2005) <i>** Funded by Customer Charge</i>	346,678	-	346,678
2005	WS-32	Water System Security Enhancements - Construction	106,380	-	106,380
		Water - 2005 Subtotal	\$ 3,803,558	\$ 16,770,000	\$ 716,058
2005	FA-04	Sewer / DPS Facility - P.E.	225,000	6,245,000	-
2005	WS-30	Sewer / Meter Radio Read System (2005) <i>** Funded by Customer Charge</i>	346,678	-	346,678
2005	SS-02A	Sanitary Sewer Evaluation Study (SSES) - P.E.	300,000	-	300,000
2005	SS-10	Sheldon, Mead, Hillwood (Sewer) - Construction	1,494,375	2,988,750	-
2005	SS-17	Harding Rd to City Limits - (\$450K Prepay to Oakland Co.)	-	-	-
		Sewer - 2005 Subtotal	\$ 2,366,053	\$ 9,233,750	\$ 646,678
2005		2005 - Grand Total Capital Outlay	\$ 6,169,610	\$ 26,003,750	\$ 1,362,735
2006	FA-04	Water / DPS Facility - Construction	3,010,000	-	-
2006	WS-01A	Crooks Rd. (M-59 - Auburn) - Construction	575,000	575,000	-
2006	WS-01C	Crooks Rd. (South Blvd. - Auburn) - Construction	690,000	690,000	-
2006	WS-10B	Austin Dr. - Watermain Extension	132,500	-	132,500
2006	WS-11	Sheldon, Mead, Hillwood (Water) - Construction	1,262,500	-	-
2006	WS-22	Water Tower - Reservoir - P.E.	6,400,000	-	-
2006	WS-25B	South Blvd. Watermain (Livernois - Rochester)	100,000	-	100,000
2006	WS-30	Water / Meter Radio Read System (2006) <i>** Funded by Customer Charge</i>	346,678	-	346,678
		Water - 2006 Subtotal	\$ 12,516,678	\$ 1,265,000	\$ 579,178
2006	FA-04	Sewer / DPS Facility - Construction	3,010,000	-	-
2006	WS-30	Sewer / Meter Radio Read System (2006) <i>** Funded by Customer Charge</i>	346,678	-	346,678
2006	SS-02B	Sanitary Sewer & Rehabilitation Program - Construction	2,000,000	2,000,000	-
2005	SS-10	Sheldon, Mead, Hillwood (Sewer) - Construction	1,494,375	-	-
2006	SS-21	York Road - Sewer Extension - P.E.	68,000	-	68,000
2006	SS-22A	Grant Pump Station - Pump Replacement	275,000	-	275,000
2006	SS-22B	Grant Pump Station - Bypass System Installation	150,000	-	150,000
2006	SS-23	Michelson Pump Station - Rehabilitation	40,000	-	40,000
		Sewer - 2006 Subtotal	\$ 7,384,053	\$ 2,000,000	\$ 879,678
2006		2006 - Grand Total Capital Outlay	\$ 19,900,730	\$ 3,265,000	\$ 1,458,855
2007	FA-04	Water / DPS Facility - Construction	3,010,000	-	-
2007	WS-01E	Crooks Rd. (M-59 - Hamlin) - P.E.	23,000	-	23,000
2007	WS-02A	Hamlin Rd. (Crooks - Livernois) - P.E.	60,000	-	60,000
2007	WS-02B	Hamlin Rd. (Livernois - Rochester) - P.E.	60,000	-	60,000
2007	WS-25B	South Blvd. Watermain (Livernois - Rochester)	1,050,000	1,050,000	-
2007	WS-30	Water Meter - Radio Read System (2007) <i>** Funded by Customer Charge</i>	346,678	-	346,678
		Water - 2007 Subtotal	\$ 4,549,678	\$ 1,050,000	\$ 489,678
2007	FA-04	Sewer / DPS Facility - Construction	3,010,000	-	-
2007	WS-30	Sewer / Meter Radio Read System (2007) <i>** Funded by Customer Charge</i>	346,678	-	346,678
2007	SS-02A	Sanitary Sewer Evaluation Study (SSES) - P.E.	300,000	-	300,000
2007	SS-21	York Road - Sewer Extension - Construction	605,900	605,900	-
		Sewer - 2007 Subtotal	\$ 4,262,578	\$ 605,900	\$ 646,678
2007		2007 - Grand Total Capital Outlay	\$ 8,812,255	\$ 1,655,900	\$ 1,136,355

