



## AGENDA REPORT

**Meeting Date:** June 4, 2013

**Item Number:** F-3

**To:** Honorable Mayor & City Council

**From:** Daniel E. Cartagena, Senior Management Analyst

**Subject:** A RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS TO REDUCE THE INCREASE FOR WATER RATES FOR FISCAL YEAR 2013-2014

**Attachments:**

1. Resolution
2. Agenda Report with Ad Hoc Committee's Recommendation

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### **RECOMMENDATION**

Staff recommends that the City Council of the City of Beverly Hills adopt the attached resolution reducing the previously approved Fiscal Year 2013/14 water rate increase from 7% to 5%.

### **INTRODUCTION**

At its May 23, 2013 meeting, the City Council approved its Ad Hoc Committee's recommendation to reduce the increase to water rates by 2%. Water rates for Fiscal Year 2013/14 would take effect July 1, 2013.

**DISCUSSION**

On May 15, 2012, the City Council adopted an ordinance raising water rates by 7% for both FY 2012/13 and 2013/14. Recently, an Ad Hoc Committee reviewed the financial data and projection of the Water Enterprise Fund including the projected increase in revenue due to increased consumption. Based on the Ad Hoc Committee's recommendation, the City Council approved a reduction on the increase in water rates for FY 2013/14.

The approved 7% rate increase for FY 2013/14 was based on water consumption estimates coming out of the Stage B Water Conservation program that came to an end in April 2011. Moreover, the lower rate now proposed is driven by a 7% - 9% projected increase in water demand for FY 2013/14.

Financial projections beyond FY 2013/14 assuming a 3% annual rate increase indicates that the revenue estimates and reserve levels will be maintained with the target policies. However, due to elasticity in demand, staff intends to conduct a bi-annual rate review process in the Fall 2013. Staff will then present its recommendation to the City Council in Spring 2014.

**FISCAL IMPACT**

To the average customer, the 5% rate increase will add approximately \$10.16 to their bill per billing cycle. In contrast, the 7%, the increase cost would have added \$13.20.

Approval of a 5% water rate increase will yield approximately \$1.6 million in revenue for FY 213/14. The Water Enterprise Fund would be able to maintain the necessary debt service coverage and reserve levels and remain fiscally stable.

Don Rhoads



Finance Approval

Mahdi Aluzri



Approved By

# **Attachment 1**

RESOLUTION NO. 13-R-\_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
BEVERLY HILLS TO REDUCE THE INCREASE FOR WATER  
RATES FOR FISCAL YEAR 2013-2014

THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS DOES HEREBY  
RESOLVE AS FOLLOWS:

Section 1. The City Council of the City of Beverly Hills hereby finds as follows:

A. The City Council adopted Ordinance No. 12-O-2624 on June 7, 2012, to authorize a 7% increase to the City's rates for water services, effective July 1, 2012 and July 1, 2013.

B. On February 5, 2013, the City Council directed staff to study the possibility of an offset to the increase to the City's rates for water services, effective July 1, 2013, and on May 21, 2013, the City Council reviewed the analysis regarding the proposed increase.

C. The City Council wishes to reduce from 7% to 5% the increase in rates for water services (the "rates"), as provided in Exhibit A to this Resolution.

D. All code references in the column entitled "Reference" in Exhibit A are to ordinances or resolutions of the City of Beverly Hills unless otherwise indicated.

Section 2. Notwithstanding Ordinance No. 12-O-2624, the rates listed in Exhibit A as Reference Nos. 08-O-2552 (Water Rates) shall be as provided in Exhibit A, effective July 1, 2013, until such time as this resolution is superseded or amended.

Section 3. The City Clerk shall certify to the adoption of this Resolution and shall cause this Resolution and his certification to be entered in the Book of Resolutions of the Council of the City.

