

**TO: MAYOR AND CITY COUNCIL**  
**FROM: RONALD JOHNSON, CITY ADMINISTRATOR**  
**SUBJECT: 2015 UTILITY RATES**  
**DATE: FEBRUARY 17, 2015**

**BACKGROUND**

Representatives from Ehlers & Associates will be at the City Council meeting to present their recommendations for the 2015 utility rates and answer any Council questions. A copy of the Executive Summary and the Utility Rate Study are included in the packet.

They are recommending the following increases:

Water – 5%  
Sanitary Sewer – 10% or 5%  
Storm Sewer – 2%

Staff had requested Ehlers & Associates to review the impact to the Sanitary Sewer Fund if a 5% increase was approved rather than 10%. The study initially projected 10% for 2015 and 2016 and then lowering the increase to 2% and staff asked that they look at the impact of 5% increases for six years. The difference of these proposals is explained in the Executive Summary and will be discussed further at the meeting.

Council is being requested to approve the 2015 utility rates effective March 1<sup>st</sup>. The required resolution will be presented for adoption at the March 3<sup>rd</sup> Council meeting.

**RECOMMENDED COUNCIL ACTION**

Staff respectfully requests a motion receiving the Utility Rate Study and approving the 2015 utility rates effective March 1, 2015.

Attachments:  
Executive Summary



## City of Cannon Falls Water, Sewer, and Storm Water Rate Analysis

**Executive Summary**  
**February 17, 2015**

### Introduction

The City of Cannon Falls has requested Ehlers to complete an updated utility rate analysis to review water, sewer, and storm water rates for 2015 and beyond.

The water, sewer, and storm water utilities have established rates that are adequate to meet operating expenses. In addition, the water and sewer funds are financially healthy and have established solid cash reserves. The storm water fund was established in 2009 and has made great strides over the last couple of years to build cash reserves. The City issued debt in 2013 to pay for the East Side Project I, including utility upgrades. Future utility upgrades within the street reconstruction program are planned for every other year, with the exception of 2015 projects, which have been moved to 2016. In the long term, the City also has plans for a potential sewer river crossing and several water projects. The City has identified the need to increase utility rates to build additional reserves in advance of these projects.

While current economic conditions have been relatively stable, growth estimates remain conservative. Assumptions regarding growth and future development were scaled back even further from prior years. The chart below reflects the number of future connections assumed in the study.

	2014	2015	2016	2017	2018
Residential	0	5	5	5	5
Commercial	0	3	3	3	3

The City reduced SAC and WAC fees for residential development in 2014. The projected developer fee revenue has been adjusted accordingly. This shifts the burden to pay for the existing debt service to user rates rather than developer fees.

## **Water Utility**

The City of Cannon Falls owns and operates the water utility that serves its residents and businesses. The utility's financial activity is accounted for in the City's Water Fund. By looking at the fund as a whole, we can see key features of the utility operations.

Operating costs are the single biggest expense of the water utility, followed closely by capital and debt expenditures. As a rule, utilities are capital intensive operations. Operating costs account for 53% of the total utility expenses. Capital costs and principal and interest on outstanding debt issued to finance capital projects accounts for 47%.

In 2012, the City of Cannon Falls refunded their 2006A & 2006B P.I.R. Fund Bonds with the 2012B G.O. Revenue debt. Water utility upgrades in conjunction with the 2013 east side reconstruction project were financed as part of the 2013A G.O. Bond.

The City has consistently increased water rates on an annual basis. Ehlers is recommending the City continue this trend in 2015 and annually thereafter. This will allow the City to collect adequate revenues and to provide for operating expenses, debt obligations and future scheduled capital improvements.

### **Proposed Water Rates**

This report proposes, for the City Council's consideration, a simple rate increase for 2015 in order to generate sufficient revenues to operate the utility, make annual debt payments, and pay for capital projects.

This report proposes a 5% rate increase for flat rates and usage rates for 2015. This is slightly higher than last year's report due to the decrease in residential WAC fees, but still lower than other previous reports, which had recommended 10% rate increases. Rate increases are still necessary in order to provide cash flow for operations, future capital and future debt for needed improvements. This rate increase takes these factors into account and also compensates for the slower growth projections due to the sluggish economy. We are recommending a 5% annual rate increases for 2015 and beyond.

