

CITY OF Marquette

Utility Rate Study Update

May 11, 2020



Utility Financial Planning

Purpose:

To determine the level of rate revenues necessary to ensure financially sustainable water, wastewater and stormwater utilities.

Process:

1. Forecast Revenue Under Existing Rates
2. Forecast Operating Expenditures
3. Forecast Capital Expenditures
4. Identify Adjustments to Revenue to Meet Financial Objectives:
 - a) 90 Days (25%) of O&M and Debt Service in Reserves
 - b) Debt Service Coverage of 1.25x annual debt service
 - c) Begin Cash Funding Some Projects



Financial Plan Key Drivers

Revenues

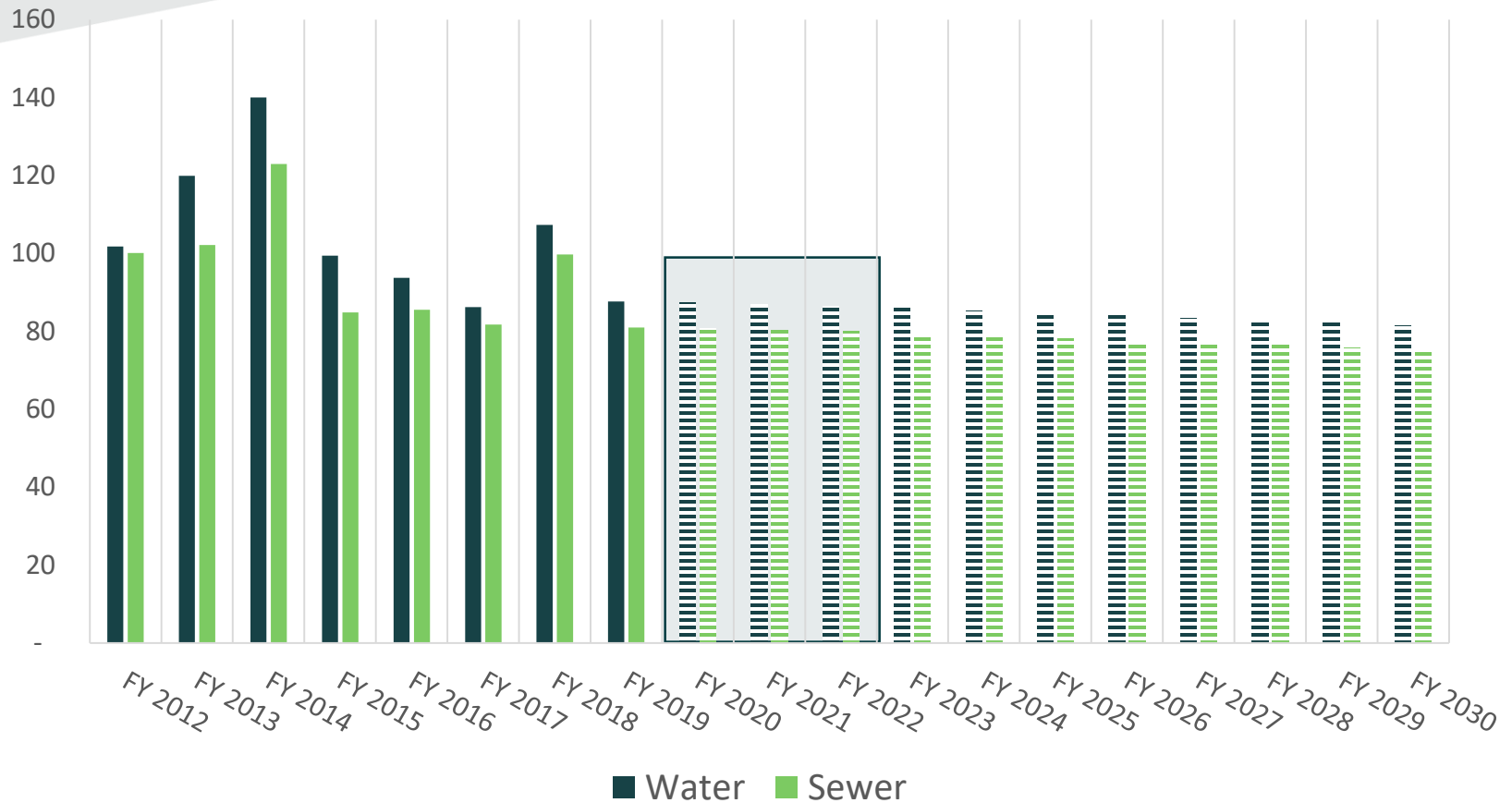
- No rate increase in FY 2021
- Potential reductions in sales:
 - › Commercial
 - › NMU
 - › Township
- 1% decline in usage per account over forecast period
- Collection challenges