Adopted:

\_\_\_\_\_  
JOHN A. MIRISCH  
Mayor of the City of Beverly Hills,  
California

ATTEST:

\_\_\_\_\_  
(SEAL)  
BYRON POPE  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
MAHDI ALUZRI  
Assistant City Manager/  
Acting Director of Public Works &  
Transportation

**EXHIBIT A**  
**[see attached]**

# Exhibit A

BHMC 6-1- REFERENCE	TYPE OF UTILITY CHARGE	2012/13 RATE		2013/14 RATE	
		Inside City	Outside City	Inside City	Outside City
	Water				
88-R-7759	Service Connection Charge:				
	General				
	1" and smaller	703.98	891.13	739.18	935.69
	1- 1/2"	1,418.22	1,787.45	1,489.13	1,876.82
	2"	2,025.14	2,734.62	2,126.40	2,871.36
	3"	3,022.33	4,257.21	3,173.45	4,470.07
	4"	4,070.06	5,839.74	4,273.56	6,131.73
	6"	5,110.28	7,559.63	5,365.79	7,937.61
	8"	6,043.39	9,359.87	6,345.56	9,827.87
	Fire Protection Services				
	4"	4,070.06	6,108.31	4,273.56	6,413.73
	6"	5,110.28	8,131.34	5,365.79	8,537.91
	8"	6,043.39	10,018.07	6,345.56	10,518.98
	10"	7,091.22	14,079.25	7,445.78	14,783.21
88-R-7759	Service Installation Deposit:				
	*The city will charge fully allocated hourly rates for all personnel involved plus any outside costs and materials.				
	Size of Service (deposit levels):				
	1 inch	2,809.80	2,809.80	2,950.29	2,950.29
	2 inches	5,619.50	5,619.50	5,900.47	5,900.47
	3 inches - Compound	9,553.16	9,553.16	10,030.82	10,030.82
	4 inches - Changeout	5,057.52	5,057.52	5,310.39	5,310.39
	4 inches - Compound	9,553.16	9,553.16	10,030.82	10,030.82
	4 inches - Fire	6,743.46	6,743.46	7,080.63	7,080.63
	6 inches - Changeout	9,553.16	9,553.16	10,030.82	10,030.82
	6 inches - Compound	15,172.66	15,172.66	15,931.29	15,931.29
	6 inches - Fire	7,867.32	7,867.32	8,260.68	8,260.68
	8 inches	11,763.44	11,763.44	12,351.61	12,351.61
88-R-7759	Fire Protection Service Installation Deposit:				
	*(Actual costs will be billed to customer and applied against deposit.)				
	Size of service:				
	8 inches	7,702.27	7,702.27	8,087.38	8,087.38
	10 inches	9,242.72	9,242.72	9,704.86	9,704.86
88-R-7759	Fire Hydrant Installation Deposit:				
	*(Actual costs will be billed to customer and applied against deposit.)	4,621.36	4,761.21*	4,852.43	5,391.78*
88-R-7759	Service Restoration Charge:				
	After discontinuation at customer's request	215.00	225.75	225.75	237.04
	After discontinuation due to noncompliance	215.00	225.75	225.75	237.04
	After unauthorized turn on of water	161.00	169.05	169.05	177.50
88-R-7759	Temporary Service Connection:				
	Installation of service connection and meter	123.60	134.92	129.78	141.66
	Installation of meter to pre-existing service	123.60	134.92	129.78	141.66
	Service charge	98.76	108.91	103.69	114.35
	Equipment rental fee:				
	First 15 days or less	48.64	53.61	51.07	56.29
	Each succeeding 15 days or less	19.46	21.46	20.43	22.54

