



Wastewater Rate Study

Del Norte CSA-1

ROBERT D. NIEHAUS, INC.

APRIL 25, 2023

Current Rates

Customer Class	Customer Count	Rate	Revenue
Connections	3,347	\$72.00	\$240,984

Operating Budget

Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$240,984	\$240,984	\$240,984	\$240,984	\$240,984	\$240,984
O&M Expense	\$237,381	\$251,778	\$263,727	\$275,153	\$286,409	\$296,513
Inflation		6.1%	4.7%	4.3%	4.1%	3.5%
Net Income (Deficit)		(\$10,794)	(\$22,743)	(\$34,169)	(\$45,425)	(\$55,529)
		FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
		\$240,984	\$240,984	\$240,984	\$240,984	\$240,984
		\$306,990	\$317,857	\$329,126	\$340,811	\$352,930
		3.5%	3.5%	3.5%	3.6%	3.6%
		(\$66,006)	(\$76,873)	(\$88,142)	(\$99,827)	(\$111,946)

Financial Plan Options

Option 1

- Adequately funds O&M
- Builds Reserve Balance of ~ \$550,000
- No additional CIP funding
 - Condition assessment of the collection system
 - Begin plan development for needed repairs

Option 2

- Adequately funds O&M
- Builds Reserve Balance of ~ \$550,000
- Provides \$250,000 per year in CIP funding
 - Condition assessment of the collection system
 - Begin plan development for needed repairs
 - Install generators at all lift stations
 - Repair known deficiencies in the system

Other Financial – Option 1

No Planned Rate-funded Capital Projects

No Debt Service Payments

Reserve Policy – No Formal Policy

Most recent available cash balance ~ \$143K

Recommendations:

