



## City of Homer

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# Memorandum Supplemental Packet

TO: MAYOR CASTNER AND HOMER CITY COUNCIL  
FROM: RENEE KRAUSE, MMC, DEPUTY CITY CLERK  
DATE: SEPTEMBER 7, 2021  
SUBJECT: SUPPLEMENTAL PACKET

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### **DISCUSSION TOPIC(S)**

#### A. Financial Policies Related to Water & Sewer Utilities

1. City of Homer Water & Sewer Utility Financial/Rate Setting Policies
2. Homer Water and Sewer Analysis

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# **City of Homer Water and Sewer Water and Sewer Utility Financial/Rate Setting Policies**

## **Introduction**

Financial policies are an important tool for maintaining a financially healthy and sustainable utilities while also maintaining required and/or mandated measures. The Government Finance Officers Association (GFOA), bond rating agencies, and other industry organizations (e.g., the American Water Works Association (AWWA), the Water Environment Federation (WEF)) recommend written financial/rate setting policies to provide clear policy direction and guidance.

The establishment of written financial policies is intended to:

- Institutionalize sound financial practices
- Clarify strategic intent
- Define boundaries
- Support bond ratings
- Promote long range strategic thinking
- Manage risk
- Adhere to established best practices

## **Financial Policy Goals and Objectives**

The goals of the City’s financial policies are to:

1. Maintain sufficient revenues for operating and capital needs,
2. Maintain sufficient reserves, and,
3. Provide rate stability. Notwithstanding (1) and (2) above, rates will be set to provide rate/revenue stability and avoid major periodic increases.

A detailed set of financial policies have been adopted to establish consistency in utility financial planning and rate setting decision-making for the City Council and City management team.

This framework provides recommendations that take into consideration the typical or median reserve levels for a “AAA” versus a “AA” rated utility. This framework will also enable the City Council to make more informed decisions in establishing the financial targets contained within the financial policies.

## Review and Discussion of the City's Financial/Rate Setting Policies

The Utility Financial Plan will take into consideration the following financial policies. The financial planning period will be for a minimum of five years to determine overall trends and impacts to reserves and rates over a long-term horizon. The Utility Financial Plan is an integral component of the City's approach to effectively managing the utilities at a sustainable level to support the service levels of the community.

### 1. Reserve Funds

Reserve funds shall be established for the City to properly account for the City's funds, but to also provide adequate reserve levels to address the different types of funding requirements of the City. The City's reserve policies shall be as follows:

**1.1 Operating Reserve** – The City's operating reserve is an unrestricted reserve. The minimum operating reserve shall be established at 90 Days of annual O&M expenses (approximately 25% of annual O&M for both the Water and Sewer Funds) as outlined in Exhibits 4 and 6 in the Utility Financial Planning models for water and sewer.

**1.2 Capital Reserve** – The City currently has two different capital reserves for the water and sewer utilities. The first is the Homer Accelerated Water and Sewer Program (HAWSP). HAWSP is funded through a portion of the voter approved sales tax and assessments levied on benefited properties. The second is the Capital Asset Repair and Maintenance Allowance (CARMA). CARMA is funded annually through a rate surcharge equal to 15% of water and sewer costs and collected through the water and sewer rates. In general, HAWSP is intended to provide seed money to support expanded access to the City water and sewer system while CARMA is intended to support improvements, repairs, and replacements of the City's existing infrastructure, and may also be used for Capital Contingencies or Infrastructure Replacement. CARMA and HAWSP funds may be used jointly to fund a project where applicable. The development of the projection of CARMA and HAWSP funds is provided in Exhibits 8 and 9 respectively of the Utility Financial Plan.

**1.2.1 Homer Accelerated Water and Sewer Program (HAWSP)** – Voters in the City of Homer established the HAWSP fund to improve the Health and Welfare of the community by funding capital improvements to the City's water and sewer system. The HAWSP is funded by a voter approved dedicated sales tax, and assessments levied on benefited properties. (See HCC 9.16.010(b).) Specifically, the HAWSP Fund is built from a levy of  $\frac{3}{4}$  of a percent on the retail sales tax. This tax was established by voters and can only be modified through another ballot measure. The key objectives of the HAWSP fund are as follows:

- Provide for water/sewer improvements without placing a heavy financial burden on individual property owners. (Resolution 99-53.)
- Increase the number of users to the system(s), thereby increasing revenues to

the Water and Sewer Enterprise Funds. (Resolution 99-53.)

- Promote construction of additional improvements to the City water and sewer systems. (See Ordinance 99-14(S)(A).)
- Protect public health. (2016 HAWSP Policy Manual.)

The HAWSP is generally intended to provide “Seed Money” for major projects (projects that exceed \$1.1 million). The target HAWSP fund value is to be maintained at a level to provide sufficient funding for current long-term debt obligations and annual funding needs as outlined in the Utility Financial Plan. The HAWSP fund may additionally be used to pay off HAWSP-project debt, subject to City Council approval, and may furthermore be used in conjunction with CARMA for project funding, especially where an element of the project involves extension of service, expansion of capacity, or promotion of public health.

**1.2.2 Capital Asset Repair and Maintenance Allowance (CARMA)** – The CARMA reserve was established to fund improvements, repairs, and replacements to the City’s existing water and sewer systems. The level of CARMA funding can be adjusted by the City Council. “The amount of the CARMA funds shall be established by City Council in the biennial budget based on the projected maintenance and repair needs of the City.” (Ordinance 19-35(S)(A)). CARMA shall be funded as an element of the rates at a sufficient level to fund capital improvements as identified in the Utility Financial Plan.

The intent of the City of Homer Water and Sewer CARMA Fund is “for appropriation and expenditure for equipment replacement, fleet replacement, engineering or planning services, major maintenance of city facilities, or any other purpose as identified and recommended by the City Manager and authorized by the City Council...and to extend the life and use of taxpayer funded assets, facilities and infrastructure.” (See Ordinance 19-35(S)(A)). The Water and Sewer Utilities - which operate independently - use CARMA Funds for improvements, repairs, and replacements to the City’s existing water and sewer systems. CARMA Funds may additionally be used for capital contingencies or infrastructure replacement and can be used in conjunction with HAWSP to jointly fund a project.

- 1.3 Bond Reserve** – A bond reserve fund is a restricted reserve. A bond reserve fund shall be established, as required and in accordance with anticipated bond covenants for specified projects where the City Council intends to pursue bond funding. The minimum fund balance of the bond reserve shall be equal to bond reserve requirements set by applicable bond covenants.

## **2. Debt Issuance and Debt Management**

The City, during the course of normal operations, may issue long-term debt to fund certain capital projects. The establishment of policies related to debt issuance and debt management are intended to minimize the overall long-term costs of the City and utilize long-term debt to the benefit of the City’s customers. Provided below are the debt issuance and debt management policies.

- 2.1 Funding of Annual Renewal and Replacement Capital Projects** – The City will not need to issue long-term debt to fund annual renewal and replacement capital projects, as it will use rate funding, through CARMA, to properly and adequately fund the City’s

annual renewal and replacement capital projects. Accordingly, the minimum annual funding from rates shall be at least equal to or greater than the City's annual renewal and replacement needs as determined in the Utility Financial Plan.

