



# City of Lodi, WI TY21 Sewer Rate Study

Public Works & Utilities Committee 8/4/21 Meeting

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# Presentation Highlights

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Why are we here?

What do we do?

Where are we going?

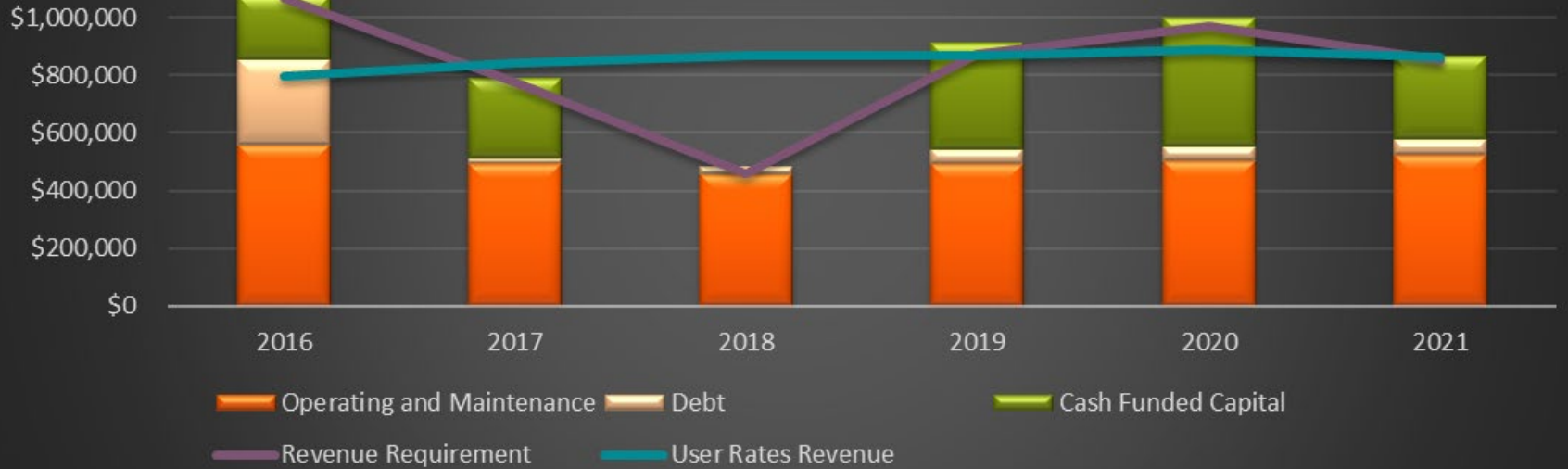
# Why are we here?

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- Sewer Rates last investigated 2017/2018
- Rate Performance
  - ✓ Are we covering our costs?
- Current Financial Position & System Needs
  - ✓ What can we do going into the future?