# Exhibit A

BHMC 6-1- REFERENCE	TYPE OF UTILITY CHARGE	2012/13 RATE		2013/14 RATE	
		Inside City	Outside City	Inside City	Outside City
88-R-7759	Temporary Supply from Fire Hydrant:				
	Application fee	37.43	41.34	39.30	43.41
	Deposit	1,132.00	1,248.84	1,188.60	1,311.28
	Service charge				
	Each 6 month period or less	148.77	164.10	156.21	172.31
	Equipment rental fee				
	First 15 days or less	48.64	53.61	51.07	56.29
	Each succeeding 15 days or less	19.46	21.46	20.43	22.54
	Meter relocation (each)	48.64	53.61	51.07	56.29
07-R-12338	Fire Flow Test (per test)	429.00	536.25	450.45	563.06
88-R-7759	Water Meter Testing (per test)	858.00	1,072.50	900.90	1,126.13
06-0-2506	Groundwater Replenishment Fee	852.75	0.00	895.39	0.00
08-0-2552	Water Rates:				
	Service charges (bimonthly):				
	Meter size (per meter):				
	1 inch and smaller	40.49	50.61	42.51	53.14
	1-1/2 inches	70.18	87.73	73.69	92.11
	2 inches	105.81	132.26	111.10	138.88
	3 inches	188.94	236.18	198.39	247.98
	4 inches	307.70	384.63	323.09	403.86
	6 inches	604.60	755.75	634.83	793.54
	Quantity charge:*				
	Bimonthly Water Usage - units of 100 cu ft (per 100 cu ft)				
	Single Family Residences				
	& Duplexes (SFR)				
	Tier 1 - from 1 and up to 10	3.29	4.11	3.46	4.32
	Tier 2 - over 10 and up to 55	4.36	5.45	4.58	5.73
	Tier 3 - over 55 to 120	6.87	8.59	7.22	9.02
	Tier 4 - over 120 +	13.27	16.59	13.94	17.42
	Multi-Family Residential (MFR)				
	(Tier acts as a multiplier by # of units.)				
	Tier 1 - from 1 to 4	3.29	4.11	3.46	4.32
	Tier 2 - over 4 and up to 9	4.36	5.45	4.58	5.73
	Tier 3 - over 9 and up to 16	6.87	8.59	7.22	9.02
	Tier 4 - over 16+	13.27	16.59	13.94	17.42
	Non-residential rate (Commercial, Governmental and Schools)	5.63	7.04	5.92	7.40
	*Capital charge incorporated in usage.				
08-0-2552	Fire Protection Service Charge (bimonthly):				
	Size of Connection:				
	2 inch and smaller	24.65	30.81	25.89	32.36
	2-1/2 inches	36.77	45.96	38.61	48.26
	3 inches	53.56	66.95	56.24	70.30
	4 inches	103.44	129.30	108.62	135.77
	6 inches	282.48	353.10	296.61	370.76
	8 inches	591.27	739.09	620.84	776.05
	10 inches	1,055.75	1,319.69	1,108.54	1,385.68

# **Attachment 2**



## AGENDA REPORT

**Meeting Date:** May 23, 2013  
**Item Number:** F-3  
**To:** Honorable Mayor & City Council  
**From:** Noel Marquis, Assistant Director, Administrative Services/CFO  
**Subject:** **TRANSMITTAL OF WATER AD HOC COMMITTEE RECOMMENDED  
WATER UTILITY RATES FOR FISCAL YEAR 2013/2014**  
**Attachments:** 1.) Spreadsheet/Cash Flow Analysis of Water Enterprise

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### RECOMMENDATION

The Ad Hoc Committee, consisting of Councilmembers Brien and Gold, Treasurer Finkel, and Public Works Commission Chair Pressman, after review of the financial data and projections of the Water Enterprise considered staff's recommendation for reduction of the approved Fiscal Year 2013/2014 water rate increase from 7% to 5%. The Committee also evaluated the Enterprise fund forecast for the next four fiscal years and considered a projected necessary increase of 3% per year to keep the fund in line with debt service coverage and reserve policy requirements. The City Council has already given approval for up to a 7% increase for Fiscal Year 2013/2014 and rate adjustment recommendations for the following years will be brought forth for consideration next fiscal year as part of the usual 2 year rate adjustment cycle.

### INTRODUCTION

At the City Council's February 5, 2013 regularly scheduled meeting staff was directed to set aside \$2,500,000 in yearend surplus from the City's fiscal year 2011/2012 general fund operations for a possible one time infusion to the Water Fund in order to offset the planned 7% rate increase for next fiscal year. The Council appointed the Ad Hoc Committee to work with staff on studying the previously approved rate adjustment and assess the possibility for reducing the proposed increase, returning to the City Council with a recommendation on the use of the set aside general funds. The City Council Ad Hoc committee met on March 25, 2013, and staff presented information about the operation of the Water Enterprise fund and its financial position and health.