**2.2 Long-Term Debt as a Funding Mechanism for Capital Projects** – The City can consider the use of long-term debt to fund significant non-reoccurring capital projects. The policy objective when issuing long-term debt is to minimize the financial and rate impacts of significant non-reoccurring capital projects. When structuring such long-term debt, the City shall consider the following factors as:

- Current interest rates (costs)
- Current amount of the utility's outstanding debt levels
- Consistency with the City's debt policy and overall debt level

The City shall avoid an over-reliance upon debt by considering the debt service coverage ratios of rating agencies to measure whether the City's debt to capitalization or debt to operating revenue ratios are appropriate. Specifically, the City should maintain a debt/equity ratio which is less than 50% for utility financial planning. In certain circumstances the City may need to exceed this target to fund critical infrastructure projects. In these cases, the City Council will provide guidance on the appropriate target debt/equity ratio. For each debt issuance, the City will identify the funding source for annual principal and interest payments, prior to the approval issuing the debt.

**2.3 Types of Long-Term Debt** – To minimize the overall costs of debt, the City shall strive, at all times, to utilize the lowest and best available cost option for issuing debt.

**2.4 Bond Covenants** – The City, at all times, shall adhere to and meet any bond covenants put forth by bonds issued by the City. Bond covenants are legal obligations placed upon the City. If the City is not in compliance with bond covenants, the City's management team shall inform the City Council and appropriate action will be taken.

**2.5 Debt Service Coverage Ratio** – At all times, the City shall meet the minimum debt service coverage (DSC) requirements associated with bond covenants. For financial planning and rate setting purposes, the City shall target a minimum DSC of 1.25 times annual debt service on all outstanding debt.

**2.6 Debt Funding Through Assessment Revenues** – For certain capital improvements the City may use Assessment District's to fund improvements to provide service to these areas. In these circumstances the City will establish specific criteria for each assessment to ensure the adequate repayment of the assessment to reimburse the funding of the infrastructure providing service. When structuring debt the funding sources will be identified prior to approving the Assessment District.

### **3. Balanced Operating Budget**

**3.1 Self-Supporting** – The water and sewer utility shall be self-supporting, where current revenue fully funds current operating and capital expenditures on an annual basis.

**3.2 Adequate Funding to Preserve System Assets** – The City's assets shall be properly operated and maintained to provide for a long life. Annual operating expenditures will be budgeted and funded at a level that promotes the efficient operation of and preservation of assets through the asset's useful life.

- 3.3 Evaluation and Monitoring of Cost** – Costs will be monitored monthly to ensure the utility is operated in a cost effective and economically prudent manner and reported to the City Council on a quarterly basis.
- 3.4 Positive Annual Net Income** – The City shall plan for annual net income (total revenue less O&M, taxes or transfers, debt service, and capital projects funded from rates) greater than or equal to zero (positive balance of funds).
- 3.5 Strive for Rate Stability** – The City’s rates should be stable over time while generating sufficient revenue. As a part of the annual budgeting process, the City shall review the rates to confirm the adequacy of the current rates.
- 3.6 Disposition of “One-Time” Revenue** – In instances of large one-time revenues (e.g., legal settlement), if not specifically earmarked, the funds will be transferred to an appropriate reserve(s) (operating, capital, or rate stabilization).
- 3.7 Alternative Funding/Revenue Diversification** – To minimize overall rates, the City should explore alternative revenue sources such as grants and direct developer contributions.

## **4. Establishing Rates and Fees**

The City shall establish rates utilizing industry recognized “generally accepted” rate setting methodologies. This will provide the City with consistency in their ratemaking process, while also establishing rates which are legally defensible. The City’s policies on establishing the water and sewer rates and fees, and the general methodologies to be utilized, are as follows:

### **4.1 Revenue Requirement Analysis**

The revenue requirement analysis provides a projection of the City’s revenues and expenditures for a defined time period. The revenue requirement analysis shall provide the City Council with the information and cost-basis to determine the size and timing of any proposed rate adjustments. The City’s revenue requirement analysis methodology shall consider the following:

- 4.1.1 The revenue requirement (financial plan) analysis will be developed for a minimum projected five-year time period.
- 4.1.2 Revenue requirements will be established using the “cash basis” methodology. The “cash basis” methodology includes O&M expenses, taxes/transfer payments, debt service (P+I) and capital improvements (renewal and replacement) funded from rates. The revenue requirements may include a component for change in working capital/rate stabilization funds to manage reserve balances and mitigate rate impacts.
- 4.1.3 Costs shared across utilities shall be allocated to each utility based on an equitable allocation method. These may include, but not be limited to, labor ratios, number of customers, revenues, usage etc. The allocation method should be whichever method most equitably allocates the specific cost.
- 4.1.4 Any wholesale increases imposed upon the City by a water supplier or wastewater treatment agency will be reviewed for financial/rate impacts.
- 4.1.5 The City’s revenue requirement analysis shall fully incorporate the City’s reserve, debt and budgeting policies.

## **4.2 Cost of Service Analysis**

A cost of service analysis provides an equitable method to allocate the City's water and sewer revenue requirements to the customers utilizing the service. The City's cost of service analysis for the water utility shall use generally accepted cost of service methodologies as defined by the American Water Works Association (AWWA) and the analysis developed for the City's sewer utility shall use cost of service methodologies as defined by the Water Environment Federation (WEF). The City's water and sewer cost of service shall be developed to provide an equitable allocation of costs by taking into consideration a customer group's (e.g. residential, commercial) facility requirements and usage characteristics. The City's specific cost of service policies are as follows:

- 4.2.1 The cost of service shall be developed for a projected one-year time period or the period over which rates will be set, utilizing the revenue requirements as developed in 4.1.
- 4.2.2 The cost of service analysis shall be designed and developed to consider the unique and specific circumstances of the City's water and sewer system.
- 4.2.3 The City shall allocate costs to customer class of service based upon facility requirements and usage characteristics.
- 4.2.4 When necessary, the City may phase-in the cost of service results to transition to fully-cost based rates.

## **4.3 Rate Design Analysis**

The development of cost-based rate designs concludes the City's rate setting process. The development of rate designs utilizes the results from the revenue requirement and cost of service analysis to establish the target level of revenues for each customer class of service (rate schedule). The City's rate design analysis is primarily focused on the structure of the rates. The City's rate design analysis policies are as follows:

- 4.3.1 The City shall utilize the results of the revenue requirement analysis and cost of service analysis in the development of final proposed rate designs.
- 4.3.2 Rates shall be designed to collect the overall target level of revenues for each customer class of service.
- 4.3.3 The City's rate designs shall be reflective of the City Council's rate design goals and objectives, while also being reflective of the greater public purpose (e.g., economic development, conservation, etc.).
- 4.3.4 The City shall take into consideration both fixed and variable costs in the development of final proposed rates. The average unit costs calculated within the cost of service analysis provides the cost-information related to fixed and variable costs.
- 4.3.4 Bill comparisons shall be developed for all proposed rate designs to illustrate the general impacts to customers across a range of consumption.
- 4.3.5 In establishing the final water and sewer rates, the City's Council may take into consideration neighboring utility rates, but not to the financial detriment of the City.

#### **4.4 Other Rate Setting Considerations**

Provided below are other policies related to the City's rate setting process.

- 4.4.1 At a minimum, the City shall conduct a comprehensive rate study every five (5) years to update assumptions and determine financial sustainability.