Expenses

- FY 20 Budget + Inflation
- DWRF/SRF Loans for W & S Projects beginning in FY 2021
- 10 Year GO Bonds for Storm
- Build-up cash financing of CIP
- Increase in WWTP costs beginning in FY 2022:
 - › Solids Handling
 - › 50% Tipping Fees
 - › No Principal Forgiveness



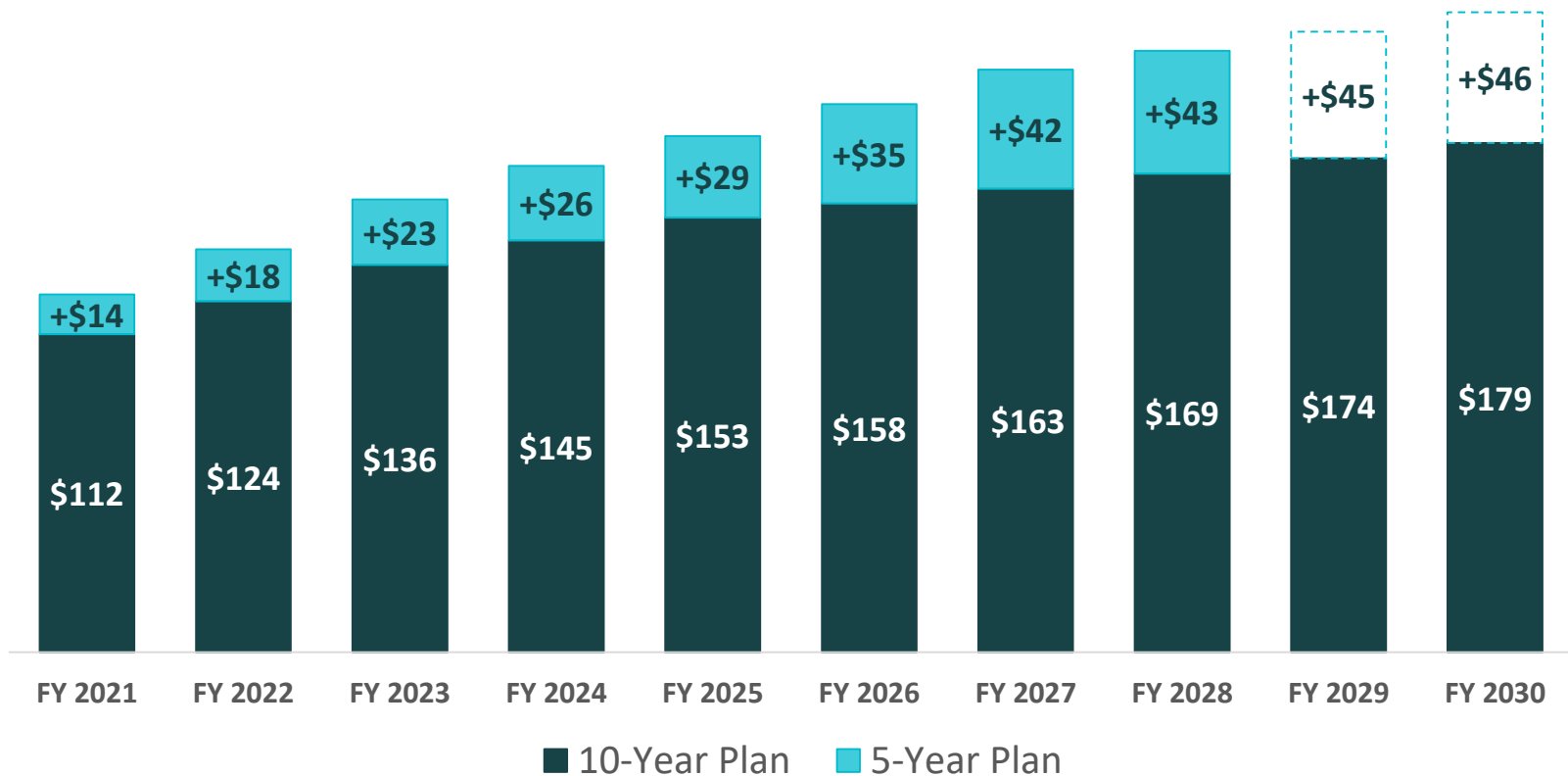
Water and Sewer Usage per Account (1,000 Gallons)