The Committee discussed the need for the Water Enterprise to be able to fully support itself from user fees, the impact of not keeping the fund self-sufficient and the potential

for loss of the Enterprise's AAA credit rating if the necessary steps to maintain the fiscal health of the fund are not undertaken. Staff presented historic information about the fund's fiscal performance and current fiscal position.

At the end of the presentation the Ad Hoc committee discussed the various rate scenarios presented and determined that a recommendation for reduction of the approved Fiscal Year 2013/2014 water rate increase from 7% to 5% and rate increases for the next 4 fiscal years (FY 14/15, FY 15/16, FY 16/17 and FY 17/18) being set to increase by 3% provided the best overall cost containment while providing for the continued fiscal health of the Water Enterprise.

## **DISCUSSION**

The City owns and operates a water enterprise that has aging infrastructure and requires maintenance and replacement to keep it in good operating condition. Further, the City purchases the majority of the water it sells to its customers from the Metropolitan Water District (MWD) and is able to produce only a small fraction of the overall needs from its own wells and treatment plant. The cost of increasing the City's ability to produce more of its water needs is extremely expensive and presently not an economically viable option. In recent years the City has replaced the Coldwater Canyon reservoir and is in the final stages of replacing most of its storage tanks and pumps. The Greystone reservoir is in good shape and should not need major work or replacement in the foreseeable future.

To provide for efficient operation, capital maintenance and payment of debt service the City needs about \$36.8 million a year in operating revenues. This number will vary from year to year as various capital maintenance projects come on line; however, since the City's target is to maintain a reserve of 50% of its operating revenues these fluctuations can be absorbed without impact on rates. For example, in the current capital project budget costs range from a high of \$7.4 million to a low of \$4.5 million with an average over the 5 years of \$5.6 million. In this example the Water Enterprise could dip into its operating reserve to provide the capital for the year needing \$7.4 million and repay the operating reserve in years requiring lesser amounts. Projects that are farther out at a time would have their funding provided for by gradually building the operating reserve above the 50% level so that funds are available when the project is ready to go on line.

The four major factors driving water rates are:

1. Current water usage

Because of the nature of the Water Enterprise's operations most of the operating costs are fixed. The only real variable is the cost of purchased water. As usage goes down the fixed costs become a major factor in rate needs. The simple truth is that the more successful we are in promoting water conservation the more each unit of water costs our customers. The volume of water consumption based on the latest data shows an increase of between 6% and 8% resulting in an increase in forecasted sales and revenue of \$2.9 million. With the consumption increase being maintained at the same level for next fiscal year along with the suggested 5% rate increase, anticipated revenues will be sufficient to cover the cost of operations, debt service, and capital projects while maintaining the funds operating reserve at the 50% level.

2. Cost of purchased water

The City relies on MWD to acquire most of the water it sells. Because of MWD's heavy capital program, needing new transport and storage systems, its cost increases often exceed current inflationary indices. MWD indicated that its rates for selling water for next fiscal year are expected to increase by 5%. It should be noted that the five year forecast included in the attachment also assumes a 5% increase in MWD rates per year.

3. Capital needs for infrastructure maintenance and replacement

The ongoing needs of the system for capital replacement and maintenance must be included within the City's rate structure. By policy, intermediate capital projects will be funded from operating reserves while major capital projects such as reservoir replacement will be funded by debt issues. This policy is consistent with placing the cost burden on the group deriving the benefit from the project. In fiscal year 12/13 the City Council appropriated and reappropriated a total of \$14.7 million for capital projects and when added to the remaining capital funds from previous years the total funds available for capital investment and debt principal payment and operating reserves is approximately \$37.8 million. As part of fiscal year 13/14 staff is suggesting a budget of \$7.4 million in capital investment to be included in the five year Capital budget for Council consideration. That includes \$950,000 for the development of an updated water master plan that will lay the strategy for future capital needs that would be implemented in the following years.

4. Cost of operations other than purchased water

The City like all business operators faces the cost increases related to the impacts of inflation. These impacts must be considered as we prepare our rate models.