	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
<b>CARMA Revenue (Input)</b>	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	
<b>Revenues</b>												
<b>Rate Revenue - Water</b>												
Meter Revenue	\$1,842,857	\$1,852,072	\$1,861,332	\$1,870,639	\$1,879,992	\$1,889,392	\$1,898,839	\$1,908,333	\$1,917,875	\$1,927,464	\$1,937,101	As Customer Growth
CARMA Revenue	\$276,429	\$0	\$0	\$0	\$281,999	\$283,409	\$284,826	\$286,250	\$287,681	\$289,120	\$290,565	
Service Revenue	30,931	31,086	31,241	31,397	31,554	31,712	31,871	32,030	32,190	32,351	32,513	As Customer Growth
<b>Total Rate Revenue - Water</b>	<b>\$2,150,217</b>	<b>\$1,883,157</b>	<b>\$1,892,573</b>	<b>\$1,902,036</b>	<b>\$2,193,545</b>	<b>\$2,204,513</b>	<b>\$2,215,535</b>	<b>\$2,226,613</b>	<b>\$2,237,746</b>	<b>\$2,248,935</b>	<b>\$2,260,179</b>	
<b>Miscellaneous Revenue - Water</b>												
Penalties/Interest	\$8,855	\$8,899	\$8,944	\$8,988	\$9,033	\$9,079	\$9,124	\$9,170	\$9,215	\$9,262	\$9,308	As Miscellaneous Revenues
Connection Fees	17,738	17,827	17,916	18,005	18,095	18,186	18,277	18,368	18,460	18,552	18,645	As Customer Growth
Operating Grants and Contributions	38,101	38,101	38,101	38,101	38,101	38,101	38,101	38,101	38,101	38,101	38,101	As Flat
Hydrant Transfers	100,350	99,629	45,673	45,673	45,673	45,673	45,673	45,673	45,673	45,673	45,673	As Flat
Interest Income	105,161	105,687	106,215	106,746	107,280	107,816	108,356	108,897	109,442	109,989	110,539	As Miscellaneous Revenues
<b>Total Miscellaneous Revenue - Water</b>	<b>\$270,205</b>	<b>\$270,143</b>	<b>\$216,849</b>	<b>\$217,514</b>	<b>\$218,183</b>	<b>\$218,855</b>	<b>\$219,530</b>	<b>\$220,209</b>	<b>\$220,891</b>	<b>\$221,577</b>	<b>\$222,266</b>	
<b>Total Revenue</b>	<b>\$2,420,422</b>	<b>\$2,153,300</b>	<b>\$2,109,422</b>	<b>\$2,119,550</b>	<b>\$2,411,728</b>	<b>\$2,423,368</b>	<b>\$2,435,066</b>	<b>\$2,446,822</b>	<b>\$2,458,637</b>	<b>\$2,470,512</b>	<b>\$2,482,445</b>	
<b>Expenses</b>												
<b>Salaries and Benefits Expenses - Water</b>												
Salary and Wages	\$542,757	\$603,854	\$624,989	\$646,863	\$669,504	\$692,936	\$717,189	\$742,291	\$768,271	\$795,160	\$822,991	As Labor
Fringe Benefits	345,883	336,012	356,172	377,543	400,195	424,207	449,659	476,639	505,237	535,552	567,685	As Benefits - Medical
Part-time Wages	1,371	0	0	0	0	0	0	0	0	0	0	As Labor
Part-time Benefits	170	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
Overtime	34,782	39,791	41,184	42,626	44,117	45,662	47,260	48,914	50,626	52,398	54,232	As Labor
Part-time Overtime	9	0	0	0	0	0	0	0	0	0	0	As Labor
Unemployment Benefits	0	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
PERS Relief	38,101	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
<b>Total Salaries and Benefits - Water</b>	<b>\$963,073</b>	<b>\$979,657</b>	<b>\$1,022,345</b>	<b>\$1,067,032</b>	<b>\$1,113,816</b>	<b>\$1,162,805</b>	<b>\$1,214,108</b>	<b>\$1,267,843</b>	<b>\$1,324,134</b>	<b>\$1,383,110</b>	<b>\$1,444,907</b>	
<b>Maintenance and Operations Expenses - Water</b>												
Office Supplies	(\$698)	\$1,750	\$1,803	\$1,857	\$1,912	\$1,970	\$2,029	\$2,090	\$2,152	\$2,217	\$2,283	As Materials & Supplies
Operating Supplies	\$151,448	\$126,250	\$130,038	\$133,939	\$137,957	\$142,095	\$146,358	\$150,749	\$155,272	\$159,930	\$164,728	As Materials & Supplies
Fuel and Lube	\$21,894	\$26,600	\$27,398	\$28,220	\$29,067	\$29,939	\$30,837	\$31,762	\$32,715	\$33,696	\$34,707	As Materials & Supplies
Chemicals	\$116,335	\$160,000	\$164,800	\$169,744	\$174,836	\$180,081	\$185,484	\$191,048	\$196,780	\$202,683	\$208,764	As Materials & Supplies
Vehicle and Boat Maintenance	\$472	\$500	\$520	\$541	\$562	\$585	\$608	\$633	\$658	\$684	\$712	As Equipment
Equipment Maintenance	\$37,423	\$40,350	\$41,964	\$43,643	\$45,388	\$47,204	\$49,092	\$51,056	\$53,098	\$55,222	\$57,431	As Equipment
Building & Grounds Maintenance	\$5,701	\$7,700	\$7,893	\$8,090	\$8,292	\$8,499	\$8,712	\$8,930	\$9,153	\$9,382	\$9,616	As Miscellaneous
Professional Services	\$51,508	\$43,300	\$44,816	\$46,384	\$48,007	\$49,688	\$51,427	\$53,227	\$55,090	\$57,018	\$59,013	As Labor
Audit Services	\$17,121	\$16,638	\$17,220	\$17,823	\$18,446	\$19,092	\$19,760	\$20,452	\$21,168	\$21,908	\$22,675	As Labor
Survey and Appraisal	\$1,100	\$1,200	\$1,242	\$1,285	\$1,330	\$1,377	\$1,425	\$1,475	\$1,527	\$1,580	\$1,635	As Labor
Communications	\$8,937	\$8,000	\$8,280	\$8,570	\$8,870	\$9,180	\$9,501	\$9,834	\$10,178	\$10,534	\$10,903	As Labor
Freight and Postage	\$70	\$500	\$513	\$525	\$538	\$552	\$566	\$580	\$594	\$609	\$624	As Miscellaneous
Electricity	\$175,988	\$199,161	\$206,132	\$213,346	\$220,813	\$228,542	\$236,541	\$244,820	\$253,388	\$262,257	\$271,436	As Electricity
Property Insurance	\$11,705	\$13,273	\$13,803	\$14,356	\$14,930	\$15,527	\$16,148	\$16,794	\$17,466	\$18,164	\$18,891	As Insurance
Auto Insurance	\$10,531	\$11,473	\$11,932	\$12,409	\$12,905	\$13,422	\$13,958	\$14,517	\$15,097	\$15,701	\$16,329	As Insurance
Liability Insurance	\$1,526	\$3,204	\$3,332	\$3,465	\$3,604	\$3,748	\$3,898	\$4,054	\$4,216	\$4,384	\$4,560	As Insurance
Testing and Analysis	\$12,526	\$17,000	\$17,595	\$18,211	\$18,848	\$19,508	\$20,191	\$20,897	\$21,629	\$22,386	\$23,169	As Labor
Advertising	\$1,083	\$750	\$769	\$788	\$808	\$828	\$849	\$870	\$892	\$914	\$937	As Miscellaneous
Tools and Equipment	\$10,417	\$8,400	\$8,736	\$9,085	\$9,449	\$9,827	\$10,220	\$10,629	\$11,054	\$11,496	\$11,956	As Equipment
Computer Related Items	\$74	\$750	\$780	\$811	\$844	\$877	\$912	\$949	\$987	\$1,026	\$1,067	As Equipment
Record and Permits	150	250	256	263	269	276	283	290	297	305	312	As Miscellaneous
Membership Dues	588	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249	As Miscellaneous
Transportation	961	800	820	841	862	883	905	928	951	975	999	As Miscellaneous
Subsistence	419	350	359	368	377	386	396	406	416	426	437	As Miscellaneous
Credit Card Expenses	17,128	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222	As Miscellaneous
Safety Equipment	1,793	1,700	1,768	1,839	1,912	1,989	2,068	2,151	2,237	2,327	2,420	As Equipment
Employee Training	5,783	5,200	5,382	5,570	5,765	5,967	6,176	6,392	6,616	6,847	7,087	As Labor
Bad Debt Expenses	13,455	12,000	12,300	12,608	12,923	13,246	13,577	13,916	14,264	14,621	14,986	As Miscellaneous

