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## **Utility Service Rate Analysis**

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February 10, 2016



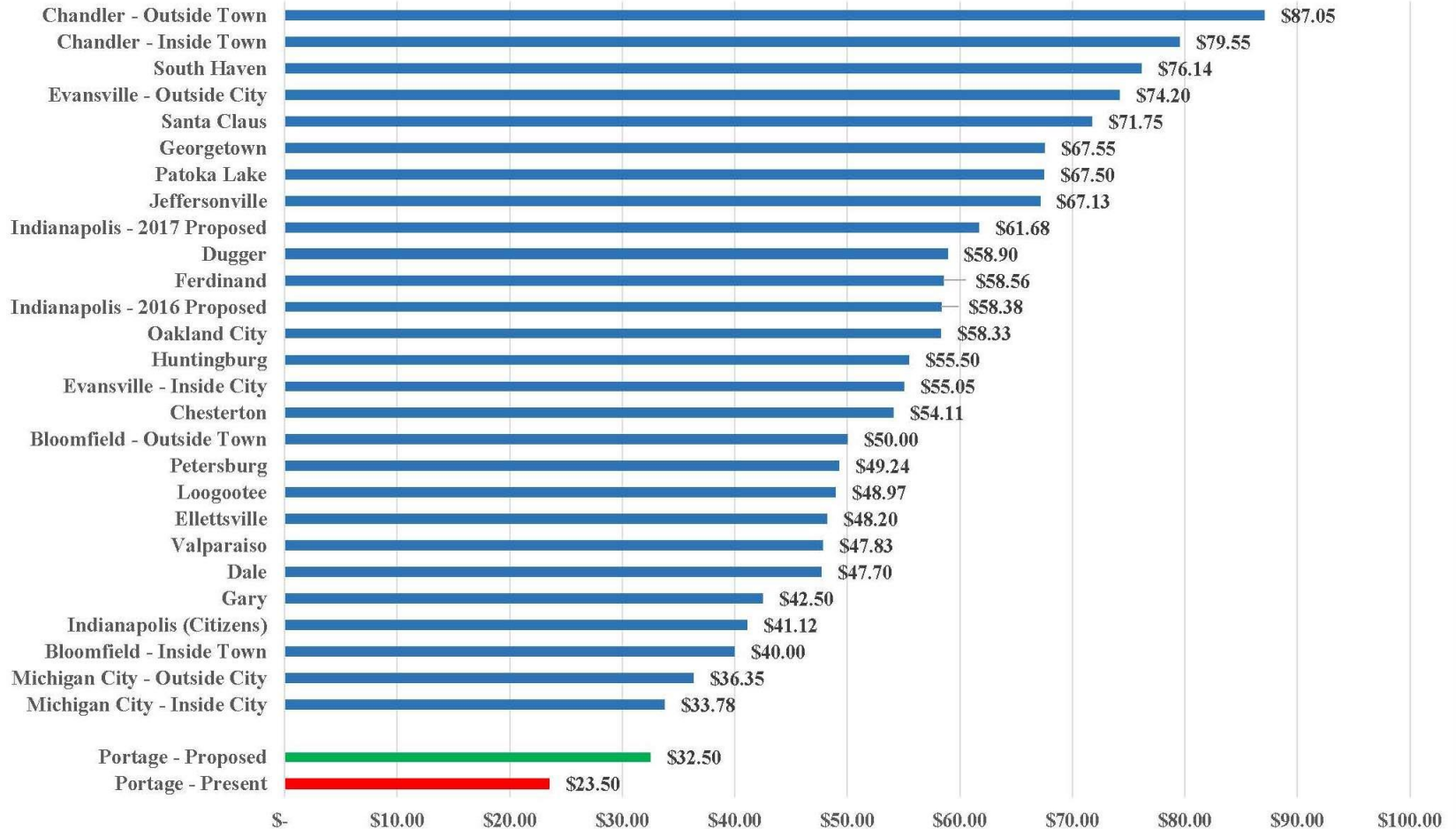
## About Utility Service Rates

- Residential rates have not been adjusted in 20 years
- The current rate provides sufficient operational revenue. However, we have limited ability for major projects (without bonding) and difficulty keeping up with preventative maintenance
- Municipalities have the ability to utilize Utility revenues to supplement municipal budgets
  - 2013-2014 PILOT \$350,000
  - 2015 + PILOT: \$450,000
  - Utility will begin using Excess Equity Transfer in lieu of PILOT
    - PILOT viewed as a debt
- O.W. Krohn and Associates performed rate comparison study and evaluated bonding abilities



# Utility Rate Comparisons

PORTAGE (INDIANA) MUNICIPAL SEWAGE WORKS  
RATE COMPARISON - BASED ON 5,000 GALLONS





## Proposed Residential Rates

	Current	2016	2017 and On
Single Family	\$23.50	\$32.50	Increase \$0.50 Per year
Duplex	\$47.00	\$65.00	Increase \$1.00 Per year
Triplex	\$70.50	\$97.50	Increase \$1.50 Per year
Quadplex	\$94.00	\$130.00	Increase \$2.00 Per year
Apartment (each unit)	\$25.50	Combine with Single Family	
Mobile Home (each unit)	\$25.50	Combine with Single Family	

