



FINANCIAL STRATEGY SESSION
UTILITY ENTERPRISE FUNDS
MARCH 22, 2017



- Overview
- Water
- Sewer
- Stormwater
- Next Steps





UTILITIES: WATER, SEWER STORMWATER

Operated as One Utility:
Public Service
Value
Environmental Stewardship



VISION

To build, maintain and operate the foundational services needed to sustain the quality of life found only in the City of Bend.

MISSION

P.R.I.D.E.
PROVIDING RELIABLE INFRASTRUCTURE WITH
DEDICATION AND EXCELLENCE

WE VALUE

- R = RELIABILITY
- E = EFFICIENCY
- S = SAFETY
- P = PROFESSIONALISM
- E = EFFECTIVENESS
- C = COMMITMENT
- T = TEAMWORK

INFRASTRUCTURE PLANNING AND CAPITAL IMPROVEMENT PROJECTS



optimizing water systems

Water System Master Plan Update Optimization Study

City of Bend, Oregon, Project No. WA09FA

Final Report

February 2011

Prepared by Optimatics in association with:
 MSA Murray, Smith & Associates, Inc.
 Engineers/Planners

*Update Scheduled
2020*



CITY OF BEND
 COLLECTION SYSTEM MASTER PLAN
 CITY PROJECT NO. SW12AA

VOLUME 1 OF 6
 NOVEMBER 2014

*Update Scheduled
2019*

*Update Scheduled
2018*

FINAL
**CITY OF BEND
 STORMWATER MASTER PLAN**

July 2014

Prepared for:

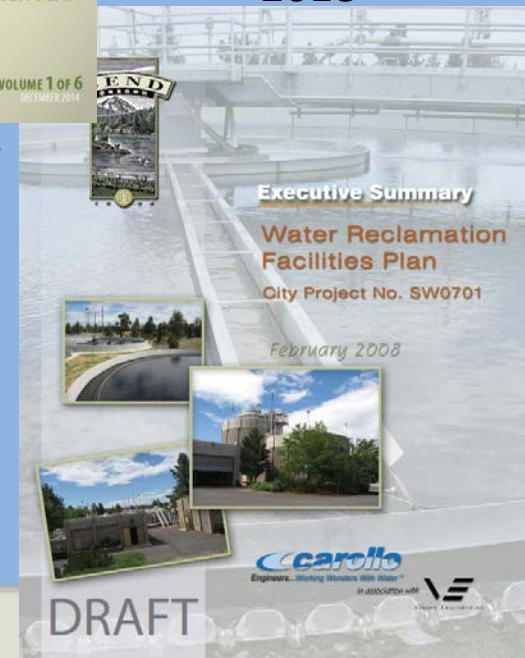
City of Bend Public Works Department
 575 NE 15th St.
 Bend, Oregon 97701

Prepared by:

URS

In Coordination with:
 EDW LLC
 GeoDataScape, LLC
 GeoEngineers, Incorporated
 Shaun Pigott Associates, LLC