	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
<b>Total Maintenance and Operations Water</b>	\$675,438	\$733,097	\$757,097	\$781,894	\$807,514	\$833,986	\$861,337	\$889,598	\$918,799	\$948,971	\$980,149	
<b>C/O and Transfer Expenses - Water</b>												
Transfers To	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
Debt Repayment - Principal	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Debt Repayment - Interest	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
GF Admin Fees	290,905	292,014	299,315	306,798	314,467	322,329	330,387	338,647	347,113	355,791	364,686	As Miscellaneous
Leave Cash Out	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
<b>Total Salaries and Benefits - Water</b>	\$290,905	\$292,014	\$299,315	\$306,798	\$314,467	\$322,329	\$330,387	\$338,647	\$347,113	\$355,791	\$364,686	
<b>Total Operations &amp; Maintenance</b>	\$1,929,416	\$2,004,769	\$2,078,757	\$2,155,723	\$2,235,798	\$2,319,120	\$2,405,833	\$2,496,088	\$2,590,046	\$2,687,872	\$2,789,742	
<b>Taxes</b>												
State Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
City Taxes	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Taxes and Transfers</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Rate Funded Capital</b>	\$406,754	\$25,620	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	2019 Depr. Exp. = \$1,034,155
<b>Debt Service</b>												
ADWF #409041 - Water Ext	\$158,101	\$155,954	\$153,808	\$151,662	\$149,516	\$147,370	\$145,224	\$0	\$0	\$0	\$0	Debt Schedule
ADWF #409271 - KDPPIII - Water	117,831	117,831	117,832	117,832	117,832	117,832	117,832	117,832	117,832	117,832	117,832	Debt Schedule
ADWF #409131 - Water TP	424,062	418,602	413,142	407,682	402,222	396,762	391,302	385,842	380,382	374,922	369,462	Debt Schedule
ADWF #409091 - Water Distribution	4,776	4,776	4,776	4,776	4,776	4,776	4,776	4,776	4,776	4,776	4,776	Debt Schedule
<b>Total Debt Service</b>	\$704,770	\$697,163	\$689,558	\$681,952	\$674,346	\$666,740	\$659,134	\$508,450	\$502,990	\$497,530	\$492,070	
<b>Less: Debt Service Funding</b>												
HAWSP Funding	\$704,770	\$697,163	\$689,558	\$681,952	\$674,346	\$666,740	\$659,134	\$508,450	\$502,990	\$497,530	\$492,070	
Rate Related Funding	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Less Debt Service Funding</b>	\$704,770	\$697,163	\$689,558	\$681,952	\$674,346	\$666,740	\$659,134	\$508,450	\$502,990	\$497,530	\$492,070	
<b>Net Debt Service</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Reserve Funding</b>												
Transfer to Water Operating	\$0	\$41,672	\$30,665	\$30,398	\$50,166	\$60,509	\$58,967	\$56,899	\$54,252	\$50,967	\$46,985	
Transfer to CARMA	84,252	81,240	0	0	281,999	283,409	284,826	286,250	287,681	289,120	290,565	
Transfer to HAWSP	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Reserve Funding</b>	\$84,252	\$122,912	\$30,665	\$30,398	\$332,165	\$343,918	\$343,793	\$343,149	\$341,933	\$340,087	\$337,551	
<b>Total Revenue Requirement</b>	\$2,420,422	\$2,153,300	\$2,109,422	\$2,186,121	\$2,567,963	\$2,663,038	\$2,749,626	\$2,839,238	\$2,931,979	\$3,027,959	\$3,127,292	
Bal./(Def.) of Funds Before Added Tax	\$0	\$0	\$0	(\$66,571)	(\$156,235)	(\$239,670)	(\$314,560)	(\$392,416)	(\$473,341)	(\$557,447)	(\$644,847)	
Plus: Add'l Taxes with Rate Increase	0	0	0	0	0	0	0	0	0	0	0	
Bal./(Def.) of Funds With Added Tax	\$0	\$0	\$0	(\$66,571)	(\$156,235)	(\$239,670)	(\$314,560)	(\$392,416)	(\$473,341)	(\$557,447)	(\$644,847)	
Bal. as a % of Rate Adj. Req'd	0.0%	0.0%	0.0%	3.5%	7.1%	10.9%	14.2%	17.6%	21.2%	24.8%	28.5%	
<b>Proposed Rate Adjustment</b>	0.0%	0.0%	0.0%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	
Add'l Revenue with Rate Adj.	\$0	\$0	\$0	\$66,571	\$156,235	\$239,670	\$314,560	\$392,416	\$473,341	\$557,447	\$644,847	
Bal./(Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Additional Rate Adjustment Required</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
* 2020 proposed rate adjustment assumed to be effective for 11 months												
<b>Avg Res Customer Bill (\$14.00+ 6Kgal @ \$0.0107/gal)</b>	\$78.20											
Customer Bill on Proposed Adj.	\$78.20	\$78.20	\$78.20	\$80.94	\$83.77	\$86.70	\$89.30	\$91.98	\$94.74	\$97.58	\$100.51	

	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Bill Difference - Monthly	0.00	0.00	0.00	2.74	2.83	2.93	2.60	2.68	2.76	2.84	2.93	
CARMA - Monthly	11.73	0.00	0.00	0.00	12.57	13.01	13.40	13.80	14.21	14.64	15.08	
Cumulative Bill Difference	11.73	0.00	0.00	2.74	15.40	15.94	16.00	16.48	16.97	17.48	18.01	
Cash Reserves												
Beginning Reserve Funds	\$0	\$336,804	\$378,476	\$409,140	\$439,538	\$489,704	\$550,213	\$609,181	\$666,080	\$720,332	\$771,299	
Water Operating Fund												
Beginning Balance	\$0	\$336,804	\$378,476	\$409,140	\$439,538	\$489,704	\$550,213	\$609,181	\$666,080	\$720,332	\$771,299	
Plus: Additions	0	41,672	30,665	30,398	50,166	60,509	58,967	56,899	54,252	50,967	46,985	
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$336,804	\$378,476	\$409,140	\$439,538	\$489,704	\$550,213	\$609,181	\$666,080	\$720,332	\$771,299	\$818,284	
Target : 90 Days of O&M	\$475,746	\$494,326	\$512,570	\$531,548	\$551,293	\$571,838	\$593,219	\$615,474	\$638,641	\$662,763	\$687,882	

