



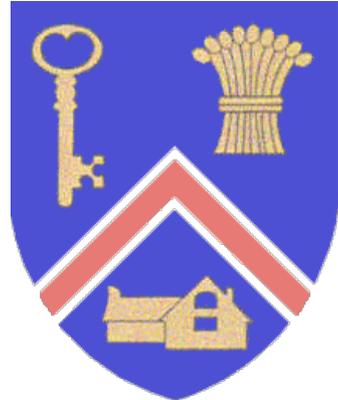
Town of Purcellville

Water and Sewer Utility System

Cost of Service Update



Municipal & Financial Services Group
Eric Callocchia, Manager

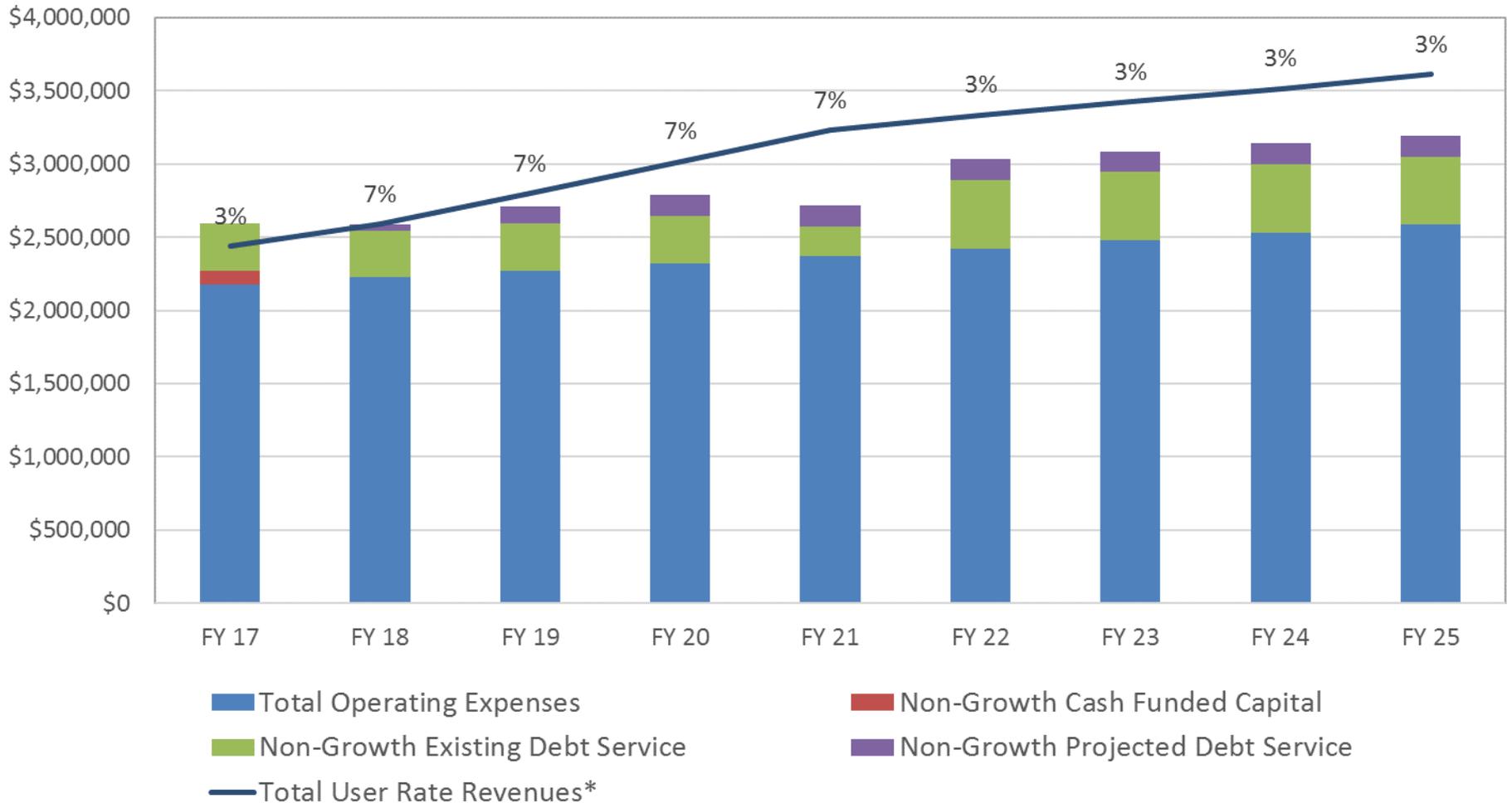


Update

- The financial plan analysis for the Town has been updated to include an increase in water and sewer rates in Fiscal Year 2017.
- Updated data has been taken into account, including:
 - FY 2017 proposed operating budget
 - FY 2017 proposed revenues
 - Most recent capital improvement plan
 - Most recently available consumption data (through February 2016 billing cycle)
- Baseline scenario includes no development beyond the Mayfair connections
- Two additional scenarios considered:
 - Additional connections from Kline only
 - Additional connections from Kline and Warner Brook