*Update Scheduled
2018*



Executive Summary

Water Reclamation Facilities Plan

City Project No. SW0701

February 2008

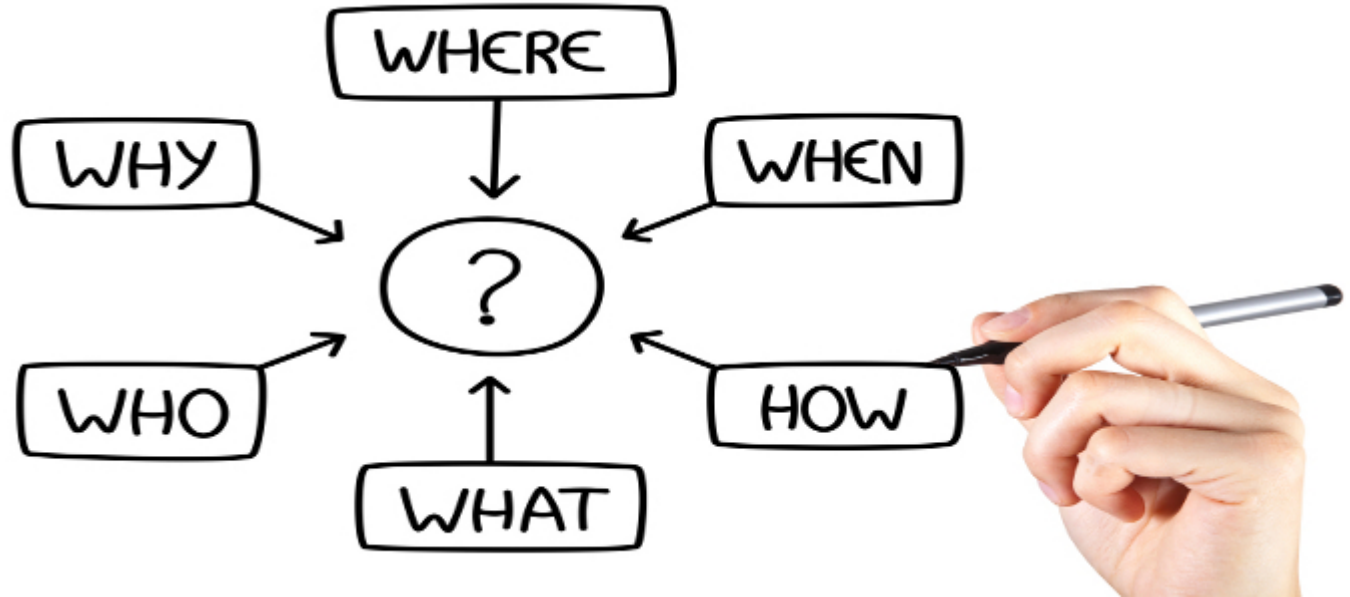
DRAFT

carollo
 Engineers...Working Smarter With Water™

AN ASSOCIATION OF
 PROFESSIONAL ENGINEERS



FISCAL POLICIES



REVENUE
POLICIES

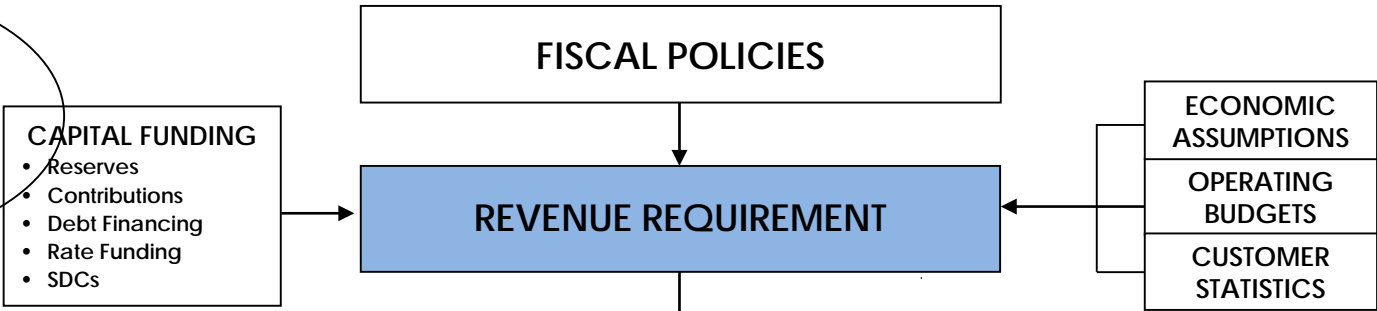
CAPITAL
IMPROVEMENT
POLICIES

RESERVE
POLICIES

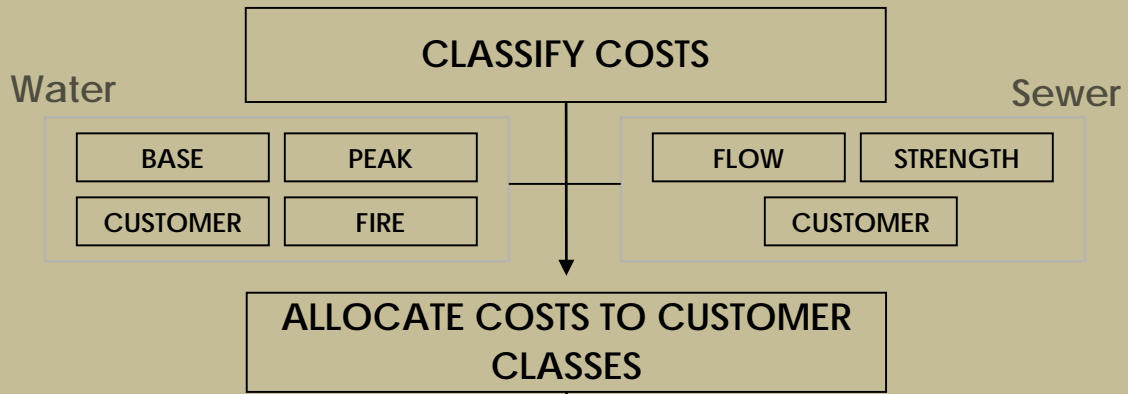
OVERVIEW OF THE RATE SETTING PROCESS



*Step 1:
Revenue
Requirement*



*Step 2:
Cost of
Service*



*Step 3:
Rate
Design*





UTILITY RATE MODEL CONSIDERATIONS



The rate model is a function. It consumes inputs, and then optimizes the scenario within specific guidelines:

- Financial policies (reserves, debt coverage, financing, rate smoothing)
- O&M inputs and assumptions (cost-escalation factors, account growth, service level)
- CIP inputs and assumptions (capacity growth)