All of these factors are considered when developing the City's rate recommendations and structure. Further items considered included the impact that various types and levels of usage place on the system. For example, if all of our customers only needed a 1" meter and had a relatively low water demand the cost to build, maintain and operate our system would be less than what we currently experience with customers with up to 6" meters and very high demands. The latter require larger delivery lines and storage facilities substantially increasing capital investments and maintenance costs, all of which have to be considered in the rate analysis. In our case, customers who place a larger demand on the system pay a rate related to that demand through basic meter size charges and tiered usage. In this manner, each customer pays for the level of service and demand they place on the system, thereby keeping the cost lower for small demand customers and becoming higher as their demand on the system increases.

**DEBT SERVICE COVERAGE AND RESERVE POLICY**

When a bond issuer sells bonds certain covenants are required to make buyers interested in buying the bonds. One of these covenants that are included in the City's Water bonds is a rate covenant. This covenant requires that the City maintain user rates sufficient to provide the cash flow necessary to make the debt service payments. In the case of Beverly Hills, our rate covenant requires that we maintain user rates sufficient that our revenue less our operating expenses (not including depreciation or debt interest payment) leave an amount that is at least 125% of the current debt service payment. Because Beverly Hills is one of a very small list of entities with AAA bond rating on our

Meeting Date: May 23, 2013

Water Enterprise bonds the rating agencies look to us to keep a rate coverage much greater than our bond documents require.

Further, to provide the funds necessary for the capital program we anticipate (\$27.8 million over the next 5 years) and maintaining a 50% operating reserves requires that our rate coverage be maintained at a much higher level.

### **NEXT STEPS**

Over the next year a Water Master Plan will be completed. This plan will contain an analysis of the following elements:

- Current conditions
  - 2002 Black & Veatch Water System Master Plan
  - 5 year Capital Improvement Program
  - Groundwater cost analysis
- Supply sources
  - MWD/Cost increases/Rate subsidy
  - Future demand/Drought impacts
  - Alternate sources/Ground water/Shallow water/Constraints
  - Treatment plant/Debt costs/Operational costs
- Water Demand Needs
  - Forecasted increases/Future trends
  - Rate structure
- Operational expenses
  - Fixed costs
  - Variable expenses
- Infrastructure Condition
  - Current conditions/existing master plan
  - Updated plan/CIP and upcoming projects
  - 5 year budget and funding sources
- Next Steps
  - Continue biennial rate analysis
  - Continue updating 5 year CIP annually
  - Conduct a comprehensive cost & risk analysis on expanding the development of the City's groundwater program (shallow or otherwise); recommend that this study be conducted by someone that is not vested in the outcome
  - Study/consider operational changes at the treatment plant to maximize its efficiency versus a strategy for minimal operations to maintain standby capacity
  - Develop a "drought" rate in advance of the next drought (it's coming someday)
  - Evaluate the appropriateness of implementing a two-tier rate structure for commercial properties
  - Develop/implement a strategy to obtain 20% conservation by 2020
  - Track & support the Bay Delta Conservation Plan (BDCP)

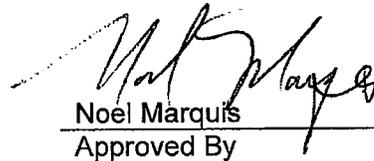
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- o Implementation timeline for study recommendations

Completion of this plan and will provide the information that staff needs to properly plan and suggest for Council consideration the future course of the Water Enterprise.

**FISCAL IMPACT**

Failure to set rates at levels necessary to provide for the fiscal health of the system can have many impacts. One consequence could be a lowering of the AAA rating the City's Water Enterprise currently enjoys. This could cost future customers in the form of higher interest rates. Additionally, if the City then needs to subsidize the Water Enterprise with General Fund monies this could be viewed as an operating deficiency of the City and could impact the City's overall AAA credit rating. Tying up General Fund revenues by subsidizing non-general fund operations could limit other programs and services the City would be able to provide to its citizens and guests. Presently the City is using General Fund revenues to subsidize the Parking Authority operations and the Clean Water Enterprise Fund. Further use of General Fund revenues to subsidize the Water Enterprise would further restrict the funds the City had to provide for traditional governmental services. Should the City Council concur with the recommendations of the Ad Hoc Committee and reduce the approved 7% rate increase to the recommended 5%, the forecasted revenues indicate that the Water Enterprise fund would maintain the necessary debt service coverage and reserve levels and remain fiscally healthy. Therefore the \$2.5 million general fund subsidy would not be necessary and can be allocated to other programs as the Council deems appropriate. Staff would then bring back potential options for use of that one time surplus for consideration as part of the budget process.

