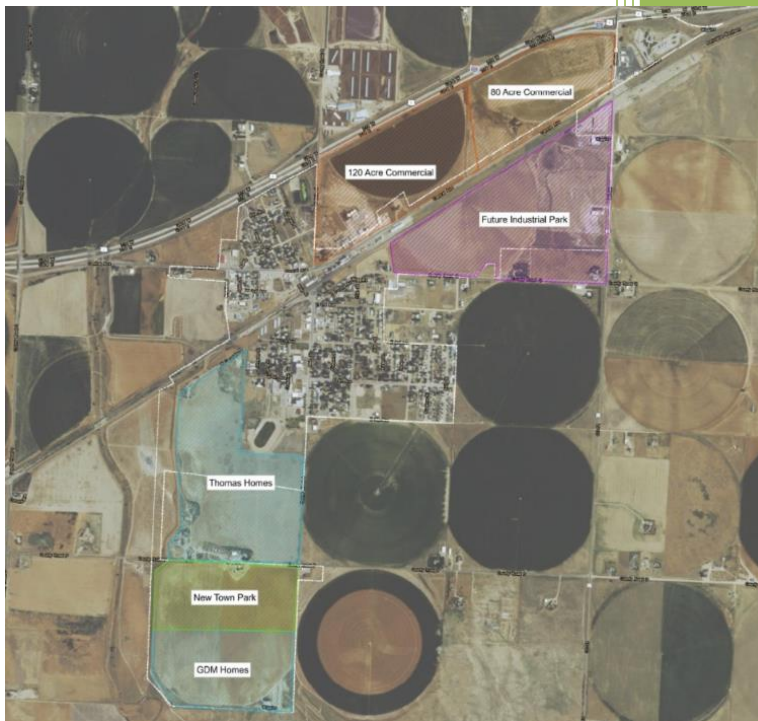


# Drinking Water & Wastewater Rate Study prepared for the Town of Wiggins, Colorado

at the request of the Town of Wiggins and USDA Rural Development



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# 1. Town of Wiggins

## Community

The town of Wiggins is an incorporated community in Morgan County, Colorado, located on I 76 an hour northeast of Denver and 20 minutes west of Ft. Morgan

Based on figures provided by the town staff, the community has 712 water customers and 682 sewer customers. With several active residential development underway the town is currently growing with an average of 40 new homes a year. The current population estimate is 1775.

The official Median Household Income (MHI) is estimated by the US Census to be \$53,438 based on the 2010 census.



## Local Government

The Town of Wiggins (hereafter called “Town” or simply Wiggins) provides water and sewer service to its residents. The duty of the Town is to purchase, store and distribute potable drinking water and control, collect and process Wastewater for the community.

This town has an elected seven-member board of trustees including the mayor, mayor pro - tem and five trustee members, which sets policy and oversees a town manager and staff. Trustees do not actively participate in the management of the utilities but do make decisions and set a budget.

## Customers

The town of Wiggins has 712 drinking water and 682 sewer customers at the time of drafting this report. These customers are billed monthly for the services. Growth over the past few years is has been seen with 2 subdivisions being developed. This will continue at least for the next several years so customer growth rate for the short term is considered 6%. Some conservative scenarios ran at 3% growth.

## Current Storage/Processing Capacity

The infrastructure in Town includes, one at-grade 500,000-gallon storage tank with a booster pump station, and various distribution lines. Approximately seven miles north of Town, there are two “South Platte” wells, a reverse osmosis water treatment plant and a 50,000-gallon storage tank. The Public Water system number is CO0144035. The existing facilities in reference to the Town is shown below.



The existing WWTF was originally constructed in the late 1960's and much of the original infrastructure is still in use. The original construction, for both the WWTF and much of the collection infrastructure, consisted of vitrified clay pipe (VCP) and precast concrete manholes, which are unlikely to have been lined or epoxy coated. This may result in infiltration and inflow (I/I) through the collection system and WWTF, resulting in the WWTF treating more wastewater than from domestic sources. The wastewater discharge permit number is CO0048853.

The Town of Wiggins is not under any enforcement orders as issued by the CDPHE. Currently, the WWTF is able to treat the existing hydraulic and biological loadings.

### **Current Rates**

Drinking water customers are currently charged a monthly base rate of \$69.50 and \$3.20/1000 gallons. The Sewer rates are \$30/month and flat for residential while the base is also \$30 for commercial, they are charged \$1.70/1000 gallons of consumption. There are no customer other classes and no customers outside of the town limits.

The current tap fees are not a part of the study however after RCAC provided a five-year forecast for the two enterprises it showed that the operations for the services are being supported by these tap fees when they should be going towards developing and replacing infrastructure. RCAC encouraged the board to compare their tap fees with the neighboring communities and to adjust the rates to primarily cover operation costs.

### **Funding of this report**

This rate study covers both the drinking water and the wastewater services and is made available at no charge to the town. This study and concluding report were prepared by Rural Community Assistance Corporation (RCAC) using funds supported under a grant by the Health and Human Services grant number 90EF0080. The sections of this report pertaining to Drinking Water are based upon work supported under a grant by the Rural Utilities Service, United States Department of Agriculture, and produced as part of the RCAP Technitrain Project.

### **Disclaimer**

The recommendations contained in this rate study are based on financial information provided to RCAC by the town. Although every effort was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein.

Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of the EPA, Office of Wastewater Management or USDA Rural Utilities Service.

For accounting advice, a CPA should be consulted. For legal advice, the town should seek the advice of their attorney.

## 2. Guiding Principles of this Rate Study

### Sustainability

Rates should cover the costs to the system to allow it to provide services now, and in the foreseeable future. The staff & board should stay aware of the agency funding opportunities as well as keep their capital replacement plan up to date.

### Fair

Rates should be fair to all rate payers. No single rate payer or group of rate payers should be singled out for different rates without logic & justification. While a raise in base rates means everyone will be paying more, and by changing the costs for usage from flat to tiered, every effort was made to find an ideal price to lessen the financial burden on small (quantity) users who will not consume much.

The Town should not charge more for drinking water than the cost to provide the service, nor should customers be charged more for the sewer service than the cost to provide that service. However, the costs should include: operations, repairs, interest, loan principal, and all other costs related to the sourcing, treatment, storage and distribution of drinking water and the collection, treatment and disposal of Wastewater, now and in the foreseeable future.

Unreasonably low rates for current customers will require unreasonably high rates for future customers, which should be avoided. To keep up with inflation, all scenarios considered in this study included an annual increase to the base rate year over year for both drinking water and Wastewater.

### Justifiable

Water rates must be based on actual needs of Wiggins. Revenue generated from Wastewater rates can't be used for anything else but to pay for the costs of collecting, treating and disposal of Wastewater within its service area, plus any administrative costs. Likewise, the revenue from the drinking water can't be used to pay of anything other than the sourcing, treating, storage or distribution of the drinking water.

Therefore, the rates for drinking water and Wastewater should be clearly distinguished. The proposed rates are based on separate budgets and separate capital replacement programs for drinking water and Wastewater.

The Wiggins town staff provided separate financial information for the two services provided.

### Purpose of this study

The purposes of this study are:

- Ensure the financial strength of the town well into the future,
- Expose the need to set reserves aside for future replacement of failing components,
- Identify any other financial deficiencies of the town
- Encourage the conservation of water or forecast the cost to purchase more water rights.

## Board Decision

While this document recommends certain rates, the ultimate decision rests with the town's board of trustees. However, the Board has a fiduciary responsibility to set the rates at such a level that the Town will be able to continue to operate in the future, including providing funds to replace all parts of the respective systems as they wear out.

RCAC has met several times to present scenarios to the board over the past two years in person and virtually. At the time of drafting this report the board has yet to make a decision on the infrastructure upgrades and consequently the rate adjustments needed to finance those needed improvements. Important to understand that the longer the rates remain where they are the larger the increase will need to be to balance the finances in the long term. In other words, not making a decision to bring the revenue up to meet current and future needs, means the situation will get worse.

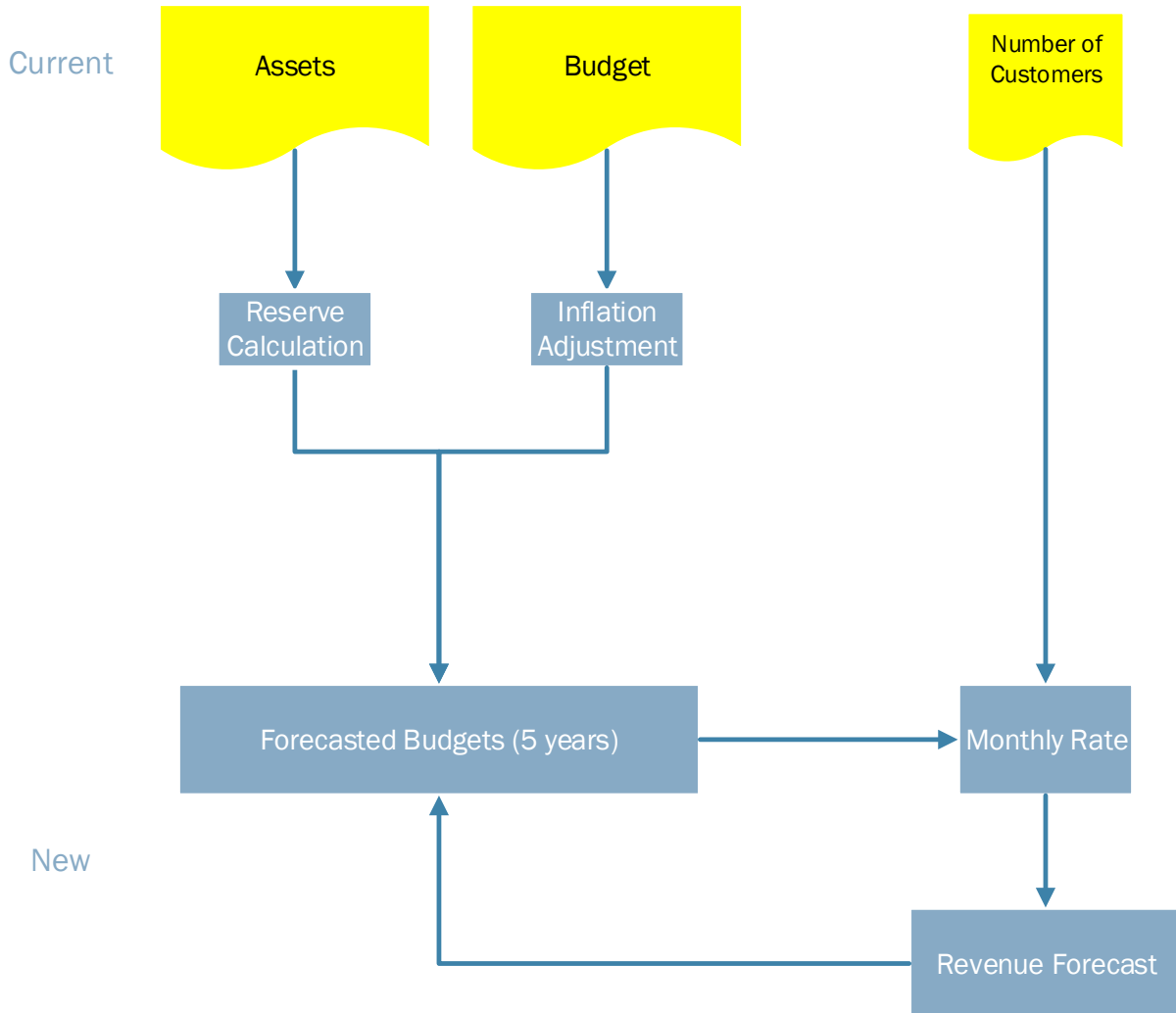
The decision the town manager would like to advance to a vote have will be discussed in more detail further in the report, However the scenario for Drinking Water is \$71.50 base rate, increased tier prices, 5% annual increases to both base and usage charges, this results in a deficit over 5 years of \$1.694M. To balance the budget rates would need to be at \$108/month. The scenario for the Sewer would be \$45.00 base, re-introduce usage charges to all customers, and raise those base and usage charges by 5% each year, this results in a \$1.143M deficit over the next 5 years. To balance the budget the rate would have to be \$70.00 per month.



### 3. Rate Study Process

The figure<sup>1</sup> below explains the process of setting rates. The same process and model was used for drinking water and Wastewater.

We begin with the list of all capitalized assets, the current budget and the current number of customers, as provided by the town staff.



From the list of assets the required reserves are calculated (Section 4 of this report) and fed into a 5-year Budget projection (Section 5)

The Budget is adjusted for 2.9% inflation.

<sup>1</sup> In this report all yellow cells contain data obtained outside the model. All blue cells are calculated.

This report assumes that customers growth will remain stable at about 6% for the next five years. The study does not consider conservations of water as a response to the adjustment in usage costs however this should be warned that increasing the usage charges may result in less revenue. This is typical usage pattern and studied by AWWA, where higher rates have an initial impact on customer’s usage but over a few years the usage returns close to where it was before the rate adjustment.

<b>Growth of Consumption over Base year</b>	Year 1	Year 2	Year 3	Year 4	Year 5	
Conservation Factor	0.0%	0.0%	0.0%	0.0%	0.0%	
Community Growth Factor	6.00%	9.00%	12.00%	15.00%	18.00%	Cumulative
Total Consumption Adjustment	6.0%	9.0%	12.0%	15.0%	18.0%	

Although there may be some indirect effect on the wastewater from the water conservation, this report does not anticipate or calculate any conservation with the wastewater system.

The expenses, including the reserve requirements are then allocated among the customers. If the resulting rates are not acceptable to the board, an acceptable rate is negotiated and entered the model. The model then calculates the shortfall in the budget and resulting shortfall in the ability to replace the failing components of the water and sewer systems, respectively.

To lessen the impact on Wiggins’s customers, scenarios looked at rate increases were spread over five years for the drinking water and wastewater at 3% for base and 3% for usage as well as 5% for base and 5% for usage annually.

## 4. Capital Replacement Program

### Source of the Data

The data in the Capital Replacement Program (CRP) comes from the data supplied by the town's manager, the director of public works, and AWWA. The Capital Replacement Plan is shown on the first sheet of the Excel model and attached as Exhibit 1 DW and Exhibit 1 WW (for Drinking Water and Wastewater respectively).

The list of the components, their installation date and their original costs or reasonable replacement or repair estimations were all supplied by the director of Public Works and assistant.