Utility Revenue Increases

	Customers	Implemented FY 16/17	Proposed FY 17/18	Proposed FY 18/19
Storm water	33,000	3%	3%	3%
Water	24,600	2%	2%	3%
Sewer	30,600	6%	6%	6%

Revenue increases result in unique bill impacts for each customer.



WATER





FY17-18 Rate Revenue = \$18.5M

- Revenue Increase 7/1 Implementation = 2%
- Total 3 Month Operating Reserves = \$3.2M
- Repair and Replacement Reserves = \$5M
- Revenue Stabilization Reserve = \$1.5
- Minimum Total Debt Service Coverage Ratio = 1.5

WATER RATE IMPACTS



Meter Size	FY 16/17 Meter Charge	FY 17/18 Meter Charge	% Change
3/4"	\$22.46	\$22.91	2%
1"	\$25.84	\$26.35	2%
1 1/2"	\$34.19	\$34.87	2%
2"	\$44.25	\$45.14	2%
3"	\$71.13	\$72.55	2%
4"	\$101.32	\$103.35	2%
6"	\$185.16	\$188.86	2%
8"	\$285.81	\$291.52	2%
10"	\$403.26	\$411.33	2%
12"	\$540.79	\$551.61	2%
Usage	\$1.86/100 cubic feet	\$1.90/100 cubic feet	2%