CIP ID#			PROJECT COST	PROJECTS BONDED	PROJECTS From CASH
2008	WS-02A	Hamlin Rd. (Crooks - Livernois) - Construction	690,000	690,000	
2008	WS-14	Washington, Stoney Creek, Mill Race (Water) - P.E.	350,000	350,000	
2008	WS-23	University Hills - Water Main Replacement - Construction	1,000,500	1,000,500	
2008	WS-30	Water Meter - Radio Read System (2008) ** Funded by Customer Charge	330,178	-	330,178
		Water - 2008 Subtotal	\$ 2,370,678	\$ 2,040,500	\$ 330,178
2008	WS-30	Sewer / Meter Radio Read System (2008) ** Funded by Customer Charge	330,178	-	330,178
2008	SS-02B	Sanitary Sewer & Rehabilitation Program - Construction	2,000,000	2,000,000	
2008	SS-14	Washington, Stoney Creek, Mill Race (Sewer) - P.E.	500,000	-	500,000
		Sewer - 2008 Subtotal	\$ 2,830,178	\$ 2,000,000	\$ 830,178
2008		2008 - Grand Total Capital Outlay	\$ 5,200,855	\$ 4,040,500	\$ 1,160,355
2009	WS-02B	Hamlin Rd. (Livernois - Rochester) - Construction	690,000	690,000	
2009	WS-05B	Brewster - Watermain Replacement	200,000	-	200,000
2009	WS-14	Washington, Stoney Creek, Mill Race (Water) - Construction	4,204,000	4,204,000	
		Water - 2009 Subtotal	\$ 5,094,000	\$ 4,894,000	\$ 200,000
2009	SS-02A	Sanitary Sewer Evaluation Study (SSES) - P.E.	300,000	-	300,000
2009	SS-14	Washington, Stoney Creek, Mill Race (Sewer) - Construction	1,750,000	1,750,000	
2009	SS-16B	Sanitary Sewer Improvements	40,000	-	40,000
		Sewer - 2009 Subtotal	\$ 2,090,000	\$ 1,750,000	\$ 340,000
2009		2009 - Grand Total Capital Outlay	\$ 7,184,000	\$ 6,644,000	\$ 540,000
2010	WS-01E	Crooks Rd. (M-59 - Hamlin) - Construction	265,000	-	265,000
2010	WS-14	Washington, Stoney Creek, Mill Race (Water) - Construction	1,016,000	1,016,000	
		Water - 2010 Subtotal	\$ 1,281,000	\$ 1,016,000	\$ 265,000
2010	SS-02B	Sanitary Sewer & Rehabilitation Program - Construction	2,000,000	2,000,000	
2010	SS-14	Washington, Stoney Creek, Mill Race (Sewer) - Construction	1,590,000	1,590,000	
		Sewer - 2010 Subtotal	\$ 3,590,000	\$ 3,590,000	\$ -
2010		2010 - Grand Total Capital Outlay	\$ 4,871,000	\$ 4,606,000	\$ 265,000
		Water - 2011 Subtotal	\$ -	\$ -	\$ -
2011	SS-02A	Sanitary Sewer Evaluation Study (SSES) - P.E.	300,000	-	300,000
		Sewer - 2011 Subtotal	\$ 300,000	\$ -	\$ 300,000
2011		2011 - Grand Total Capital Outlay	\$ 300,000	\$ -	\$ 300,000
		GRAND TOTAL - W & S - Capital Projects	\$ 52,438,450	\$ 46,215,150	\$ 6,223,300