City of Homer  
Water and Sewer Financial Plan  
Water Capital Improvement Plan  
Exhibit 5

			Year 1 - July 2020 - June 2021	Year 2 July 2021- June 2022	Year 3 July 2022- June 2023	Year 4 July 2023- June 2024	Year 5 July 2024- June 2025					
CARMA-Funded Projects	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
Future Unidentified Projects	\$406,754	\$25,620	\$0	\$0	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
1/2 of Utility Financial Mgmt.			12,907									
Betterments on East Hill			49,000									
Raw Water Transmission Line			33,185									
Commercial Meter Replacement			80,000									
Dredge for WTP			10,000									
Million Gallon Water Tank Aeration System			172,624									
Tesoro Water Vault Upgrade			100,000									
Raw Water Line Replacement Design			202,222									
PRV Replacement West Trunk Line			25,000									
Fuel Island			7,200									
Water Share of Ocean Drive SAD				52,506								
DR 6000 uV VIS Spectrophotometer w/ RFID				9,276								
Mlox Chlorine Generator Cell Replacement				30,000								
PR Station Hatch Improvement				35,279								
Water Treatment Plant HVAC Control System Upgrade				55,955								
East Trunk FPI Mag Flow Meter				9,000								
Replacement Flow Meters at Main and Danview PR Station and East Rd Monitor				15,000								
Replacement of E-170 ToolCat				21,667								
Replacement of E-161 CAT Loader				158,333								
Replacement of E-131 W/S Truck				15,000								
Replacement of E-130 Service Truck				26,667								
Replacement of E-114 PW Truck				10,000								
PW Campus Mitigation Plan				16,667								
Computerized Maintenance Management System				23,333								
<b>Total CARMA-Funded Projects</b>	<b>\$406,754</b>	<b>\$25,620</b>	<b>\$692,138</b>	<b>\$478,683</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total CARMA-Funded Projects</b>	<b>\$406,754</b>	<b>\$25,620</b>	<b>\$692,138</b>	<b>\$478,683</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	

	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
<b>CARMA Funding (Input)</b>	<b>15.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>15.0%</b>	
<b>Revenues</b>												
<b>Rate Revenue - Sewer</b>												
Meter Revenue	\$1,497,163	\$1,504,649	\$1,512,173	\$1,519,733	\$1,527,332	\$1,534,969	\$1,542,644	\$1,550,357	\$1,558,109	\$1,565,899	\$1,573,729	As Customer Growth
CARMA Revenue	\$224,575	\$0	\$0	\$0	\$229,100	\$230,245	\$231,397	\$232,554	\$233,716	\$234,885	\$236,059	
Service Revenue	\$28,173	\$28,314	\$28,455	\$28,598	\$28,741	\$28,884	\$29,029	\$29,174	\$29,320	\$29,466	\$29,614	As Customer Growth
<b>Total Rate Revenue - Sewer</b>	<b>\$1,749,911</b>	<b>\$1,532,963</b>	<b>\$1,540,628</b>	<b>\$1,548,331</b>	<b>\$1,785,173</b>	<b>\$1,794,098</b>	<b>\$1,803,069</b>	<b>\$1,812,084</b>	<b>\$1,821,145</b>	<b>\$1,830,250</b>	<b>\$1,839,402</b>	
<b>Miscellaneous Revenue - Sewer</b>												
Operating Grants and Contributions	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	\$28,828	As Flat
RV Dump Station	\$6,084	\$6,114	\$6,145	\$6,176	\$6,207	\$6,238	\$6,269	\$6,300	\$6,332	\$6,363	\$6,395	As Miscellaneous Revenues
Capital Grants and Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous Revenues
<b>Total Miscellaneous Revenue - Sewer</b>	<b>\$34,912</b>	<b>\$34,942</b>	<b>\$34,973</b>	<b>\$35,004</b>	<b>\$35,035</b>	<b>\$35,066</b>	<b>\$35,097</b>	<b>\$35,128</b>	<b>\$35,160</b>	<b>\$35,191</b>	<b>\$35,223</b>	
<b>Total Revenue</b>	<b>\$1,784,823</b>	<b>\$1,567,906</b>	<b>\$1,575,601</b>	<b>\$1,583,335</b>	<b>\$1,820,207</b>	<b>\$1,829,164</b>	<b>\$1,838,166</b>	<b>\$1,847,212</b>	<b>\$1,856,304</b>	<b>\$1,865,442</b>	<b>\$1,874,625</b>	
<b>Expenses</b>												
<b>Salaries and Benefits Expenses - Sewer</b>												
Salary and Wages	\$435,882	\$489,944	\$507,092	\$524,840	\$543,210	\$562,222	\$581,900	\$602,266	\$623,345	\$645,163	\$667,743	As Labor
Fringe Benefits	\$274,623	\$270,733	\$286,977	\$304,196	\$322,448	\$341,795	\$362,302	\$384,041	\$407,083	\$431,508	\$457,398	As Benefits - Medical
Part-time Wages	\$10,739	\$13,226	\$13,689	\$14,168	\$14,663	\$15,177	\$15,708	\$16,258	\$16,827	\$17,416	\$18,025	As Labor
Part-time Benefits	\$1,290	\$1,750	\$1,829	\$1,911	\$1,997	\$2,087	\$2,181	\$2,279	\$2,382	\$2,489	\$2,601	As Benefits - Other
Overtime	\$18,860	\$22,844	\$23,644	\$24,471	\$25,328	\$26,214	\$27,132	\$28,081	\$29,064	\$30,082	\$31,134	As Labor
Part-time Overtime	\$574	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Labor
Unemployment Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Benefits - Other
PERS Relief	\$28,828	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Benefits - Other
<b>Total Salaries and Benefits - Sewer</b>	<b>\$770,796</b>	<b>\$798,497</b>	<b>\$833,231</b>	<b>\$869,586</b>	<b>\$907,646</b>	<b>\$947,495</b>	<b>\$989,223</b>	<b>\$1,032,925</b>	<b>\$1,078,701</b>	<b>\$1,126,657</b>	<b>\$1,176,902</b>	
<b>Maintenance and Operations Expenses - Sewer</b>												
Office Supplies	\$395	\$1,100	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275	\$1,313	\$1,353	\$1,393	\$1,435	As Materials & Supplies
Operating Supplies	\$25,617	\$50,900	\$52,427	\$54,000	\$55,620	\$57,288	\$59,007	\$60,777	\$62,601	\$64,479	\$66,413	As Materials & Supplies
Fuel and Lube	\$25,322	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	As Materials & Supplies
Chemicals	\$52,761	\$55,000	\$56,650	\$58,350	\$60,100	\$61,903	\$63,760	\$65,673	\$67,643	\$69,672	\$71,763	As Materials & Supplies
Vehicle and Boat Maintenance	\$398	\$250	\$260	\$270	\$281	\$292	\$304	\$316	\$329	\$342	\$356	As Equipment
Equipment Maintenance	\$41,798	\$39,400	\$40,976	\$42,615	\$44,320	\$46,092	\$47,936	\$49,854	\$51,848	\$53,922	\$56,078	As Equipment
Building & Grounds Maintenance	\$3,685	\$3,800	\$3,895	\$3,992	\$4,092	\$4,194	\$4,299	\$4,407	\$4,517	\$4,630	\$4,746	As Miscellaneous
Professional Services	\$20,951	\$43,300	\$44,816	\$46,384	\$48,007	\$49,688	\$51,427	\$53,227	\$55,090	\$57,018	\$59,013	As Labor
Audit Services	\$17,121	\$16,638	\$17,220	\$17,823	\$18,446	\$19,092	\$19,760	\$20,452	\$21,168	\$21,908	\$22,675	As Labor
Communications	\$4,778	\$5,500	\$5,693	\$5,892	\$6,098	\$6,311	\$6,532	\$6,761	\$6,998	\$7,242	\$7,496	As Labor
Freight and Postage	\$354	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$426	\$437	As Miscellaneous
Property Insurance	\$6,769	\$8,178	\$8,505	\$8,846	\$9,199	\$9,567	\$9,950	\$10,348	\$10,762	\$11,192	\$11,640	As Insurance
Auto Insurance	\$10,531	\$11,473	\$11,932	\$12,409	\$12,905	\$13,422	\$13,958	\$14,517	\$15,097	\$15,701	\$16,329	As Insurance
Liability Insurance	\$1,357	\$2,850	\$2,964	\$3,083	\$3,206	\$3,334	\$3,467	\$3,606	\$3,750	\$3,900	\$4,056	As Insurance
Advertising	\$0	\$1,250	\$1,281	\$1,313	\$1,346	\$1,380	\$1,414	\$1,450	\$1,486	\$1,523	\$1,561	As Miscellaneous
Electricity	\$259,606	\$244,967	\$253,540	\$262,414	\$271,599	\$281,105	\$290,944	\$301,127	\$311,666	\$322,574	\$333,864	As Electricity
Water	\$640	\$612	\$630	\$649	\$668	\$688	\$709	\$730	\$752	\$775	\$798	As Utilities
Sewer	\$532	\$522	\$538	\$554	\$570	\$588	\$605	\$623	\$642	\$661	\$681	As Utilities
Testing and Analysis	\$2,012	\$6,500	\$6,728	\$6,963	\$7,207	\$7,459	\$7,720	\$7,990	\$8,270	\$8,559	\$8,859	As Labor
Tools and Equipment	\$4,681	\$4,800	\$4,992	\$5,192	\$5,399	\$5,615	\$5,840	\$6,074	\$6,316	\$6,569	\$6,832	As Equipment
Damages not covered by Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
Record and Permits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
Membership Dues	\$444	\$700	\$718	\$735	\$754	\$773	\$792	\$812	\$832	\$853	\$874	As Miscellaneous
Transportation	\$1,193	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104	\$1,131	\$1,160	\$1,189	\$1,218	\$1,249	As Miscellaneous
Subsistence	\$960	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104	\$1,131	\$1,160	\$1,189	\$1,218	\$1,249	As Miscellaneous
Credit Card Expenses	\$17,128	\$20,000	\$20,500	\$21,013	\$21,538	\$22,076	\$22,628	\$23,194	\$23,774	\$24,368	\$24,977	As Miscellaneous
Uniform	\$80	\$350	\$359	\$368	\$377	\$386	\$396	\$406	\$416	\$426	\$437	As Miscellaneous
Safety Equipment	\$1,318	\$2,650	\$2,756	\$2,866	\$2,981	\$3,100	\$3,224	\$3,353	\$3,487	\$3,627	\$3,772	As Equipment
Employee Training	\$7,997	\$8,000	\$8,280	\$8,570	\$8,870	\$9,180	\$9,501	\$9,834	\$10,178	\$10,534	\$10,903	As Labor
Bad Debt Expenses	\$6,254	\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122	As Miscellaneous