The chart below shows the existing water rate for 2014 and the proposed rates for 2015 and beyond. An average residential property consumes 800 cubic feet per month. This type of property would see an increase of \$1.34 increase in their monthly water bill. The average commercial property using only 2,600 cubic feet per month would receive a modest \$3.79 increase in their monthly bill. The chart on the following page shows the proposed rates for 2015 through 2018.

Monthly Water Rates	Existing	Proposed			
	2014	2015	2016	2017	2018
<b>Annual Rate Increase</b>		5%	5%	5%	5%
<b>Base Rate</b>	\$ 5.46	\$ 5.73	\$ 6.02	\$ 6.32	\$ 6.64
(All Users)					
<b>Residential Users</b>					
100-300 cu. Ft.	\$ 2.31	\$ 2.43	\$ 2.55	\$ 2.67	\$ 2.81
400-900 cu. Ft.	2.88	3.02	3.18	3.33	3.50
1,000-6,000 cu. Ft.	3.60	3.78	3.97	4.17	4.38
+6,000 cu. Ft.	5.39	5.66	5.94	6.24	6.55
<b>Commercial Users</b>					
100-800 cu. Ft.	\$ 2.31	\$ 2.43	\$ 2.55	\$ 2.67	\$ 2.81
900-2,800 cu. Ft.	2.88	3.02	3.18	3.33	3.50
2,900-7,500 cu. Ft.	3.60	3.78	3.97	4.17	4.38
+7,500 cu. Ft.	5.39	5.66	5.94	6.24	6.55
<b>Irrigation Accounts</b>					
All Usage	\$ 5.39	\$ 5.66	\$ 5.94	\$ 6.24	\$ 6.55

## Sewer Utility

The Sewer Fund is still paying for the 2001 PFA loans, plus has planned utility upgrades in conjunction with the street reconstruction program. It is anticipated the City will need to issue debt in 2016 and odd years going forward to pay for projects. Thus, Ehlers is proposing increases in sewer fees annually to ensure sufficient funds. Below are two options for rate increases for the City to consider.

### Option #1: 10% Rate Increases for 2015 & 2016; 2% thereafter

This is a continuation of the rate increases Ehlers has been projecting for several years. Prior reports recommended 10% rate increases through 2016, with reduced rates thereafter. This option builds on the power of compounding the City has been utilizing for many years. The City is projected to continue to build fund balance at a steady rate until the Projected Fund Balance meets the Projected Targeted Fund Balance in 2022.

The chart on the following page shows the recommended sewer rates for 2015 and beyond.

Monthly Sewer Rates	Existing	Proposed			
	2014	2015	2016	2017	2018
<b>Annual Rate Increase</b>		<b>10%</b>	<b>10%</b>	<b>2%</b>	<b>2%</b>
<b>Residential Users</b>					
Minimum Charge	\$ 24.38	\$ 26.82	\$ 29.50	\$ 30.09	\$ 30.69
(Includes 400 cu. Ft.)					
Consumption Rate	8.51	9.36	10.30	10.50	10.71
<b>Commercial Users</b>					
Minimum Charge	\$ 35.10	\$ 38.61	\$ 42.47	\$ 43.32	\$ 44.19
(Includes 400 cu. Ft.)					
Consumption Rate	8.51	9.36	10.30	10.50	10.71

**Option #2: 5% Rate Increases annually beginning in 2015**

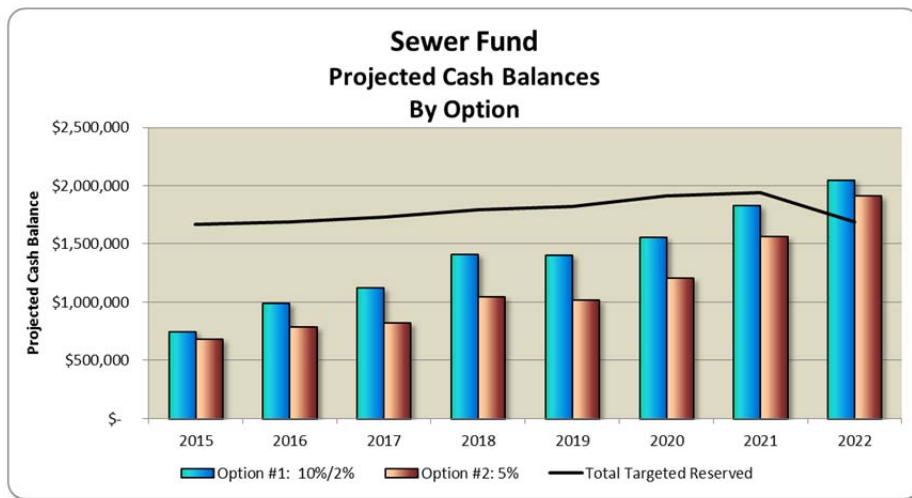
This option is similar to Option #1, but eliminates the double-digit increases for 2015 and 2016 in favor of a level rate increase of 5% every year beginning in 2015. The City still harnesses the power of compounding, but to a slightly lesser degree. This option also continues to build fund balance at a steady rate until the Projected Fund Balance meets the Projected Targeted Fund Balance in 2022.