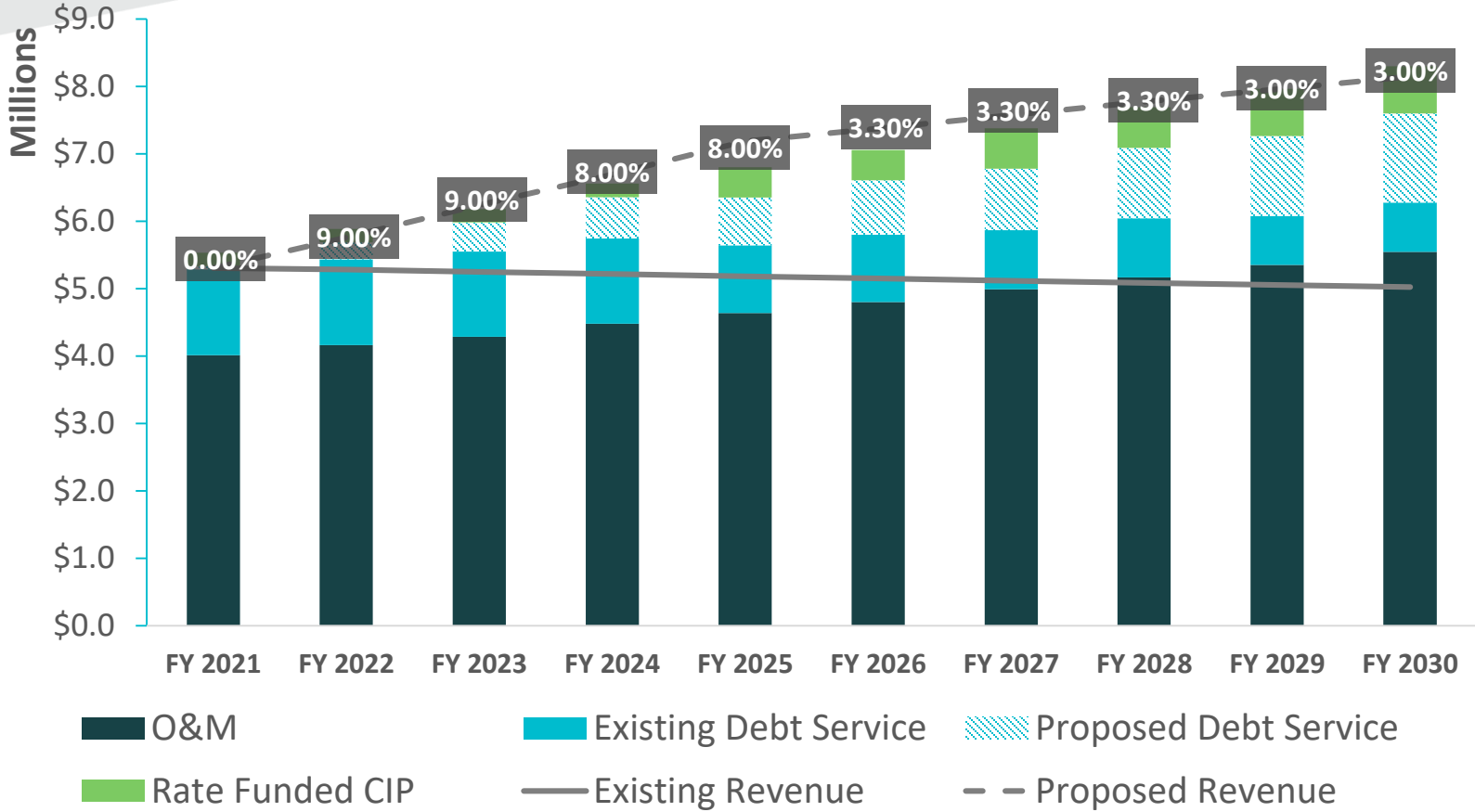
Fiscal Year	Water		Sewer		Stormwater	
	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year
FY 2021	12.25%	0.00%	11.50%	0.00%	15.25%	0.00%
FY 2022	12.25%	9.00%	11.50%	9.50%	15.25%	15.25%
FY 2023	12.25%	9.00%	11.00%	9.50%	15.25%	15.25%
FY 2024	9.50%	8.00%	5.25%	4.50%	8.50%	15.25%
FY 2025	9.50%	8.00%	3.00%	3.00%	8.50%	15.25%
FY 2026	9.50%	3.30%	3.00%	3.00%	8.25%	5.50%
FY 2027	9.50%	3.30%	3.00%	3.00%	8.25%	5.50%
FY 2028	3.30%	3.30%	3.00%	3.00%	5.25%	5.25%
FY 2029	3.00%	3.00%	3.00%	3.00%	5.25%	5.25%
FY 2030	3.00%	3.00%	3.00%	3.00%	5.25%	5.25%