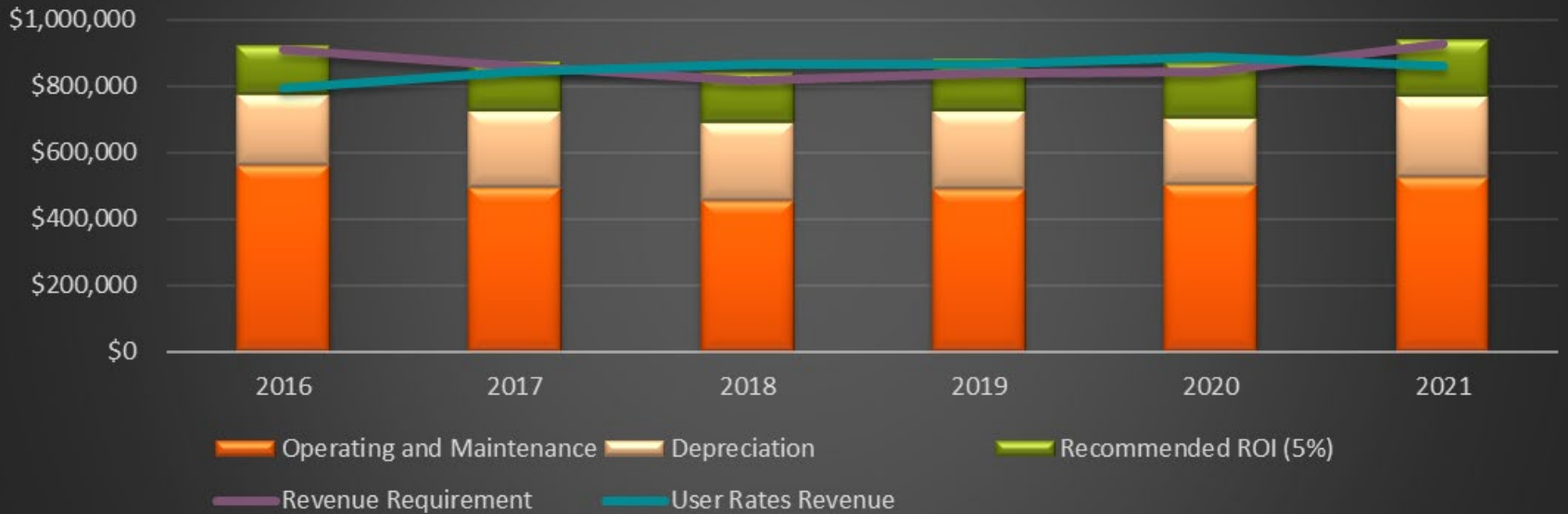
# Rate Performance

## Cash Basis



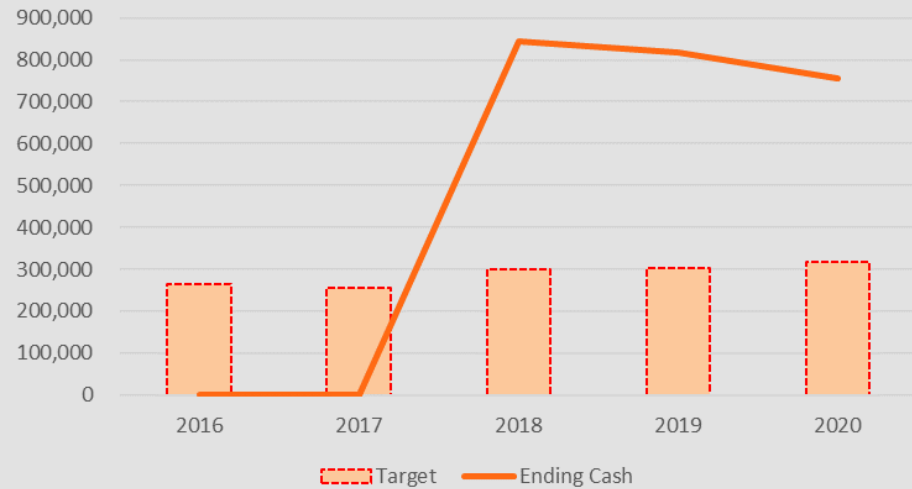
# Rate Performance

## Utility Basis



# Current Financial Position

## Reserves - Actual vs. Target



## "All-in" Debt Coverage



# System Needs

Projects	Funding	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals
Gay St (Sewer Portion)	Cash	151,301										151,301
WWTP - Effluent Pump #2 Rebuild	Cash	4,500										4,500
WWTP - Pavement Crack Fill and Seal Coat	Cash	45,000										45,000
WWTP - Primary Clarifier Rebuild	Cash	85,000										85,000
Ehlers assumption for Cash Funded Cap.	Cash	0							250,000	250,000	250,000	750,000
2022 Road Project (sewer portion)	G.O. Debt		250,000									250,000
2023 Road Project (sewer portion)	G.O. Debt			475,000								475,000
2024 Road Project (sewer portion)	Cash				150,000							150,000
2025 Road Project (sewer portion)	G.O. Debt					900,000						900,000
2026 Road Project (sewer portion)	G.O. Debt						300,000					300,000
2027 Road Project (sewer portion)	Cash							250,000				250,000
<b>Actual CIP Costs</b>		<b>285,801</b>	<b>250,000</b>	<b>475,000</b>	<b>150,000</b>	<b>900,000</b>	<b>300,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>3,360,801</b>
<b>Sources of Funding</b>												
G.O. Debt		0	250,000	475,000	0	900,000	300,000	0	0	0	0	1,925,000
Revenue Debt		0	0	0	0	0	0	0	0	0	0	0
Grants/Aids		0	0	0	0	0	0	0	0	0	0	0
Special Assessment		0	0	0	0	0	0	0	0	0	0	0
User Fees		0	0	0	0	0	0	0	0	0	0	0
Tax Levy		0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund		0	0	0	0	0	0	0	0	0	0	0
Cash		285,801	0	0	150,000	0	0	250,000	250,000	250,000	250,000	1,435,801
<b>Total</b>		<b>285,801</b>	<b>250,000</b>	<b>475,000</b>	<b>150,000</b>	<b>900,000</b>	<b>300,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>3,360,801</b>

Use a mix of debt (1.925M) and cash (1.436M) to finance future capital.