The Normal Estimated Life is based on AWWA standards and adjusted for actual conditions. The Estimated Remaining Life is based on the best judgement of the director of public works and RCAC, after a visual inspection of the condition of the component and considering the potential to refurbish.

### Sources of Funding

Funding of the replacement of components can only come from cash saved by the town, a grant or a loan.

While the possibility of receiving substantial grants to replace certain components of the system is fair at this time, these possibilities will diminish over time as government funding capabilities will diminish and the goal of these programs is to foster financially sustaining utilities.

The current Median Household Income (MHI) of \$53,438 makes Wiggins a "Disadvantaged Community", which qualifies it for grant funding of many constructions or replacement projects. However, this window of grant opportunity is closing and cannot be counted on for all future replacement projects. Further the affordability of Wiggins drinking water is within the range (1.5% - 4.0% MHI) were funding agencies typically look to provide grants. In other words, the rates currently charged for the drinking water services would make a favorable case for grant funding. The current drinking water rate is at 2.33% and for wastewater its at 1.63%.

The drinking water enterprise has healthy reserve fund at \$1,286,879 at the time of the last check with the town manager, and this will be helpful to avoid having to finance everything. However, this would nearly cover the cost to replace vehicles and heavy equipment into the future but this \$1.2M does not go very far when the water system is in need of \$25M+ in infrastructure improvements in the near future.

The wastewater enterprise has \$1,226,430 in reserves as of the last check with the town manager. There are significant needs for line replacements and recharge ponds that are also estimated to be near \$30M, not to mention the \$31 Million in existing infrastructure that is aging.

The situation with both the drinking water and wastewater describe above are even more reason to fund a capital improvements/replacement plan. This study for the drinking water enterprise assumes

that small items will be funded with cash and larger replacement projects will be funded with the following schedules:

**Default Funding of Drinking Water Asset Replacements**

Replacement Value From	To	Cash	Grant	Loan
\$0	\$80,000	100%	0%	0%
\$80,001	\$150,000	50%	0%	50%
\$150,001	\$300,000	30%	10%	60%
\$300,001	\$9,999,999	5%	25%	70%
\$1,000,001	\$9,999,999	2%	25%	73%

The water enterprise is in better financial health as its base rate is nearly double the wastewaters.

**Default Funding of Wastewater Asset Replacements**

Replacement Value From	To	Cash	Grant	Loan
\$0	\$80,000	100%	0%	0%
\$80,001	\$150,000	50%	0%	50%
\$150,001	\$300,000	15%	10%	75%
\$300,001	\$9,999,999	15%	25%	60%
\$1,000,001	\$9,999,999	5%	25%	70%

**Description**

The CRP provides us with a detail of the reserves needed to replace the capital assets. This process has been enlightening for the board and has the public works department prepared with a budget for continual repair and replacement of equipment.

The total line of the CRP table (Exhibit 1 DW \$242,336 and Exhibit 1 WW \$759,764) is the amount the Town must put aside each year to be able to fund the replacement of equipment for the drinking water and wastewater systems.

There are three sections in the CRP:

- Existing Capital Replacement Program: assets the water (\$31M) and wastewater (\$15M) enterprises currently has in place or share.
- New Project Replacement Program: There are known improvements Wiggins anticipates making improvements to the drinking water system (\$10.8M) and are currently planning large improvements/replacements to the wastewater (\$25.3M).
- Future Capital Improvement Program: The drinking water has another \$18.8M in projects and the Wastewater treatment facility will have spent a lot, but has another \$1.3 Million on the horizon.

### Alternative

If the Town decides not to fund the annual capital reserve requirement sufficiently, the Town will have to come up with these amounts from other sources, or from steeper rate increases in future years. The Town can't count on the future generosity of the state or other government sources to provide any substantial grants, only for this drinking water rate study, it is assumed that replacement projects under

It will require a substantial effort of the Town's staff to obtain grants and low interest loans. The amount of grants obtained for future projects has a large impact on the rates. Therefore, this study recommends a new rate study when new loans or grants are obtained and projects are significantly complete.

Exhibit 1 DW

Capital Replacement Program Town of Wiggins		AWWA Cash-Needs Approach							Exhibit 1	
									3/25/22	
									CO0048853	
									696	
Quantity	Asset	Year Acquired	Estimated Historic Cost (Water only)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Replacement of Existing Capital Assets</b>										
2,145	8" main Hillside Sub., C900 PVC, good to great c	1994	\$85,246	49	626,777	5%	25%	70%	481	
3,300	10" main, rest area line, thin PVC,	1992	\$157,122	22	557,051	5%	25%	70%	838	
3,500	6" Hillside Sub, C900 PVC	1994	\$139,096	49	1,022,713	2%	25%	73%	314	
5,100	8" Old town	1975	\$135,422	30	865,693	5%	25%	70%	1,012	
4,100	Old well service line, 8" Ductile, good	1975	\$108,869	30	695,949	5%	25%	70%	813	
4,600	Curry st. main, tank to central ave. 8", PVC & du	1975	\$122,145	30	780,821	5%	25%	70%	913	
2,500	6" Old town - PVC	1975	\$66,383	30	424,359	5%	25%	70%	496	
2,200	6" Corona - PVC	1975	\$58,417	30	373,436	5%	25%	70%	436	
14,000	8" Kiowa Park	2019	\$945,820	74	8,359,846	2%	25%	73%	1,726	
3,200	8" Farm	2019	\$216,187	74	1,910,822	2%	25%	73%	395	
38,000	RO Line 10" HDPE	2012	\$2,766,005	92	47,450,477	2%	25%	73%	7,749	
36960	12" HDPE Pipe	2012	\$2,690,304	92	46,151,833	2%	25%	73%	7,537	
15549	4" Ductile Iron Pipe	1975	\$412,878	5	1,291,552	2%	25%	73%	2,706	
2109	2" PVC Pipe	1975	\$56,001	5	175,181	30%	10%	60%	5,505	
10208	6" PVC Pipe	1975	\$338,821	5	1,059,888	2%	25%	73%	2,220	
7772	8" DI Pipe (assume half DI vs PVC)	1975	\$257,966	5	806,960	5%	25%	70%	4,227	
7772	8" PVC Pipe (assume half DI vs PVC)	1975	\$257,966	5	806,960	5%	25%	70%	4,227	
13,503	8" C900 PVC	2016	\$1,069,963	71	9,250,482	2%	25%	73%	1,993	
3,324	10" PVC Thin Wall	2016	\$263,390	16	472,661	5%	25%	70%	920	
587	3/4 x 5/8 meters	2005	\$122,762	5	203,159	30%	10%	60%	6,384	
1	3" meter	2019	\$7,200	19	12,754	100%	0%	0%	425	
5	1" meter	2012	\$2,426	12	4,228	100%	0%	0%	Not Cap.	
7	1.5" meter	1996	\$3,386	0	5,880	100%	0%	0%	0	
2	2" Meters	2005	\$2,677	12	5,411	100%	0%	0%	267	
						0%	0%	100%	0	
37	Hydrants, Valve Box and Components - Pacific	1955	\$49,270	5	235,623	30%	10%	60%	7,405	
35	Hydrants - Mueller & Water Co	2012	\$122,287	50	631,423	5%	25%	70%	476	
12	10" valve	2005	\$30,115	35	117,496	50%	0%	50%	1,208	
36	8" & 6" gate valves	1995	\$12,178	15	33,165	100%	0%	0%	1,360	
2	PRV 6"	2011	\$7,601	31	23,289	100%	0%	0%	530	
1	RO Storage Tank, 57K gal.	2012	\$123,548	42	507,523	5%	25%	70%	447	
	City Storage Tank, 500K gal.	1975	\$0	40	0	100%	0%	0%	Not Cap.	
2	RO wells - South Platte (75611, 7512)	2012	\$388,211	22	900,284	5%	25%	70%	1,354	
2	Well pumps - South Platte	2012	\$38,821	2	50,824	100%	0%	0%	12,438	
2	Transmission Pumps 4" (From RO)	2012	\$23,293	2	30,495	100%	0%	0%	7,463	
1	RO Treatment Plant (Building)	2012	\$2,701,562	42	11,097,721	2%	25%	73%	3,907	
1	RO Generator	2012	\$29,116	22	67,521	100%	0%	0%	2,031	
2	RO Skid - Component Replacement	2012	\$497,396	3	670,072	5%	25%	70%	5,598	
3	Kiowa wells (1418, 14465, 14466)	1975	\$34,535	5	108,032	50%	0%	50%	5,658	
1	Kiowa Well House (County Roads P and 4) (Old	1975	\$17,260	15	71,858	100%	0%	0%	2,947	
1	Cla-Val Blending vault & valve (part of well house)	2012	\$97,053	8	150,836	30%	10%	60%	3,137	
1	Old Well Building (County roads P and 4)	1970	\$182,125	5	633,499	5%	25%	70%	3,318	
	Distribution Pumps (Booster Pumps)	1980	\$0	5	0	100%	0%	0%	Not Cap.	
1	Booster Pump Station	1975	\$296,070	5	926,156	5%	25%	70%	4,851	
	Standby Generator (Booster Station)	1940	\$0	2	0	100%	0%	0%	Not Cap.	
						0%	0%	100%	0	
1	Chlorination Components	2020	\$3,450	15	5,528	100%	0%	0%	227	
1	Membrane replacement (RO Skid)	2012	\$43,674	7	65,963	100%	0%	0%	5,133	
						0%	0%	100%	0	
	<b>Subtotal Replacement of Existing Capital Assets</b>		<b>\$14,984,020</b>		<b>139,642,202</b>	<b>3%</b>	<b>25%</b>	<b>72%</b>	<b>121,070</b>	

Quantity	Asset	Year Acquired	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required
<b>Replacement of Funded Project Assets</b>								
1	Water Tank 2016 Cost + 12% (2019) 25% (2021)	2022	61	6,447,979	2%	25%	73%	1,813
1	RO Move/expand + 12% (2019) 25% (2021)	2023	42	17,507,470	2%	25%	73%	7,513
1	Kneivel Water Storage recharge?	2020	40	1,344,202	2%	25%	73%	609
<b>Subtotal Replacement of Funded Project Assets</b>				25,299,650	2%	25%	73%	9,935

Enter Existing Reserves for Replacement of Funded Project Assets

Quantity	Asset	Year to be Purchased	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Reserves for Additional Capital Assets</b>								
1	Ford 150 (33% DW)	2025	19,775	100%	0%	0%	6,559	
1	Ford 150 (33% DW)	2026	20,349	100%	0%	0%	5,049	
1	Ford 150 (33% DW)	2027	20,939	100%	0%	0%	4,146	
1	Vac (50% DW)	2024	30,495	100%	0%	0%	15,209	
1	Back Hoe (50% DW)	2024	38,118	100%	0%	0%	19,012	
1	Dump Truck (50% DW)	2024	76,237	100%	0%	0%	38,023	
1	Glassey Farm Recharge	2023	1,166,656	2%	25%	73%	23,333	
<b>Subtotal Reserves for Additional Capital Assets</b>				1,372,568	17%	21%	62%	111,331

Enter Existing Reserves for Additional Capital Assets

<b>Total Capital Reserves</b>				166,314,420	3%	25%	72%	242,336
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**Exhibit 1 WW**

Capital Replacement Program		AWWA Cash-Needs Approach								Exhibit 1
Town of Wiggins										3/25/22
										CO0048853
										686
Quantity	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Replacement of Existing Capital Assets</b>										
7,850	8" Clay Pipe	1975	96	5	869,396	15%	25%	60%	-24,818	
25,788	Concrete Pipe	1983	90	15	3,563,615	5%	25%	70%	-5,861	
14,972	PVC Pipe	2017	90	97	21,568,189	5%	25%	70%	7,110	
			-			0%	0%	100%	0	
58	Manholes (old town)	1975	12,000	30	1,640,856	5%	25%	70%	-57	
38	Manholes (new development)	2016	12,000	30	1,075,044	5%	25%	70%	-37	
			-			0%	0%	100%	0	
	Wastewater Treatment Plant - Building	2005	299,400	5	0	100%	0%	0%	Not Cap.	
	Wastewater Treatment Plant - Lab/Chlorine/RAS/	2005	12,600	19	0	100%	0%	0%	Not Cap.	
	Headgates	2013	74,760	12	0	100%	0%	0%	Not Cap.	
	Wastewater Treatment Plant - Effluent Channel	2005	335,160	0	0	100%	0%	0%	0	
	Wastewater Treatment Plant - Wasting Pond Liner	1975	105,960	30	0	100%	0%	0%	Not Cap.	
	Wastewater Treatment Plant - Wastetrack Digester	1979	610,680	32	0	100%	0%	0%	Not Cap.	
	Wastewater Treatment Plant - Clerifier	2005	45,960	15	0	100%	0%	0%	Not Cap.	
	Wastewater Treatment Plant - Wasting Clarifier	1979	439,320	31	0	100%	0%	0%	Not Cap.	
	Detention Pond Pump Station	1975	920,760	42	0	100%	0%	0%	Not Cap.	
1	Lift Station Central Ave (Highway 6)	1990	347,040	40	1,088,916	5%	25%	70%	261	
1	Augmentation Basin Monitoring Wells (3)	2000	60,000	22	112,535	50%	0%	50%	-629	
1	Johnson Street Lift Station	2017	334,764	47	1,283,103	5%	25%	70%	417	
<b>Subtotal Replacement of Existing Capital Assets</b>					31,201,654	5%	25%	70%	-23,614	
Quantity	Asset	Year Acquired	Unit Cost (Current or Future)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Replacement of Funded Project Assets</b>										
1	WWTF Phase I: Recharge Ponds + Effluent Line W	2022	10,800,000	53	49,140,392	5%	25%	70%	40,602	
<b>Subtotal Replacement of Funded Project Assets</b>					49,140,392	5%	25%	70%	40,602	
Enter Existing Reserves for Replacement of Funded Project Assets										
Quantity	Asset	Year to be Purchased	Unit Cost (Current or Future)		Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Reserves for Additional Capital Assets</b>										
1	Ford 150 (33% for sewer)	2025	66,000		23,730	100%	0%	0%	7,871	
1	Ford 150 (33% for sewer)	2026	66,000		24,419	100%	0%	0%	6,059	
1	Ford 150 (33% for sewer)	2027	66,000		25,127	100%	0%	0%	4,975	
1	Back Hoe (50% for sewer)	2024	48,000		25,412	100%	0%	0%	12,674	
1	Dump Truck (50% for sewer)	2024	60,000		31,765	100%	0%	0%	15,843	
1	Vac (50% for sewer)	2024	120,000		63,530	100%	0%	0%	31,686	
1	WWTF Phase II Forced Main, Line Replacement, V	2023	7,686,250		7,909,151	5%	25%	70%	395,458	
1	WWTF Phase III WWTP + Misc Recharge Ponds	2024	10,157,500		10,755,177	5%	25%	70%	268,209	
<b>Subtotal Reserves for Additional Capital Assets</b>					18,858,312	6%	25%	69%	742,775	
Enter Existing Reserves for Additional Capital Assets										
<b>Total Capital Reserves</b>					99,200,359	5%	25%	70%	759,764	



## 5. Budget

### Source

All expenses shown in Exhibit 2 DW and Exhibit 2 WW (5-Year Budget sheet) are based on the Town's 2021 Budget. This Budget was then entered into each separate model for the drinking water and the wastewater rates. The budgets shown below are with the current base rate of \$69.50 for water and \$30.00 for sewer

The Capital Replacement Program amount comes from the Reserves sheets where shared equipment is allocated a percentage responsibility for replacement costs.