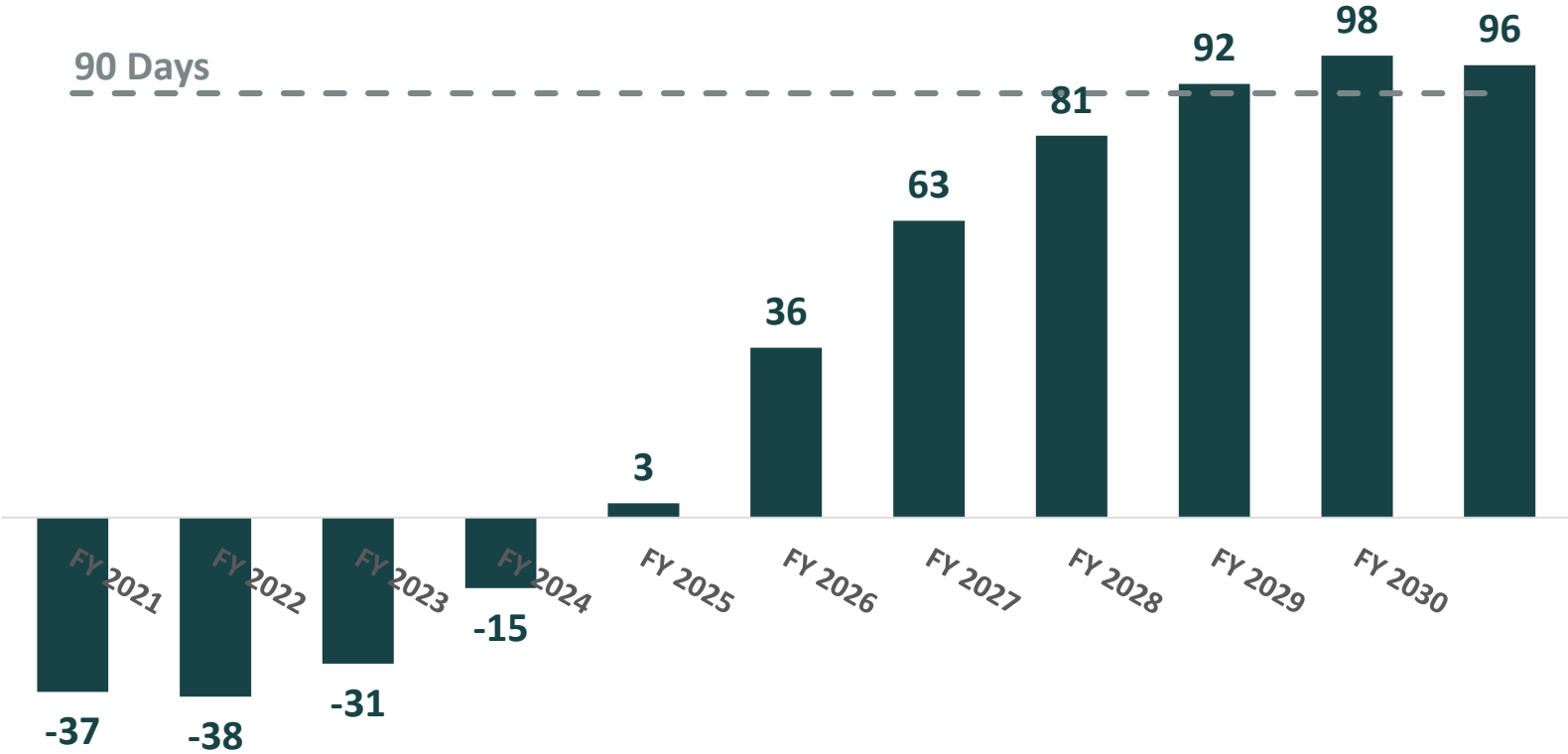
Average Bill Projection 4,000 Gallons, 5/8" Meter, 1/5 acre