The chart below shows the recommended sewer rates for 2015 and beyond.

Monthly Sewer Rates	Existing	Proposed			
	2014	2015	2016	2017	2018
<b>Annual Rate Increase</b>		<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Residential Users</b>					
Minimum Charge	\$ 24.38	\$ 25.60	\$ 26.88	\$ 28.22	\$ 29.63
(Includes 400 cu. Ft.)					
Consumption Rate	8.51	8.94	9.38	9.85	10.34
<b>Commercial Users</b>					
Minimum Charge	\$ 35.10	\$ 36.86	\$ 38.70	\$ 40.63	\$ 42.66
(Includes 400 cu. Ft.)					
Consumption Rate	8.51	8.94	9.38	9.85	10.34

**Comparison of Options**

Both options provide the City with the ability to build reserves and meet targeted projections by 2022. However, Option #1 is projected to maintain a higher cash balance between 2015 and 2022 at an average of \$250,000/year. The graph on the following page demonstrates the differences in projected cash balances for each option and where it is in relation to the Total Targeted Reserves.



Both options provide the City with the ability to reach Targeted Reserves by 2022. Residential customers using 800 cubic feet will pay an additional \$1.64 per month in 2015 under Option #1. Commercial users will see an increase of \$2.17 per month under Option #1 in 2015.

### Storm Water Utility

The storm water utility was first established in 2009. Prior to that, storm water costs were paid for out of the General Fund. This fund has made steady increases in cash and fund balance through 2012. The storm water projects completed as part of the 2013 street projects were paid for with a combination of funds on hand and external borrowing. This resulted in a decrease in cash, however it is expected to be recouped in 2014. Currently, residential rates are a fixed amount of \$2.47 per home. Commercial properties are calculated individually based on the amount of impervious surface. Ehlers is recommending only inflationary rate increases of 2% per year in order to make current bond payments, plus build reserves for future capital projects. This is consistent with last year’s report.

The rate chart below shows the recommended storm water rates through 2018.

Monthly Storm Water Rates	Existing 2014	Proposed			
		2015	2016	2017	2018
<b>Annual Rate Increase</b>		2%	2%	2%	2%
<b>Residential Users</b>					
Fixed Charge	\$ 2.47	\$ 2.52	\$ 2.57	\$ 2.62	\$ 2.67
<b>Commercial Users</b>					
Calculated individually	Contact City Finance Staff for details				

### Putting It All Together: The Utility Bill

From a customer’s perspective, they receive one bill for water, sewer, and storm water and are concerned about the total amount. The increases to each of the utility rates provides for a consistent and equitable approach each year, thus avoiding high spikes in rates or “sticker shock”. The following chart shows a

sample utility bill for average residential customers consuming 800 cubic feet per month using the rates proposed above.

Monthly Bill	Existing	Proposed			
	2014	2015	2016	2017	2018
Water	\$ 26.79	\$ 28.13	\$ 29.54	\$ 31.01	\$ 32.56
Sewer - Option #1	58.42	64.26	70.69	72.10	73.54
Storm Water	2.47	2.52	2.57	2.62	2.67
<b>Total Bill</b>	<b>\$ 87.68</b>	<b>\$ 94.91</b>	<b>\$ 102.80</b>	<b>\$ 105.73</b>	<b>\$ 108.77</b>
\$ Increase		\$ 7.23	\$ 7.89	\$ 2.93	\$ 3.04

Under Option #2 for Sewer, the total monthly bills will see the following changes:

Monthly Bill	Existing	Proposed			
	2014	2015	2016	2017	2018
Water	\$ 26.79	\$ 28.13	\$ 29.54	\$ 31.01	\$ 32.56
Sewer - Option #2	58.42	61.34	64.41	67.63	71.01
Storm Water	2.47	2.52	2.57	2.62	2.67
<b>Total Bill</b>	<b>\$ 87.68</b>	<b>\$ 91.99</b>	<b>\$ 96.52</b>	<b>\$ 101.26</b>	<b>\$ 106.24</b>
\$ Increase		\$ 4.31	\$ 4.53	\$ 4.74	\$ 4.98

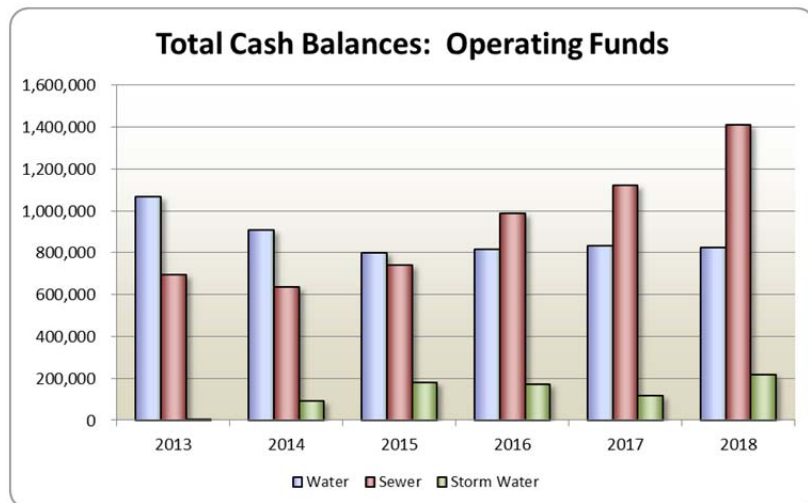
## Cash Balances and Financing Capital Improvements Water, Sewer, and Storm Water Capital Improvements

The capital improvement plans for the water and sewer funds are attached in Exhibit C.

The City is planning to upgrade existing utility infrastructure every other year, with the exception of 2016, in conjunction with the street reconstruction program. There is also the possibility of a new sewer water crossing in 2019.

### Target Cash Reserves – Water, Sewer, and Storm Water Funds

The proposed rates impose the lowest rate increases that will still leave the City’s utility systems in good financial health. The projected cash balances for the funds, a measure of financial health, are shown in following graph.



Proposed rates were designed to approximate a targeted cash balance equal to 50% of the current year's operating expense, plus 100% of next year's debt payments. For the Water Fund, the cash balances are very close to the target. However, the Sewer Fund continues to close in on this targeted amount each year. We are estimating this will happen around 2022. Projections for the Storm Water Fund are at or above target. However, we expect the targeted balance to increase as this fund continues to take on its share of current and future debt.

The proposed rates will provide sufficient revenue to pay routine operating expenses, pay for capital improvements to upgrade and expand the system, and provide prudent cash balances. Adequate cash balances allow the City to:

- Survive changing circumstances in the economy and the weather without rapidly increasing rates;
- Use cash to pay for a portion of capital improvements and reduce the frequency of borrowing.

## Summary

Ehlers is recommending a dual-pronged approach to maintain the financial health of the City's utilities.