The Cash Revenue shown is a calculated number based on:

- Rates entered on the Rates sheet
- 2021-year end number of customer
- Current debt service
- An annual inflation factor of 2.90%

### Reserve Funding

There are four types of reserves the Town must consider:

1. **Debt Reserve:** Your loan conditions for the drinking water enterprise requires that you keep \$977,285 in a Debt Reserve Account. Of that the wastewater has \$529,671 put aside. The wastewater loans require \$472,552 in debt reserves, while the wastewater enterprise has \$159,432 save. These debts are considered in each respective rate model. Nuance here in the sinking fund debt with the Bank of the West, those reserves will be available when the bridge loan closes and the permanent financing start.
2. **Operating Reserve:** Operating reserves are established to provide the Town with the ability to withstand short term cash-flow fluctuations. A 45-day operating reserve is a frequently used industry norm. The drinking water budget (excluding reserves) puts the target operations reserve at \$43,364. The Wastewater Budget (excluding Reserves) requires \$30,361 in operating reserve. All of these reserve targets are achieved over a ten-year period.
3. **Emergency Reserve:** Emergency reserves are intended to help utilities deal with short-term emergencies, such as main breaks or pump failures. An emergency is intended to fund the immediate replacement or reconstruction of the system's single most critical asset. We estimate that \$100,000 would be sufficient for emergency reserves for each the drinking water and the Wastewater system again, these reserve targets are achieved over a ten-year period with steady contributions.
4. **Capital Replacement Reserve:** This reserve is strictly to be used to fund the water and wastewater portions of any replacement of capital assets that wear out. The annual reserve requirement of the Capital Replacement Program was calculated in the previous section of this report, and adjusted for the existing Capital Reserves, as shown here.

### Exhibit 2 DW Budget

Town of Wiggins					Inflation Factor (%): 2.90				
					Loan Interest Rate (%): 4.50				
					System Number: CO0048853				
EXPENSES AND SOURCES OF FUNDS	2019	2020	2021	% Belonging to Water	2022	2023	2024	2025	2026
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>									
20-431-22 Equipment Repairs & Maint	3,888	10,000	5,000	100%	5,145	5,294	5,448	5,606	5,768
20-431-62 Fuel	4,365	5,800	6,000	100%	6,174	6,353	6,537	6,727	6,922
20-431-74 Equipment	385	8,000	0	100%	0	0	0	0	0
20-431-75 Vehicle Repair	3,884	7,500	5,000	100%	5,145	5,294	5,448	5,606	5,768
20-432-00 Line Maintenance	1,362	5,000	5,000	100%	5,145	5,294	5,448	5,606	5,768
20-432-30 Contract Operator	3,600	6,800	6,000	100%	6,174	6,353	6,537	6,727	6,922
20-432-35 Copier Lease			477	100%	491	505	520	535	550
20-432-37 Analytical/Sampling Expense			10,000	100%	10,290	10,588	10,895	11,211	11,537
20-432-39 GIS Mapping			1,125	100%	1,158	1,191	1,226	1,261	1,298
20-432- 40 Telephone & Internet			800	100%	823	847	872	897	923
20-432-41 Utilities Electric	56,319	58,000	65,000	100%	66,885	68,825	70,821	72,874	74,988
20-432-45 Utilities Gas			5,000	100%	5,145	5,294	5,448	5,606	5,768
20-432-46 Cell Phone			746	100%	768	790	813	836	861
20-432-48 Trash			100	100%	103	106	109	112	115
20-432-49 Utilities Propane			4,500	100%	4,631	4,765	4,903	5,045	5,191
20-432-50 Permit Fees			1,000	100%	1,029	1,059	1,090	1,121	1,154
20-432-52 Insurance and Bonds	5,353	13,208	10,000	100%	10,290	10,588	10,895	11,211	11,537
20-432-53 Booster Station Maintenance			20,000	100%	20,580	21,177	21,791	22,423	23,073
20-432-54 Water Main Installation EXP		7,500	7,500	100%	7,718	7,941	8,172	8,409	8,652
20-432- 55 Meter Main Install Expense	33,508	20,000	20,000	100%	20,580	21,177	21,791	22,423	23,073
20-432-56 Maintenance Plant RO	5,069	8,500	70,000	100%	72,030	74,119	76,268	78,480	80,756
20-432-57 Treatment/Operating Supplies	19,971	25,000	7,500	100%	7,718	7,941	8,172	8,409	8,652
20-432-59 Water Well Maintenance			1,000	100%	1,029	1,059	1,090	1,121	1,154
20-432-61 Office Supplies	2,032	2,500	1,500	100%	1,544	1,588	1,634	1,682	1,730
20-432-68 Copier Expense			390	100%	401	413	425	437	450
20-432-70 IT support			500	100%	515	529	545	561	577
				100%	0	0	0	0	0
20-432-75 System Repair & Maintenance	0	0	7,000	100%	7,203	7,412	7,627	7,848	8,076
20-432-85 Water Leases	60,000	60,000	70,000	100%	72,030	74,119	76,268	78,480	80,756
20-432-87 Equipment	8,442	20,000	5,000	100%	5,145	5,294	5,448	5,606	5,768
20-432-99 Other Misc Expense	6,612	2,500	1,000	100%	1,029	1,059	1,090	1,121	1,154
<b>Total Operation and Maintenance Expenses:</b>	<b>214,790</b>	<b>260,308</b>	<b>337,138</b>		<b>346,915</b>	<b>356,976</b>	<b>367,328</b>	<b>377,980</b>	<b>388,942</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>									
Operating Reserve Funding					0	0	0	0	0
Emergency Reserve Funding					0	0	0	0	0
Debt Reserve Funding			182,774		209,258	26,484	26,484	26,484	26,484
Replacement of Existing Capital Assets					121,070	121,070	105,234	102,986	102,986
Replacement of Funded Project Assets					9,935	9,935	9,935	9,935	9,935
Reserves for Additional Capital Assets					111,331	87,998	15,754	9,195	4,146
Debt Service			432,162		<b>838,968</b>	<b>607,911</b>	<b>607,911</b>	<b>667,189</b>	<b>667,189</b>
20-410-13 Financial Audit	3,200	3,200	4,000	100%	4,116	4,235	4,358	4,485	4,615
20-410-30 Legal			5,000	100%	5,145	5,294	5,448	5,606	5,768
20-410-31 Legal Services	57,270	65,991	95,000	100%	97,755	100,590	103,507	106,590	109,597
20-410-32 Professional Services Water Rights Eng	120,692	10,000	135,000	100%	138,915	142,944	147,089	151,354	155,744
20-410-33 Postage		2,000	2,000	100%	2,058	2,118	2,179	2,242	2,307
20-410-34 Water Deposit Refund		1,000	2,000	100%	2,058	2,118	2,179	2,242	2,307
20-410-36 Professional Services Accountant	50,522	63,150	10,000	100%	10,290	10,588	10,895	11,211	11,537
20-410-40 Travel, Meetings & Trainings		4,000	4,000	100%	4,116	4,235	4,358	4,485	4,615
20-410-59 Design/System engineering			100,000	100%	102,900	105,884	108,955	112,114	115,366
				100%	0	0	0	0	0
20-411-12 Employee Salary-Administration		72,000	67,000	100%	68,943	70,942	73,000	75,117	77,295
20-411-15 Administration Dept Employees			7,000	100%	7,203	7,412	7,627	7,848	8,076
20-411-20 Employment Benefits		9,000	10,000	100%	10,290	10,588	10,895	11,211	11,537
20-411-22 FICA & Medicare		3,200	5,500	100%	5,660	5,824	5,993	6,166	6,345
20-411-23 457 Retirement		1,150	3,005	100%	3,092	3,182	3,274	3,369	3,467
20-411-25 Unemployment Ins		592	200	100%	206	212	218	224	231
20-411-26 Worker's compensation		0	150	100%	154	159	163	168	173
20-411-72 Utility Billing Software			3,000	100%	3,087	3,177	3,269	3,363	3,461
				100%	0	0	0	0	0
20-430-11 Salary-PW Maintenance	2,698	5,000	37,000	100%	38,073	39,177	40,313	41,482	42,685
20-430-15 Empl Salary-PW P/T Seasonal	1,010	3,000	4,200	100%	4,322	4,447	4,576	4,709	4,845
20-430-20 Employee Benefits	2,372	3,101	9,000	100%	9,261	9,530	9,806	10,090	10,383
20-430-22 FICA & Medicare		2,000	3,150	100%	3,241	3,335	3,432	3,532	3,634
20-430-23 457 Retirement		1,000	1,150	100%	1,183	1,218	1,253	1,289	1,327
20-430-25 Unemployment Insurance			125	100%	129	132	136	140	144
20-430-26 Workers Compensation		2,920	3,345	100%	3,442	3,542	3,645	3,750	3,859
20-432-73 Capital Outlay	250,000	610,000	0		8,000,000	50,000	50,000	50,000	50,000
<b>Total General and Administrative Expenses:</b>	<b>487,764</b>	<b>862,303</b>	<b>1,125,761</b>		<b>9,816,201</b>	<b>1,444,280</b>	<b>1,371,886</b>	<b>1,438,498</b>	<b>1,450,057</b>
<b>TOTAL EXPENSES</b>	<b>702,554</b>	<b>1,122,612</b>	<b>1,462,899</b>		<b>10,163,116</b>	<b>1,801,256</b>	<b>1,739,214</b>	<b>1,816,478</b>	<b>1,838,999</b>

SOURCE OF FUNDS / REVENUES RECEIVED									
Sales Revenue (Base + Usage)	571,000	686,569	830,000		955,734	1,016,820	1,081,676	1,150,503	1,223,591
New connections				100%	0	0	0	0	0
Interest income			0	100%	0	0	0	0	0
Uncollectable Receivables					0	0	0	0	0
Reconnect/Admin			0	100%	0	0	0	0	0
Fees Late/NSF			0	100%	0	0	0	0	0
Bulk Sales			0	100%	0	0	0	0	0
20-34001 Customer Deposits	5,500	58,230	0	100%	0	0	0	0	0
20-34002 Bulk Water Sales	5,000	21,922	3,000	100%	3,087	3,177	3,269	3,363	3,461
20-34440 Tap Fees & Acquisitions Fees				100%	0	0	0	0	0
20-34450 Misc Water Income	16,743	18,395	5,000	100%	5,145	5,294	5,448	5,606	5,768
20-36000 Water Development Agreement	125,193	325	0	100%	0	0	0	0	0
20-36001 Rental Income	24,833	12,516	10,000	100%	10,290	10,588	10,895	11,211	11,537
20-36100 Interest Earned	454	550	0	100%	0	0	0	0	0
20-39101 Loan Grant Proceeds	0	0	0	100%	0	0	0	0	0
USDA Grant & Loan Proceeds				100%	8,000,000	0	0	0	0
20-31003 & 20-31003 Loan Proceeds USDA			0	100%	0	0	0	0	0
20-34440 Tap Fees & Acquisitions Fees	721,000	747,500	500,000		\$ 800,000	\$ 800,000	\$ 400,000	\$ 400,000	\$ 400,000
20-36002 Sale of Assets & 20-39102 Trans f	0	130,000	-11,900		456,935	75,000	50,000	50,000	50,000
<b>TOTAL REVENUE</b>	1,469,723	1,676,007	1,336,100		10,231,191	1,910,880	1,551,287	1,620,684	1,694,357
<b>NET LOSS OR GAIN:</b>	767,169	553,395	-126,799		68,075	109,624	-187,927	-195,795	-144,642
<b>NET CASH FLOW (Contribution to Reserves)</b>	767,169	553,395	55,975		519,668	355,111	-30,519	-47,194	-1,090
Affordability assuming MHI of \$53438 for residential meters.					2.33%	2.47%	2.62%	2.79%	2.96%
Does the Budget Balance?					Yes	Yes	No	No	No
Positive Annual Cash Flow?					Yes	Yes	No	No	No