	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
<b>Total Maintenance and Operations Sewer</b>	<b>\$514,683</b>	<b>\$558,589</b>	<b>\$577,512</b>	<b>\$597,084</b>	<b>\$617,327</b>	<b>\$638,264</b>	<b>\$659,920</b>	<b>\$682,319</b>	<b>\$705,486</b>	<b>\$729,450</b>	<b>\$754,236</b>	
<b>C/O and Transfer Expenses - Sewer</b>												
Leave Cash Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
GF Admin Fees	226,141	232,276	238,083	244,035	250,136	256,389	262,799	269,369	276,103	283,006	290,081	As Miscellaneous
Transfers To	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
<b>Total Salaries and Benefits - Sewer</b>	<b>\$226,141</b>	<b>\$232,276</b>	<b>\$238,083</b>	<b>\$244,035</b>	<b>\$250,136</b>	<b>\$256,389</b>	<b>\$262,799</b>	<b>\$269,369</b>	<b>\$276,103</b>	<b>\$283,006</b>	<b>\$290,081</b>	
<b>Total Operations &amp; Maintenance</b>	<b>\$1,511,620</b>	<b>\$1,589,362</b>	<b>\$1,648,826</b>	<b>\$1,710,706</b>	<b>\$1,775,109</b>	<b>\$1,842,148</b>	<b>\$1,911,942</b>	<b>\$1,984,613</b>	<b>\$2,060,291</b>	<b>\$2,139,112</b>	<b>\$2,221,220</b>	
<b>Taxes</b>												
State Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
City Taxes	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Taxes and Transfers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Rate Funded Capital</b>	<b>\$118,039</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	2019 Depr. Exp. = \$438,191
<b>Debt Service</b>												
ACWF #409031 - Sewer Ext	\$134,780	\$132,951	\$132,951	\$132,951	\$132,951	\$132,951	\$132,951	\$0	\$0	\$0	\$0	Debt Schedule
ACWF #409261 - KDPHII Sewer	96,300	80,490	79,480	78,470	77,460	76,450	75,440	74,430	73,420	72,410	71,400	Debt Schedule
ACWF #409081 - Sewer	67,386	66,571	65,756	64,941	64,126	63,311	62,496	61,681	60,866	60,051	59,236	Debt Schedule
ACWF #409111 - Eric Ln Sewer	12,267	12,124	11,981	11,838	11,695	11,552	11,409	11,266	11,123	10,980	10,837	Debt Schedule
ACWF #409071 - KDRPIII	14,263	12,308	12,308	12,308	12,308	12,308	12,308	12,308	12,308	12,308	12,308	Debt Schedule
<b>Total Debt Service</b>	<b>\$324,996</b>	<b>\$304,444</b>	<b>\$302,476</b>	<b>\$300,508</b>	<b>\$298,540</b>	<b>\$296,572</b>	<b>\$294,604</b>	<b>\$159,685</b>	<b>\$157,717</b>	<b>\$155,749</b>	<b>\$153,781</b>	
<b>Less: Debt Service Funding</b>												
HAWSP	\$324,996	\$304,444	\$302,476	\$300,508	\$298,540	\$296,572	\$294,604	\$159,685	\$157,717	\$155,749	\$153,781	
Rate Related Funding	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Less Debt Service Funding</b>	<b>\$324,996</b>	<b>\$304,444</b>	<b>\$302,476</b>	<b>\$300,508</b>	<b>\$298,540</b>	<b>\$296,572</b>	<b>\$294,604</b>	<b>\$159,685</b>	<b>\$157,717</b>	<b>\$155,749</b>	<b>\$153,781</b>	
<b>Net Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Reserve Funding</b>												
Transfer to Sewer Operating	(\$0)	(\$36,313)	(\$73,225)	(\$3,504)	\$55,211	\$78,560	\$82,020	\$85,211	\$88,096	\$90,632	\$92,777	
Transfer to CARMA	155,164	14,856	0	0	229,100	230,245	231,397	232,554	233,716	234,885	236,059	
Transfer to HAWSP	0	0	0	0	0	0	0	0	0	0	0	
<b>Reserve Funding</b>	<b>\$155,164</b>	<b>(\$21,457)</b>	<b>(\$73,225)</b>	<b>(\$3,504)</b>	<b>\$284,311</b>	<b>\$308,805</b>	<b>\$313,416</b>	<b>\$317,765</b>	<b>\$321,812</b>	<b>\$325,517</b>	<b>\$328,836</b>	
<b>Total Revenue Requirement</b>	<b>\$1,784,823</b>	<b>\$1,567,906</b>	<b>\$1,575,601</b>	<b>\$1,707,201</b>	<b>\$2,059,420</b>	<b>\$2,150,954</b>	<b>\$2,225,358</b>	<b>\$2,302,377</b>	<b>\$2,382,103</b>	<b>\$2,464,629</b>	<b>\$2,550,056</b>	
Bal./((Def.) of Funds Before Added Tax	\$0	\$0	\$0	(\$123,866)	(\$239,213)	(\$321,789)	(\$387,192)	(\$455,165)	(\$525,798)	(\$599,188)	(\$675,431)	
Plus: Add'l Taxes with Rate Increase	0	0	0	0	0	0	0	0	0	0	0	
Bal./((Def.) of Funds With Added Tax	\$0	\$0	\$0	(\$123,866)	(\$239,213)	(\$321,789)	(\$387,192)	(\$455,165)	(\$525,798)	(\$599,188)	(\$675,431)	
Bal. as a % of Rate Adj. Req'd	0.0%	0.0%	0.0%	8.0%	13.4%	17.9%	21.5%	25.1%	28.9%	32.7%	36.7%	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>8.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	
Add'l Revenue with Rate Adj.	\$0	\$0	\$0	\$123,866	\$239,213	\$321,789	\$387,192	\$455,165	\$525,798	\$599,188	\$675,431	
Bal./((Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Additional Rate Adjustment Required</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>Avg Res Customer Bill (6Kgal @ \$0.0143/gal)</b>	<b>\$85.80</b>											
Customer Bill on Proposed Adj.	\$85.80	\$85.80	\$85.80	\$92.66	\$97.30	\$101.19	\$104.22	\$107.35	\$110.57	\$113.89	\$117.31	
Bill Difference - Monthly	0.00	0.00	0.00	6.86	4.63	3.89	3.04	3.13	3.22	3.32	3.42	