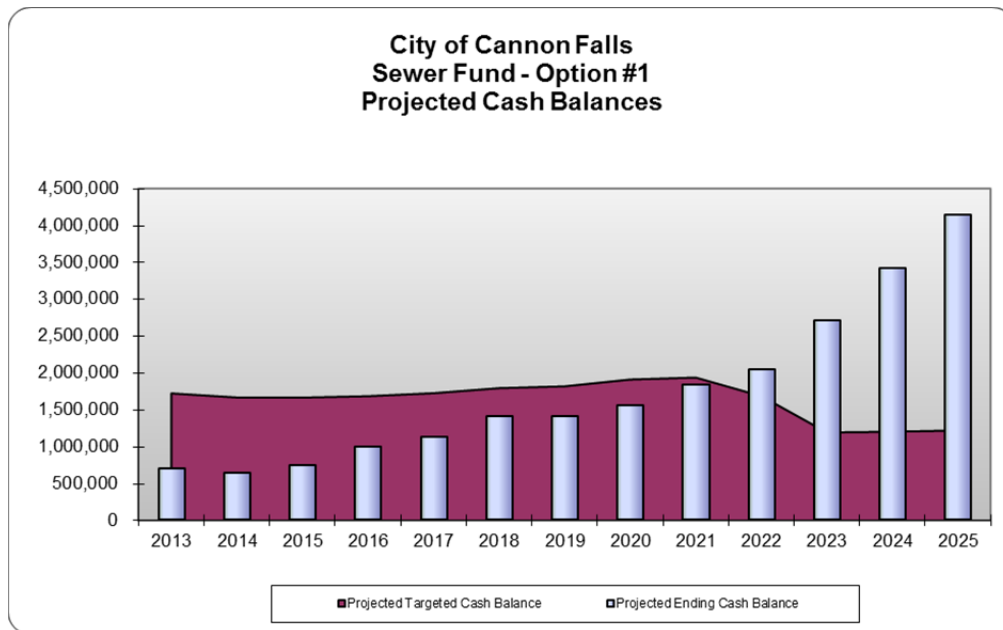
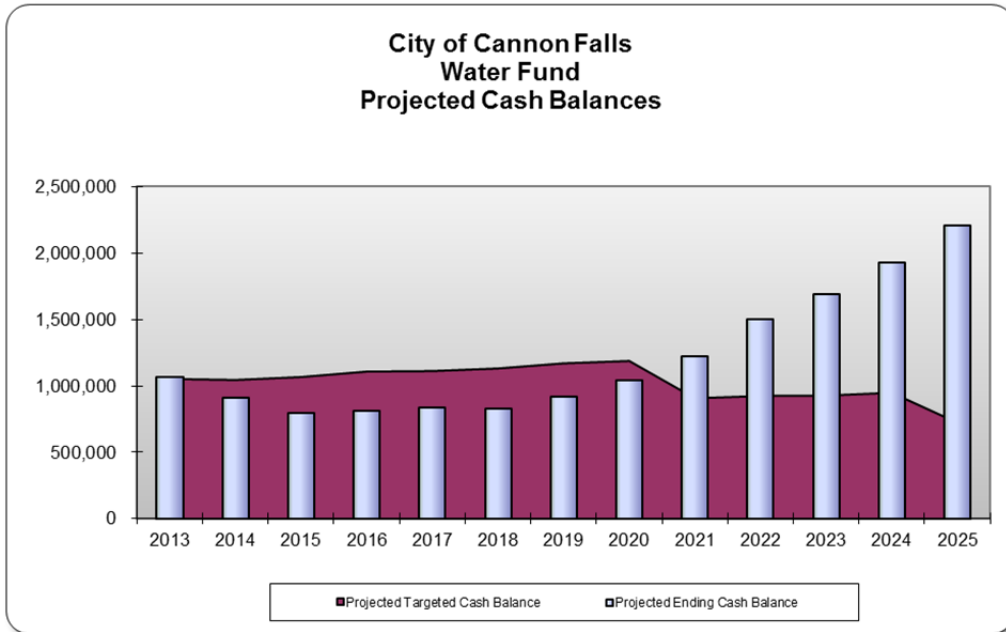
1. Consider the proposed changes in the rates for water, sewer, and storm water for 2015.
  - a. Water Fund – 5%
  - b. Sewer Fund – 10% under Option #1 or 5% under Option #2
  - c. Storm Water Fund – 2%
2. Consider annual updates to the utility rate study to ensure continued financial health of the funds.

The study assumes the City will finance major utility improvements in order to keep cash balances relatively steady from year to year. This study is not a debt plan. In practice, the City staff will continue to use the rate study's financing plan as a guide and, in consultation with its financial advisor, consider when and how much debt to incur in any given year.