**Exhibit 2 WW Budget**

Town of Wiggins			Inflation Factor (%): 2.90				
			Loan Interest Rate (%): 4.50				
			System Number: CO0048853				
EXPENSES AND SOURCES OF FUNDS	2021	% Belonging to Sewer	2022	2023	2024	2025	2026
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>							
30-431-22 EQUIPMENT MTNCE & REPAIRS	20,000	100%	20,580	21,177	21,791	22,423	23,073
30-431-41 UTILITIES-ELECTRIC	11,000	100%	11,319	11,647	11,985	12,333	12,690
30-431-45 UTILITIES-GAS	400	100%	412	424	436	448	461
30-431-48 TRASH	900	100%	926	953	981	1,009	1,038
30-431-51 WWTP ENGINEERING & CONTINGEN	4,000	100%	4,116	4,235	4,358	4,485	4,615
30-431-59 ENGINEERING DESIGN	14,000	100%	14,406	14,824	15,254	15,696	16,151
30-431-62 FUEL	3,500	100%	3,602	3,706	3,813	3,924	4,038
30-431-75 VEHICLE REPAIRS	5,000	100%	5,145	5,294	5,448	5,606	5,768
30-432-00 LINE MAINTENANCE	12,000	100%	12,348	12,706	13,075	13,454	13,844
30-432-30 CONTRACT OPERATOR	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-432-39 COMPUTER SOFTWARE-GIS	1,300	100%	1,338	1,376	1,416	1,457	1,500
30-432-41 UTILITIES(ELECTRIC)	25,000	100%	25,725	26,471	27,239	28,029	28,841
30-432-42 TELEPHONE/INTERNET	800	100%	823	847	872	897	923
30-432-45 UTILITIES -GAS	100	100%	103	106	109	112	115
30-432-46 CELL PHONE	800	100%	823	847	872	897	923
30-432-50 PERMIT FEES	1,650	100%	1,698	1,747	1,798	1,850	1,904
30-432-51 ANALYTICAL/SAMPLING EXPEN	4,500	100%	4,631	4,765	4,903	5,045	5,191
30-432-52 INSURANCE AND BONDS	12,700	100%	13,068	13,447	13,837	14,239	14,651
30-432-53 SEWER CLEANING/VIDEO	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-432-55 GENERAL MAINT CENT LIFT ST	1,000	100%	1,029	1,059	1,090	1,121	1,154
30-432-56 GENERAL MAINT OF PLANT	2,500	100%	2,573	2,647	2,724	2,803	2,884
30-432-57 GENERAL MAINT JOHNSON LT	2,000	100%	2,058	2,118	2,179	2,242	2,307
30-432-58 STORM WATER-LIFT STATION	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-432-59 ENGINEERING DESIGN	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-432-60 TREATMENT OPERATIONS	13,000	100%	13,377	13,765	14,164	14,575	14,998
30-432-61 OFFICE SUPPLIES	1,500	100%	1,544	1,588	1,634	1,682	1,730
30-432-99 OTHER MISCELLANEOUS EXPE	1,000	100%	1,029	1,059	1,090	1,121	1,154
Line Replacement	331,730						
Engineering Design	20,000		50,000	500,000	25,000	25,000	25,000
Legal Fees	6,500		7,000	5,000	5,000	5,000	5,000
30-432-75 CAPITAL OUTLAY - LINES, 30-43	391,730						
<b>Total Operation and Maintenance Expenses:</b>	<b>930,610</b>		<b>242,889</b>	<b>696,280</b>	<b>226,827</b>	<b>232,535</b>	<b>238,408</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>							
Operating Reserve Funding			0	0	0	0	0
Emergency Reserve Funding			0	0	0	0	0
Debt Reserve Funding			126,971	20,683	20,683	20,683	20,683
Replacement of Existing Capital Assets			-23,614	-23,614	-23,614	-23,614	-23,614
Replacement of Funded Project Assets			40,602	40,602	40,602	40,602	40,602
Reserves for Additional Capital Assets			742,775	347,317	18,905	11,034	4,975
Debt Service			368,113	485,492	866,457	866,457	866,457
30-410-13 FINANCIAL AUDIT	4,000	100%	4,116	4,235	4,358	4,485	4,615
30-410-30 LEGAL SERVICE	6,500	100%	6,689	6,882	7,082	7,287	7,499
30-410-32 PROFESSIONAL SERVICES	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-410-33 POSTAGE	2,000	100%	2,058	2,118	2,179	2,242	2,307
30-410-34 SEWER DEPOSIT REFUND	500	100%	515	529	545	561	577
30-410-35 COPIER LEASE	500	100%	515	529	545	561	577
30-410-40 TRAINING	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-410-67 OFFICE SUPPLIES	500	100%	515	529	545	561	577
30-410-68 COPIER EXPENSE	400	100%	412	424	436	448	461
30-411-14 EMPL SALARY'S-ADMINISTRATION	70,000	100%	72,030	74,119	76,268	78,480	80,756
30-411-15 ADMINISTRATION DEPT EMPLOYEES	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-411-20 EMPLOYEE BENEFITS	10,000	100%	10,290	10,588	10,895	11,211	11,537
30-411-22 FICA & MEDICARE	5,000	100%	5,145	5,294	5,448	5,606	5,768
30-411-23 457 RETIREMENT	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-411-25 UNEMPLOYMENT INSURANCE	200	100%	206	212	218	224	231
30-411-26 WORKERS' COMPENSATION	150	100%	154	159	163	168	173
30-411-70 IT SUPPORT	250	100%	257	265	272	280	288
30-411-72 UTILITY SOFTWARE EXP	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-430-11 SALARY-PW MAINTENANCE	3,300	100%	3,396	3,494	3,596	3,700	3,807
30-430-12 SALARY-PW MAINTENANCE	45,300	100%	46,614	47,965	49,356	50,788	52,261
30-430-13 EMPL SALARY-PW P/T SEASONAL	4,250	100%	4,373	4,500	4,631	4,765	4,903
30-430-20 EMPLOYEE BENEFITS	10,500	100%	10,805	11,118	11,440	11,772	12,113
30-430-22 FICA & MEDICARE	4,700	100%	4,836	4,977	5,121	5,269	5,422
30-430-23 457 RETIREMENT	1,400	100%	1,441	1,482	1,525	1,570	1,615
30-430-25 UNEMPLOYMENT	150	100%	154	159	163	168	173
30-430-26 WORKERS' COMPENSATION	8,000	100%	8,232	8,471	8,716	8,969	9,229
DOLA Contribution Match			400,000				
<b>Total General and Administrative Expenses:</b>	<b>207,600</b>		<b>1,868,468</b>	<b>1,090,297</b>	<b>1,149,224</b>	<b>1,147,912</b>	<b>1,148,603</b>
<b>TOTAL EXPENSES</b>	<b>1,138,210</b>		<b>2,111,357</b>	<b>1,786,576</b>	<b>1,376,050</b>	<b>1,380,447</b>	<b>1,387,011</b>

SOURCE OF FUNDS / REVENUES RECEIVED							
30-34000 Sales Revenue (Base + Usage)	220,000		413,786	439,433	466,610	495,406	525,915
New connections		100%	0	0	0	0	0
Interest income	50	100%	51	53	54	56	58
30-33420 DOLA EIF G.		100%	800,000	0	0	0	0
DOLA WWT Grant		100%	400,000	0	0	0	0
American Rescue Grant		100%	73,580	0	0	0	0
<b>TAP FEES</b>	<b>448,580</b>		<b>320,000</b>	<b>320,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
Transfer from Sales Tax Fund Debt Reserve	85,000		\$ 265,720				
<b>TOTAL REVENUE</b>	<b>753,630</b>		<b>2,273,137</b>	<b>759,485</b>	<b>626,664</b>	<b>655,462</b>	<b>685,973</b>
<b>NET LOSS OR GAIN:</b>	<b>-384,580</b>		<b>161,781</b>	<b>-1,027,091</b>	<b>-749,386</b>	<b>-724,985</b>	<b>-701,039</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>-384,580</b>		<b>1,048,516</b>	<b>-642,102</b>	<b>-692,809</b>	<b>-676,279</b>	<b>-658,391</b>
Affordability assuming MHI of \$57500 for residential meters.			1.01%	1.07%	1.13%	1.20%	1.28%
Does the Budget Balance?			Yes	No	No	No	No
Positive Annual Cash Flow?			Yes	No	No	No	No

It can be seen that the TAP FEES are supporting the operational costs for now, but once large infrastructure spending starts the system will be deeply in the negative territory.

### Alternatives

If the board does not fund its Budget by setting appropriate water and wastewater rates, it does not mean that the Town can't pay its bills. It simply means that the Town is not providing for future replacement of the capital assets and will not be able to guarantee the continuing operation of these utility services.

The board has a fiduciary responsibility to set rates to a level where the Town can continue to operate and provide drinking water and wastewater services for the foreseeable future.

### Investment changes

The current investment strategy keeps most funds in savings accounts at a very low interest rate. By identifying the timing of the need of the funds, certain funds can be invested for a longer term, at higher interest rates.

1. The Capital Reserve Accounts can be invested in a series of CDs with staggered maturities according to the future needs of the Town: Recommend to split between 1-, 2- and 3-year CDs. 1-year insured CD rates are about 1.25%- and 5-year rates are about 2%. If the board feel comfortable with higher paying insured instruments, they have the option to do so.
2. The "Debt Reserve" account, previously known as "FMHA Tax Free Investments", should **not** be invested in tax free investments as the Town does not pay taxes. You probably will get a higher rate of return when you invest in "taxable" investments, on which you do not pay taxes anyway because you are a County Water Town.
3. All other funds can be kept in savings accounts for liquidity.

Periodically, any excess funds above the target set on page 14 should be transferred to the Capital Reserve accounts.

## 6. Rate Calculation

### A. Drinking Water

At a virtual board meeting the board and staff worked with RCAC to adjust the usage tiers and prices for those tiers. All scenarios presented to the board and considered have these tiers and prices built in as such.

Existing Tiers	Existing Tier Prices	Proposed Tiers	Proposed Tier Prices \$/1000 gallons
0	\$3.20	1,000	\$0.00
1,000	\$3.20	4,000	\$3.25
10,000	\$3.20	8,000	\$3.75
100,000	\$3.20	15,000	\$4.25
99,999,999	\$3.20	25,000	\$4.75
		50,000	\$5.25
		100,000	\$5.75
		99,999,999	\$6.25

**Scenario W**

Propos	Name of Class	Rate Structure			Schedule		
1	Residential	Tiered Block			A	Go to row 69 and enter the Tie	
3	Comercial	Tiered Block			C	Go to row 69 and enter the Tie	
Rate Schedules							
Tiered	Meter Size	A	B	C	D	E	F
Base	0.625	\$71.50	\$71.50	\$71.50			
	0.750	\$71.50	\$71.50	\$71.50			
Break (All yell Tier Br contain	1	1,000	1,000	1,000			
	2	4,000	4,000	4,000			
	3	8,000	8,000	8,000			
	4	15,000	15,000	15,000			
	5	25,000	25,000	25,000			
	6	50,000	50,000	50,000			
	7	100,000	100,000	100,000			
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Gallons	1	\$0.00	\$0.00	\$0.00			
	2	\$3.25	\$3.25	\$3.25			
	3	\$3.75	\$3.75	\$3.75			
	4	\$4.25	\$4.25	\$4.25			
	5	\$4.75	\$4.75	\$4.75			
	6	\$5.25	\$5.25	\$5.25			
	7	\$5.75	\$5.75	\$5.75			
	8	\$6.25	\$6.25	\$6.25			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
Base			5.00%	5.00%	5.00%	5.00%	
Usage			5.00%	5.00%	5.00%	5.00%	
Results of the new r		2022	2023	2024	2025	2026	5 Years
TOTAL EXPENSES		\$10,236,403	\$1,890,995	\$1,901,198	\$2,240,047	\$2,526,139	\$18,794,783
TOTAL REVENUE		\$10,247,895	\$1,928,419	\$1,569,704	\$1,640,021	\$1,714,661	\$17,100,699
ort/Over to Reserves)		\$11,491	\$37,424	-\$331,494	-\$600,026	-\$811,478	-\$1,694,084
tribution to Reserves)		\$536,372	\$339,469	-\$45,284	-\$368,349	-\$654,234	-\$192,025
MHI of \$53438 for residential meters.		2.37%	2.52%	2.67%	2.84%	3.01%	
gh money in reserves?		Yes	Yes	No	No	No	
ve Annual Cash Flow?		Yes	Yes	No	No	No	
<b>Draft Base Rates</b>							
<b>Class 1: Residential, Tiered Block, Schedule A</b>							
eter Si	Year 1	Year 2	Year 3	Year 4	Year 5		
0.625	71.50	75.08	78.83	82.77	86.91		

## Scenario X

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tie			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tie			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$70.00		\$70.00			
	0.750	\$70.00		\$70.00			
	1.000	\$70.00		\$70.00			
	1.500	\$70.00		\$70.00			
	2.000	\$70.00		\$70.00			
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00		\$1.70			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		5.00%	5.00%	5.00%	5.00%	
Results of the new rates		2023	2024	2025	2026	2027	5 Years
	TOTAL EXPENSES	\$1,498,476	\$1,451,773	\$928,492	\$932,889	\$1,189,761	\$6,001,390
	TOTAL REVENUE	\$2,461,375	\$952,943	\$825,394	\$859,507	\$895,368	\$5,994,587
	NET LOSS OR GAIN: (Short/Over to Reserves)	\$962,899	-\$498,830	-\$103,098	-\$73,381	-\$294,392	-\$6,803
	NET CASH FLOW (Contribution to Reserves)	\$1,398,033	-\$169,984	\$165,545	\$187,391	-\$175,729	\$1,405,257
	Affordability assuming MHI of \$57500 for residential meters.	1.46%	1.53%	1.61%	1.69%	1.78%	
	Are you putting enough money in reserves?	Yes	No	No	No	No	
Positive Annual Cash Flow?	Yes	No	Yes	Yes	No		
<b>Draft Base Rates</b>							
<b>Class 1: Residential, Tiered Block, Schedule A</b>							
Meter Size	Year 1	Year 2	Year 3	Year 4	Year 5		
0.625	70.00	73.50	77.18	81.03	85.09		

## B. Wastewater Exhibit 3WW

The existing wastewater rates charge usage per 1000 gallons only for the commercial customers. At one time the residential customers were also charged based on their winter usage. This is assumed to be the indoor water consumption that ends up collected by the sewage system. Bills are made based on the previous year's average winter consumption.

The rate chosen by the board and used in all scenarios presented is \$2.00/1000 gallons for both residential and commercial customers.



**Scenario Y**

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tie			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tie			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$45.00		\$45.00			
	0.750	\$45.00		\$45.00			
	1.000	\$45.00		\$45.00			
	1.500	\$45.00		\$45.00			
	2.000	\$45.00		\$45.00			
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00		\$1.70			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		5.00%	5.00%	5.00%	5.00%	
	Usage		5.00%	5.00%	5.00%	5.00%	
<b>Results of the new rates</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>5 Years</b>
TOTAL EXPENSES		\$1,498,476	\$1,451,773	\$928,492	\$932,889	\$1,189,761	\$6,001,390
TOTAL REVENUE		\$2,255,575	\$736,853	\$598,499	\$621,268	\$645,217	\$4,857,413
NET LOSS OR GAIN: (Short/Over to Reserves)		\$757,099	-\$714,920	-\$329,992	-\$311,621	-\$544,543	-\$1,143,978
NET CASH FLOW (Contribution to Reserves)		\$1,192,233	-\$386,074	-\$61,349	-\$50,848	-\$425,880	\$268,082
Affordability assuming MHI of \$57500 for residential meters.		0.94%	0.99%	1.04%	1.09%	1.14%	
Are you putting enough money in reserves?		Yes	No	No	No	No	
Positive Annual Cash Flow?		Yes	No	No	No	No	
<b>Draft Base Rates</b>							
<b>Class 1: Residential, Tiered Block, Schedule A</b>							
<b>Meter Size</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>		
0.625	45.00	47.25	49.61	52.09	54.70		

With the 5% year over year annual increases to the base and the usage, the base rate will be \$54.70 at the end of the 5 years.