CIP ID#

	PROJECT COST	PROJECTS BONDED	PROJECTS From CASH
<i>Water Fund Capital Outlay - 2005</i>	\$ 3,803,558	\$ 16,770,000	\$ 716,058
<i>Sewer Fund Capital Outlay - 2005</i>	2,366,053	9,233,750	646,678
W & S / Capital Projects - 2005	\$ 6,169,610	\$ 26,003,750	\$ 1,362,735
<i>Water Fund Capital Outlay - 2006</i>	\$ 12,516,678	\$ 1,265,000	\$ 579,178
<i>Sewer Fund Capital Outlay - 2006</i>	7,384,053	2,000,000	879,678
W & S / Capital Projects - 2006	\$ 19,900,730	\$ 3,265,000	\$ 1,458,855
<i>Water Fund Capital Outlay - 2007</i>	\$ 4,549,678	\$ 1,050,000	\$ 489,678
<i>Sewer Fund Capital Outlay - 2007</i>	4,262,578	605,900	646,678
W & S / Capital Projects - 2007	\$ 8,812,255	\$ 1,655,900	\$ 1,136,355
<i>Water Fund Capital Outlay - 2008</i>	\$ 2,370,678	\$ 2,040,500	\$ 330,178
<i>Sewer Fund Capital Outlay - 2008</i>	2,830,178	2,000,000	830,178
W & S / Capital Projects - 2008	\$ 5,200,855	\$ 4,040,500	\$ 1,160,355
<i>Water Fund Capital Outlay - 2009</i>	\$ 5,094,000	\$ 4,894,000	\$ 200,000
<i>Sewer Fund Capital Outlay - 2009</i>	2,090,000	1,750,000	340,000
W & S / Capital Projects - 2009	\$ 7,184,000	\$ 6,644,000	\$ 540,000
<i>Water Fund Capital Outlay - 2010</i>	\$ 1,281,000	\$ 1,016,000	\$ 265,000
<i>Sewer Fund Capital Outlay - 2010</i>	3,590,000	3,590,000	-
W & S / Capital Projects - 2010	\$ 4,871,000	\$ 4,606,000	\$ 265,000
<i>Water Fund Capital Outlay - 2011</i>	\$ -	\$ -	\$ -
<i>Sewer Fund Capital Outlay - 2011</i>	300,000	-	300,000
W & S / Capital Projects - 2011	\$ 300,000	\$ -	\$ 300,000
GRAND TOTAL / Water Fund Capital Outlay - 2005-2011	\$ 29,615,590	\$ 27,035,500	\$ 2,580,090
GRAND TOTAL / Sewer Fund Capital Outlay - 2005-2011	22,822,860	19,179,650	3,643,210
GRAND TOTAL / W & S Capital Projects - 2005-2011	\$ 52,438,450	\$ 46,215,150	\$ 6,223,300

	Water	Sewer	Sewer
2005	3,803,558	2,366,053	9,233,750
2006	12,516,678	7,384,053	2,000,000
2007	4,549,678	4,262,578	605,900
2008	2,370,678	2,830,178	2,000,000
2009	5,094,000	2,090,000	1,750,000
2010	1,281,000	3,590,000	3,590,000
2011	-	300,000	-
	29,615,590	22,822,860	19,179,650

Water / Sewer Monthly Billing Summary

Actual 2001	Actual 2002	Actual 2003	Actual 2004	Projected 2005	Forecasted 2006	Forecasted 2007	Forecasted 2008	Forecasted 2009	Forecasted 2010	Forecasted 2011

2005-2011 Average Bill

Example A										
Radio Read System Purchased; New DPS Facility Constructed; Water Reservoir Constructed / (2 Year Breakeven (12/31/2006))										
Water - Customer Charge (Bill)	\$ 2.42	\$ 2.68	\$ 2.88	\$ 3.16	\$ 6.45	\$ 6.53	\$ 6.62	\$ 6.58	\$ 3.73	\$ 3.83
Sewer - Customer Charge (Bill)	\$ 2.10	\$ 2.30	\$ 2.30	\$ 2.54	\$ 6.45	\$ 6.53	\$ 6.62	\$ 6.58	\$ 3.73	\$ 3.83
Total Customer Charge (Bill)	\$ 4.52	\$ 4.98	\$ 5.18	\$ 5.70	\$ 12.91	\$ 13.07	\$ 13.23	\$ 13.16	\$ 7.47	\$ 7.67
Water Commodity Rate	\$ 1.31	\$ 1.90	\$ 2.08	\$ 2.18	\$ 2.67	\$ 3.33	\$ 2.96	\$ 3.12	\$ 3.29	\$ 3.46
Water Commodity (% Change)	40.9%	45.0%	9.5%	4.8%	23.5%	23.5%	-10.9%	5.3%	5.3%	5.3%
C of RH Sewer Commodity Rate	\$ 1.39	\$ 1.67	\$ 2.00	\$ 2.10	\$ 2.27	\$ 2.44	\$ 2.52	\$ 2.59	\$ 2.67	\$ 2.75
C of RH Sewer Commodity Rate	0.0%	20.1%	19.8%	5.0%	7.9%	7.9%	3.0%	3.0%	3.0%	3.0%