Operating Reserve ~ 6 months operating expenses - \$150k

CIP Reserve ~ annual contribution of 50% Depreciation expense - \$80k

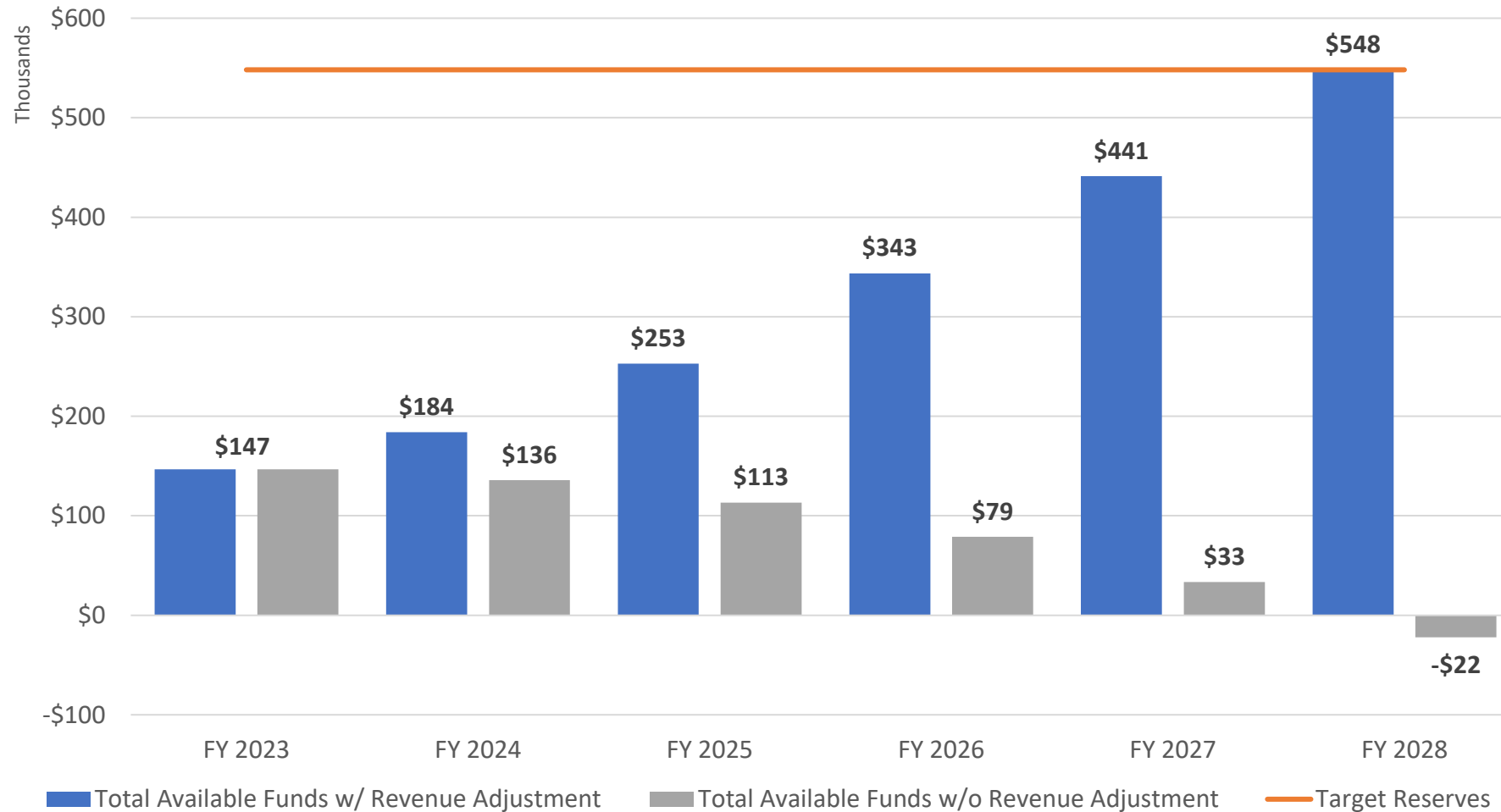
FY 2028 Reserve Target = \$548,257

Status Quo Proforma – Option 1

Revenue Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rate Month Implemented	July	July	July	July	July	July
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 143,000	\$ 146,603	\$ 135,809	\$ 113,066	\$ 78,896	\$ 33,471
Revenues						
Rate Revenue	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984
Operating Expenses						
Operating Expenses	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Current Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating and Debt Service	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Net Revenues	\$ 3,603	\$ (10,794)	\$ (22,743)	\$ (34,169)	\$ (45,425)	\$ (55,529)
Capital Expenditure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 324,708	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 3,603	\$ (10,794)	\$ (22,743)	\$ (34,169)	\$ (45,425)	\$ (55,529)
Ending Balance	\$ 146,603	\$ 135,809	\$ 113,066	\$ 78,896	\$ 33,471	\$ (22,059)
Cash as Percent of Operations	61%	56%	47%	33%	14%	-9%

Financial Plan – Option 1

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Recommended Adjustment	20.0%	15.0%	10.0%	5.0%	5.0%
Cumulative Adjustment	120%	138%	152%	159%	167%



Proposed proforma – Option 1

Revenue Adjustment		20.0%	15.0%	10.0%	5.0%	5.0%
Rate Month Implemented		July	July	July	July	July
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 143,000	\$ 146,603	\$ 184,006	\$ 252,836	\$ 343,497	\$ 441,192
Revenues						
Rate Revenue	\$ 240,984	\$ 289,181	\$ 332,558	\$ 365,814	\$ 384,104	\$ 403,310
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 240,984	\$ 289,181	\$ 332,558	\$ 365,814	\$ 384,104	\$ 403,310
Operating Expenses	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Current Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating and Debt Service	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Net Revenues	\$ 3,603	\$ 37,403	\$ 68,831	\$ 90,661	\$ 97,695	\$ 106,796
Capital Expenditure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 324,708	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 3,603	\$ 37,403	\$ 68,831	\$ 90,661	\$ 97,695	\$ 106,796
Ending Balance	\$ 146,603	\$ 184,006	\$ 252,836	\$ 343,497	\$ 441,192	\$ 547,988
Cash as Percent of Operations	61%	64%	76%	94%	115%	136%