Water Utility

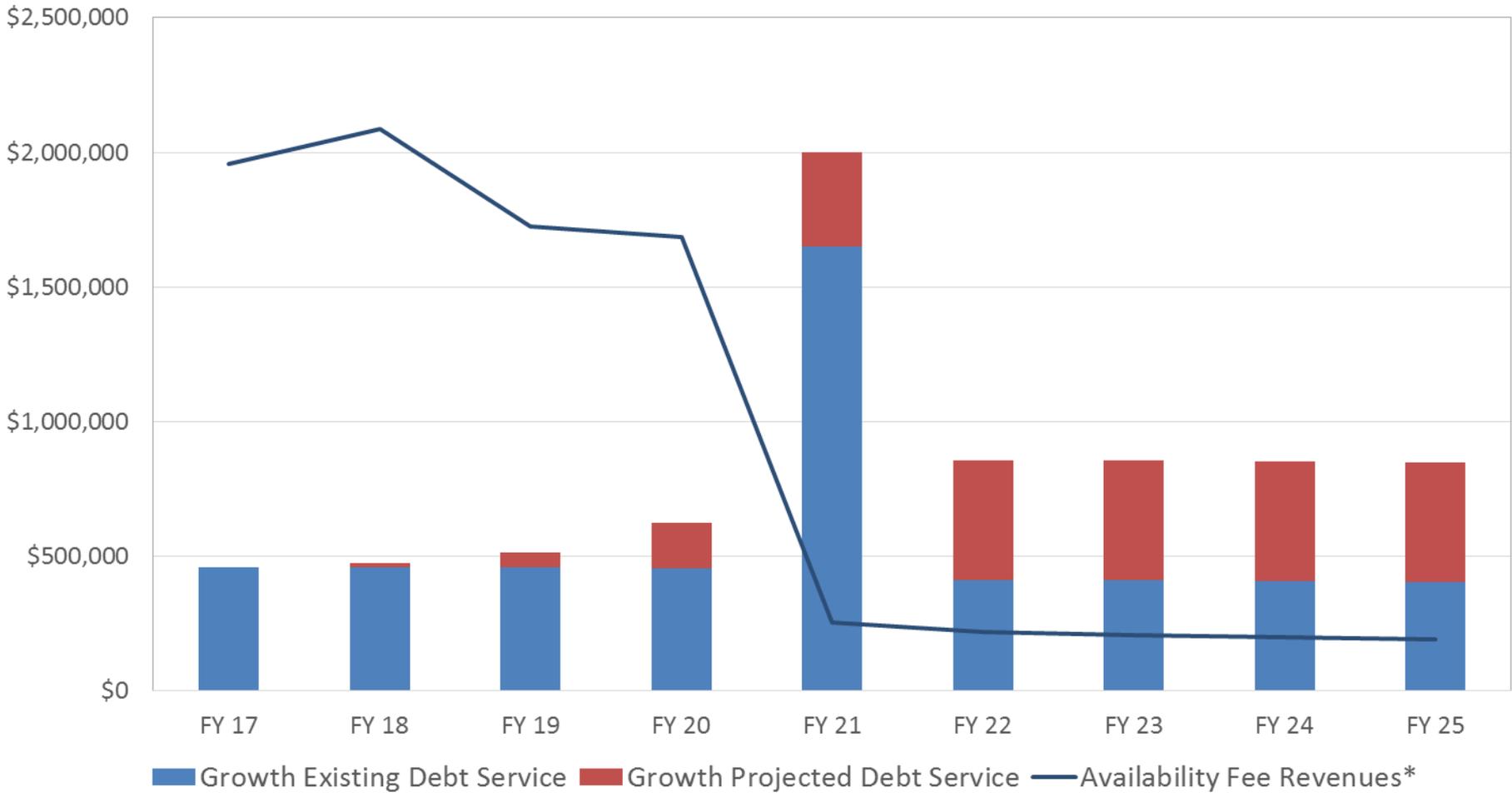
Non-Growth Revenue Requirements - Rate Adjustments