## Scenario Z

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tie			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tie			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$70.00		\$70.00			
	0.750	\$70.00		\$70.00			
	1.000	\$70.00		\$70.00			
	1.500	\$70.00		\$70.00			
	2.000	\$70.00		\$70.00			
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00		\$1.70			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		5.00%	5.00%	5.00%	5.00%	
	Usage		5.00%	5.00%	5.00%	5.00%	
<b>Results of the new rates</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>5 Years</b>
TOTAL EXPENSES		\$1,498,476	\$1,451,773	\$928,492	\$932,889	\$1,189,761	\$6,001,390
TOTAL REVENUE		\$2,461,375	\$952,943	\$825,394	\$859,507	\$895,368	\$5,994,587
NET LOSS OR GAIN: (Short/Over to Reserves)		\$962,899	-\$498,830	-\$103,098	-\$73,381	-\$294,392	-\$6,803
NET CASH FLOW (Contribution to Reserves)		\$1,398,033	-\$169,984	\$165,545	\$187,391	-\$175,729	\$1,405,257
Affordability assuming MHI of \$57500 for residential meters.		1.46%	1.53%	1.61%	1.69%	1.78%	
Are you putting enough money in reserves?		Yes	No	No	No	No	
Positive Annual Cash Flow?		Yes	No	Yes	Yes	No	
<b>Draft Base Rates</b>							
<b>Class 1: Residential, Tiered Block, Schedule A</b>							
	<b>Meter Size</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
	0.625	70.00	73.50	77.18	81.03	85.09	

### Expenses and Suggested new Rate

The Budgets in Exhibit 2s calculated the Total Expenses for the next five years. Dividing the expenses among the 712 drinking water and 682 wastewater customers gives us the proposed rates shown above. Several scenarios were developed and presented to the board on various occasions.

### Rate Selected

At this time the board has not made any decisions on rate increases to bring the revenue up to where it balances the known future expenses.

### Income Generated by the Proposed Rate

The proposed drinking water rate would generate about \$643,104 in base fees and \$735,269 the first year and with the targets set for saving for reserves will put away \$1.1M over the next five years.

The proposed wastewater rates generate \$677,905 in base rates and \$166,825 in the first year and puts

away a \$1.4M in reserves over the next five years. This assumes all billings are collected. It excludes late fees and interest charges.

### **Affordability**

The proposed drinking water rate generate an average monthly bill (with usage charges) would raise from \$96.98 to \$111.06 in the first year. This corresponds to a 2.49% affordability ending the five-year study period at 3.16% affordability index. For the Wastewater the average monthly bill will go from \$30.00 to \$100.61 which is still only is 2.1% affordability and 3.14% at the end of the five years. To be eligible for grants and loans, the minimum rate should be at least 1.5% of MHI, or \$71.25 average monthly bill for either utility.

When the Town applies for grants or loans, it will be required to increase rates, unless the MHI is determined to be lower than where it currently is at \$53,438.

### **No Decision to Adjust Rates**

The staff of Wiggins has worked with RCAC to re-build these two models numerous times. In that time the costs have risen, scopes have wandered and the rates have remained the same. The drinking water rates are not far from where the study recommends, however the sewer rates need to more than double to make the enterprise financially sustainable. The longer the board delays the decision to adjust the rates to bring in enough revenue to balance the budget for known, anticipated, and expected costs coming in the near future.

**Drinking Water Five Year Forecast No Rate Increase**

Propos	Name of Class	Rate Structure			Schedule	
1	Residential	Tiered Block			A	Go to row 69 and enter the Tiera
3	Comercial	Tiered Block			C	Go to row 69 and enter the Tiera
Rate Schedules						
Tiered	Meter Size	A	B	C	D	E
Base	0.625	\$69.50	\$69.50	\$69.50		
	0.750	\$69.50	\$69.50	\$69.50		
r Break	1	1,000	1,000	1,000		
(All yell	2	4,000	4,000	4,000		
Tier Br	3	8,000	8,000	8,000		
contain	4	15,000	15,000	15,000		
	5	25,000	25,000	25,000		
	6	50,000	50,000	50,000		
	7	100,000	100,000	100,000		
	8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
Gallons	1	\$0.00	\$0.00	\$0.00		
	2	\$3.25	\$3.25	\$3.25		
	3	\$3.75	\$3.75	\$3.75		
	4	\$4.25	\$4.25	\$4.25		
	5	\$4.75	\$4.75	\$4.75		
	6	\$5.25	\$5.25	\$5.25		
	7	\$5.75	\$5.75	\$5.75		
	8	\$6.25	\$6.25	\$6.25		
Growth Factor of Rates		Year 2	Year 3	Year 4	Year 5	
Base		0.00%	0.00%	0.00%	0.00%	
Usage		0.00%	0.00%	0.00%	0.00%	
<b>Results of the new rate</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES	\$10,163,116	\$1,801,256	\$1,739,214	\$1,816,478	\$1,838,999	\$17,359,064
TOTAL REVENUE	\$10,231,191	\$1,862,460	\$1,450,724	\$1,464,028	\$1,477,417	\$16,485,820
Short/Over to Reserves)	\$68,075	\$61,204	-\$288,491	-\$352,450	-\$361,582	-\$873,244
Contribution to Reserves)	\$519,668	\$306,691	-\$131,083	-\$203,849	-\$218,030	\$273,397
MHI of \$53438 for residential meters.	2.33%	2.35%	2.38%	2.41%	2.43%	

### Wastewater Fiver Year Forecast Not Rate Increase

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tier			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tier			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
	Base	0.625	\$30.00	\$30.00	\$30.00		
		0.750	\$30.00	\$30.00	\$30.00		
		1.000	\$30.00	\$30.00	\$30.00		
		1.500	\$30.00	\$30.00	\$30.00		
		2.000	\$30.00	\$30.00	\$30.00		
	Tier Break	1	0	0			
(All yellow cells in this		2	1,000	1,000			
Tier Break table must		3	10,000	10,000			
contain data.)		4	9,999,999	9,999,999			
		8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
	Usage Rate per 1000 Gallons	1	\$0.00	\$1.70			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		0.00%	0.00%	0.00%	0.00%	
	Usage		0.00%	0.00%	0.00%	0.00%	
<b>Results of the new rates</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>5 Years</b>
TOTAL EXPENSES		\$1,950,076	\$1,786,576	\$1,376,050	\$1,380,447	\$1,387,011	\$7,880,162
TOTAL REVENUE		\$2,132,095	\$593,526	\$434,257	\$434,988	\$435,720	\$4,030,585
NET LOSS OR GAIN: (Short/Over to Reserves)		\$182,019	-\$1,193,051	-\$941,793	-\$945,459	-\$951,292	-\$3,849,576
NET CASH FLOW (Contribution to Reserves)		\$1,068,753	-\$808,061	-\$885,217	-\$896,753	-\$908,645	-\$2,429,922
Affordability assuming MHI of \$57500 for residential meters.		0.63%	0.63%	0.63%	0.63%	0.63%	

## 7. Next Step

### A. Preparing the Public for Rate Increases

Here are some ideas that may help you get support from the public for your rate increases.

#### Marketing Plan

The Wiggins Board understands the need or the necessity of a substantial rate increase.

The chairman of the board or the GM should talk to the local county supervisor, assemblyman and state senator. It is better that he hears from you about the need to raise rates, than that he hears a complaint about the rates from a constituent.

Invite your local reporter to the office so you can explain in detail why you need a rate increase.

#### Press Release

Write a press release that makes the following points:

- Your system maintenance has been neglected for many years
- The system may need to buy more water rights in the near future
- Funds have been provided by the state to repair certain portions, but funds need to be raised to maintain and replace the system in the future
- Rates have been below expenses for the sewer system for a while.
- You have cut every possible expense
- Explain the consequences of not raising rates:
  - o May not get government funds in the future
  - o System will continue to deteriorate
  - o System may become non-compliant with health regulations
  - o Eventually, the system will go into receivership and the customers will not have any say in the operation of the system and its rates.

#### Other parts of the marketing plan

- Create flyers, mailers and newsletters with similar information as in the press release
- Have a board member or GM speak before local clubs, and on local radio talk shows
- Have an open house, showing the deteriorating system
- Invite the press to your regular board meetings, and provide them with a full agenda package.

## 8. Scenarios

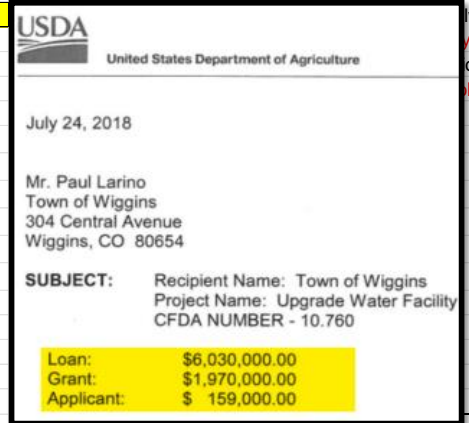
Multiple rounds of scenarios were presented to the board before being able to come to a conclusion. The first scenario for the wastewater was sufficient. These scenarios are provided here. It should be noted that the scenarios presented here show results from the models ran in 2022, with the passing of the time, these same inputs provide less favorable results.

### First Round of Scenarios

#### Wiggins Drinking Water Rate Scenarios

#### Parameters:

Parameters	Enterprise	Water						This rate mod
	System Name:	Town of Wiggins						
	System Number	CO0048853						
	First year of rate increases	2022						
<b>Legend</b>	Enter Data		Unlocked					
	Calculated		Locked					
	Conditional Enter Data		Unlocked					
<b>Financial Constants</b>								
	Return on Invested Funds	0.50	%					
	Past Inflation	2.10	%					
	Future Inflation	2.90	%					
	Future Loan Interest Rate	4.50	%					
	Future Loan fees, legal, costs	0.00	%					
<b>Existing Debt</b>								Optional Payme
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period			Principal
2018 (start 2022) USDA Loan (\$6,030,000)	\$ 264,840	2062	\$ 264,840	\$ -	10			
2020 Bank of the West Loan (\$2,850,000) Brid	\$ 277,339	2022	\$ 456,935	\$ 274,161	1	"=Principal Sir	\$ 6,030,000	
2009 Kammerer Water Lease (\$500,000)	\$ 42,162	2029	\$ -					
2011 USDA Water (\$2,969,906)	\$ 126,626	2051	\$ 101,132	\$ 101,132				
2013 USDA Water Loan (\$510,876)	\$ 20,446	2053	\$ 154,378	\$ 154,378				
2017 CWCB Glassey Water Loan (\$2,408,850)	\$ 107,555	2037	\$ -					\$ 2,408,850
Total	\$ 838,968		\$ 977,285	\$ 529,671				



Existing Reserves	Amount				
Debt Reserve	\$529,671	As per lending agreement(s)			
Operating Reserve	\$43,364	Often in Checking Account			Expenses paid through Ge
Emergency Reserve	\$100,000	Often in Savings Account			
Capital Reserve	\$613,844	Mostly in CDs or other investments			
Total	\$1,286,879			1108077.00	Nov-21

Reserve Targets	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transfer to CIP	Goal
Debt Reserve	\$977,285	See F20:F25	\$209,258	\$0	As per lending agreement(s)
Operating Reserve	\$43,364	5	\$0	\$0	1.5 times the expenses dur
Emergency Reserve	\$100,000	3	\$0	\$0	Critical equipment replacen
Available for Capital Reserve	\$613,844	This is the total amount currently available for CIP. Transferred to CIP It is the sum of what you already have in CIP and any excess funds in th			

<b>Median Household Income</b>	\$ 53,438	MHI Source	DOLA
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Growth of Consumption over Base year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor	0.0%	0.0%	0.0%	0.0%	0.0%
Community Growth Factor	6.0%	9.0%	12.0%	15.0%	18.0%
Total Consumption Adjustment	6.0%	9.0%	12.0%	15.0%	18.0%

<b>Receivable write off (% of Billing)</b>	0.00%	0.00%	0.00%	0.00%	0.00%
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Unit of Service	Currently	Proposed	Return Check Fee	Late Payment Fee	Reconnect Fee	Deposit	Water Base Rate	Water Plus Usage	Sewer Base Rate	Sewer Plus Usage
1000 Gallons			\$25.00	\$25.00	\$50.00	\$89.00	\$69.50	\$3.20	\$22.90	\$1.55
<b>Billing Cycles</b>										
Billing Cycle	M	M								
Billings per year	12	12								
<b>Default Funding of Asset Replacements</b>										

Default Funding of Asset Replacements	Replacement Value From	To	Cash	Grant	Loan
	\$0	\$80,000	100%	0%	0%
	\$80,001	\$15,000	50%	0%	50%
	\$15,001	\$300,000	30%	10%	60%
	\$300,001	\$1,000,000	5%	25%	70%
	\$1,000,001	\$9,999,999	2%	25%	73%

<b>Capitalization Threshold</b>	\$ 5,000	Any asset purchased below this value is not
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**Current Rate Structure**

The below table specifies for each class of customers, their rate structure and the rate schedule. Classes have numbers and schedules

Current Customer Classes	Name of Class	Rate Structure	Schedule			
1	Residential	Tiered Block	A	Go to row 13		
3	Commercial	Tiered Block	C	Go to row 13		
Rate Schedules						
Tiered Block	Meter Size	A	B	C	D	E
Base	0.625	\$69.50		\$69.50		
	0.750	\$69.50		\$69.50		
	1.000	\$69.50		\$69.50		
	1.500	\$69.50		\$69.50		
	2.000	\$69.50		\$69.50		
Tier Break	1	0		0		
(All yellow cells in this Tier Break table must contain data.)	2	1,000		1,000		
	3	10,000		10,000		
	4	100,000		9,999,999		
	8	99,999,999		99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$3.20		\$3.20		
	2	\$3.20		\$3.20		
	3	\$3.20		\$3.20		
	4	\$3.20		\$3.20		
	5	\$3.20		\$3.20		
	6	\$3.20		\$3.20		
	7	\$3.20		\$3.20		
	8	\$3.20		\$3.20		
Total Revenue under Existing Rates		\$852,765.87	This number should closely approximate the sales num			
		\$692,000.00	ytd oct			