\* 2020 proposed rate adjustment assumed to be effective for 11 months

	Budget		Projected									Notes
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
CARMA - Monthly	12.87	0.00	0.00	0.00	14.59	15.18	15.63	16.10	16.59	17.08	17.60	
Cumulative Bill Difference	12.87	0.00	0.00	6.86	19.22	19.07	18.67	19.23	19.81	20.40	21.02	
Cash Reserves												
Beginning Reserve Funds	\$0	\$336,804	\$300,491	\$227,267	\$223,762	\$278,974	\$357,534	\$439,553	\$524,765	\$612,860	\$703,492	
Sewer Operating Fund												
Beginning Balance	\$0	\$336,804	\$300,491	\$227,267	\$223,762	\$278,974	\$357,534	\$439,553	\$524,765	\$612,860	\$703,492	
Plus: Additions	0	0	0	0	55,211	78,560	82,020	85,211	88,096	90,632	92,777	
Less: Uses of Funds	(0)	(36,313)	(73,225)	(3,504)	0	0	0	0	0	0	0	
Ending Balance	\$336,804	\$300,491	\$227,267	\$223,762	\$278,974	\$357,534	\$439,553	\$524,765	\$612,860	\$703,492	\$796,269	
Target : 90 Days of O&M	\$372,728	\$391,898	\$406,560	\$421,818	\$437,698	\$454,228	\$471,438	\$489,357	\$508,017	\$527,452	\$547,698	

City of Homer  
Water and Sewer Financial Plan  
Sewer Capital Improvement Plan  
Exhibit 7

			Year 1 - July 2020 - June 2021	Year 2 July 2021- June 2022	Year 3 July 2022- June 2023	Year 4 July 2023- June 2024	Year 5 July 2024- June 2025				
CARMA-Funded Projects	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Future Unidentified Projects	\$118,039	\$0	\$0	\$0	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000
1/2 of Utility Financial Mgmt.			12,907								
Engineering Beluga Lift Station			4,463								
Betterments of East Hill			49,000								
Launch Ramp Lift Station Enclosure			13,674								
Replace Deep Shaft Air Compressor			85,000								
Upgrade SCADA for 7 Lift Stations			210,900								
WWTP Digester Blowers			170,917								
Fuel Island			7,200								
Charles Street Sewer SAD - Design				55,000							
Charles Street Sewer SAD - Construction				178,561							
Influent Station Backup Pump				16,136							
Safety Hoist for Lift Station & Other Underground				10,282							
Sewer Inspection Camera				57,320							
Repair Pond Liner at Sewer Treatment Plant				25,000							
Replacement of E-170 ToolCat				21,667							
Replacement of E-161 CAT Loader				158,333							
Replacement of E-131 W/S Truck				15,000							
Replacement of E-130 Service Truck				26,667							
Replacement of E-114 PW Truck				10,000							
PW Campus Mitigation Plan				16,667							
Computerized Maintenance Management System				23,333							
<b>Total CARMA-Funded Projects</b>	<b>\$118,039</b>	<b>\$0</b>	<b>\$554,061</b>	<b>\$613,966</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total CARMA-Funded Projects</b>	<b>\$118,039</b>	<b>\$0</b>	<b>\$554,061</b>	<b>\$613,966</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>	<b>\$225,000</b>