* Includes miscellaneous revenues, customer growth and annual rate increases

Water Utility

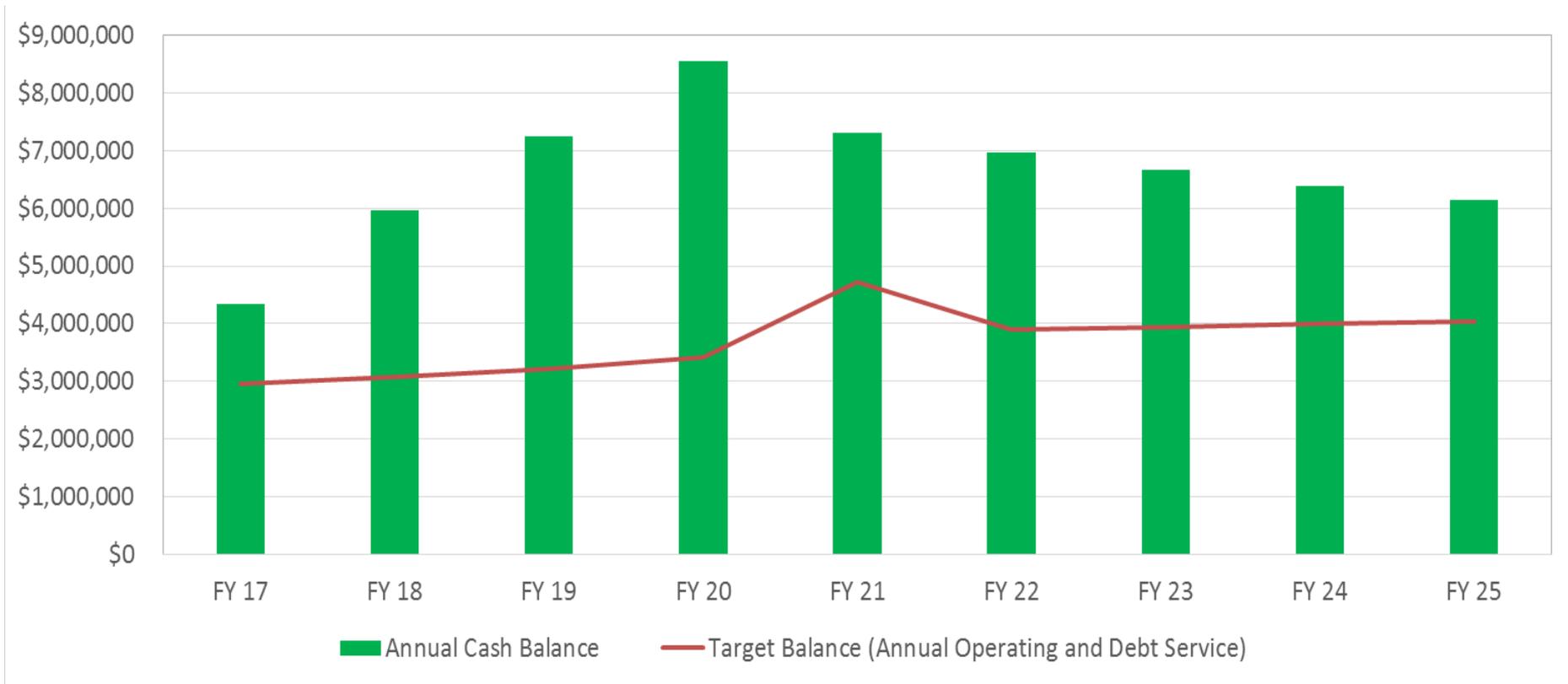
Growth Revenue Requirements



•Only Mayfair Connections, Includes interest income

Note: Fiscal year 2021 debt service includes \$1.44 million balloon maturity. Projections currently contemplate paying off this amount at maturity in fiscal year 2021 with reserves in the Water Fund. The Town may also wish to evaluate terming this maturity out to its originally intended final maturity prior to fiscal year 2021.