Quantity	Asset	Year Acquired	Estimated Historic Cost (Water only)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required
<b>Replacement of Existing Capital Assets</b>									
2,145	8" main Hillside Sub., C900 PVC, good to great cor	1994	\$85,246	49	626,777	5%	25%	70%	463
3,300	10" main, rest area line, thin PVC,	1992	\$157,122	22	557,051	5%	25%	70%	761
3,500	6" Hillside Sub, C900 PVC	1994	\$139,096	49	1,022,713	2%	25%	73%	302
5,100	8" Old town	1975	\$135,422	30	865,693	5%	25%	70%	942
4,100	Old well service line, 8" Ductile, good	1975	\$108,869	30	695,949	5%	25%	70%	758
4,600	Curry st. main, tank to central ave. 8", PVC & duct	1975	\$122,145	30	780,821	5%	25%	70%	850
2,500	6" Old town - PVC	1975	\$66,383	30	424,359	5%	25%	70%	462
2,200	6" Corona - PVC	1975	\$58,417	30	373,436	5%	25%	70%	406
14,000	8" Kiowa Park	2019	\$945,820	74	8,359,846	2%	25%	73%	1,695
3,200	8" Farm	2019	\$216,187	74	1,910,822	2%	25%	73%	387
38,000	RO Line 10" HDPE	2012	\$2,766,005	92	47,450,477	2%	25%	73%	7,665
36960	12" HDPE Pipe	2012	\$2,690,304	92	46,151,833	2%	25%	73%	7,455
15549	4" Ductile Iron Pipe	1975	\$412,878	5	1,291,552	2%	25%	73%	2,198
2109	2" PVC Pipe	1975	\$56,001	5	175,181	30%	10%	60%	4,472
10208	6" PVC Pipe	1975	\$338,821	5	1,059,888	2%	25%	73%	1,804
7772	8" DI Pipe (assume half DI vs PVC)	1975	\$257,966	5	806,960	5%	25%	70%	3,433
7772	8" PVC Pipe (assume half DI vs PVC)	1975	\$257,966	5	806,960	5%	25%	70%	3,433
13,503	8" C900 PVC	2016	\$1,069,963	71	9,250,482	2%	25%	73%	1,954
3,324	10" PVC Thin Wall	2016	\$263,390	16	472,661	5%	25%	70%	813
587	3/4 x 5/8 meters	2005	\$122,762	5	203,159	30%	10%	60%	5,186
1	3" meter	2019	\$7,200	19	12,754	100%	0%	0%	379
5	1" meter	2012	\$2,426	12	4,228	100%	0%	0%	Not Cap.
7	1.5" meter	1996	\$3,386	0	5,880	100%	0%	0%	0
2	2" Meters	2005	\$2,677	12	5,411	100%	0%	0%	230
						0%	0%	100%	0
37	Hydrants, Valve Box and Components - Pacific	1955	\$49,270	5	235,623	30%	10%	60%	6,014
35	Hydrants - Mueller & Water Co	2012	\$122,287	50	631,423	5%	25%	70%	459
12	10" valve	2005	\$30,115	35	117,496	30%	10%	60%	683
36	8" & 6" gate valves	1995	\$12,178	15	33,165	30%	10%	60%	359
2	PRV 6"	2011	\$7,601	31	23,289	30%	10%	60%	148
1	RO Storage Tank, 57K gal.	2012	\$123,548	42	507,523	5%	25%	70%	426
	City Storage Tank, 500K gal.	1975	\$0	40	0	100%	0%	0%	Not Cap.
2	RO wells - South Platte (75611, 7512)	2012	\$388,211	22	900,284	5%	25%	70%	1,230
2	Well pumps - South Platte	2012	\$38,821	2	50,824	30%	10%	60%	2,915
2	Transmission Pumps 4" (From RO)	2012	\$23,293	2	30,495	30%	10%	60%	1,749
1	RO Treatment Plant (Building)	2012	\$2,701,562	42	11,097,721	2%	25%	73%	3,726
1	RO Generator	2012	\$29,116	22	67,521	30%	10%	60%	554
2	RO Skid - Component Replacement	2012	\$497,396	3	670,072	5%	25%	70%	4,436
3	Kiowa wells (1418, 14465, 14466)	1975	\$34,535	5	108,032	30%	10%	60%	2,758
1	Kiowa Well House (County Roads P and 4) (Old W	1975	\$17,260	15	71,858	30%	10%	60%	778
1	Cla-Val Blending vault & valve (part of well house)	2012	\$97,053	8	150,836	30%	10%	60%	2,627
1	Old Well Building (County roads P and 4)	1970	\$182,125	5	633,499	5%	25%	70%	2,695
	Distribution Pumps (Booster Pumps)	1980	\$0	5	0	100%	0%	0%	Not Cap.
1	Booster Pump Station	1975	\$296,070	5	926,156	5%	25%	70%	3,940
						0%	0%	100%	0
1	Chlorination Components	2020	\$3,450	15	5,528	100%	0%	0%	199
1	Membrane replacement (RO Skid)	2012	\$43,674	7	65,963	30%	10%	60%	1,277
						0%	0%	100%	0
	<b>Subtotal Replacement of Existing Capital Assets</b>		\$14,984,020		139,642,202	3%	25%	73%	83,022

Quantity	Asset	Year Acquired	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required	
<b>Replacement of Funded Project Assets</b>									
1	Water Tank 2016 Cost + 12% (2019) 25% (2021)	2022	61	6,447,979	2%	25%	73%	1,813	
1	RO Move/expand + 12% (2019) 25% (2021)	2023	42	17,507,470	2%	25%	73%	7,513	
					0%	0%	0%	0	
					0%	0%	0%	0	
1	Kneivel Water Storage recharge?	2020	40	1,344,202	2%	25%	73%	609	
<b>Subtotal Replacement of Funded Project Assets</b>					25,299,650	2%	25%	73%	9,935

Enter Existing Reserves for Replacement of Funded Project Assets

Quantity	Asset	Year to be Purchased	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required		
<b>Reserves for Additional Capital Assets</b>									
1	Ford 150 (33% DW)	2025	19,775	30%	10%	60%	1,968		
1	Ford 150 (33% DW)	2026	20,349	30%	10%	60%	1,515		
1	Ford 150 (33% DW)	2027	20,939	30%	10%	60%	1,244		
1	Vac (50% DW)	2024	30,495	30%	10%	60%	4,563		
1	Back Hoe (50% DW)	2024	38,118	30%	10%	60%	5,703		
1	Dump Truck (50% DW)	2024	76,237	30%	10%	60%	11,407		
				0%	0%	0%			
				0%	0%	0%			
1	Glassey Farm Recharge	2023	1,166,656	2%	25%	73%	23,333		
				0%	0%	0%			
<b>Subtotal Reserves for Additional Capital Assets</b>					1,372,568	6%	23%	71%	49,733

Enter Existing Reserves for Additional Capital Assets

<b>Total Capital Reserves</b>					166,314,420	2%	25%	73%	142,690
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**Scenario 1: Existing Rates with Capital Improvement Reserves**

This scenario adds the expenses of Capital Improvements into the known future.

Name of Class	Rate Structure			Schedule		
Residential	Tiered Block			A		
Comercial	Tiered Block			C		
	Go to row 69 and enter the Tiers					
	Go to row 69 and enter the Tiers					
	Rate Schedules					
Meter Size	A	B	C	D	E	F
0.625	\$69.50	\$69.50	\$69.50			
0.750	\$69.50	\$69.50	\$69.50			
1.000	\$69.50	\$69.50	\$69.50			
1.500	\$69.50	\$69.50	\$69.50			
2.000	\$69.50	\$69.50	\$69.50			
1	1,000	1,000	1,000			
2	4,000	4,000	4,000			
3	8,000	8,000	8,000			
4	15,000	15,000	15,000			
5	25,000	25,000	25,000			
6	50,000	50,000	50,000			
7	100,000	100,000	100,000			
8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
1	\$3.20	\$3.20	\$3.20			
2	\$3.20	\$3.20	\$3.20	\$3.25		
3	\$3.20	\$3.20	\$3.20	\$3.75		
4	\$3.20	\$3.20	\$3.20	\$4.25		
5	\$3.20	\$3.20	\$3.20	\$4.75		
6	\$3.20	\$3.20	\$3.20	\$5.25		
7	\$3.20	\$3.20	\$3.20	\$5.75		
8	\$3.20	\$3.20	\$3.20	\$6.25		
		Year 2	Year 3	Year 4	Year 5	
Base		0.00%	0.00%	0.00%	0.00%	
Usage		0.00%	0.00%	0.00%	0.00%	
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
AL EXPENSES	\$10,063,470	\$1,701,609	\$1,711,971	\$1,795,717	\$1,822,522	\$17,095,290
TOTAL REVENUE	\$10,144,561	\$1,771,332	\$1,355,054	\$1,363,792	\$1,372,546	\$16,007,285
(over to Reserves)	\$81,091	\$69,723	-\$356,917	-\$431,926	-\$449,976	-\$1,088,005
(on to Reserves)	\$433,039	\$215,563	-\$236,193	-\$314,255	-\$333,820	-\$235,666

Here it can be seen that with the current rates and planning for the future the water system alone will be over \$1M in deficit.

**Scenario 2.1:** In this scenario to goal is to show what it would take with a onetime rise in rates to balance the budget over the next five years.

Name of Class	Rate Structure	Schedule	
Residential	Tiered Block	A	Go to row 69 and enter the Tiers
Comercial	Tiered Block	C	Go to row 69 and enter the Tiers

Rate Schedules						
Meter Size	A	B	C	D	E	F
0.625	\$95.50	\$95.50	\$95.50			
0.750	\$95.50	\$95.50	\$95.50			
1.000	\$95.50	\$95.50	\$95.50			
1.500	\$95.50	\$95.50	\$95.50			
2.000	\$95.50	\$95.50	\$95.50			
1	1,000	1,000	1,000			
2	4,000	4,000	4,000			
3	8,000	8,000	8,000			
4	15,000	15,000	15,000			
5	25,000	25,000	25,000			
6	50,000	50,000	50,000			
7	100,000	100,000	100,000			
8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
1	\$3.20	\$3.20	\$3.20			
2	\$3.20	\$3.20	\$3.20	\$3.25		
3	\$3.20	\$3.20	\$3.20	\$3.75		
4	\$3.20	\$3.20	\$3.20	\$4.25		
5	\$3.20	\$3.20	\$3.20	\$4.75		
6	\$3.20	\$3.20	\$3.20	\$5.25		
7	\$3.20	\$3.20	\$3.20	\$5.75		
8	\$3.20	\$3.20	\$3.20	\$6.25		
		Year 2	Year 3	Year 4	Year 5	
Base		0.00%	0.00%	0.00%	0.00%	
Usage		0.00%	0.00%	0.00%	0.00%	
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
AL EXPENSES	\$10,063,470	\$1,701,609	\$1,711,971	\$1,795,717	\$1,822,522	\$17,095,290
TAL REVENUE	\$10,361,713	\$1,988,484	\$1,572,206	\$1,580,944	\$1,589,698	\$17,093,045
er to Reserves)	\$298,243	\$286,875	-\$139,765	-\$214,774	-\$232,824	-\$2,245
on to Reserves)	\$650,191	\$432,715	-\$19,041	-\$97,103	-\$116,668	\$850,094

**Scenario 2.2** If the increases to the usage tiers are considered there is an extra revenue of \$474,024.

Or the rate could come down to \$84/month and balance the budget

**Scenario 3:** Usage Tiers changed, 3% annual increase in the rates to less the initial rate increase.

Name of Class	Rate Structure			Schedule		
Residential	Tiered Block			A	Go to row 69 and enter the Tiera	
Comercial	Tiered Block			C	Go to row 69 and enter the Tiera	
	Rate Schedules					
Meter Size	A	B	C	D	E	F
0.625	\$76.25	\$76.25	\$76.25			
0.750	\$76.25	\$76.25	\$76.25			
1.000	\$76.25	\$76.25	\$76.25			
1.500	\$76.25	\$76.25	\$76.25			
2.000	\$76.25	\$76.25	\$76.25			
1	1,000	1,000	1,000			
2	4,000	4,000	4,000			
3	8,000	8,000	8,000			
4	15,000	15,000	15,000			
5	25,000	25,000	25,000			
6	50,000	50,000	50,000			
7	100,000	100,000	100,000			
8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
1	\$0.00	\$0.00	\$0.00			
2	\$3.25	\$3.25	\$3.25	\$3.25		
3	\$3.75	\$3.75	\$3.75	\$3.75		
4	\$4.25	\$4.25	\$4.25	\$4.25		
5	\$4.75	\$4.75	\$4.75	\$4.75		
6	\$5.25	\$5.25	\$5.25	\$5.25		
7	\$5.75	\$5.75	\$5.75	\$5.75		
8	\$6.25	\$6.25	\$6.25	\$6.25		
		Year 2	Year 3	Year 4	Year 5	
Base Usage		3.00%	3.00%	3.00%	3.00%	
		3.00%	3.00%	3.00%	3.00%	
	2022	2023	2024	2025	2026	5 Years
AL EXPENSES	\$10,063,470	\$1,701,609	\$1,711,971	\$1,795,717	\$1,822,522	\$17,095,290
TAL REVENUE	\$10,287,567	\$1,949,579	\$1,570,283	\$1,617,789	\$1,667,213	\$17,092,430
er to Reserves)	\$224,097	\$247,969	-\$141,688	-\$177,929	-\$155,309	-\$2,860
on to Reserves)	\$576,044	\$393,810	-\$20,965	-\$60,258	-\$39,153	\$849,478
assuming MHI of \$53438 for	2.48%	2.58%	2.69%	2.80%	2.91%	

With the usage tiers costs increases and including a 3% increase on both monthly rates and those newly established tiers.

Year 1	Year 2	Year 3	Year 4	Year 5
76.25	80.06	84.07	88.27	92.68

The table below shows the tiers as they increase at 3% each year.