Water Financial Plan



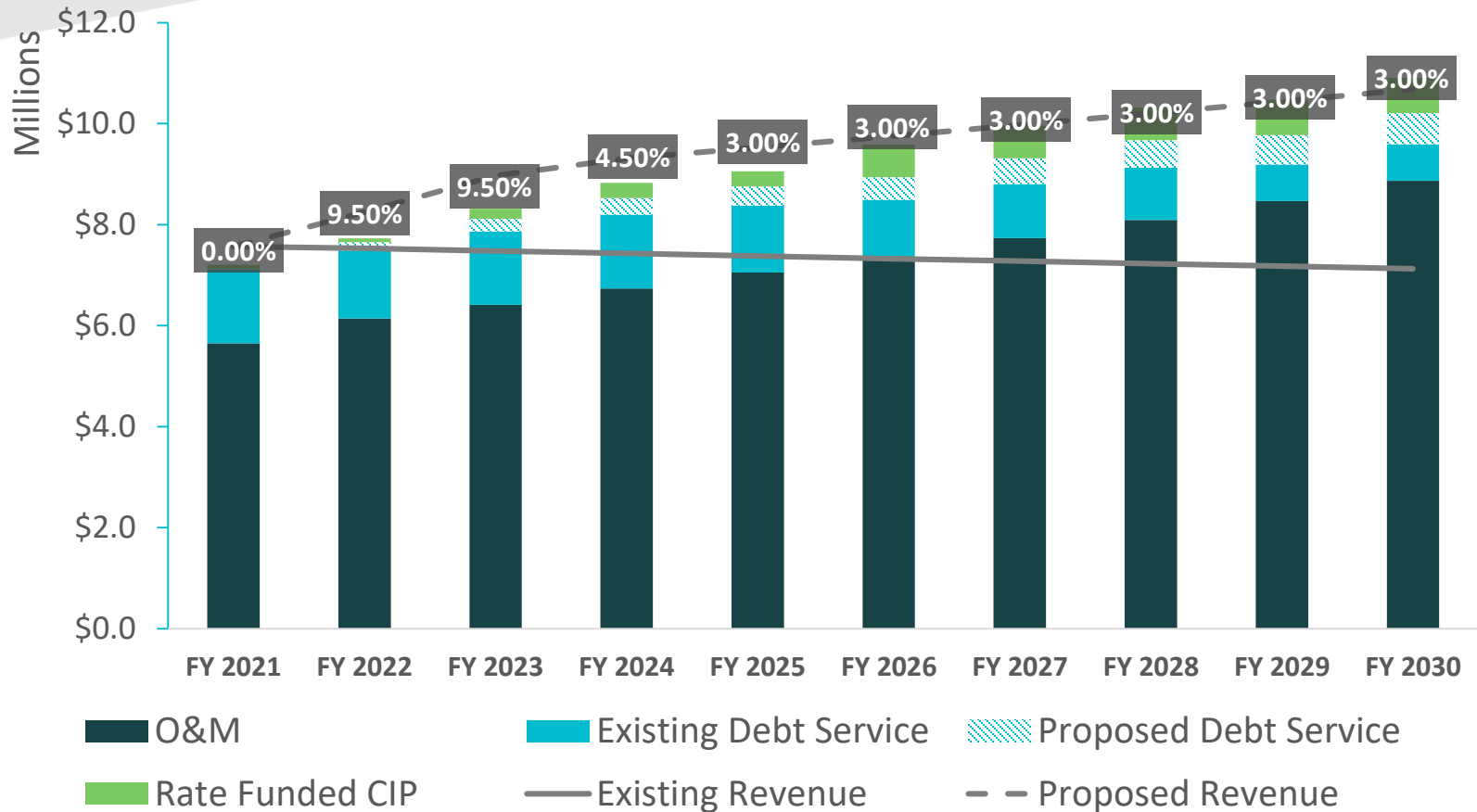
Water Financial Performance



Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Charge (per Month)										
5/8	\$ 8.93	\$10.31	\$11.89	\$12.84	\$13.87	\$14.32	\$14.80	\$15.28	\$15.74	\$16.21
3/4	8.93	10.31	11.89	12.84	13.87	14.32	14.80	15.28	15.74	16.21
1	16.68	19.26	22.20	23.98	25.90	26.75	27.64	28.55	29.40	30.29
1 1/2	16.68	19.26	22.20	23.98	25.90	26.75	27.64	28.55	29.40	30.29
2	46.13	53.26	61.41	66.32	71.62	73.99	76.43	78.95	81.32	83.76
3	80.23	92.63	106.80	115.34	124.57	128.68	132.93	137.31	141.43	145.67
4	118.98	137.36	158.38	171.05	184.73	190.83	197.13	203.63	209.74	216.03
6	235.23	271.57	313.12	338.17	365.23	377.28	389.73	402.59	414.67	427.11
8	312.73	361.05	416.29	449.59	485.56	501.58	518.13	535.23	551.29	567.83
10	521.99	602.64	694.84	750.43	810.46	837.21	864.84	893.38	920.18	947.78
% Δ	0.0%	15.5%	15.3%	8.0%	8.0%	3.3%	3.3%	3.3%	3.0%	3.0%
Water Charge (Per 1,000 Gallons)										
<i>Tax Exempt</i>	\$ 8.10	\$ 8.73	\$ 9.39	\$10.14	\$10.96	\$11.32	\$11.69	\$12.08	\$12.44	\$12.81
<i>Commercial/Ind</i>	8.10	8.73	9.39	10.14	10.96	11.32	11.69	12.08	12.44	12.81
<i>Public Authority</i>	8.10	8.73	9.39	10.14	10.96	11.32	11.69	12.08	12.44	12.81
<i>Tax Exempt</i>	8.90	9.59	10.32	11.15	12.04	12.44	12.85	13.27	13.67	14.08
<i>City Departments</i>	8.10	8.73	9.39	10.14	10.96	11.32	11.69	12.08	12.44	12.81
% Δ	0.0%	7.7%	7.7%	8.0%	8.0%	3.3%	3.3%	3.3%	3.0%	3.0%