# Sewer Fund Roadmap

	Budget			Projected						
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Revenues</b>										
Total Revenues from User Rates <sup>1</sup>	\$862,330	\$900,225	\$900,225	\$900,225	\$927,232	\$927,232	\$927,232	\$955,049	\$955,049	\$955,049
<b>Percent Increase to Revenues</b>	<b>0.00%</b>	<b>1.20%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Cumulative Percent Rate Increase</b>	<b>0.00%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>4.24%</b>	<b>4.24%</b>	<b>4.24%</b>	<b>7.37%</b>	<b>7.37%</b>	<b>7.37%</b>
<b>Dollar Amount Increase to Revenues</b>		<b>\$12,672</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,817</b>	<b>\$0</b>	<b>\$0</b>
Other Revenues										
Interest Income	\$9,780	\$9,804	\$3,966	\$3,271	\$3,350	\$4,597	\$4,043	\$3,592	\$3,177	\$2,727
Other Income	\$27,100	\$2,020	\$2,040	\$2,061	\$2,081	\$2,102	\$2,123	\$2,144	\$2,166	\$2,187
Total Other Revenues	\$36,880	\$11,824	\$6,007	\$5,331	\$5,431	\$6,699	\$6,166	\$5,737	\$5,343	\$4,915
<b>Total Revenues</b>	<b>\$899,210</b>	<b>\$912,050</b>	<b>\$906,232</b>	<b>\$905,557</b>	<b>\$932,663</b>	<b>\$933,931</b>	<b>\$933,398</b>	<b>\$960,786</b>	<b>\$960,392</b>	<b>\$959,964</b>
<b>Expenses</b>										
Operating and Maintenance <sup>2</sup>	\$525,337	\$541,097	\$557,330	\$574,050	\$591,271	\$609,010	\$627,280	\$646,098	\$665,481	\$685,446
Net Before Debt Service and Capital Expenditures	\$373,873	\$370,953	\$348,902	\$331,507	\$341,392	\$324,922	\$306,118	\$314,687	\$294,911	\$274,518
Existing Debt P&I	\$54,159	\$52,801	\$51,773	\$50,375	\$48,618	\$38,563	\$42,438	\$41,388	\$40,320	\$39,209
New (2021-2030) Debt Service P&I	\$0	\$0	\$100,471	\$99,350	\$96,950	\$207,930	\$193,975	\$189,325	\$184,675	\$180,025
Total Debt Service	\$54,159	\$52,801	\$152,244	\$149,725	\$145,568	\$246,493	\$236,413	\$230,713	\$224,995	\$219,234
Capital Improvements & COI	\$285,801	\$275,375	\$475,000	\$150,000	\$942,000	\$300,000	\$250,000	\$250,000	\$250,000	\$250,000
Bonds Issued/Grants/Aid	\$0	\$755,000	\$0	\$0	\$1,245,000	\$0	\$0	\$0	\$0	\$0
<b>Net Annual Cash Flow</b>	<b>\$33,913</b>	<b>\$797,776</b>	<b>(\$278,342)</b>	<b>\$31,782</b>	<b>\$498,824</b>	<b>(\$221,571)</b>	<b>(\$180,294)</b>	<b>(\$166,025)</b>	<b>(\$180,084)</b>	<b>(\$194,716)</b>
<b>Restricted and Unrestricted Cash Balance:</b>										
Balance at first of year	\$754,874	\$788,787	\$1,586,563	\$1,308,221	\$1,340,003	\$1,838,827	\$1,617,256	\$1,436,962	\$1,270,937	\$1,090,853
Net Annual Cash Flow Addition/(subtraction)	\$33,913	\$797,776	(\$278,342)	\$31,782	\$498,824	(\$221,571)	(\$180,294)	(\$166,025)	(\$180,084)	(\$194,716)
Balance at end of year	\$788,787	\$1,586,563	\$1,308,221	\$1,340,003	\$1,838,827	\$1,617,256	\$1,436,962	\$1,270,937	\$1,090,853	\$896,137
"All-in"Debt Coverage	6.90	7.03	2.29	2.21	2.35	1.32	1.29	1.36	1.31	1.25
Cash above Ehlers Benchmark	465,437	1,155,654	871,471	898,800	1,287,830	1,067,204	883,201	713,202	528,897	324,804



# Sewer Fund Recommendations

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- Use debt to finance larger projects
  - ✓ Assess ability to downsize debt with cash at time of issuance
    - Market conditions, future projects, system regulations
- Absent large system changes to plan: implement frequent small rate adjustments to combat O&M inflation and interest rates

# PRESENTER:



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