Example A - Bill Projection										
Radio Read System Purchased; New DPS Facility Constructed; Water Reservoir Constructed / (3 Year Breakeven (12/31/2007))										
Customer Charge - W&S	\$ 4.52	\$ 4.98	\$ 5.18	\$ 5.70	\$ 12.91	\$ 13.07	\$ 13.23	\$ 13.16	\$ 7.47	\$ 7.67
Commodity Charge - W&S	\$ 62.10	\$ 82.11	\$ 93.84	\$ 98.44	\$ 174.03	\$ 132.69	\$ 126.06	\$ 131.44	\$ 137.08	\$ 142.97
Capacity Charge (1" Meter) - W&S	\$ 5.24	\$ 5.24	\$ 5.64	\$ 6.20	\$ 6.51	\$ 6.84	\$ 7.18	\$ 7.54	\$ 7.91	\$ 8.31
Average Water & Sewer Bill	\$ 71.86	\$ 92.33	\$ 104.66	\$ 110.34	\$ 133.45	\$ 152.59	\$ 146.47	\$ 152.14	\$ 152.45	\$ 158.94
Ave. W&S Bill - Percentage Increase	17.4%	28.5%	13.4%	5.4%	20.9%	14.3%	-4.0%	3.9%	0.2%	4.3%

Example B										
Radio Read System Purchased; New DPS Facility Constructed; Water Reservoir Constructed / (3 Year Breakeven (12/31/2007))										
Water - Customer Charge (Bill)	\$ 2.42	\$ 2.68	\$ 2.88	\$ 3.16	\$ 6.45	\$ 6.53	\$ 6.62	\$ 6.58	\$ 3.73	\$ 3.83
Sewer - Customer Charge (Bill)	\$ 2.10	\$ 2.30	\$ 2.30	\$ 2.54	\$ 6.45	\$ 6.53	\$ 6.62	\$ 6.58	\$ 3.73	\$ 3.83
Total Customer Charge (Bill)	\$ 4.52	\$ 4.98	\$ 5.18	\$ 5.70	\$ 12.91	\$ 13.07	\$ 13.23	\$ 13.16	\$ 7.47	\$ 7.67
Water Commodity Rate	\$ 1.31	\$ 1.90	\$ 2.08	\$ 2.18	\$ 2.67	\$ 3.33	\$ 2.96	\$ 3.12	\$ 3.29	\$ 3.46
Water Commodity (% Change)	40.9%	45.0%	9.5%	4.8%	14.3%	14.3%	-10.9%	5.3%	5.3%	5.3%
C of RH Sewer Commodity Rate	\$ 1.39	\$ 1.67	\$ 2.00	\$ 2.10	\$ 2.27	\$ 2.39	\$ 2.55	\$ 2.61	\$ 2.68	\$ 2.75
C of RH Sewer Commodity Rate	0.0%	20.1%	19.8%	5.0%	6.7%	6.7%	6.7%	2.6%	2.6%	2.6%

Example B - Bill Projection										
Radio Read System Purchased; New DPS Facility Constructed; Water Reservoir Constructed / (3 Year Breakeven (12/31/2007))										
Customer Charge - W&S	\$ 4.52	\$ 4.98	\$ 5.18	\$ 5.70	\$ 12.91	\$ 13.07	\$ 13.23	\$ 13.16	\$ 7.47	\$ 7.67
Commodity Charge - W&S	\$ 62.10	\$ 82.11	\$ 93.84	\$ 98.44	\$ 168.85	\$ 120.49	\$ 133.55	\$ 136.97	\$ 140.47	\$ 144.07
Capacity Charge (1" Meter) - W&S	\$ 5.24	\$ 5.24	\$ 5.64	\$ 6.20	\$ 6.51	\$ 6.84	\$ 7.18	\$ 7.54	\$ 7.91	\$ 8.31
Average Water & Sewer Bill	\$ 71.86	\$ 92.33	\$ 104.66	\$ 110.34	\$ 128.26	\$ 140.40	\$ 153.96	\$ 157.67	\$ 155.85	\$ 160.04
Ave. W&S Bill - Percentage Increase	17.4%	28.5%	13.4%	5.4%	16.2%	9.5%	9.7%	2.4%	-1.2%	2.7%