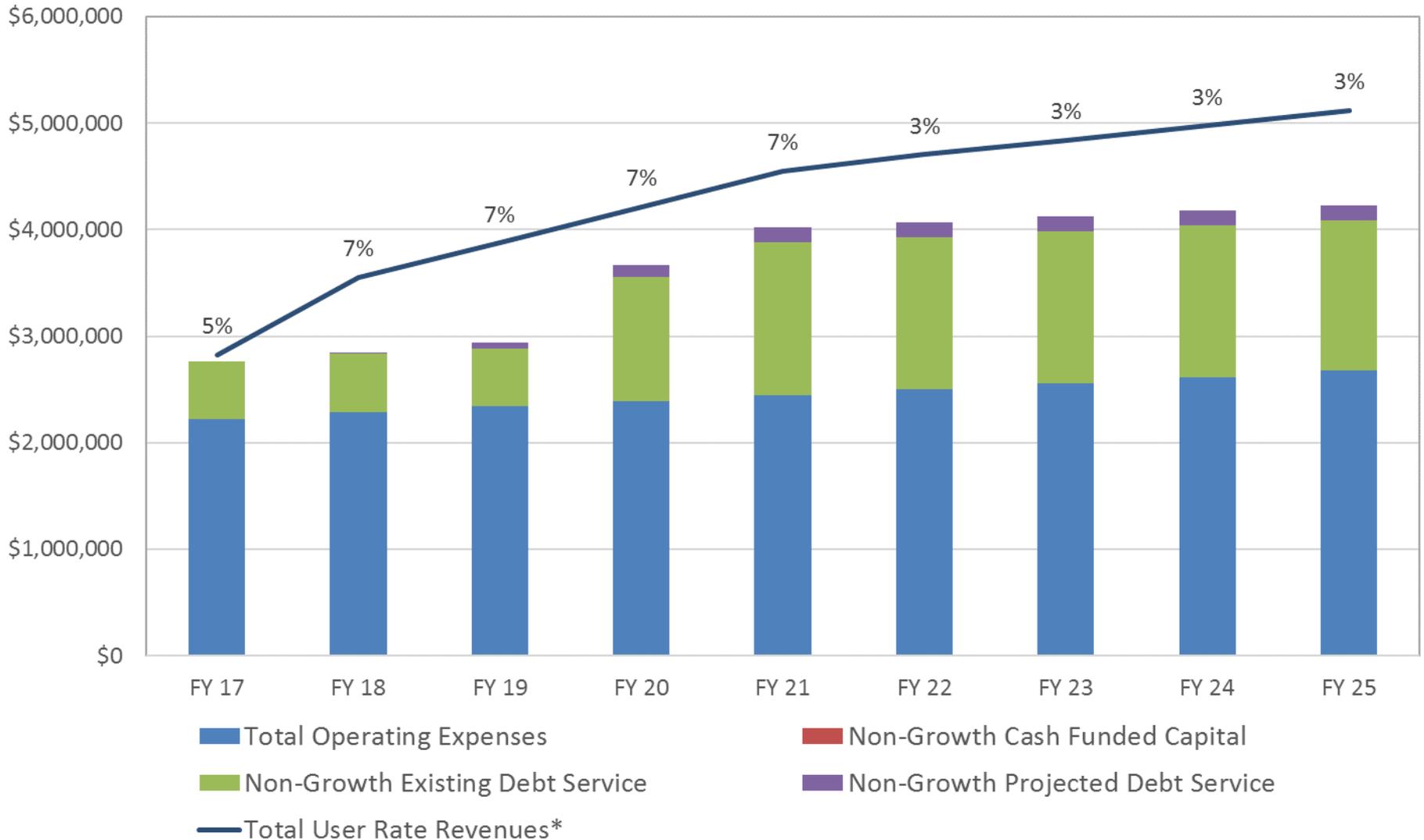
Water Utility Cash Balance



Cash balance assumes user fee increases and projected new water connections and payoff of 2021 balloon maturity from reserves.