Proposed Annual Rates – Option 1

Customer Class	Current	Proposed Fixed Charge				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
per Connection	\$72.00	\$86.40	\$99.36	\$109.30	\$114.76	\$120.50
Annual Increase		\$14.40	\$12.96	\$9.94	\$5.46	\$5.74
Monthly Increase		\$1.20	\$1.08	\$0.83	\$0.46	\$0.48

Other Financial – Option 2

Planned Rate-funded Capital Projects

FY 2024 – FY 2028 ~ \$250,000 Rate-funded Capital Projects per Year

No Debt Service Payments

Reserve Policy – No Formal Policy

Most recent available cash balance ~ \$143K

Recommendations:

Operating Reserve ~ 6 months operating expenses - \$150k

CIP Reserve ~ annual contribution of 50% Depreciation expense - \$80k

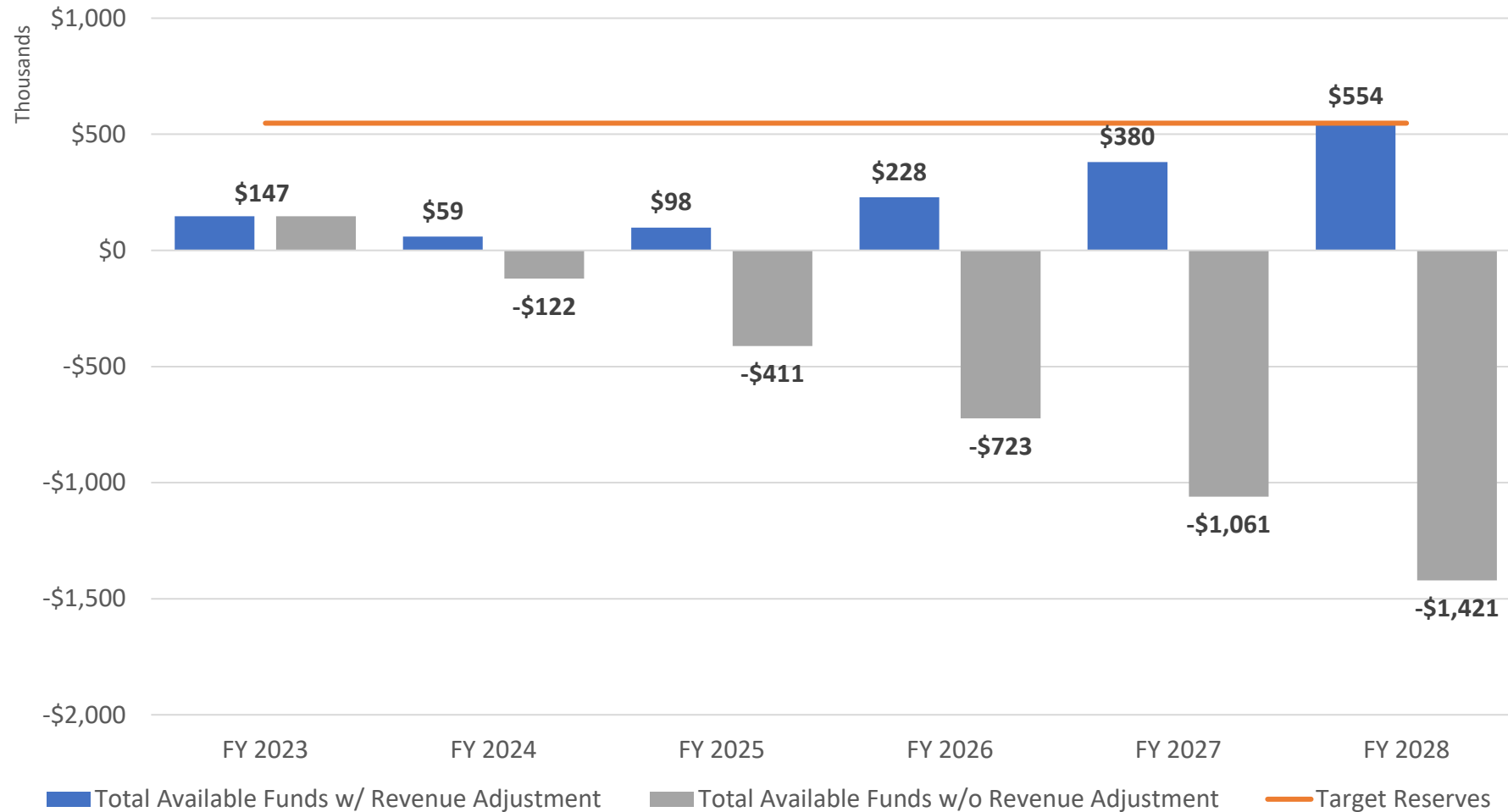
FY 2028 Reserve Target = \$548,257

Status Quo Proforma – Option 2

Revenue Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rate Month Implemented	July	July	July	July	July	July
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 143,000	\$ 146,603	\$ (121,591)	\$ (411,468)	\$ (723,078)	\$ (1,061,081)
Revenues						
Rate Revenue	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984	\$ 240,984
Operating Expenses						
Operating Expenses	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Current Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating and Debt Service	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Net Revenues	\$ 3,603	\$ (10,794)	\$ (22,743)	\$ (34,169)	\$ (45,425)	\$ (55,529)
Capital Expenditure						
Capital Expenditure	\$ -	\$ 257,400	\$ 267,134	\$ 277,441	\$ 292,577	\$ 304,749
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 324,708	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ 257,400	\$ 267,134	\$ 277,441	\$ 292,577	\$ 304,749
Net Income	\$ 3,603	\$ (268,194)	\$ (289,877)	\$ (311,610)	\$ (338,003)	\$ (360,278)
Ending Balance	\$ 146,603	\$ (121,591)	\$ (411,468)	\$ (723,078)	\$ (1,061,081)	\$ (1,421,359)
Cash as Percent of Operations	61%	-50%	-171%	-300%	-440%	-590%

Financial Plan – Option 2

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Recommended Adjustment	75.0%	35.0%	20.0%	7.0%	6.0%
Cumulative Adjustment	175%	236%	284%	303%	322%