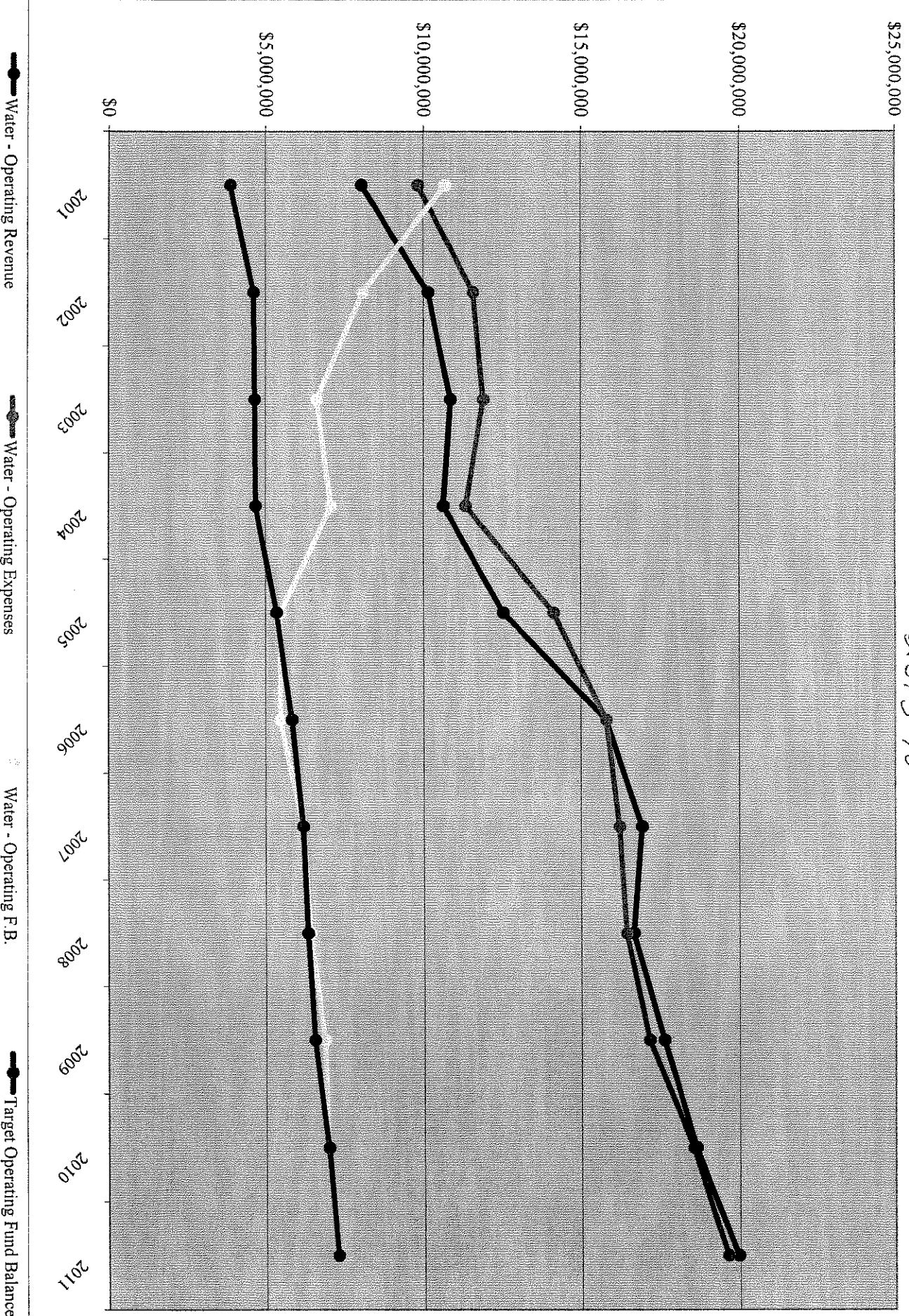
Example A (2 Year Breakeven)										
Customer Charge - W&S	\$ 71.86	\$ 92.33	\$ 104.66	\$ 110.34	\$ 133.45	\$ 152.59	\$ 146.47	\$ 152.14	\$ 152.45	\$ 158.94
Commodity Charge - W&S	\$ 71.86	\$ 92.33	\$ 104.66	\$ 110.34	\$ 128.26	\$ 140.40	\$ 153.96	\$ 157.67	\$ 155.85	\$ 160.04
Capacity Charge (1" Meter) - W&S	\$ 5.24	\$ 5.24	\$ 5.64	\$ 6.20	\$ 6.51	\$ 6.84	\$ 7.18	\$ 7.54	\$ 7.91	\$ 8.31
Average Water & Sewer Bill	\$ 71.86	\$ 92.33	\$ 104.66	\$ 110.34	\$ 128.26	\$ 140.40	\$ 153.96	\$ 157.67	\$ 155.85	\$ 160.04
Ave. W&S Bill - Percentage Increase	17.4%	28.5%	13.4%	5.4%	16.2%	9.5%	9.7%	2.4%	-1.2%	2.7%