<b>Tier</b>	<b>Gallons</b>	<b>\$/1000 gal</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
1	1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	4,000	\$3.25	\$3.35	\$3.45	\$3.55	\$3.66
3	8,000	\$3.75	\$3.86	\$3.98	\$4.10	\$4.22
4	15,000	\$4.25	\$4.38	\$4.51	\$4.64	\$4.78
5	25,000	\$4.75	\$4.89	\$5.04	\$5.19	\$5.35
6	50,000	\$5.25	\$5.41	\$5.57	\$5.74	\$5.91
7	100,000	\$5.75	\$5.92	\$6.10	\$6.28	\$6.47
8	99,999,999	\$6.25	\$6.44	\$6.63	\$6.83	\$7.03

**Scenario 4:** Usage Tiers changed, 5% annual increase in the rates to less the initial rate increase.

Name of Class	Rate Structure			Schedule		
Residential	Tiered Block			A	Go to row 69 and enter the Tiers	
Comercial	Tiered Block			C	Go to row 69 and enter the Tiers	
Rate Schedules						
Meter Size	A	B	C	D	E	F
0.625	\$71.50	\$71.50	\$71.50			
0.750	\$71.50	\$71.50	\$71.50			
1.000	\$71.50	\$71.50	\$71.50			
1.500	\$71.50	\$71.50	\$71.50			
2.000	\$71.50	\$71.50	\$71.50			
1	1,000	1,000	1,000			
2	4,000	4,000	4,000			
3	8,000	8,000	8,000			
4	15,000	15,000	15,000			
5	25,000	25,000	25,000			
6	50,000	50,000	50,000			
7	100,000	100,000	100,000			
8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
1	\$0.00	\$0.00	\$0.00			
2	\$3.25	\$3.25	\$3.25			
3	\$3.75	\$3.75	\$3.75			
4	\$4.25	\$4.25	\$4.25			
5	\$4.75	\$4.75	\$4.75			
6	\$5.25	\$5.25	\$5.25			
7	\$5.75	\$5.75	\$5.75			
8	\$6.25	\$6.25	\$6.25			
		Year 2	Year 3	Year 4	Year 5	
Base Usage		5.00%	5.00%	5.00%	5.00%	
		5.00%	5.00%	5.00%	5.00%	
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
AL EXPENSES	\$10,063,470	\$1,701,609	\$1,711,971	\$1,795,717	\$1,822,522	\$17,095,290
TOTAL REVENUE	\$10,247,895	\$1,928,419	\$1,569,704	\$1,640,021	\$1,714,661	\$17,100,699
(Net to Reserves)	\$184,425	\$226,809	-\$142,267	-\$155,697	-\$107,861	\$5,409
(Net to Reserves)	\$536,372	\$372,650	-\$21,544	-\$38,026	\$8,295	\$857,748
assuming MHI of \$53438 for	2.37%	2.52%	2.67%	2.84%	3.01%	



The base rate will need to initially increase to \$71.50/month to balance the budget over five years and follow the increases shown below at 5% each year.

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
71.50	75.08	78.83	82.77	86.91

<b>Tier</b>	<b>Gallons</b>	<b>\$/1000 gal</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
1	1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	4,000	\$3.25	\$3.41	\$3.58	\$3.76	\$3.95
3	8,000	\$3.75	\$3.94	\$4.13	\$4.34	\$4.56
4	15,000	\$4.25	\$4.46	\$4.69	\$4.92	\$5.17
5	25,000	\$4.75	\$4.99	\$5.24	\$5.50	\$5.77
6	50,000	\$5.25	\$5.51	\$5.79	\$6.08	\$6.38
7	100,000	\$5.75	\$6.04	\$6.34	\$6.66	\$6.99
8	99,999,999	\$6.25	\$6.56	\$6.89	\$7.24	\$7.60

Wiggins Sewer Rate Scenarios

Parameters:

<b>Parameters</b>	Enterprise	Sewer				
	System Name:	Town of Wiggins				
	System Number	CO0048853				
	First year of rate increases	2022				
<b>Legend</b>	Enter Data		Unlocked			
	Calculated		Locked			
	Conditional Enter Data		Unlocked			
<b>Financial Constants</b>						
	Return on Invested Funds	0.50	%			
	Past Inflation	2.10	%			
	Future Inflation	2.90	%			
	Future Loan Interest Rate	4.50	%			
	Future Loan fees, legal, costs	0.00	%		(Included in loan)	
<b>Existing Debt</b>						
	Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period
	2020 Bank of the West Loan (\$2,850,000) Br	\$ 161,281	2022	\$ 265,720	\$ 159,432	1
	USDA 2022 (L \$5223000 G \$400705) treated	\$ 206,832	2062	\$ 206,832	\$ -	10
	DOLA Grant	\$ -		\$ -	\$ -	
	Total	\$ 368,113		\$ 472,552	\$ 159,432	
<b>Existing Reserves</b>	Amount					
	Debt Reserve	\$159,432	As per lending agreement(s)			
	Operating Reserve	\$30,361	Often in Checking Account			Expenses pai
	Emergency Reserve	\$100,000	Often in Savings Account			
	Capital Reserve	\$936,637	Mostly in CDs or other investments			
	Total	\$1,226,430				1318092.00
<b>Reserve Targets</b>	Amount	Make Up Period	First Year Reserve Addition	Excess funds to be transfer to CIP	Goal	
	Debt Reserve	\$472,552	See F20:F25	\$126,971	\$0	As per lendin
	Operating Reserve	\$30,361	0	#DIV/0!	\$0	1.5 times the
	Emergency Reserve	\$100,000	3	\$0	\$0	Critical equi
	Available for Capital Reserve	\$936,637	This is the total amount currently available for CIP. Trans It is the sum of what you already have in CIP and any exc			
<b>Median Household Income</b>	\$ 53,438		MHI Source	DOLA		

<b>Growth of Consumption over Base year</b>		Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor		0.0%	0.0%	0.0%	0.0%	0.0%
Community Growth Factor		6.0%	9.0%	12.0%	15.0%	18.0%
Total Consumption Adjustment		6.0%	9.0%	12.0%	15.0%	18.0%
<b>Receivable write off (% of Billing)</b>		0.00%	0.00%	0.00%	0.00%	0.00%
<b>Unit of Service</b>	1000 Gallons					
<b>Billing Cycles</b>		Currently	Proposed			
Billing Cycle	M	M				
Billings per year	12	12				
<b>Default Funding of Asset Replacements</b>						
Replacement Value From To		Cash	Grant	Loan		
	\$0 \$80,000	100%	0%	0%		
	\$80,001 \$15,000	50%	0%	50%		
	\$15,001 \$300,000	15%	10%	75%		
	\$300,001 \$1,000,000	15%	25%	60%		
	\$1,000,001 \$9,999,999	5%	25%	70%		
<b>Capitalization Threshold</b>	\$ 5,000	Any asset purchased below this value is not included in the CIP. It ass				

## Capital Improvement Plan

Quantity	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required
<b>Replacement of Existing Capital Assets</b>									
7,850	8" Clay Pipe	1975	96	5	869,396	15%	25%	60%	-27,496
25,788	Concrete Pipe	1983	90	15	3,563,615	5%	25%	70%	-6,777
14,972	PVC Pipe	2017	90	97	21,568,189	5%	25%	70%	7,028
			-			0%	0%	100%	0
58	Manholes (old town)	1975	12,000	30	1,640,856	5%	25%	70%	-194
38	Manholes (new development)	2016	12,000	30	1,075,044	5%	25%	70%	-127
			-			0%	0%	100%	0
	Wastewater Treatment Plant - Building	2005	299,400	5	0	100%	0%	0%	Not Cap.
	Wastewater Treatment Plant - Lab/Chlorine/RAS/W	2005	12,600	19	0	100%	0%	0%	Not Cap.
	Headgates	2013	74,760	12	0	100%	0%	0%	Not Cap.
	Wastewater Treatment Plant - Effluent Channel	2005	335,160	0	0	100%	0%	0%	0
	Wastewater Treatment Plant - Wasting Pond Liner	1975	105,960	30	0	100%	0%	0%	Not Cap.
	Wastewater Treatment Plant - Wastetrack Digester	1979	610,680	32	0	100%	0%	0%	Not Cap.
	Wastewater Treatment Plant - Clerifier	2005	45,960	15	0	100%	0%	0%	Not Cap.
	Wastewater Treatment Plant - Wasting Clarifier	1979	439,320	31	0	100%	0%	0%	Not Cap.
	Detention Pond Pump Station	1975	920,760	42	0	100%	0%	0%	Not Cap.
1	Lift Station Central Ave (Highway 6)	1990	347,040	40	1,088,916	5%	25%	70%	210
1	Augmentation Basin Monitoring Wells (3)	2000	60,000	22	112,535	15%	10%	75%	-237
1	Johnson Street Lift Station	2017	334,764	47	1,283,103	5%	25%	70%	374
<b>Subtotal Replacement of Existing Capital Assets</b>					31,201,654	5%	25%	70%	-27,219
Enter Existing Reserves for Replacement of Funded Project Assets									
Quantity	Asset	Year Acquired	Unit Cost (Current or Future)	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required
<b>Replacement of Funded Project Assets</b>									
1	WWTF Phase I: Recharge Ponds + Effluent Line Wig	2022	10,800,000	53	49,140,392	5%	25%	70%	40,602
<b>Subtotal Replacement of Funded Project Assets</b>					49,140,392	5%	25%	70%	40,602
Enter Existing Reserves for Replacement of Funded Project Assets									
Quantity	Asset	Year to be Purchased	Unit Cost (Current or Future)		Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Annual Reserve Required
<b>Reserves for Additional Capital Assets</b>									
1	Ford 150 (33% for sewer)	2025	66,000		23,730	15%	10%	75%	1,181
1	Ford 150 (33% for sewer)	2026	66,000		24,419	15%	10%	75%	909
1	Ford 150 (33% for sewer)	2027	66,000		25,127	15%	10%	75%	746
1	Back Hoe (50% for sewer)	2024	48,000		25,412	15%	10%	75%	1,901
1	Dump Truck (50% for sewer)	2024	60,000		31,765	15%	10%	75%	2,376
1	Vac (50% for sewer)	2024	120,000		63,530	15%	10%	75%	4,753
1	WWTF Phase II Forced Main, Line Replacement, W	2023	7,686,250		7,909,151	5%	25%	70%	395,458
1	WWTF Phase III WWTP + Misc Recharge Ponds	2024	10,157,500		10,755,177	5%	25%	70%	268,209
<b>Subtotal Reserves for Additional Capital Assets</b>					18,858,312	5%	25%	70%	675,533
Enter Existing Reserves for Additional Capital Assets									
<b>Total Capital Reserves</b>					99,200,359	5%	25%	70%	688,916

Budget

EXPENSES AND SOURCES OF FUNDS	2021	% Belonging to Sewer	2022	2023	2024	2025	2026
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>							
30-431-22 EQUIPMENT MTNCE & REPAIRS	20,000	100%	20,580	21,177	21,791	22,423	23,073
30-431-41 UTILITIES-ELECTRIC	11,000	100%	11,319	11,647	11,985	12,333	12,690
30-431-45 UTILITIES-GAS	400	100%	412	424	436	448	461
30-431-48 TRASH	900	100%	926	953	981	1,009	1,038
30-431-51 WWTP ENGINEERING & CONTINGENC	4,000	100%	4,116	4,235	4,358	4,485	4,615
30-431-59 ENGINEERING DESIGN	14,000	100%	14,406	14,824	15,254	15,696	16,151
30-431-62 FUEL	3,500	100%	3,602	3,706	3,813	3,924	4,038
30-431-75 VEHICLE REPAIRS	5,000	100%	5,145	5,294	5,448	5,606	5,768
30-432-00 LINE MAINTENANCE	12,000	100%	12,348	12,706	13,075	13,454	13,844
30-432-30 CONTRACT OPERATOR	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-432-39 COMPUTER SOFTWARE-GIS	1,300	100%	1,338	1,376	1,416	1,457	1,500
30-432-41 UTILITIES(ELECTRIC)	25,000	100%	25,725	26,471	27,239	28,029	28,841
30-432-42 TELEPHONE/INTERNET	800	100%	823	847	872	897	923
30-432-45 UTILITIES --GAS	100	100%	103	106	109	112	115
30-432-46 CELL PHONE	800	100%	823	847	872	897	923
30-432-50 PERMIT FEES	1,650	100%	1,698	1,747	1,798	1,850	1,904
30-432-51 ANALYTICAL/SAMPLING EXPENS	4,500	100%	4,631	4,765	4,903	5,045	5,191
30-432-52 INSURANCE AND BONDS	12,700	100%	13,068	13,447	13,837	14,239	14,651
30-432-53 SEWER CLEANING/VIDEO	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-432-55 GENERAL MAINT CENT LIFT ST	1,000	100%	1,029	1,059	1,090	1,121	1,154
30-432-56 GENERAL MAINT OF PLANT	2,500	100%	2,573	2,647	2,724	2,803	2,884
30-432-57 GENERAL MAINT JOHNSON LT S	2,000	100%	2,058	2,118	2,179	2,242	2,307
30-432-58 STORM WATER-LIFT STATION	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-432-59 ENGINEERING DESIGN	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-432-60 TREATMENT OPERATIONS	13,000	100%	13,377	13,765	14,164	14,575	14,998
30-432-61 OFFICE SUPPLIES	1,500	100%	1,544	1,588	1,634	1,682	1,730
30-432-99 OTHER MISCELLANEOUS EXPEN	1,000	100%	1,029	1,059	1,090	1,121	1,154
Line Replacement	331,730						
Engineering Design	20,000		50,000	500,000	25,000	25,000	25,000
Legal Fees	6,500		7,000	5,000	5,000	5,000	5,000
30-432-75 CAPITAL OUTLAY - LINES, 30-431	391,730						
<b>Total Operation and Maintenance Expenses:</b>	<b>930,610</b>		<b>242,889</b>	<b>696,280</b>	<b>226,827</b>	<b>232,535</b>	<b>238,408</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>							
Operating Reserve Funding			0	0	0	0	0
Emergency Reserve Funding			0	0	0	0	0
Debt Reserve Funding			126,971	20,683	20,683	20,683	20,683
Replacement of Existing Capital Assets			-27,219	-27,219	-27,219	-27,219	-27,219
Replacement of Funded Project Assets			40,602	40,602	40,602	40,602	40,602
Reserves for Additional Capital Assets			675,533	280,075	2,836	1,655	746
Debt Service			368,113	485,492	872,383	873,476	874,600
30-410-13 FINANCIAL AUDIT	4,000	100%	4,116	4,235	4,358	4,485	4,615
30-410-30 LEGAL SERVICE	6,500	100%	6,689	6,882	7,082	7,287	7,499
30-410-32 PROFESSIONAL SERVICES	15,000	100%	15,435	15,883	16,343	16,817	17,305
30-410-33 POSTAGE	2,000	100%	2,058	2,118	2,179	2,242	2,307
30-410-34 SEWER DEPOSIT REFUND	500	100%	515	529	545	561	577
30-410-35 COPIER LEASE	500	100%	515	529	545	561	577
30-410-40 TRAINING	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-410-67 OFFICE SUPPLIES	500	100%	515	529	545	561	577
30-410-68 COPIER EXPENSE	400	100%	412	424	436	448	461
30-411-14 EMPL SALARY'S-ADMINISTRATION	70,000	100%	72,030	74,119	76,268	78,480	80,756
30-411-15 ADMINISTRATION DEPT EMPLOYEES	6,000	100%	6,174	6,353	6,537	6,727	6,922
30-411-20 EMPLOYEE BENEFITS	10,000	100%	10,290	10,588	10,895	11,211	11,537
30-411-22 FICA & MEDICARE	5,000	100%	5,145	5,294	5,448	5,606	5,768
30-411-23 457 RETIREMENT	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-411-25 UNEMPLOYMENT INSURANCE	200	100%	206	212	218	224	231
30-411-26 WORKERS' COMPENSATION	150	100%	154	159	163	168	173
30-411-70 IT SUPPORT	250	100%	257	265	272	280	288
30-411-72 UTILITY SOFTWARE EXP	3,000	100%	3,087	3,177	3,269	3,363	3,461
30-430-11 SALARY-PW MAINTENANCE	3,300	100%	3,396	3,494	3,596	3,700	3,807
30-430-12 SALARY-PW MAINTENANCE	45,300	100%	46,614	47,965	49,356	50,788	52,261
30-430-13 EMPL SALARY-PW P/T SEASONAL	4,250	100%	4,373	4,500	4,631	4,765	4,903
30-430-20 EMPLOYEE BENEFITS	10,500	100%	10,805	11,118	11,440	11,772	12,113
30-430-22 FICA & MEDICARE	4,700	100%	4,836	4,977	5,121	5,269	5,422
30-430-23 457 RETIREMENT	1,400	100%	1,441	1,482	1,525	1,570	1,615
30-430-25 UNEMPLOYMENT	150	100%	154	159	163	168	173
30-430-26 WORKERS' COMPENSATION	8,000	100%	8,232	8,471	8,716	8,969	9,229
DOLA Contribution Match			400,000				
<b>Total General and Administrative Expenses:</b>	<b>207,600</b>		<b>1,797,620</b>	<b>1,019,449</b>	<b>1,135,475</b>	<b>1,141,947</b>	<b>1,148,912</b>
<b>TOTAL EXPENSES</b>	<b>1,138,210</b>		<b>2,040,509</b>	<b>1,715,728</b>	<b>1,362,302</b>	<b>1,374,482</b>	<b>1,387,320</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>							
30-34000 Sales Revenue (Base + Usage)	220,000		397,103	481,623	584,067	708,223	858,679
New connections		100%	0	0	0	0	0
Interest income	50	100%	51	53	54	56	58
30-33420 DOLA EIF G,		100%	800,000	0	0	0	0
DOLA WWTP Grant		100%	400,000	0	0	0	0
American Rescue Grant		100%	73,580	0	0	0	0
<b>TAP FEES</b>	<b>448,580</b>		<b>320,000</b>	<b>320,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
Transfer from Sales Tax Fund Debt Reserve R	85,000		\$ 265,720				
<b>TOTAL REVENUE</b>	<b>753,630</b>		<b>2,256,455</b>	<b>801,676</b>	<b>744,121</b>	<b>868,279</b>	<b>1,018,736</b>
<b>NET LOSS OR GAIN:</b>	<b>-384,580</b>		<b>215,946</b>	<b>-914,053</b>	<b>-618,181</b>	<b>-506,203</b>	<b>-368,584</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>-384,580</b>		<b>1,031,833</b>	<b>-599,911</b>	<b>-581,279</b>	<b>-470,482</b>	<b>-333,771</b>