Sewer Utility

Non-Growth Revenue Requirements - Rate Adjustments



* Includes miscellaneous revenues, customer growth and annual rate increases

Sewer Utility

Capital Growth Revenue Requirements



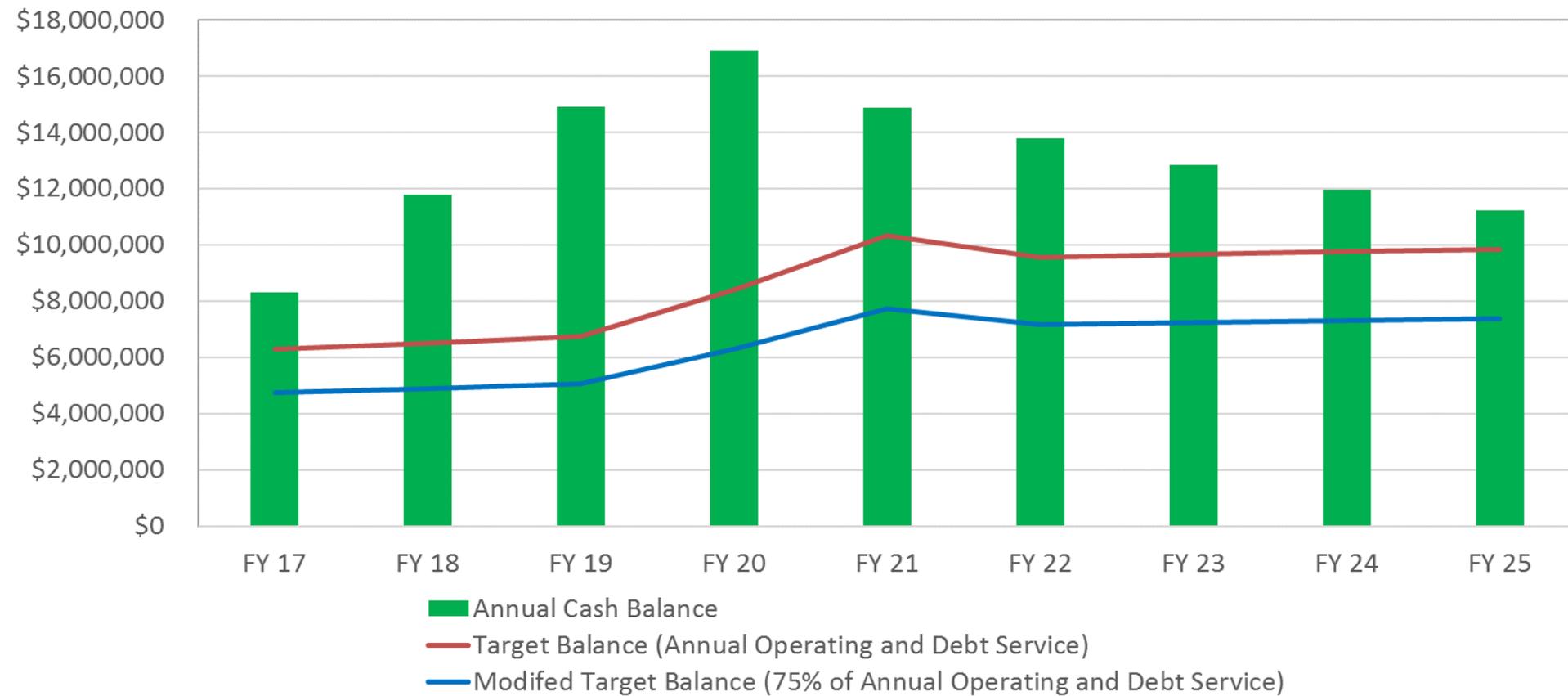
* Only Mayfair connections, Includes interest income

Sewer Utility Cash Balance



Cash balance assumes user fee increases and projected new sewer connections

COMBINED Water and Sewer Fund Cash Balance



Cash balance assumes user fee increases and projected Mayfair connections only

Water Rates - Forecast

	Current	FY 17	FY 18	FY 19	FY 20	FY 21
<i>Fixed Charge Increase</i>	-	0%	0%	0%	0%	0%
Fixed Charge	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
<i>Consumption Rate Increase</i>	-	3%	7%	7%	7%	7%
0 - < 5,000 gallons	\$6.16	\$6.34	\$6.79	\$7.26	\$7.77	\$8.32
5,000 - <10,000 gallons	\$8.21	\$8.45	\$9.04	\$9.68	\$10.35	\$11.08
10,000 - <15,000 gallon	\$9.90	\$10.20	\$10.91	\$11.68	\$12.50	\$13.37
15,000 - < 20,000 gallons	\$11.79	\$12.14	\$12.99	\$13.90	\$14.87	\$15.91
20,000 - < 50,000 gallons	\$14.71	\$15.16	\$16.22	\$17.35	\$18.57	\$19.87
50,000 - < 100,000 gallons	\$16.79	\$17.29	\$18.51	\$19.80	\$21.19	\$22.67
100,000 - < 150,000 gallons	\$18.87	\$19.43	\$20.79	\$22.25	\$23.81	\$25.47
150,000 - < 200,000 gallons	\$20.94	\$21.57	\$23.08	\$24.70	\$26.42	\$28.27
200,000 - < 250,000 gallons	\$23.85	\$24.57	\$26.29	\$28.13	\$30.10	\$32.20
250,000 - < 300,000 gallons	\$25.93	\$26.71	\$28.58	\$30.58	\$32.72	\$35.01
300,000 - < 350,000 gallons	\$28.00	\$28.84	\$30.86	\$33.02	\$35.34	\$37.81
350,000 - < 400,000 gallons	\$30.08	\$30.98	\$33.15	\$35.47	\$37.95	\$40.61
400,000 - < 450,000 gallons	\$32.16	\$33.12	\$35.44	\$37.92	\$40.57	\$43.41
450,000 - < 500,000 gallons	\$37.35	\$38.47	\$41.16	\$44.04	\$47.12	\$50.42
500,000 - < 550,000 gallons	\$42.53	\$43.81	\$46.88	\$50.16	\$53.67	\$57.43
550,000 - < 600,000 gallons	\$47.72	\$49.16	\$52.60	\$56.28	\$60.22	\$64.43
Over 600,000 gallons	\$52.91	\$54.50	\$58.32	\$62.40	\$66.77	\$71.44
Monthly Water Bill (Monthly 4,600 gallons)	\$40	\$41	\$43	\$46	\$49	\$52