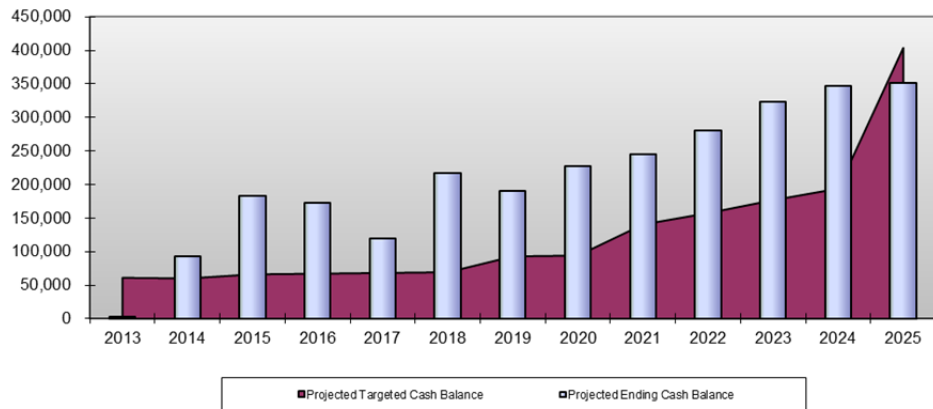


## Exhibit A – Operating Fund Projections

Below are charts which show how closely the actual and projected cash balances for each fund are to their respective targeted balances.



**City of Cannon Falls  
Storm Sewer Fund  
Projected Cash Balances**



## Exhibit B – Capital Improvement Projects by Fund

<b>City of Cannon Falls</b>											
Water System Capital Improvement Plan											
Project	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
R&R N. Booster Generator											
Radio Telemetry System											
North Reservoir				30,000							
Upgrade East Booster			50,000								
Water Treatment Facility											
Street Reconstruction Projects		250,000	653,000		278,640		232,000	-	-	-	-
Pickup Truck (50%)	20,000		20,000								
Water Tower Clean		54,000	53,000	53,000							
Future Year Placeholder								225,000	225,000	225,000	225,000
<b>Total</b>	<b>20,000</b>	<b>304,000</b>	<b>776,000</b>	<b>83,000</b>	<b>278,640</b>	<b>-</b>	<b>232,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>	<b>225,000</b>
Total Inflated CIP Expense	20,000	313,120	823,258	90,696	313,612	-	277,020	276,722	285,023	293,574	302,381
Inflation Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

<b>City of Cannon Falls</b>											
Sanitary Sewer System Capital Improvement Plan											
Project	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer River Crossing					740,000						
Sludge Dryer											
Two New Clarifiers											
Increase Size of Fine Screen						100,000					
Oxidation Ditch											
Replace Portable Generator	28,000										
Street Reconstruction Projects		234,000	611,000		210,000		440,000				
Pickup Truck (50%)	20,000		20,000								
Future Year Placeholder								325,000	325,000	325,000	325,000
<b>Total</b>	<b>48,000</b>	<b>234,000</b>	<b>631,000</b>	<b>-</b>	<b>950,000</b>	<b>100,000</b>	<b>440,000</b>	<b>325,000</b>	<b>325,000</b>	<b>325,000</b>	<b>325,000</b>
Total Inflated CIP Expense	48,000	241,020	669,428	-	1,069,233	115,927	525,383	399,709	411,700	424,051	436,773
Inflation Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

<b>City of Cannon Falls</b>											
Storm Sewer System Capital Improvement Plan											
Project	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
318th St./CSAH 24 storm											
4th & Mill St. storm						40,000					
Amsbury pond improvements											
Interchange storm share											
Equipment - Sweeper							160,000				
Street Reconstruction Projects		100,000	140,000		337,000		400,000				
Future Year Placeholder								150,000	150,000	150,000	
<b>Total</b>	<b>-</b>	<b>100,000</b>	<b>140,000</b>	<b>-</b>	<b>337,000</b>	<b>40,000</b>	<b>560,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
Total Inflated CIP Expense	-	103,000	148,526	-	379,296	46,371	668,669	184,481	190,016	195,716	
Inflation Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