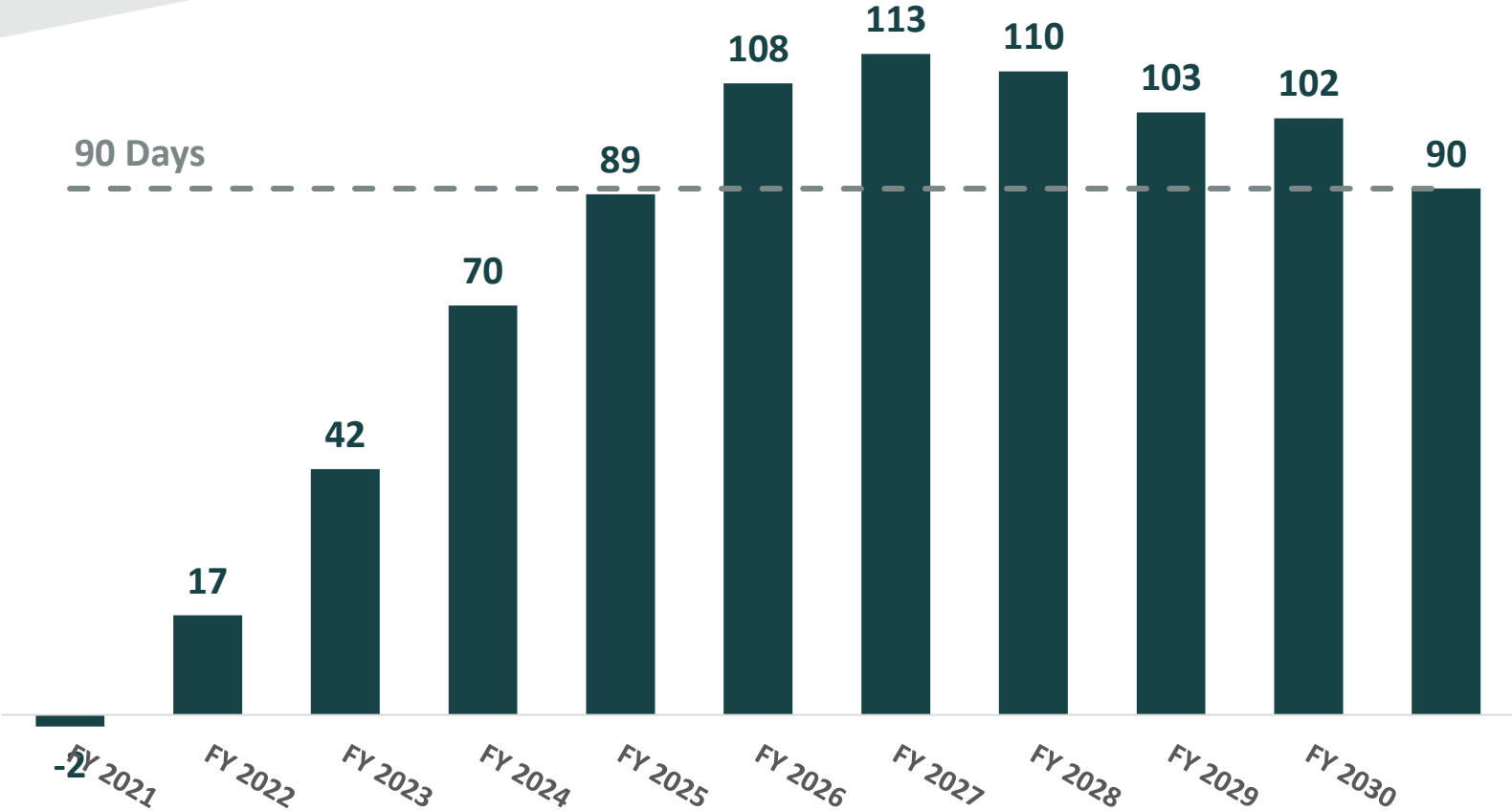
Sewer Financial Plan



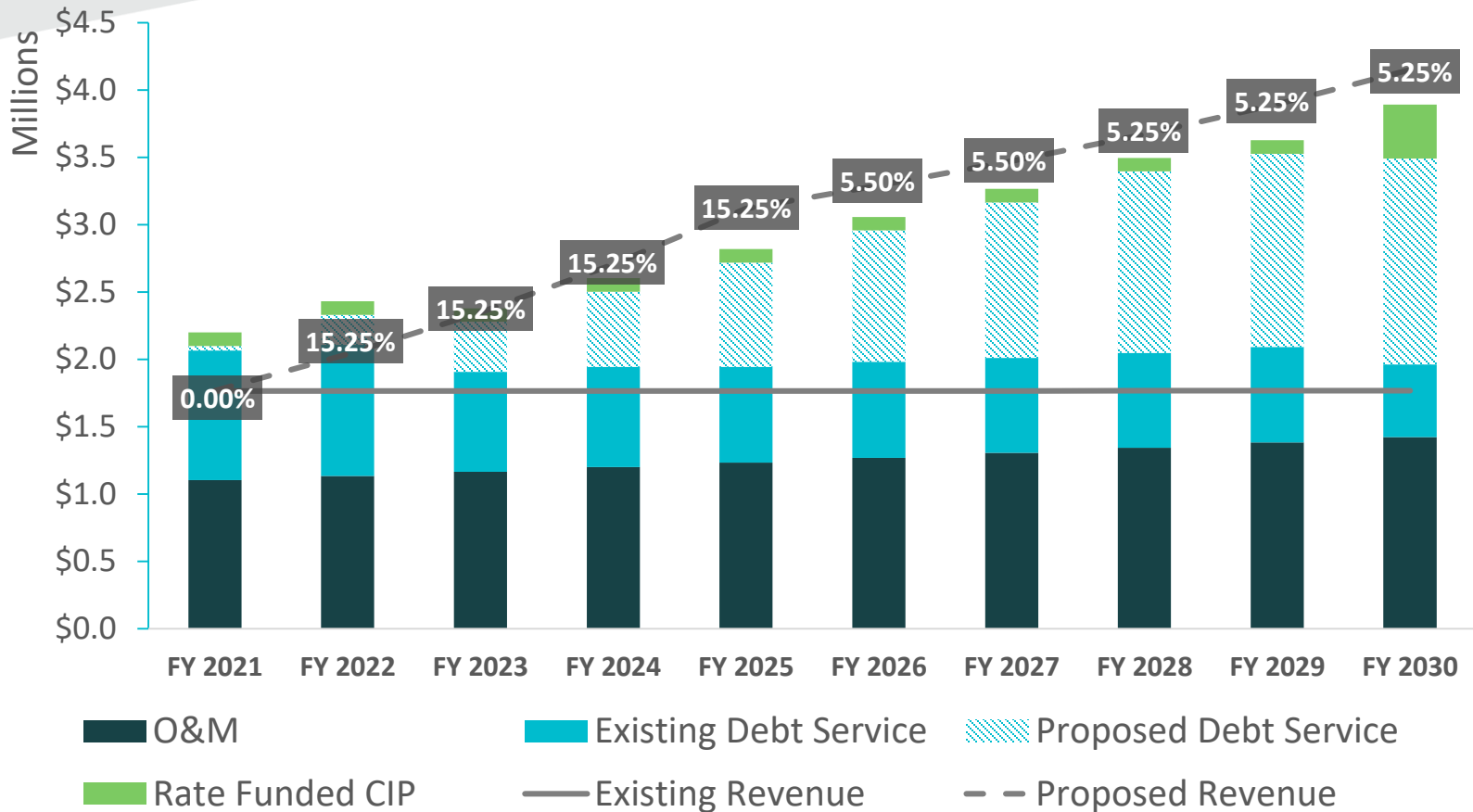
Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Charge (per Month)										
5/8	\$ 9.23	\$ 11.65	\$ 14.63	\$ 15.29	\$ 15.75	\$ 16.22	\$ 16.70	\$ 17.21	\$ 17.72	\$ 18.25
3/4	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
1	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
1 1/2	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
2	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
3	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
4	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
6	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
8	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
10	9.23	11.65	14.63	15.29	15.75	16.22	16.70	17.21	17.72	18.25
% Δ	0.0%	26.3%	25.5%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sewer Charge Per 1,000 Gallons										
<i>General</i>	\$ 14.00	\$ 15.10	\$ 16.26	\$ 16.99	\$ 17.50	\$ 18.03	\$ 18.57	\$ 19.12	\$ 19.70	\$ 20.29
<i>Commercial/Ind</i>	14.00	15.10	16.26	16.99	17.50	18.03	18.57	19.12	19.70	20.29
<i>Public Authority</i>	14.00	15.10	16.26	16.99	17.50	18.03	18.57	19.12	19.70	20.29
<i>Tax Exempt</i>	14.00	15.10	16.26	16.99	17.50	18.03	18.57	19.12	19.70	20.29
<i>City Department</i>	14.00	15.10	16.26	16.99	17.50	18.03	18.57	19.12	19.70	20.29
% Δ	0.0%	7.9%	7.7%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%