Sewer Rates - Forecast

	Current	FY 17	FY 18	FY 19	FY 20	FY 21
<i>Fixed Charge Increase</i>	-	0%	0%	0%	0%	0%
Fixed Charge	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
<i>Consumption Rate Increase</i>	-	5%	7%	7%	7%	7%
Consumption Rate (per 1,000 gallons)	\$14.47	\$15.20	\$16.26	\$17.40	\$18.62	\$19.92
Monthly Sewer Bill (Monthly 4,600 gallons)	\$74	\$77	\$82	\$88	\$93	\$99

Water Fund Multi-Year Pro-Forma

	FY 17	FY 18	FY 19	FY 20	FY 21
Annual Water Rate Increases	3%	7%	7%	7%	7%
Total Operating Revenues	\$2,436,877	\$2,589,975	\$2,797,543	\$3,018,832	\$3,230,417
Total Operating Expenditures <i>(less Debt Service & Cash Funded Capital)</i>	(\$2,177,746)	(\$2,223,994)	(\$2,271,629)	(\$2,320,694)	(\$2,371,320)
Surplus Before Debt Service, Capital	\$259,131	\$365,981	\$525,914	\$698,139	\$859,187
<u>Water System Capital Expenses:</u>					
Existing Debt Service <i>(P+I)</i>	(\$780,888)	(\$782,046)	(\$781,834)	(\$780,831)	(\$1,849,658)
New Debt Service <i>(P+I)</i>	\$0	(\$59,341)	(\$170,111)	(\$312,601)	(\$495,670)
Cash Funded Capital	(\$94,000)	\$0	\$0	\$0	\$0
Surplus / (Deficit) After Debt Service, Cash Funded Capital	(\$615,757)	(\$475,406)	(\$426,031)	(\$395,293)	(\$1,486,141)
Current Planned (Including Mayfair)	70	76	60	57	-
Additional Connections	-	-	-	-	-
Availability Fee Revenues*	\$1,957,662	\$2,087,614	\$1,723,916	\$1,685,591	\$256,322
Net Surplus / (Deficit) After Debt Service, Capital and Availabilities	\$1,341,905	\$1,612,209	\$1,297,886	\$1,290,298	(\$1,229,819)
Total Cash and Cash Equivalents	\$4,343,674	\$5,955,883	\$7,253,769	\$8,544,067	\$7,314,248