59% of accounts →
36% of accounts →

Does not include 3% Franchise Fee



POTENTIAL UNCERTAINTY FOR WATER FUND



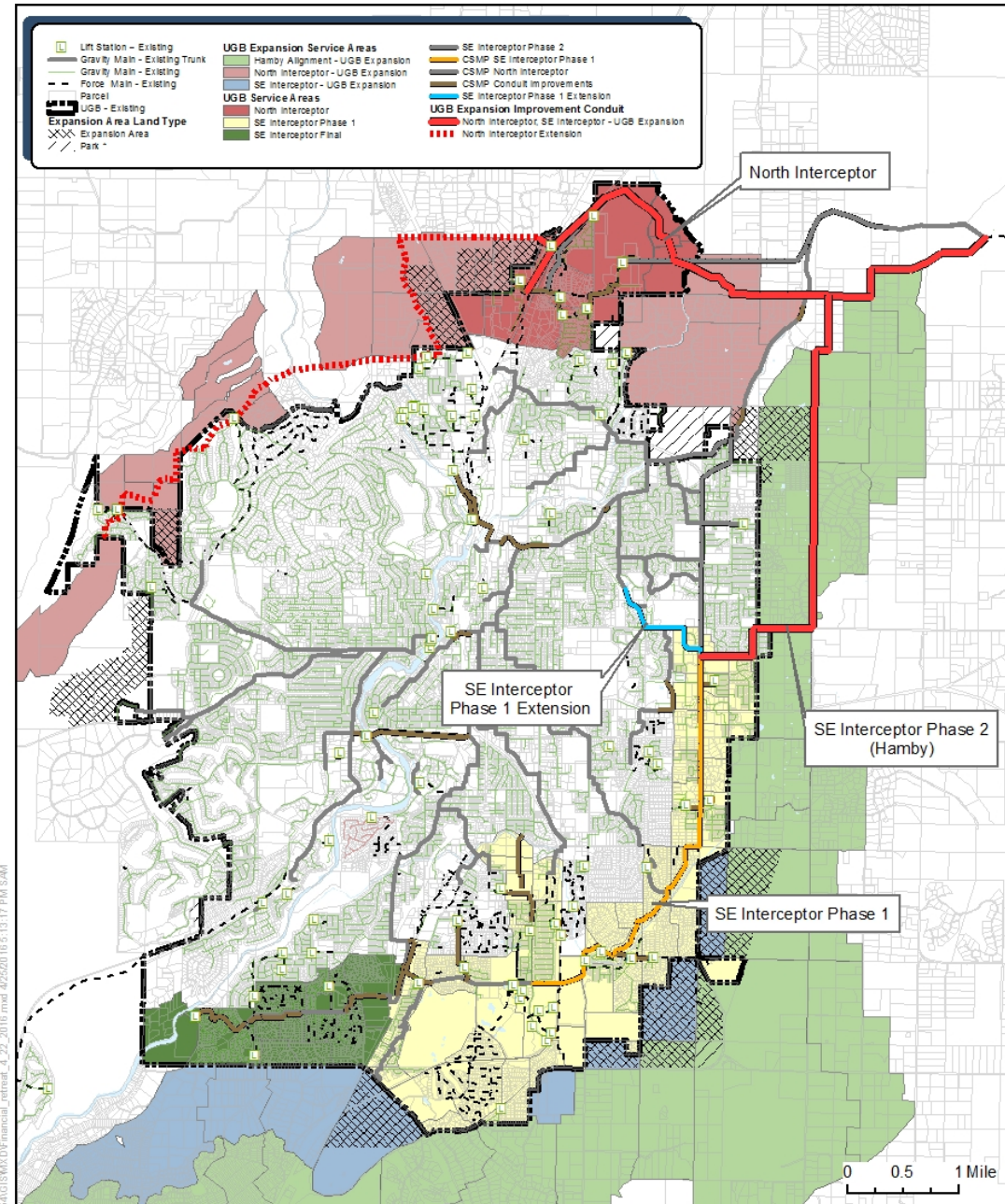
- Water Master Plan Update
 - Supply optimization
 - Demand optimization
 - Condition and risk assessment
 - Repair and replacement
 - Groundwater mitigation
 - In-pipe hydro opportunity assessment
- Annexation
- Synergy projects
- New, unfunded regulatory requirements
- Continuing Legal Challenges