City of Homer

Water and Sewer Financial Plan

HAWSP Fund Projects and Balance

Exhibit 8

	Year 1 - July 2020 - June 2021		Year 2 July 2021- June 2022	Year 3 July 2022- June 2023	Year 4 July 2023- June 2024	Year 5 July 2024- June 2025					
HAWSP Project Funding (Direct-funding and seed-funding)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Ground Water Research			\$50,000								
Betterment - Tasmania Ct Water/Sewer SAD			88,569								
Alder Lane Water Improvement - 25% City Portion			97,057								
Tasmania Court Water Main Extension - 25% City Portion			141,330								
Tasmania Court Sewer Main Extension - 25% City Portion			82,712								
Hornaday Park Restroom Replacement				300,000							
Hornaday Park W/S Line Replacement				25,000							
Bishop's Beach Restroom Replacement Design				25,000							
Bishop's Beach Restroom Replacement Construction				400,000							
Charles Street Water SAD - Design				15,000							
Charles Street Water SAD - Construction - 25% City Portion				69,536							
Ground Water Research				50,000							
Bunnell-Charles Water Main Extension - 25% City Portion					169,722						
Bunnell-Charles Sewer Main Extension - 25% City Portion					210,611						
Mission Road Water Main Extension - 25% City Portion					350,634	350,634					
Mission Road Sewer Trunk Line - 25% City Portion					248,918	248,918					
Sterling Highway Water Main Extension - 25% City Portion						62,573					
Sterling Highway Sewer Main Extension - 25% City Portion						88,580					
West Hill Road Water Trunk Line - 25% City Portion							459,181	459,181			
West Hill Road Sewer Trunk Line - 25% City Portion							489,559	489,559			
Future Water Projects - Direct Funded					50,000	50,000	25,000	25,000	580,000	597,400	615,322
Future Sewer Projects - Direct Funded					50,000	50,000	25,000	25,000	380,000	391,400	403,142
Future Water Projects - Debt Seed Funded											
Future Sewer Projects - Debt Seed Funded											
<i>Total HAWSP Direct Funding - Water Projects</i>	\$0	\$0	\$138,569	\$559,536	\$50,000	\$50,000	\$25,000	\$25,000	\$580,000	\$597,400	\$615,322
<i>Total HAWSP Direct Funding - Sewer Projects</i>			\$0	\$325,000	\$50,000	\$50,000	\$25,000	\$25,000	\$380,000	\$391,400	\$403,142
<i>Total HAWSP Debt Seed Funding - Water</i>			238,387	0	520,357	413,207	459,181	459,181	0	0	0
<i>Total HAWSP Debt Seed Funding - Sewer</i>			82,712	0	459,529	337,498	489,559	489,559	0	0	0
<b><i>Total HAWSP Project Funding (Direct-funding and seed-fundi</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$459,668</b>	<b>\$884,536</b>	<b>\$1,079,886</b>	<b>\$850,705</b>	<b>\$998,740</b>	<b>\$998,740</b>	<b>\$960,000</b>	<b>\$988,800</b>	<b>\$1,018,464</b>
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct HAWSP Funding</b>	<b>\$0</b>	<b>\$0</b>	<b>\$459,668</b>	<b>\$884,536</b>	<b>\$1,079,886</b>	<b>\$850,705</b>	<b>\$998,740</b>	<b>\$998,740</b>	<b>\$960,000</b>	<b>\$988,800</b>	<b>\$1,018,464</b>

HAWSP Debt-Funded Capital Loan Requests (75% of Project total, after Seed) (Matches state loan request docs)

Alder Lane Water Main Extension	\$291,172
Tasmania Court Water Main Extension	\$423,990
Tasmania Court Sewer Main Extension	\$248,136
Bunnell-Charles Water Main Extension	\$509,167

City of Homer  
Water and Sewer Financial Plan  
HAWSP Fund Projects and Balance  
Exhibit 8

	Year 1 - July 2020 - June 2021	Year 2 July 2021- June 2022	Year 3 July 2022- June 2023	Year 4 July 2023- June 2024	Year 5 July 2024- June 2025						
Bunnell-Charles Sewer Main Extension		\$631,834									
Mission Road Water Main Extension			1,051,903	1,051,903							
Mission Road Sewer Trunk Line			746,753	746,753							
Sterling Highway Water Main Extension				187,719							
Sterling Highway Sewer Main Extension				265,740							
West Hill Road Water Trunk Line					1,377,544	1,377,544					
West Hill Road Sewer Trunk Line					1,468,677	1,468,677					
Total HAWSP Debt-Funded Capital Projects - Water			\$1,224,329	\$1,051,903	\$1,239,622	\$1,377,544	\$1,377,544	\$0	\$0	\$0	
Total HAWSP Debt-Funded Capital Projects - Sewer			\$879,970	\$746,753	\$1,012,493	\$1,468,677	\$1,468,677	\$0	\$0	\$0	
HAWSP Debt-Funded Capital, Loan Total	\$0	\$0	\$0	\$2,104,299	\$1,798,656	\$2,252,115	\$2,846,220	\$2,846,220	\$0	\$0	\$0

Input (Assessment deferment %)	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
<b>HAWSP FUND BALANCE</b>											
	2022	2023	2024	2025	2026	2027	2028	2029			
<b>Beginning Balance</b>	<b>\$2,275,476</b>	<b>\$2,353,970</b>	<b>\$2,233,105</b>	<b>\$2,349,453</b>	<b>\$2,236,662</b>	<b>\$2,416,012</b>	<b>\$2,651,027</b>	<b>\$2,874,762</b>			
Plus: Transfers In	0	0	0	0	0	0	0	0			
Plus: Annual HAWSP Sales Tax	1,404,987	1,469,398	1,517,889	1,525,478	1,533,106	1,540,771	1,548,475	1,556,218	1,563,999		
Plus: Interest	0	22,755	23,540	22,331	23,495	22,367	24,160	26,510	28,748		
Plus: Current Assessment Collection	481,370	481,370	481,370	481,370	481,370	481,370	481,370	481,370	481,370		
Plus: Future Assessment (modified by deferment %)		65,411	212,080	230,569	462,661	462,661	462,661	462,661	462,661		
Less: Current Debt Payment	(992,034)	(982,460)	(972,886)	(963,312)	(953,738)	(668,135)	(660,707)	(653,279)	(645,851)		
Less: Future Project Debt Payment		(93,444)	(302,972)	(329,384)	(660,944)	(660,944)	(660,944)	(660,944)	(660,944)		
Less: Total Direct & Seed HAWSP Project Funding	(459,668)	(884,536)	(1,079,886)	(850,705)	(998,740)	(998,740)	(960,000)	(988,800)	(1,018,464)		
<b>Ending Balance</b>	<b>\$2,275,476</b>	<b>\$2,353,970</b>	<b>\$2,233,105</b>	<b>\$2,349,453</b>	<b>\$2,236,662</b>	<b>\$2,416,012</b>	<b>\$2,651,027</b>	<b>\$2,874,762</b>	<b>\$3,086,280</b>		

City of Homer  
Water and Sewer Financial Plan  
Sewer Capital Improvement Plan  
Exhibit 9

	Budget		Projected								
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
CARMA FUND - Water											
Beginning Balance			\$2,434,942	\$1,774,075	\$1,317,919	\$1,318,917	\$1,321,349	\$1,325,237	\$1,330,602	\$1,337,466	\$1,345,851
Plus: Annual CARMA Water Transfers In			0	0	281,999	283,409	284,826	286,250	287,681	289,120	290,565
Plus: Other Transfers in			0	0	0	0	0	0	0	0	0
Plus: Interest			31,271	22,528	18,999	19,023	19,062	19,115	19,183	19,266	19,364
Less: Uses of Funds-Capital			(692,138)	(478,683)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Ending Balance		\$2,434,942	\$1,774,075	\$1,317,919	\$1,318,917	\$1,321,349	\$1,325,237	\$1,330,602	\$1,337,466	\$1,345,851	\$1,355,781
CARMA FUND - Sewer											
Beginning Balance			\$1,836,104	\$1,294,863	\$687,706	\$698,724	\$711,009	\$724,580	\$739,455	\$755,653	\$773,193
Plus: Annual CARMA Sewer Transfers In			0	0	229,100	230,245	231,397	232,554	233,716	234,885	236,059
Plus: Other Transfers in			0	0	0	0	0	0	0	0	0
Plus: Interest			12,820	6,809	6,918	7,040	7,174	7,321	7,482	7,655	7,843
Less: Uses of Funds-Capital			(554,061)	(613,966)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)
Ending Balance		\$1,836,104	\$1,294,863	\$687,706	\$698,724	\$711,009	\$724,580	\$739,455	\$755,653	\$773,193	\$792,095