**Scenario 1: Existing Rates with Capital Improvement Reserves**

This scenario adds the expenses of Capital Improvements into the known future.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tier			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tier			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
	Base	0.625	\$30.00	\$30.00	\$30.00		
		0.750	\$30.00	\$30.00	\$30.00		
		1.000	\$30.00	\$30.00	\$30.00		
		1.500	\$30.00	\$30.00	\$30.00		
		2.000	\$30.00	\$30.00	\$30.00		
	Tier Break	1	0	0			
(All yellow cells in this		2	1,000	1,000			
Tier Break table must		3	10,000	10,000			
contain data.)		4	9,999,999	9,999,999			
		8	99,999,999	99,999,999	99,999,999	99,999,999	99,999,999
	Usage Rate per 1000 Gallons	1	\$0.00	\$1.70	\$1.80		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		0.00%	0.00%	0.00%	0.00%	
	Usage		0.00%	0.00%	0.00%	0.00%	
<b>Results of the new rates</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES		\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
TOTAL REVENUE		\$2,132,095	\$593,526	\$434,257	\$434,988	\$435,720	\$4,030,585
NET LOSS OR GAIN: (Short/Over to Reserves)		\$91,586	-\$1,122,203	-\$928,045	-\$939,493	-\$951,601	-\$3,849,756
NET CASH FLOW (Contribution to Reserves)		\$907,473	-\$808,061	-\$891,143	-\$903,772	-\$916,788	-\$2,612,292

Here it can be seen that with the current rates and planning for the future the water system alone will be over \$3.85M in deficit.

**Scenario 2.1:** In this scenario to goal is to show what it would take with a onetime rise in rates to balance the budget over the next five years.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tier			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tier			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$123.50		\$123.50			
	0.750	\$123.50		\$123.50			
	1.000	\$123.50		\$123.50			
	1.500	\$123.50		\$123.50			
	2.000	\$123.50		\$123.50			
Tier Break	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
(All yellow cells in this Tier Break table must contain data.)	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$0.00		\$1.70	\$1.80		
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base Usage		0.00%	0.00%	0.00%	0.00%	
Results of the new rates		2022	2023	2024	2025	2026	5 Years
	TOTAL EXPENSES	\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
	TOTAL REVENUE	\$2,901,787	\$1,363,218	\$1,203,949	\$1,204,680	\$1,205,412	\$7,879,045
	NET LOSS OR GAIN: (Short/Over to Reserves)	\$861,278	-\$352,511	-\$158,353	-\$169,801	-\$181,909	-\$1,296
	NET CASH FLOW (Contribution to Reserves)	\$1,677,165	-\$38,369	-\$121,451	-\$134,080	-\$147,096	\$1,236,168

**Scenario 2.2** If the increases to the commercial customers usage are increased and the residential customers are also charge this usage there is an extra revenue of \$654,405

Or the rate could come down to \$107.5/month and balance the budget.

**Scenario 3: Usage Tiers changed, 3% annual increase in the rates to less the initial rate increase.**

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tier			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tier			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$100.25		\$100.25			
	0.750	\$100.25		\$100.25			
	1.000	\$100.25		\$100.25			
	1.500	\$100.25		\$100.25			
	2.000	\$100.25		\$100.25			
Tier Break (All yellow cells in this Tier Break table must contain data.)	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$1.80		\$1.80			
Growth Factor of Rates		Year 2	Year 3	Year 4	Year 5		
	Base Usage	3.00%	3.00%	3.00%	3.00%		
Results of the new rates		2022	2023	2024	2025	2026	5 Years
	TOTAL EXPENSES	\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
	TOTAL REVENUE	\$2,834,753	\$1,329,093	\$1,203,874	\$1,239,833	\$1,277,011	\$7,884,564
	NET LOSS OR GAIN: (Short/Over to Reserves)	\$794,244	-\$386,636	-\$158,428	-\$134,648	-\$110,309	\$4,222
	NET CASH FLOW (Contribution to Reserves)	\$1,610,131	-\$72,494	-\$121,526	-\$98,927	-\$75,497	\$1,241,686
	Affordability assuming MHI of \$53438 for residential meters.	2.62%	2.71%	2.80%	2.90%	3.00%	

With the usage tiers costs increases and including a 3% increase on both monthly rates and those newly established tiers.

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	100.25	103.26	106.36	109.55	112.83
Usage Rate	\$1.8	\$1.85	\$1.91	\$1.97	\$2.03



**Scenario 4:** Usage Tiers changed, 5% annual increase in the rates to less the initial rate increase.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tiers			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tiers			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$95.50		\$95.50			
	0.750	\$95.50		\$95.50			
	1.000	\$95.50		\$95.50			
	1.500	\$95.50		\$95.50			
	2.000	\$95.50		\$95.50			
Tier Break	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
(All yellow cells in this Tier Break table must contain data.)							
Usage Rate per 1000 Gallons	1	\$1.80		\$1.80			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		5.00%	5.00%	5.00%	5.00%	
	Usage		5.00%	5.00%	5.00%	5.00%	
<b>Results of the new rates</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES		\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
TOTAL REVENUE		\$2,795,651	\$1,307,629	\$1,201,694	\$1,258,697	\$1,318,795	\$7,882,466
NET LOSS OR GAIN: (Short/Over to Reserves)		\$755,142	-\$408,100	-\$160,608	-\$115,785	-\$68,525	\$2,125
NET CASH FLOW (Contribution to Reserves)		\$1,571,029	-\$93,958	-\$123,706	-\$80,064	-\$33,712	\$1,239,589
Affordability assuming MHI of \$53438 for residential meters.		2.51%	2.65%	2.79%	2.95%	3.11%	

The base rate will need to initially increase to \$95.50/month to balance the budget over five years and follow the increases shown below at 5% each year.

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	95.50	100.28	105.29	110.55	116.08
Usage Rate	1.8	1.89	1.98	2.08	2.19

**Scenario 5:** Base Rate at \$40.00, Usage Tiers changed to \$2.00/1000gal, 5% annual increase in the rates which leaves a \$2.4M deficit.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tiers			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tiers			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$40.00		\$40.00			
	0.750	\$40.00		\$40.00			
	1.000	\$40.00		\$40.00			
	1.500	\$40.00		\$40.00			
	2.000	\$40.00		\$40.00			
Tier Break	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$2.00		\$2.00			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		5.00%	5.00%	5.00%	5.00%	
	Usage		5.00%	5.00%	5.00%	5.00%	
<b>Results of the new rates</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES		\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
TOTAL REVENUE		\$2,355,457	\$845,921	\$717,422	\$750,758	\$786,033	\$5,455,592
NET LOSS OR GAIN: (Short/Over to Reserves)		\$314,949	-\$869,807	-\$644,880	-\$623,724	-\$601,287	-\$2,424,750
NET CASH FLOW (Contribution to Reserves)		\$1,130,836	-\$555,666	-\$607,978	-\$588,003	-\$566,475	-\$1,187,286
Affordability assuming MHI of \$53438 for residential meters.		1.31%	1.39%	1.47%	1.55%	1.65%	
Are you putting enough money in reserves?		Yes	No	No	No	No	
Positive Annual Cash Flow?		Yes	No	No	No	No	

**Scenario 6:** Base Rate at \$45.00, Usage Tiers changed to \$2.00/1000gal, 5% annual increase in the rates which leaves a \$2.2M deficit.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tier			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tier			
		Rate Schedules					
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$45.00		\$45.00			
	0.750	\$45.00		\$45.00			
	1.000	\$45.00		\$45.00			
	1.500	\$45.00		\$45.00			
	2.000	\$45.00		\$45.00			
Tier Break	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$2.00		\$2.00			
Growth Factor of Rates			Year 2	Year 3	Year 4	Year 5	
	Base		5.00%	5.00%	5.00%	5.00%	
	Usage		5.00%	5.00%	5.00%	5.00%	
<b>Results of the new rates</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES		\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
TOTAL REVENUE		\$2,396,617	\$889,139	\$762,801	\$798,405	\$836,063	\$5,683,027
NET LOSS OR GAIN: (Short/Over to Reserves)		\$356,109	-\$826,589	-\$599,501	-\$576,076	-\$551,257	-\$2,197,315
NET CASH FLOW (Contribution to Reserves)		\$1,171,996	-\$512,448	-\$562,599	-\$540,355	-\$516,444	-\$959,851
Affordability assuming MHI of \$53438 for residential meters.		1.42%	1.50%	1.59%	1.68%	1.78%	
Are you putting enough money in reserves?		Yes	No	No	No	No	
Positive Annual Cash Flow?		Yes	No	No	No	No	

2022	2023	2024	2025	2026
\$45.00	\$47.25	\$49.61	\$52.09	\$54.70



**Scenario 7:** Base Rate doubles to \$60.00, Usage Tiers changed to \$2.00/1000gal, 5% Annual increase in the rates which leaves a \$1.5M deficit.

Here we are focusing on the “Affordability” because the metric used by USDA RD to determine grant eligibility is anything above 2%. Scenarios 2, 3, & 4 are above this threshold.

Proposed Customer Classes	Name of Class	Rate Structure	Schedule				
1	Residential	Tiered Block	A	Go to row 69 and enter the Tiers			
3	Commercial	Tiered Block	C	Go to row 69 and enter the Tiers			
Rate Schedules							
Tiered Block	Meter Size	A	B	C	D	E	F
Base	0.625	\$60.00		\$60.00			
	0.750	\$60.00		\$60.00			
	1.000	\$60.00		\$60.00			
	1.500	\$60.00		\$60.00			
	2.000	\$60.00		\$60.00			
Tier Break	1	0		0			
	2	1,000		1,000			
	3	10,000		10,000			
	4	9,999,999		9,999,999			
	8	99,999,999		99,999,999	99,999,999	99,999,999	99,999,999
Usage Rate per 1000 Gallons	1	\$2.00		\$2.00			
Growth Factor of Rates		Year 2	Year 3	Year 4	Year 5		
	Base Usage	5.00%	5.00%	5.00%	5.00%		
<b>Results of the new rates</b>		<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>5 Years</b>
TOTAL EXPENSES		\$2,040,509	\$1,715,728	\$1,362,302	\$1,374,482	\$1,387,320	\$7,880,341
TOTAL REVENUE		\$2,520,097	\$1,018,793	\$898,937	\$941,349	\$986,154	\$6,365,331
NET LOSS OR GAIN: (Short/Over to Reserves)		\$479,589	-\$696,935	-\$463,365	-\$433,133	-\$401,166	-\$1,515,010
NET CASH FLOW (Contribution to Reserves)		\$1,295,476	-\$382,794	-\$426,463	-\$397,411	-\$366,354	-\$277,546
Affordability assuming MHI of \$53438 for residential meters.		1.76%	1.86%	1.96%	2.07%	2.19%	
Are you putting enough money in reserves?		Yes	No	No	No	No	
Positive Annual Cash Flow?		Yes	No	No	No	No	