Sewer Financial Performance



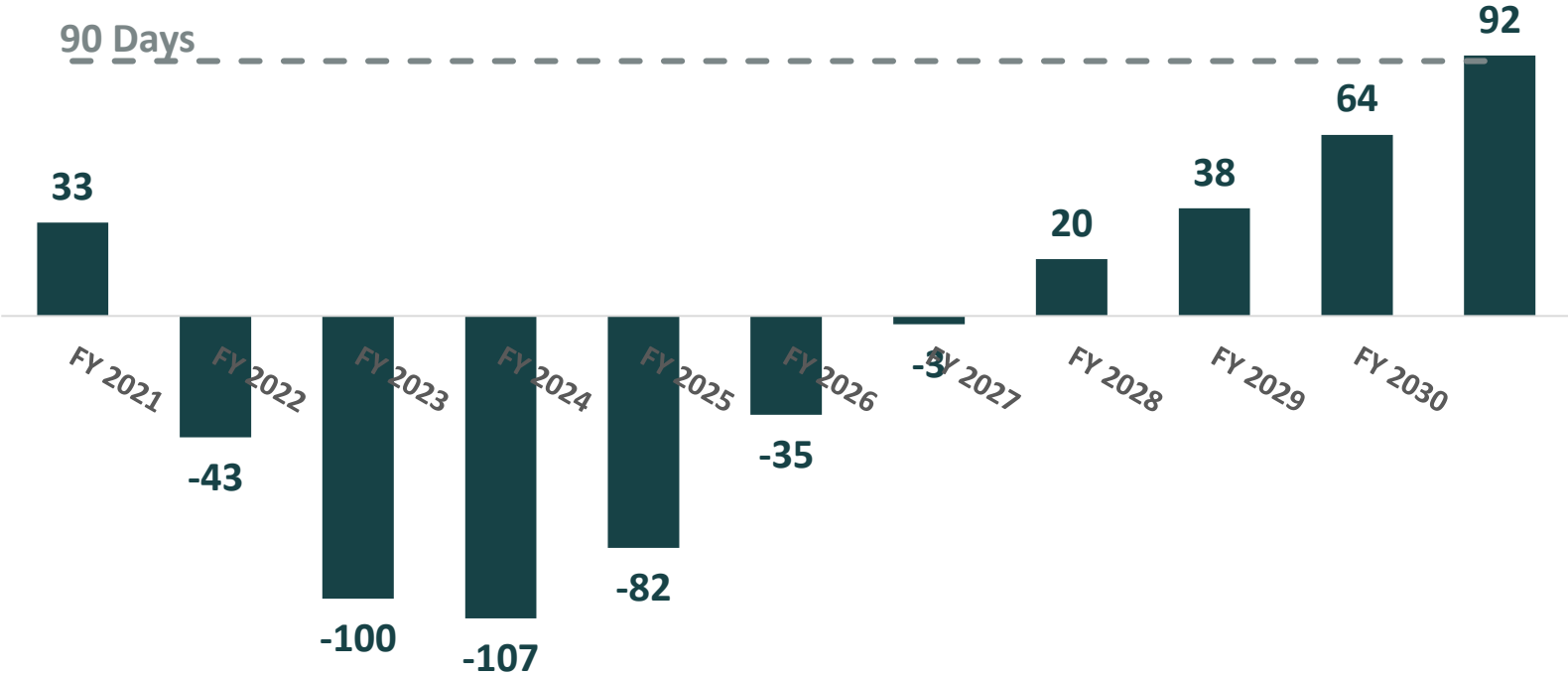
Stormwater Financial Plan



Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Residential (per Month)										
<i>1/5 acre or less</i>	\$ 5.51	\$ 6.35	\$ 7.32	\$ 8.43	\$ 9.72	\$ 10.26	\$ 10.82	\$ 11.39	\$ 11.99	\$ 12.61
<i>1/5 to 1 acre</i>	9.36	10.79	12.43	14.33	16.51	17.42	18.38	19.34	20.36	21.43
<i>1 - 2 acres</i>	14.88	17.15	19.76	22.78	26.25	27.70	29.22	30.75	32.37	34.07
<i>2 - 6 acres</i>	28.36	32.68	37.67	43.41	50.03	52.79	55.69	58.61	61.69	64.93
% Δ	0.0%	15.3%	15.3%	15.3%	15.3%	5.5%	5.5%	5.3%	5.3%	5.3%
Non-Residential (Per EHA/Mo)										
	\$ 108.92	\$ 125.53	\$ 144.67	\$ 166.74	\$ 192.16	\$ 202.73	\$ 213.88	\$ 225.11	\$ 236.93	\$ 249.37
% Δ	0.0%	15.3%	15.3%	15.3%	15.3%	5.5%	5.5%	5.3%	5.3%	5.3%



Stormwater Financial Performance





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Thank you!

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