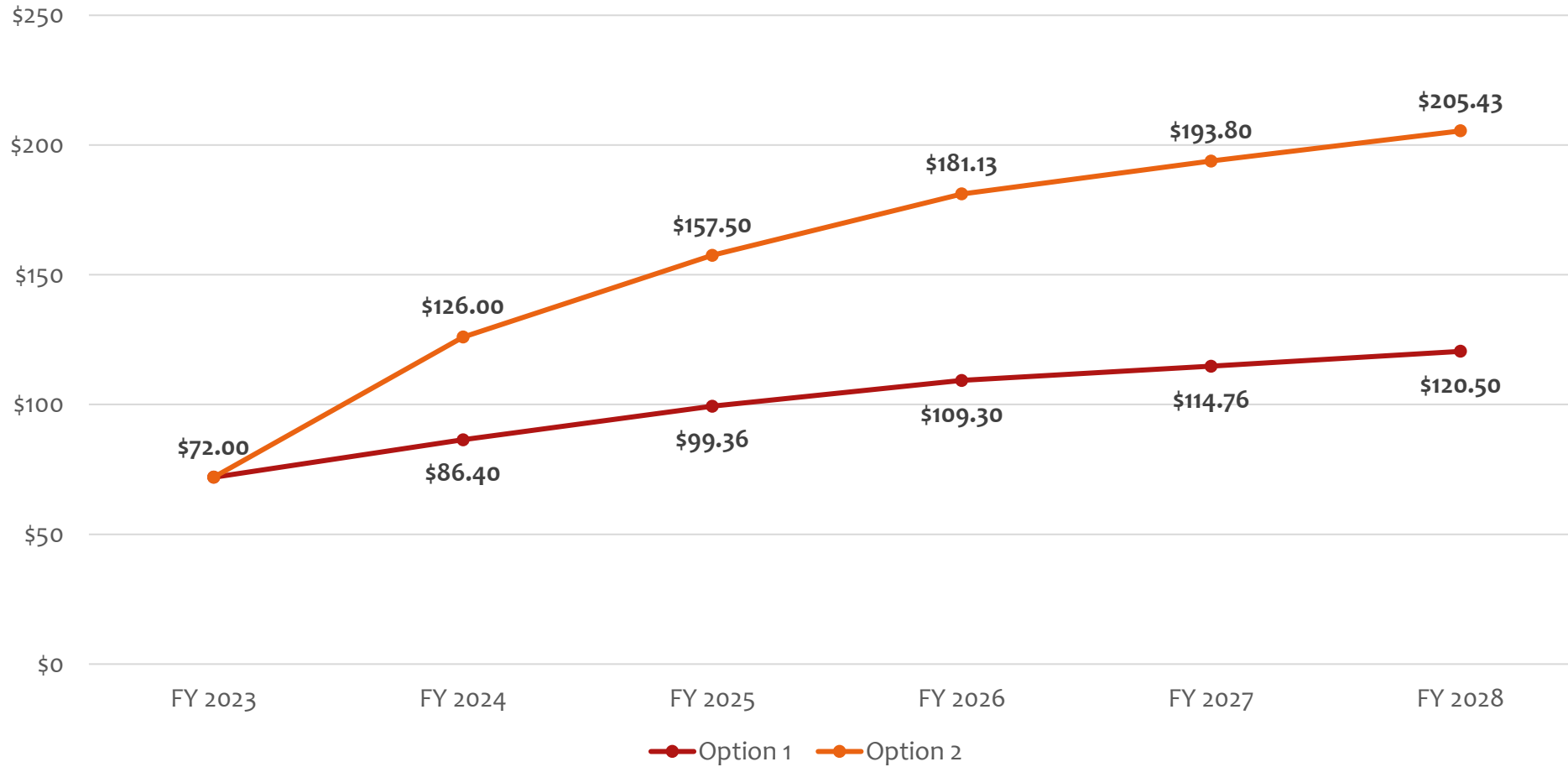
Proposed proforma – Option 2

Revenue Adjustment		75.0%	35.0%	20.0%	7.0%	6.0%
Rate Month Implemented		July	July	July	July	July
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Position Opening Balance	\$ 143,000	\$ 146,603	\$ 59,147	\$ 97,610	\$ 228,206	\$ 380,232
Revenues						
Rate Revenue	\$ 240,984	\$ 421,722	\$ 569,325	\$ 683,190	\$ 731,013	\$ 774,874
Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 240,984	\$ 421,722	\$ 569,325	\$ 683,190	\$ 731,013	\$ 774,874
Operating Expenses						
Operating Expenses	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Current Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proposed Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating and Debt Service	\$ 237,381	\$ 251,778	\$ 263,727	\$ 275,153	\$ 286,409	\$ 296,513
Net Revenues	\$ 3,603	\$ 169,944	\$ 305,597	\$ 408,037	\$ 444,603	\$ 478,360
Capital Expenditure						
Capital Expenditure	\$ -	\$ 257,400	\$ 267,134	\$ 277,441	\$ 292,577	\$ 304,749
Capacity Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ 324,708	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	\$ -	\$ 257,400	\$ 267,134	\$ 277,441	\$ 292,577	\$ 304,749
Net Income	\$ 3,603	\$ (87,456)	\$ 38,463	\$ 130,596	\$ 152,026	\$ 173,612
Ending Balance	\$ 146,603	\$ 59,147	\$ 97,610	\$ 228,206	\$ 380,232	\$ 553,844
Cash as Percent of Operations	61%	14%	17%	33%	52%	71%

Proposed Annual Rates – Option 2

Customer Class	Current	Proposed Fixed Charge				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
per Connection	\$72.00	\$126.00	\$170.10	\$204.12	\$218.41	\$231.51
Annual Increase		\$54.00	\$44.10	\$34.02	\$14.29	\$13.10
Monthly Increase		\$4.50	\$3.68	\$2.84	\$1.19	\$1.09

Proposed Rates Comparison



Any Questions?