  
Noel Marquis  
Approved By

# **Attachment 1**

*City of Beverly Hills*

5% in 13/14 and 3% thereafter

80 Water Enterprise Fund Current

	Current Trend			Requested Fiscal Year 13/14
	Budgeted Fiscal Year 12/13	Amended/ Projected Fiscal Year 12/13	Difference Bud/Pjt Better/ (Worse)	
Projected Revenues				
Service Charges	30,675,172	33,556,412	2,881,240	35,234,232
Interest Earnings	464,257	573,053	108,796	411,040
Lease of Property	9,400	10,290	890	9,400
ISF Receipts	849,411	849,411	-	849,411
Subsidy from MWD	325,000	200,000	(125,000)	200,000
Miscellaneous	54,359	52,574	(1,785)	54,151
Operating Revenues	32,377,599	35,241,740	2,864,141	36,758,234
Projected Expenses				
Personnel Services	3,775,069	2,814,104	960,965	3,163,510
Materials and Supplies	1,834,407	1,083,378	751,029	1,115,879
Purchased Water	9,507,000	9,772,547	(265,547)	11,000,000
Contractual Services	1,141,479	636,099	505,380	655,182
ISF Charges	7,412,141	7,412,141	-	7,634,505
Depreciation and Amortization	3,771,774	3,771,774	-	3,884,927
Debt Service Interest	2,995,076	3,218,094	(223,018)	3,112,806
Capital Outlay	-	-	-	-
Miscellaneous Expenses	729,248	458,676	270,572	472,436
Operating Expense	31,166,194	29,166,813	1,999,381	31,039,245
Net from Operations	1,211,406	6,074,927	4,863,522	5,718,989
Plus Beginning Cash	27,483,799	27,483,799	-	20,551,985
Plus Bond or Other Financing	-	-	-	-
Capital contribution	3,771,774	3,771,774	-	3,884,927
Cash Available	32,466,979	37,330,500	4,863,522	30,155,901
Capital Projects	7,990,561	14,103,951	(6,113,390)	6,725,730
Transfers Out	-	-	-	-
Debt Service Principal	2,291,806	2,674,564	382,758	2,451,247
Oper Rsvs & Cap Rplcmnt	22,184,612	20,551,985	(1,632,626)	20,978,924
Designated Ops Reserve	15,387,586	16,778,206	1,440,620	17,617,116
Restricted (Debt Reserve)	3,307,180	3,307,180	-	3,307,180
Restricted (Capital Projects)	(963,625)	-	963,625	-
Capital Replacement	4,503,471	466,599	(4,036,871)	54,628
<b>TOTAL</b>	<b>22,184,612</b>	<b>20,551,985</b>	<b>(1,632,626)</b>	<b>20,978,924</b>

	Budget Fiscal Year	Projected Fiscal Year	Adopted Fiscal Year
Total Debt Service	5,286,882	5,892,658	5,564,053
Rate Covenant	125.00%	125.00%	125.00%
Rvnu Required for DS Cover	6,608,603	7,365,823	6,955,066
Rvnu Available for Coverage	7,978,256	13,064,796	12,716,721
Rate Covenant Percent	150.91%	221.71%	228.55%