*Includes interest income on cash reserves

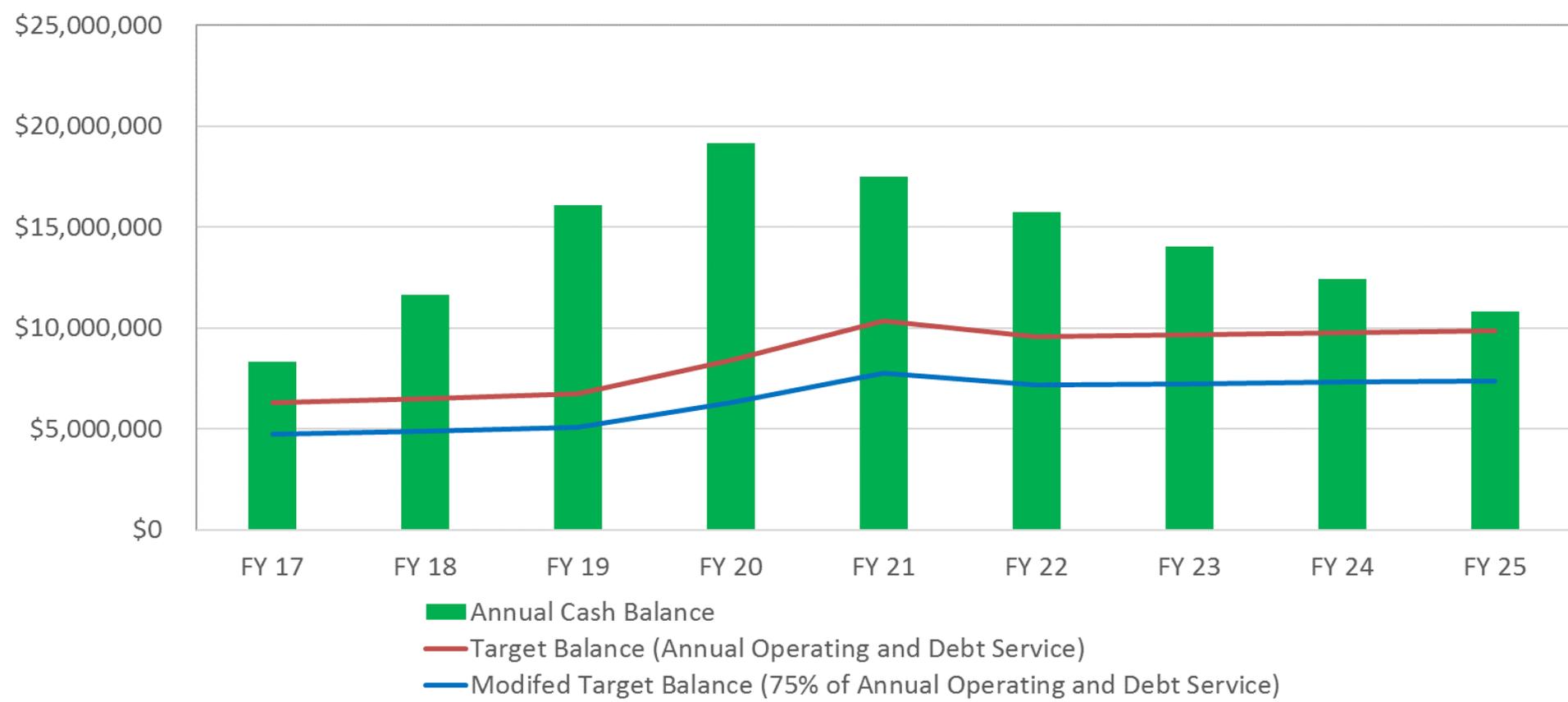
Sewer Multi-Year Pro-Forma

	FY 17	FY 18	FY 19	FY 20	FY 21
Annual Sewer Rate Increases	5%	7%	7%	7%	7%
Total Operating Revenues	\$2,827,834	\$3,552,597	\$3,874,360	\$4,218,196	\$4,549,410
Total Operating Expenditures <i>(less Debt Service & Cash Funded Capital)</i>	(\$2,220,049)	(\$2,291,575)	(\$2,341,940)	(\$2,393,815)	(\$2,447,247)
Surplus Before Debt Service, Capital	\$607,785	\$1,261,022	\$1,532,420	\$1,824,381	\$2,102,163
<u>Sewer System Capital Expenses:</u>					
Existing Debt Service (P+I)	(\$1,125,805)	(\$1,125,805)	(\$1,125,805)	(\$2,440,815)	(\$2,976,415)
New Debt Service (P+I)	\$0	(\$10,527)	(\$66,672)	(\$147,381)	(\$182,472)
Cash Funded Capital	\$0	\$0	\$0	\$0	\$0
Surplus / (Deficit) After Debt Service, Cash Funded Capital	(\$518,020)	\$124,690	\$339,942	(\$763,815)	(\$1,056,724)
Current Planned (Including Mayfair)	70	76	60	57	-
Additional Connections	-	-	-	-	-
Availability Fee Revenues*	\$1,641,600	\$1,760,418	\$1,471,371	\$1,460,911	\$250,624
Net Surplus / (Deficit) After Debt Service, Capital and Availabilities	\$1,123,580	\$1,885,108	\$1,811,314	\$697,095	(\$806,101)
Total Cash and Cash Equivalents	\$3,960,603	\$5,845,711	\$7,657,025	\$8,354,120	\$7,548,019