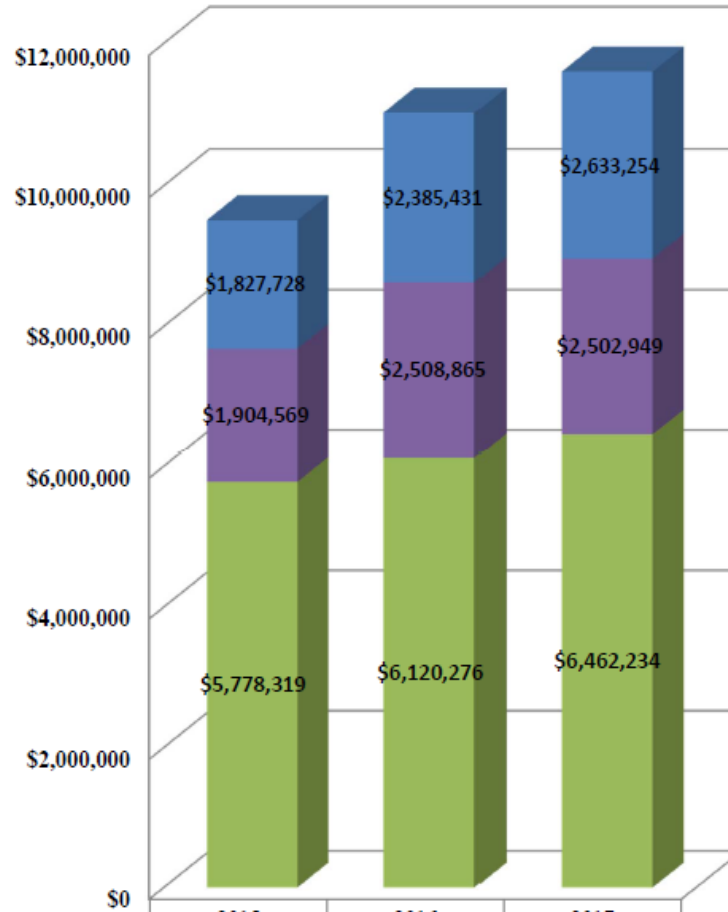


## Projected Balance Sheet

	PROJECTED CALENDAR YEARS ENDING		
	2015	2016	2017
<b>PROJECTED CASH OPERATING RECEIPTS:</b>			
SANITARY SEWER REVENUE	\$ 6,751,793	\$ 8,205,401	\$ 8,737,948
STORMWATER REVENUE	2,618,134	2,668,483	2,719,800
MISCELLANEOUS	130,583	130,583	130,583
INTEREST	10,106	10,106	10,106
<b>TOTAL PROJECTED OPERATING RECEIPTS</b>	<b>9,510,616</b>	<b>11,014,572</b>	<b>11,598,437</b>
<b>PROJECTED OPERATING DISBURSEMENTS:</b>			
SOCIAL FIELD DIVISION	1,318,298	1,377,174	1,436,051
TREATMENT PLANT	1,669,716	1,749,492	1,829,268
OFFICE	1,756,993	1,900,894	2,044,795
DIRECTOR/OFFICERS	51,918	54,325	56,732
ENGINEERING	208,491	200,689	192,887
STORMWATER	461,042	481,153	501,264
MISCELLANEOUS OTHER	311,861	356,549	401,237
<b>TOTAL PROJECTED OPERATING DISBURSEMENTS</b>	<b>5,778,319</b>	<b>6,120,276</b>	<b>6,462,234</b>
<b>NET OPERATING RECEIPTS</b>	<b>3,732,297</b>	<b>4,894,296</b>	<b>5,136,203</b>
<b>DEBT SERVICE PMTS</b> <i>Proposed 15yr, \$9.95M bond</i>	<b>\$ 1,904,569</b>	<b>\$ 2,508,865</b>	<b>\$ 2,502,949</b>
<b>DEBT SERVICE COVERAGE - NO PILOT PMT.</b>	<b>196.0%</b>	<b>195.0%</b>	<b>205.0%</b>
<b>DEBT SERVICE COVERAGE - WITH PILOT PAYMENT</b> <i>\$450,000 per Year</i>		<b>177.1%</b>	<b>187.2%</b>



# Projected Revenue Requirements



	2015	2016	2017
Pay-Go Projects/ Reserves	\$1,827,728	\$2,385,431	\$2,633,254
Annual Debt Service	\$1,904,569	\$2,508,865	\$2,502,949
Operation and Maintenance	\$5,778,319	\$6,120,276	\$6,462,234



## About the Bond

### Proposed Bond

- \$9.5-9.95M
- Will only increase Utility Debt Service by approximately \$600,000 annually
- 15 Year Bond (reduces interest from a 20 year bond)
- Maintains a Debt Service Coverage from 175-200%
  - This signifies strong repayment ability and reduces interest rates

### Projected Revenues will provide:

- Sufficient amount for increases to general operating expenses including employee expenses and goods/services
- Near or above \$2.5M annually for “cash” Pay-Go Projects
  - Improved preventative maintenance capabilities