*City of Beverly Hills*  
80 Water Enterprise Fund Future

	Requested Fiscal Year 13/14	Projected Fiscal Year 14/15	Projected Fiscal Year 15/16	Projected Fiscal Year 16/17	Projected Fiscal Year 17/18	Total of Years
<b>Projected Revenues</b>						
Service Charges	35,234,232	36,291,259	37,379,997	38,501,397	39,656,439	187,063,323
Interest Earnings	411,040	419,578	469,730	473,910	474,354	2,248,611
Lease of Property	9,400	9,682	9,972	10,272	10,580	49,906
Rent - New Facility	849,411	849,411	849,411	849,411	849,411	4,247,055
Subsidy from MWD	200,000	200,000	200,000	200,000	200,000	1,000,000
Miscellaneous	54,151	55,776	57,449	59,172	60,948	287,495
<b>Operating Revenues</b>	<b>36,758,234</b>	<b>37,825,706</b>	<b>38,966,559</b>	<b>40,094,161</b>	<b>41,251,731</b>	<b>194,896,391</b>
<b>Projected Expenses</b>						
Personnel Services	3,163,510	3,258,415	3,356,168	3,456,853	3,560,559	16,795,505
Materials and Supplies	1,115,879	1,149,356	1,183,836	1,219,351	1,255,932	5,924,355
Purchased Water	11,000,000	11,550,000	12,127,500	12,733,875	13,370,569	60,781,944
Contractual Services	655,182	674,837	695,083	715,935	737,413	3,478,450
ISF Charges	7,634,505	7,863,540	8,099,447	8,342,430	8,592,703	40,532,625
Depreciation and Amortization	3,884,927	4,001,475	4,121,519	4,245,165	4,372,520	20,625,606
Debt Service Interest	3,112,806	3,000,317	2,892,386	2,695,955	2,490,856	14,192,321
Capital Outlay	-	-	-	-	-	-
Other Miscellaneous	472,436	486,609	501,207	516,243	531,731	2,508,226
<b>Operating Expense</b>	<b>31,039,245</b>	<b>31,984,550</b>	<b>32,977,146</b>	<b>33,925,808</b>	<b>34,912,282</b>	<b>164,839,031</b>
<b>Net from Operations</b>	<b>5,718,989</b>	<b>5,841,156</b>	<b>5,989,413</b>	<b>6,168,354</b>	<b>6,339,449</b>	<b>30,057,360</b>
Plus Beginning Cash	20,551,985	20,978,924	23,486,480	23,695,487	23,717,685	20,551,985
Plus Bond or Other Financing	-	-	-	-	-	-
Capital Contribution	3,884,927	4,001,475	4,121,519	4,245,165	4,372,520	20,625,606
<b>Cash Available</b>	<b>30,155,901</b>	<b>30,821,555</b>	<b>33,597,412</b>	<b>34,109,005</b>	<b>34,429,654</b>	<b>71,234,951</b>
Capital Projects	6,725,730	4,828,457	5,357,016	5,636,431	5,666,729	28,214,363
Transfers Out	-	-	-	-	-	-
Debt Service Principal	2,451,247	2,506,618	4,544,910	4,754,889	4,956,719	19,214,383
<b>Oper Rsvs &amp; Cap Rplcmnt</b>	<b>20,978,924</b>	<b>23,486,480</b>	<b>23,695,487</b>	<b>23,717,685</b>	<b>23,806,205</b>	<b>23,806,205</b>
Designated Ops Reserve	17,617,116	18,145,630	18,689,998	19,250,698	19,828,219	19,828,219
Restricted (Debt Reserve)	3,307,180	3,307,180	3,307,180	3,307,180	3,307,180	3,307,180
Restricted (Capital Projects)	-	-	-	-	-	-
Capital Replacement	54,628	2,033,670	1,698,308	1,159,807	670,806	670,806
<b>TOTAL</b>	<b>20,978,924</b>	<b>23,486,480</b>	<b>23,695,487</b>	<b>23,717,685</b>	<b>23,806,205</b>	<b>23,806,205</b>

	Requested Fiscal Year 13/14	Projected Fiscal Year 14/15	Projected Fiscal Year 15/16	Projected Fiscal Year 16/17	Projected Fiscal Year 17/18	Total of Years
<b>Total Debt Service</b>	<b>5,564,053</b>	<b>5,506,936</b>	<b>7,437,296</b>	<b>7,450,844</b>	<b>7,447,576</b>	<b>33,406,704</b>
Rate Covenant	125.00%	125.00%	125.00%	125.00%	125.00%	125.00%
Rvnu Required for DS Cover	6,955,066	6,883,670	9,296,620	9,313,555	9,309,470	41,758,380
Rvnu Available for Coverage	12,716,721	12,842,948	13,003,318	13,109,474	13,202,825	64,875,286
Rate Covenant Percent	228.55%	233.21%	174.84%	175.95%	177.28%	194.20%