## Exhibit C – Projected Cash Flows by Fund

Water Fund	Audit	Estimated	Projected									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Proposed Rate Increase (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>
Operating Revenues	746,745	693,289	786,035	825,970	868,299	913,181	959,113	1,007,340	1,057,980	1,111,151	1,166,980	1,225,602
Operating and Maintenance Expense	349,732	348,841	354,925	365,573	376,540	387,836	399,471	411,455	423,799	436,513	449,608	463,097
Net Before Debt Service	397,013	344,448	431,110	460,397	491,759	525,345	559,641	595,885	634,180	674,638	717,372	762,505
Existing Debt Service (P&I)	581,588	532,808	532,967	529,101	526,880	442,266	444,824	438,531	438,303	111,597	109,974	93,014
Projected Debt Service (P&I)	0	0	0	0	26,982	98,935	98,935	125,918	125,918	152,900	152,900	152,900
Total Debt Service	581,588	532,808	532,967	529,101	553,862	541,201	543,759	564,449	564,221	264,497	262,874	245,914
Net Revenues	(184,575)	(188,360)	(101,858)	(68,704)	(62,103)	(15,856)	15,882	31,436	69,960	410,140	454,498	516,591
Interest Income	8,118	5,000	9,115	11,997	14,318	16,718	16,543	18,414	20,846	24,571	30,129	33,828
Special Assessments	83,989	62,100	55,350	151,032	151,032	142,825	135,920	135,348	135,348	135,350	824	0
Other Non Operating Revenues/(Expenses)	150,268	(15,300)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)
Net Annual Cash Flow	57,800	(136,560)	(52,868)	78,850	87,772	128,213	152,871	169,724	210,680	554,586	469,975	534,944
Capital Projects	(426,463)	0	(20,000)	(313,120)	(823,258)	(90,696)	(313,612)	0	(277,020)	(276,722)	(285,023)	(293,574)
Bond Proceeds	308,000	0	0	300,000	800,000	0	300,000	0	300,000	0	0	0
Net Cash Flow after Capital Projects	(60,663)	(136,560)	(72,868)	65,730	64,513	37,516	139,259	169,724	233,659	277,865	184,952	241,370
<b>Ending Cash Balance</b>	<b>1,068,993</b>	<b>911,463</b>	<b>799,805</b>	<b>818,196</b>	<b>835,909</b>	<b>827,165</b>	<b>920,704</b>	<b>1,042,315</b>	<b>1,228,575</b>	<b>1,506,439</b>	<b>1,691,391</b>	<b>1,932,762</b>
<b>Targeted Working Capital</b>	1,052,054	1,044,520	1,066,563	1,107,449	1,111,395	1,131,059	1,169,368	1,187,287	906,256	923,886	926,755	947,948
<b>Over/(Under) Target Working Capital</b>	<b>16,939</b>	<b>(133,057)</b>	<b>(266,758)</b>	<b>(289,253)</b>	<b>(275,486)</b>	<b>(303,893)</b>	<b>(248,664)</b>	<b>(144,972)</b>	<b>322,319</b>	<b>582,554</b>	<b>764,636</b>	<b>984,813</b>

Sewer Fund	Audit	Estimated	Projected									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Proposed Rate Increase (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
Operating Revenues	1,214,795	1,254,018	1,445,461	1,593,851	1,636,764	1,682,449	1,723,523	1,765,419	1,809,294	1,854,046	1,899,693	1,946,253
Operating and Maintenance Expense	521,772	495,054	472,525	486,701	501,302	516,341	531,831	547,786	564,220	581,146	598,581	616,538
Net Before Debt Service	693,023	758,964	972,936	1,107,150	1,135,462	1,166,108	1,191,692	1,217,633	1,245,074	1,272,900	1,301,112	1,329,715
Existing Debt Service (P&I)	742,226	731,996	751,570	768,143	788,715	810,289	833,386	855,930	879,938	580,299	53,780	34,444
Projected Debt Service (P&I)	0	0	0	0	17,988	62,959	62,959	130,415	130,415	175,385	175,385	175,385
Total Debt Service	742,226	731,996	751,570	768,143	806,703	873,248	896,345	986,345	1,010,353	755,684	229,165	209,829
Net Revenues	(49,203)	26,968	221,366	339,007	328,759	292,861	295,348	231,289	234,722	517,216	1,071,947	1,119,886
Interest Income	5,517	6,970	7,997	11,132	17,299	22,473	28,239	28,101	31,169	36,656	40,908	54,208
Special Assessments	72,125	125,423	125,423	125,422	125,422	118,085	111,311	110,740	110,740	110,741	674	0
Other Non Operating Revenues/(Expenses)	(23,272)	(15,300)	(15,300)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)	(15,475)
Net Annual Cash Flow	5,167	144,061	339,486	460,087	456,006	417,943	419,423	354,654	361,155	649,137	1,098,055	1,158,619
Capital Projects	(449,104)	(600)	(48,000)	(241,020)	(669,428)	0	(1,069,233)	(115,927)	(525,383)	(399,709)	(411,700)	(424,051)
Bond Proceeds	660,000	0	0	200,000	500,000	0	750,000	0	500,000	0	0	0
Net Cash Flow after Capital Projects	216,063	143,461	291,486	419,067	286,578	417,943	100,189	238,727	335,772	249,428	686,355	734,568
<b>Ending Cash Balance</b>	<b>696,950</b>	<b>639,798</b>	<b>742,165</b>	<b>988,521</b>	<b>1,123,626</b>	<b>1,411,954</b>	<b>1,405,033</b>	<b>1,558,434</b>	<b>1,832,790</b>	<b>2,045,424</b>	<b>2,710,411</b>	<b>3,422,635</b>
<b>Targeted Working Capital</b>	1,726,000	1,670,350	1,668,849	1,687,412	1,728,045	1,796,736	1,822,044	1,914,341	1,940,725	1,688,534	1,195,876	1,205,876
<b>Over/(Under) Target Working Capital</b>	<b>(1,029,050)</b>	<b>(1,030,552)</b>	<b>(926,684)</b>	<b>(698,891)</b>	<b>(604,419)</b>	<b>(384,782)</b>	<b>(417,012)</b>	<b>(355,907)</b>	<b>(107,935)</b>	<b>356,891</b>	<b>1,514,536</b>	<b>2,216,759</b>