SEWER



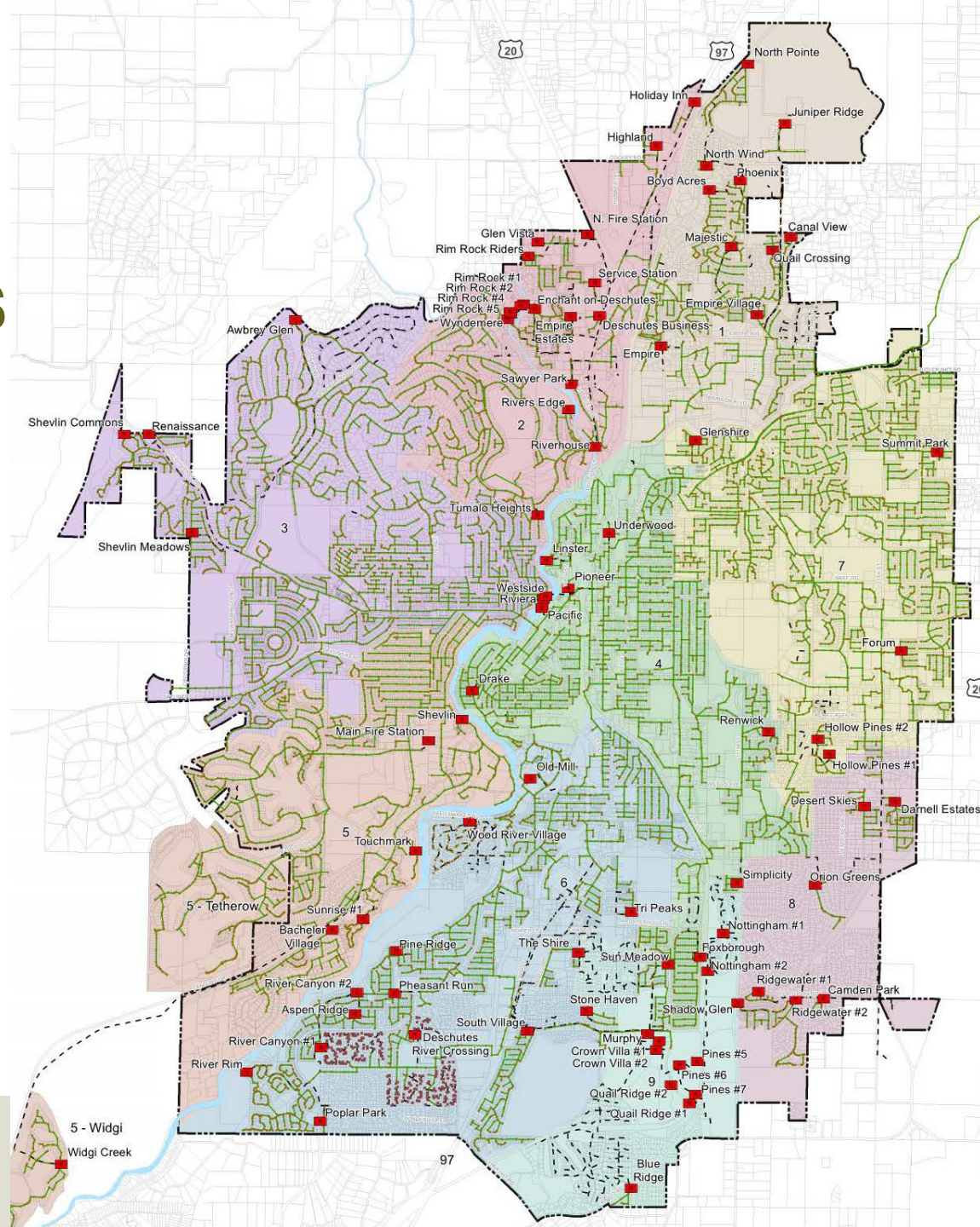
Map of Interceptor Projects & The Extension



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MAP OF MAJOR PUMP STATIONS





FY17-18 Rate Revenue = \$24M

- Revenue Increase 7/1 Implementation = 6%
- Total 3 Month Operating Reserves = \$3.4M
- Repair and Replacement Reserves = \$5M
- Revenue Stabilization Reserve = \$1M
- LID Reserve = \$1M
- Minimum Total Debt Service Coverage Ratio = 1.25