*Includes interest income on cash reserves

COMBINED Water and Sewer Fund

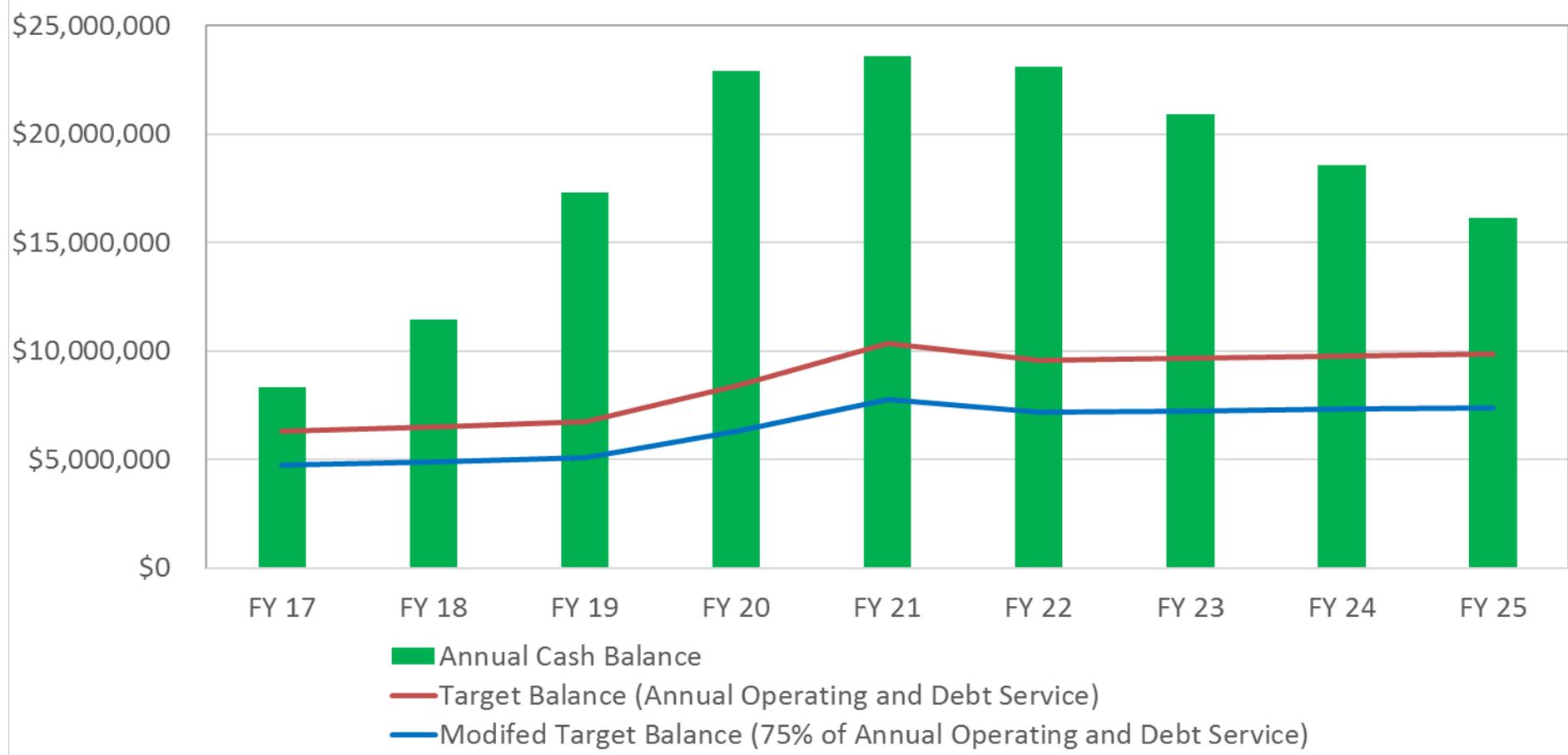
With Kline Connections



	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Fixed Charge	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Water Rate Increase	3%	3%	3%	3%	3%	3%
Sewer Rate Increase	5%	3%	3%	3%	3%	3%

COMBINED Water and Sewer Fund

With Kline and Warner Brook Connections



	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Fixed Charge	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Water Rate Increase	3%	0%	0%	0%	0%	0%
Sewer Rate Increase	5%	0%	0%	0%	0%	0%