151.68
151.51
0.18

Water Operating Fund = Revenue / Expense / Fund Balance

23,570

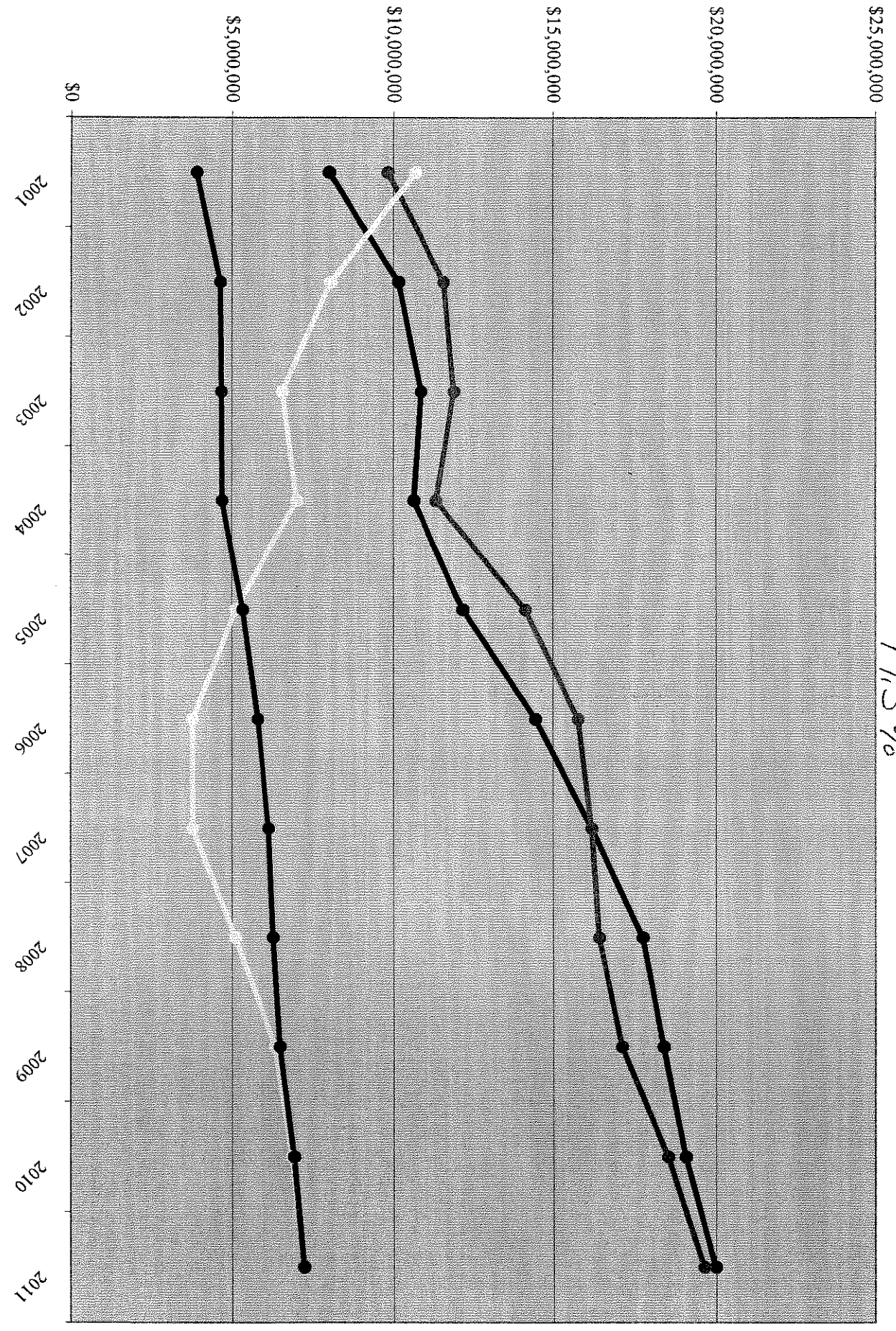
Ex. A



Water Operating Fund = Revenue / Expense / Fund Balance

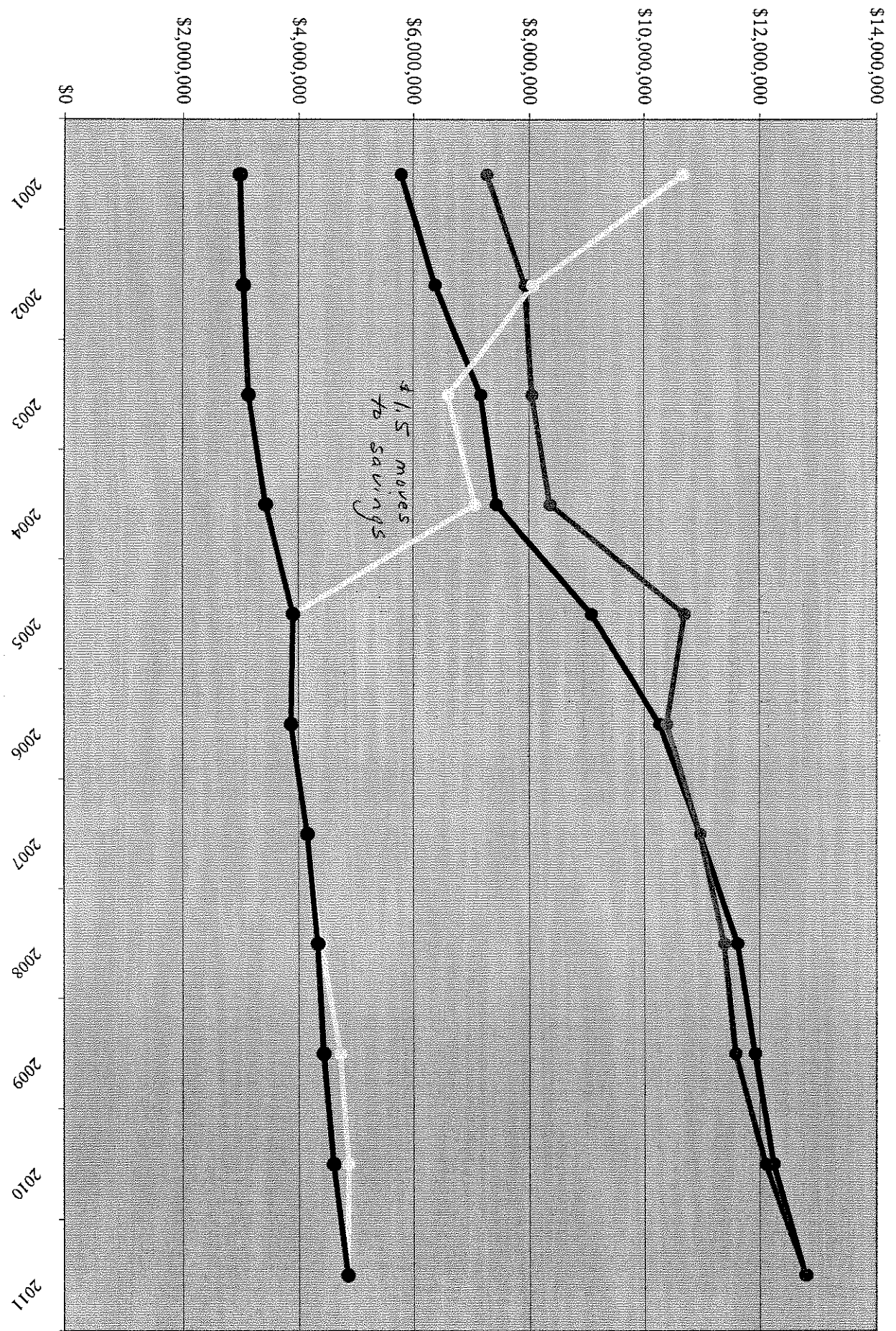
1/1, 3 90

B
E+ B



Water - Operating Revenue
Water - Operating Expenses
Water - Operating F.B.
Target Operating Fund Balance

Sewer Operating Fund = Revenue / Expense / Fund Balance



● Sewer - Operating Revenue

● Sewer - Operating Expenses

● Sewer - Operating F.B.

● Target Operating Fund Balance