Storm Sewer	Audit	Estimated	Projected									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Proposed Rate Increase (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
Operating Revenues	144,148	144,148	147,268	150,451	153,697	157,008	160,385	163,829	167,341	170,925	174,580	178,309
Operating and Maintenance Expense	10,014	8,022	10,125	10,429	10,742	11,064	11,396	11,738	12,090	12,452	12,826	13,211
Net Before Debt Service	134,134	136,126	137,143	140,022	142,955	145,944	148,989	152,091	155,252	158,472	161,754	165,098
Existing Debt Service (P&I)	53,722	41,166	41,419	41,419	41,419	41,419	41,419	41,419	41,419	32,600	32,600	32,600
Projected Interfund Loan Payments (P&I)	0	0	0	0	0	0	0	22,485	22,485	76,450	92,190	110,178
Total Debt Service	53,722	41,166	41,419	41,419	41,419	41,419	41,419	63,904	63,904	109,050	124,790	142,778
Net Revenues	80,412	94,960	95,724	98,603	101,536	104,525	107,570	88,187	91,347	49,422	36,964	22,320
Interest Income	379	102	1,405	3,661	3,457	2,399	4,353	3,822	4,542	4,897	5,608	6,476
Special Assessments	0	0	0	0	0	0	0	0	0	0	0	0
Other Non Operating Revenues/(Expenses)	(1,625)	0	0	0	0	0	0	0	0	0	0	0
Net Annual Cash Flow	79,166	95,062	97,129	102,264	104,993	106,924	111,922	92,009	95,890	54,320	42,572	28,795
Capital Projects	(301,870)	0	0	(103,000)	(148,526)	0	(379,296)	(46,371)	(668,669)	(184,481)	(190,016)	(195,716)
Bond Proceeds	132,000	0	0	0	0	0	250,000	0	600,000	175,000	200,000	200,000
Net Cash Flow after Capital Projects	(90,704)	95,062	97,129	(736)	(43,533)	106,924	(17,374)	45,638	27,221	44,838	52,556	33,079
<b>Ending Cash Balance</b>	<b>2,812</b>	<b>93,680</b>	<b>183,051</b>	<b>172,847</b>	<b>119,954</b>	<b>217,626</b>	<b>191,108</b>	<b>227,124</b>	<b>244,864</b>	<b>280,380</b>	<b>323,779</b>	<b>347,283</b>
<b>Targeted Working Capital</b>	<b>60,980</b>	<b>59,955</b>	<b>66,007</b>	<b>67,058</b>	<b>68,142</b>	<b>69,258</b>	<b>92,892</b>	<b>94,076</b>	<b>140,442</b>	<b>157,437</b>	<b>176,719</b>	<b>193,914</b>
<b>Over/(Under) Target Working Capital</b>	<b>(58,168)</b>	<b>33,725</b>	<b>117,044</b>	<b>105,789</b>	<b>51,812</b>	<b>148,368</b>	<b>98,216</b>	<b>133,047</b>	<b>104,423</b>	<b>122,943</b>	<b>147,060</b>	<b>153,368</b>