CURRENT SEWER RATES 16/17



Customer Class	# of Customers	Monthly Base Charge	Volume Charge
Single Family	26,715	\$33.49	\$3.51 per 100 cubic feet
Multi Family	1,697	\$13.23/unit	\$3.51 per 100 cubic feet
Non-Residential:			
Standard	1,684	\$33.49	\$3.51 per 100 cubic feet
<i>Extra Strength</i>	498 (34% of these are multi-strength accounts)		
Low		\$33.49 + \$35.00*	\$4.81 per 100 cubic feet
Medium		\$33.49 + \$35.00*	\$5.19 per 100 cubic feet
High		\$33.49 + \$35.00*	\$5.89 per 100 cubic feet
Super High [^]		\$33.49 + \$35.00*	\$6.28 per 100 cubic feet

*ESC monthly program fee remains \$35/month

[^] 19 Breweries are on a monitored program to account for water going out in product

Does not include 3% Franchise Fee

SEWER RATE IMPACTS



SEWER UTILITY RATES WITH 6% REV. INCREASE AND NEXT INCREMENT OF ESC PHASE IN

Customer Class	FY 16/17 Monthly Base Charge	FY 17/18 Monthly Base Charge (3% Increase for all)	FY 16/17 Volume Charge (per 100 cubic feet)	FY 17/18 Volume Charge (per 100 cubic feet) (% Increase Varies)
Single Family	\$33.49	\$34.55 (3%)	\$3.51/100 CF	\$3.62/100 CF (3%)
Multi Family	\$13.23/unit	\$13.65/unit (3%)	\$3.51/100 CF	\$3.62/100 CF (3%)
Non-Residential				
Standard	\$33.49	\$34.55 (3%)	\$3.51/100 CF	\$3.62/100 CF (3%)
<i>Extra Strength</i>				
Low	\$33.49 + \$35.00*	\$34.55 + \$35.00	\$4.81/100 CF	\$6.46/100 CF (34%)
Medium	\$33.49 + \$35.00*	\$34.55 + \$35.00	\$5.19/100CF	\$7.13/100 CF (37%)
High	\$33.49 + \$35.00*	\$34.55 + \$35.00	\$5.89/100 CF	\$8.56/100CF (45%)
Super High	\$33.49 + \$35.00*	\$34.55 + \$35.00	\$6.28/100 CF	\$9.36/100 CF (49%)

*ESC monthly program fee remains \$35/month

POTENTIAL UNCERTAINTY FOR SEWER



- Cost of debt
- Project costs and timing of multiple projects due to infill and growth
- Synergy projects
- Connection of customers currently on septic systems to sewer system
- Continuing legal challenges
- New, unfunded regulatory requirements
- Staffing



STORMWATER





FY17-18 Rate Revenue = \$3.5M

- Revenue Increase 7/1 Implementation = 3%
- Total 3 Month Operating Reserves = \$791k
- Minimum Residual Fund Balance = \$500,000
- Currently no debt planned until FY 2023/2024

STORMWATER RATE IMPACTS



- Current charge is **\$5.15** per Single Family or Equivalent Residential Unit (ERU) per month

One ERU = 3,800 square feet of impervious surface

- 3% revenue increase raises rate to **\$5.30** per ERU per month
- No franchise fee for stormwater



POTENTIAL UNCERTAINTY FOR STORMWATER



- Methods for managing stormwater in a more compact urban form with increasing impervious surface area and smaller lots
- Synergy projects
- Completion of drainage studies and update of Master Plan
- New, unfunded regulatory requirements



UTILITY WRAP-UP



- Understand what is needed to serve the community
- Council and community supported decisions have been made
- Policy direction to maintain rates and fees for cost recovery
- Alignment with Council policy objectives

QUESTIONS?





NEXT STEPS



- Recap direction from Council today
- Confirm any follow up information requested